The Newsletter of

The Cliometric Society

October 1998 Vol. 13 No. 3

An Open Letter to Members of The Cliometric Society

David Mitch, University of Maryland-Baltimore County

Editors' note: As many of you know, David Mitch published an extensive report on the recent International Economic History Association conference in Madrid on the Congress list, archived at the URL ***http://www.eh.net/IEHA****. To help members who may wish to know more about the issues involved in the IEHA reform process, David has written the following letter.*

I have recently been appointed Corresponding Member of The Cliometric Society to the International Commission on Reform of the IEHA. Richard Sutch, Chair of this Commission, recently circulated a "Request for Advice" [see page 23]. As you will note, your suggestions can be sent directly to members of the commission. They can also be posted to the **Congress@eh.net** list to facilitate wide circulation and discussion. I certainly encourage all those interested to avail themselves of these two means of making their views on reform of the IEHA known. However, in my new capacity, I would be very grateful for comments and suggestions from any Cliometric Society member regarding specific reform proposals you would like to have me present to the International Commission on Reform.

For those of you who are not familiar with the IEHA, its function to date has been to organize congresses that bring together scholars from around the world with an interest in economic history. The first congress was held in 1960. Congresses are now held every four years; the 13th Congress is planned for Buenos Aires in 2002. Scholars who have attended IEHA Congresses generally have been impressed by the diversity of participants, in terms of both intellectual orientation and geographical residence. Many attending the congresses would not classify themselves as economic historians but as economists, historians, or others from wide range of social sciences. About 1,500 people attended the 1990 Leuven Congress and 1,700 attended the 1994 Milan Congress.

IEHA Congresses to date have featured three main types of sessions:

A-sessions: Labeled "Debates and Controversies", these three-and-one-half-hour sessions survey the state of research on themes of broad interest. For each topic, a preparatory colloquium is held a year prior to the Congress. On the basis of papers presented at these meetings, reports are published as a volume of Congress proceedings. At the Congress itself, no papers are presented in the A-sessions; instead, round-table discussions are held on the session theme.

B-sessions: Labeled "Current Research", these sessions are intended to encourage coordination of research in areas among a number of countries where work has already been done. Papers for each B session are published in separate

(continued on page 21)

What's Inside

Executive Director's Notes

Report on The Cliometric Society Trustees Meeting

The annual Trustees meeting was held September 25 in Durham, North Carolina. Trustees addressed the following items of business:

Chair: Dick Sylla was elected Chair of the Board of Trustees by acclamation.

Cliometrics Conference: The 1999 conference at Miami University [see Call for Papers, back page] will be the third conference funded by the current NSF grant. A new proposal will be submitted in January.

World Congress of Cliometrics, July 6-9, 2000: George Grantham is serving as local arrangements chair, and is proceeding with gathering information about lodging and the congress venue.
Trustees voted against holding both a Cliometrics Conference and the World Congress in 2000, but suggested that a funding request for World Congress student participants could be included in the next conference grant application.

Undergraduate Paper Prize: Although the number and quality of submissions this year were disappointing, Trustees decided to continue the prize and increase the cash award to $500. Trustees thanked Ann Carlos for her work as coordinator and Selection Committee Chair; Lee Craig volunteered to replace Carlos as coordinator for 1999. The word limit on submissions was discussed.

ASSA: The selection process was discussed, with the decision that the deadlines are acceptable but selection of papers needs to be faster.

Trustees Election: Trustees discussed whether there should be a choice of candidates for each position. It was decided to survey members on this year's ballot to determine their preference.
Members are reminded that the current By-Laws (section D6) state "Any member of The Cliometric Society may have his/her name added to the ballot by delivering a petition with the signatures of 10 current members to the Executive Director's office by an announced deadline." The deadline this year will be December 7.

Newsletter: Sam expressed a desire to step down as Editor. After discussion, it was decided that John Wallis will chair a committee to discuss future objectives for the newsletter and a process for selecting a new editor.

Finances and membership: The 1997-98 fiscal year report was reviewed and discussed, with concern about this year's deficit. After some discussion, it was decided not to raise membership dues, although *EEH* subscription prices have increased again. Annual membership and budget reports for 1998 will be published in the February issue of the *Newsletter*.

EH.Net: The recently-amended charter was presented, with the request that trustees approve The Cliometric Society as a sponsoring organization and appoint a representative to the Board of Trustees. Subsequent to this meeting, trustees approved sponsorship.

IEHA: Because a Commission on Reform has been created, Trustees voted to evaluate IEHA membership at a later date. Each member association has been asked to designate a corresponding representative; Trustees appointed David Mitch.

Cliometric Society future
Sam posed a question as "food for thought": What do the trustees think The Cliometric Society should be doing if he were not personally involved in the various activities he manages now? Discussion followed.

THE CLIOMETRIC SOCIETY
Miami University
Oxford, Ohio 45056 USA
(513) 529-2850
Fax: (513) 529-3308
E-mail: csociety@eh.net

The Newsletter of The Cliometric Society
is published three times per year.

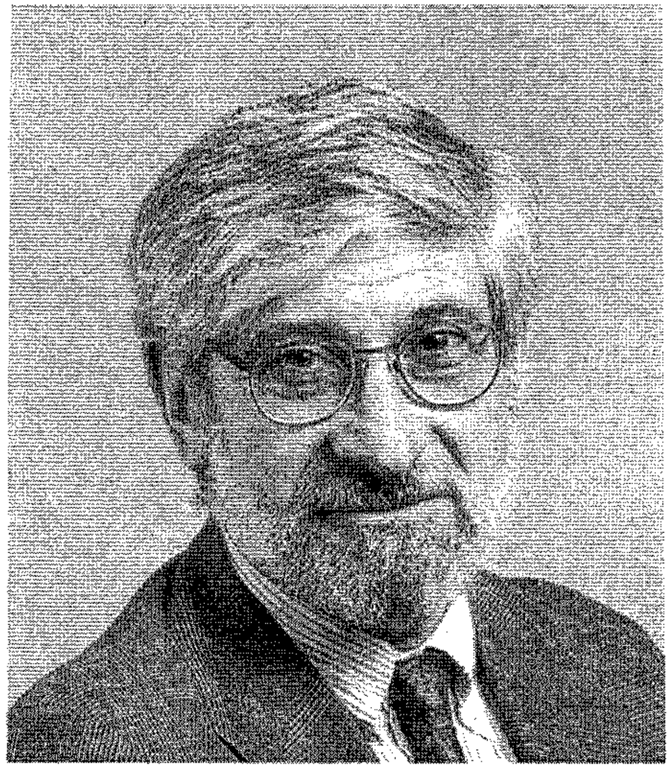
Samuel H. Williamson, Editor
John Lyons, Managing Editor
Louis Cain, Associate Editor
Debra Morner, Assistant Editor

AN INTERVIEW WITH ALBERT FISHLOW

Editor's note: Albert Fishlow is Paul A. Volcker Senior Fellow for International Economics at the Council of Foreign Relations. He received his B.A. from the University of Pennsylvania (1956) and his Ph.D. from Harvard (1963). Previously he taught at the University of California, Berkeley from 1961 to 1977. After five years (1978-1983) as Professor of Economics at Yale, he returned to Berkeley and remained there until 1994. In 1975-1976, he was Deputy Assistant Secretary of State for Inter-American Affairs.

Our interview took place over the telephone in October 1998 and was conducted by Eugene White (Rutgers University) who writes:

Albert Fishlow was present at the birth of Cliometrics, opening the debate on the role of the railways in the growth of the American economy with Robert Fogel. After working on 19th-century American education and interregional trade, he turned his sights on Latin America. His work on income distribution in Brazil ignited a major controversy, and he helped to spur the growth of cliometric work in Latin America. Not content with just writing about economic change, Fishlow has long been involved with advising governments and making economic policy for Latin America.



How did you get interested in economic history?

Well, it was somewhat accidental. I had intended to go to Harvard Law School. With my one suit I was prepared to move up to Cambridge. Then I decided to get married and to go for a Ph. D. in economics. And I'm still married to the same woman, so obviously it was a good decision.

When I went up to Harvard, I thought of doing industrial organization or something that would combine my legal interests with the economics. I remember I also was especially interested in monetary policy – Duesenberry was there at the time – and monetary policy was a substantial issue in the United States in the late '50s. Duesenberry had these new models he had developed, business cycle models using difference equations, and I was all eager to do that. And then I took Gerschenkron's course. In some ways, it was the sheer fascination with him and the stuff he was doing at the time that 'converted' me into doing economic history. He was at his peak. He had just done the piece on the process of industrial change within Europe, and the whole question of followers, and he was writing all kinds of essays. Henry Rosovsky was finishing his dissertation on Japan and the extent to which it conformed to the Gerschenkron hypothesis. So I became intrigued. I wrote a paper for the history course (although Gerschenkron wasn't there during that spring, A. H. Imlah taught the course) on the Trustee Savings Banks in England. I tried to assess the extent to which the flow of funds into the savings banks was interest elastic and used the new-found econometric techniques. It got published, and I got launched. When Gerschenkron came back, he had money available for the first time for fellowships for students to write dissertations in the field of economic history. There was a group of students, including Paul David and Peter Temin. We shared a little office area; it was quite an exciting experience. Out of this came the early article with Paul on the effects of imperfections in markets. I remember Gerschenkron was very angry because here was a theoretical piece we had done when we were supposed to be working on economic history. He subsequently relented when it was published in the *Journal of Political Economy.*

The group of students, in conjunction with Gerschenkron's seminar, provided independent opportunity to define an interest in the subject. Here were Paul, Peter, I – all working on the United States – and Gerschenkron knew very little about the United States. I think that's one of the reasons we all selected it! We were able to follow Gerschenkron's work with general inspiration but without being subject to applying his model, his theory or his approach. I think that was a highly useful combination.

So, you produced your dissertation . . .

While I was working on the dissertation, I had managed to get a job at Berkeley on the basis of an initial paper. I had by that time two young daughters, 15 months apart. I was working night and day during the summer before going out to Berkeley in the hope that I was going to finish. I finally produced a draft just before I left and gave it to Gerschenkron – that was the first time I had given him anything! He read it, and he said, 'Well, if you want the degree, I'll give it to you, but I have to tell you, it won't win any prizes!' So I threw it away and rewrote the whole thing while I was an assistant professor in California.

That version was accepted.

Yes, that was accepted. Subsequently, it won the David Wells Prize at Harvard for the best dissertation, and was published by Harvard University Press. Gerschenkron was clearly right. He helped in the sense of being sufficiently critical without being specific, indicating that somehow I could do better. One of the ways of doing better, which I have often thought of as a help to people (which doesn't happen in the market now), was going out and teaching and suddenly being an independent scholar and having regular conversations with other professors. This really upped the quality.

What led you to the railroads?

Well, I had thought I would do something about banking in the 19th century. Then Bray Hammond came out with his book. It seemed so substantial that I backed off, and I came up with railways, in part because of W. W. Rostow's work, summarized in *The Economics of Take-Off into Sustained Growth,* and its emphasis on the railway as the cause of the take-off in the United States. It didn't really seem to make much sense to me. From the little that I knew of economic history at the time, the idea of the take-off in the United States seemed quite a misleading emphasis. Rostow had elaborated somewhat on the railways, and I saw that there was a chance to do something. So I selected the railways.

Any reflections on that *other* book on the railways ?

Needless to say, when I selected the railways I didn't know about Mr. Fogel. I read his earlier stuff on the Union Pacific, which was a master's thesis that he had done – and he was obviously working away on his dissertation at the time. We first met at Harvard in 1961 before I went to Berkeley.

I had already begun work on my dissertation, and he was working on his at the time. We had some discussions about the dissertations, and it became clear to me that we were really following very different trajectories. Bob was asking the question, what kind of development would there be without any railroads? He looked at the question for 1890, asking 'What if there were no railways?' So he was busy building canals, and he was calculating his social saving based on the existence of canals, horse transport, etc. I looked at the question in 1860 and asked what was the rate of return – the social rate of return – of railways in terms of their contribution to the economy of the United States. How important were they as a factor in the process of the rapid growth that characterized the economy from the end of the 1820s down through the Civil War? I was asking a question about this very large investment. Whereas I was really interested in the sufficiency condition, namely, given that there were railways, what was the consequence of the railways, Bob was really focusing on the question of necessity. I think that difference is the characteristic that makes the two books come to different conclusions.

I think also that this difference carries through my book. When I was looking at the question of the contribution of the railway to the iron industry, I was looking at the shift initially to iron rails, and the possibility of import substitution. This occurred significantly during the 1850s with the large expansion and construction in the West and the South. I looked at the consequence of the opening of the West and the question, 'Were railroads built ahead of demand *versus* in response to settlement?' I focused on what happened in New England during the 1840s when there was a different cycle, where industry was favored rather than agriculture. So I always had the sense that I was doing a history of what happened and trying to assess its consequences, whereas Bob was really asking the different question, 'What if no railways had been constructed?'

The first time I heard about this debate was in 1971. I was an undergraduate at Harvard taking a history course, and scorn was ladled upon you and Bob as a result of your efforts.

It was rather late for that to have happened, but it is a measure of the evolution of cliometrics. The reaction of people within history was, on the whole, somewhat less than enthusiastic.

What do you remember about the early clio conferences?

Well, they were extraordinarily exciting. I remember I went to the first one in 1961. There was Robin Matthews, Paul David, Peter Temin, Dick Easterlin, Bob Fogel, Bill Parker, Doug North, Lance Davis, Jonathan Hughes, Bob Gallman, and Nate Rosenberg, among others. It was really an exceptional group of people that attended. The essential feature was the emphasis on the "metrics" – on measurement, quantification. The emphasis was clearly on being able to frame historical issues in a way that made them subject to specification as hypothesis, and ultimately, the application of some kind of quantitative testing that would utilize the advances that were being made in statistics at that time.

You went to subsequent clio conferences as well.

The group stayed together, and ultimately produced the volume that was edited by Dick Easterlin, Lance Davis and Bill Parker. The feeling was that the people at the meeting obviously had distinct and capable expertise in a variety of areas. I don't think it sold it very well, but it's a valuable measure, I think, of the activity of that decade, as well as a good book.

How did you get interested in Latin America and economic development?

I continued to do work in economic history, with pieces on trade. I did a piece at the AEA meetings that criticized Doug North's treatment of the West, the South and the East in terms of trade flows. I moved on to education; I did one of the first historical studies of investment in education in the US. And I wrote on railroad investment after the Civil War, in which I looked at productivity change and assessed the relative importance of the components of the productivity change. I looked at the reduction in costs that each of the components, such as heavier rails and better engines and a variety of the technological changes – heavier freight cars, for example – provided.

But what got me off to Latin America in part was President Kennedy and the Alliance for Progress. The notion was that here was a whole area of the world that had not developed satisfactorily, that the US was going to provide resources to assist. I decided that I should get involved. That was a period of time when development economics hardly existed. There were occasional courses. I never took any development economics at Harvard.

Was that a good thing?

Yes. You had various and sundry pieces written on development, classics, looking at the externalities. But, there hadn't been much history, joined with the emphasis on statistics and econometrics. And I decided to invest energy and effort into it.

I made a decision that I wasn't going to write anything on development until I had had enough experience. It was already the case that people were going down, and on the basis of casual observation writing all kinds of stuff.

Really? People *do* that?

Yes, they really did! (laughter). And so I got involved in a project on Brazil. Hollis Chenery at that time was the deputy director of USAID, and Harvard had been involved in Argentina and a variety of other places, and he thought that it was smart to diversify. When this came up, I thought, why not, even though I had been studying Spanish previously. So there was a contract signed between the university and AID to help the Brazilian Ministry of Planning. I went to Brazil for the first time in 1965. I went again in 1966. In 1967, I went down there to live for a period of around a year and a half. I first worked on a long piece which dealt with import substitution and development in Brazil from the 1880s down through the 1960s.

I took the broad perspective on development, looking at the industrialization process in Brazil and trying to get a handle on it historically, which I think was actually important since it gave rise to lots of subsequent work on the 1930s and subsequent work on the *Encilhamento* (rapid inflation) in the 1890s. I felt good about it because economic history had been a subject that people hadn't written on in Brazil. Economists hadn't participated in it, and all of a sudden it became a more active field.

I then started on income distribution. One of the reasons I became involved with income distribution was that when I arrived in Brazil, I discovered that the Census of 1960 was in danger of disappearing. It had been stored in a warehouse. Since there had been the military takeover in 1964, the stuff had been left to molder. I had a student down with me at the time, and we drew a sample from the 1960 census. From this sample, it was possible to do all kinds of things. One of the questions that they had asked was about income. With some assumptions, I came up with a distribution of income for 1960.

When I went back to Brazil in 1969, I ended the contract, which was not done very frequently, with Brazil because of the military take-over. But, since I had good contacts with Brazilians, I was able to go back for research purposes. When I went back in 1971, I managed to get a sample of the 1970 census so I could make a comparison between 1960 and 1970. I concluded that income distribution had deteriorated. Here was this military government saying things were much better in Brazil and everybody was happy, and the economy was growing very rapidly... And here I came along and said, 'Whoa! The data suggest a different story here.' That involved me in a considerable amount of hassle. On the one side, Robert McNamara believed me, and that created problems with other people at the World Bank, as well as the Brazilian government. McNamara threatened to stop lending to Brazil. Brazil was in a period of very rapid growth. Ironically, that period of rapid growth was something I had contributed to while down there, since I had been involved in the planning process and had made some of the early estimates suggesting that the Brazilian rate of growth could be much higher than was current. The Brazilian government did an independent study of the income distribution and utilized all the computers in the Ministry of Finance. In spite of some differences in technique, they didn't come out with very different numbers. So it really did serve as a major critique at a time when Brazil was growing rapidly and everybody was saying, in spite of it being a dictatorship, that this was really not such a bad place.

For a while I had trouble in Brazil. I had been invited to give an address at the opening of the master's program in the University of Brasilia. I was told by officials, when I got off the plane in Rio to take the connecting plane to Brasilia, that I was 'sick'. That made it much easier for all my Brazilian friends at the time, who would have been in great difficulty had I showed up.

I thought what was interesting and relevant about the income distribution study was that the World Bank got interested in doing work on income distribution. When one was talking about welfare change, it was always in general terms, and now one had quantified it and made it more specific. One could look at different brackets, and at how much of the income was generated from the urban sector *versus* the rural sector, and begin looking at the contribution of the various components. I think the important thing was not only the quantitative analysis but also an assessment of causality. It turns out that while education was a principal factor in explaining the distribution of income, what was equally important was what sector of the economy, what geographic area and what occupation an individual was in. As for education in Brazil, I immediately saw that kids weren't going to primary school, but some few wealthy kids were going to college. The college kids were getting a very high real return, but the rate of return was even higher in primary school; hence there was a misallocation of resources.

Isn't this still true in Brazil?

Well, the issues are still the same. Brazil has one of the highest levels of inequality in the world, and it also has one of the lowest rates of public education. It still spends too much on the university level and not enough on primary and secondary levels. It still affords a special advantage to those who have income, who can afford private schooling, because the way you get into free public education is by passing an examination. And the way you pass an examination, very obviously, is by having a very good secondary school background.

What was your experience like as a Deputy Assistant Secretary?

I knew the new Assistant Secretary of State in the Ford Administration, Bill Rogers. He asked me to come to Washington as Deputy Assistant Secretary of State for Inter-American Affairs. Bill Rogers was a Democrat who had been active in AID earlier.

One thing that I was able to do, which has been little noted nor long remembered, was help to resolve an expropriation case peaceably. The Marcona company had been expropriated in Peru. I suggested that, since the company was asking for much more than the government of Peru had offered, we undertake an independent

(continued on page 24)

1998 Hughes Prize Awarded

By Sally Clarke, University of Texas at Austin

(Durham, NC) The Economic History Association is delighted to announce that the 1998 Hughes teaching prize is awarded to Professor Robert Gallman.

Many scholars know Professor Gallman for his care, warmth, and insight in asking us to think clearly about our research. What is true of the way he treats fellow scholars is equally true of the way he treats his students. As the committee for teaching in economic history interviewed students, they provided many examples to illustrate his effectiveness in teaching. As one undergraduate reported, Professor Gallman encouraged students to adopt a comparative approach – repeatedly putting current-day episodes in historical perspective. The upshot, the student reported, was that he could more effectively explain economic problems in terms comprehensible to nontechnical friends and colleagues. The ability to communicate with people outside the immediate field of economics or economic history is one to be prized. The committee is therefore delighted to award the Hughes prize to Professor Robert Gallman.

Remarks Made in Accepting the Hughes Prize for Bob Gallman

By Thomas Weiss, University of Kansas

(Durham, NC) I am delighted that Bob Gallman has won the Jonathan Hughes Award for Excellence in Teaching, and of course wish very much that he could be here to accept it personally. Perhaps because I have filled in for him on other occasions – reading his prepared comments on a paper at last year's meeting, for example – Bob asked me to accept the award for him and to speak briefly on his behalf tonight. I thought that he might provide me with one of his gracefully written pieces, as he did last year, but instead he left it up to me, although he did assure me that whatever I said would be fine. I am of course only too happy to do this, for as you can imagine I was among those who nominated him for the award, and he has always been there for me throughout my career. And, I like the idea of his giving me *carte blanche* as to what to say! Nevertheless, I know I speak for everyone here in saying that we miss him and wish him a successful recovery, and would much prefer that he were here to speak for himself.

My first thought was to imagine what Bob would have said. I suspect he would admit that he was honored by the award, but would then allege that there are many other **more** deserving people. I, on the other hand, believe that this would be an erroneous judgment. There are surely any number of deserving people, but in my opinion none more deserving. Perhaps I am biased because Bob was my dissertation advisor, and thus I have experienced first-hand his ability to both teach and to inspire one to commit to a life of research and teaching in this field.

Sally Clarke, the Chair of the Prize Committee, has already mentioned some of the reasons why Bob was chosen for the award, and because I did nominate Bob for the award I could easily tell you some of the reasons I put forward in that letter. I will not repeat all those comments here. Instead I want to highlight one aspect of his classroom teaching and then suggest he is a great teacher in other ways as well.

When I was a graduate student, Bob taught the first course in economic history. As a typical first course it assigned readings on such lively topics as what is economic history and the population explosion in Britain; and asked burning questions such as what could we make of the higher mortality rates found in hospitals? and what was Mantoux really talking about? Of course, as we all do, Bob had assigned a lot of such readings, perhaps not realizing that there was in effect only one copy of most of them on reserve in Wilson Library. If you wanted to read them you usually had to sacrifice your weekend nights to gain access. What you may not have known is that this was a required course; and required not only of economics graduate students but of Business School students as well. So the class of around 20 students or so was heavily populated with people much more interested in marketing and accounting than in the Black Death, and economics students who likely were there against their will (including me). Finally, it took place late in the afternoon, when most of us were ready for a beer or a nap.

I think you have the picture – a bunch of recalcitrant students being forced to read some god-awful stuff that was hard to get, and then expected to discuss it when we would rather be sleeping!

Bob would then stroll in and page through some tattered, yellow legal pads containing his notes. There were no theatrics to try to hold our attention. Bob was his usual self, showing a quiet but genuine enthusiasm for the material, and in heuristic fashion attempted to get us to see the value of these readings. Amazingly enough, somehow he got us to believe that if only we did grasp this material better, we would see its importance. At that point, we also realized why there were several students from other disciplines who had enrolled voluntarily in the course. So against all odds, Bob succeeded in making that course a valuable one; so valuable that a high percentage of the class would go on and voluntarily take the second semester.

Bob has also taught many of us outside the classroom; he has provided valuable lessons for life. Let me give you two examples.

One lesson is that there is a time for all things. This could mean many different things, but what I have in mind is that at some point in the day or during a conference it is time to slack off and kick back. Bob taught me this early in my career when I attended the EHA meetings in Ann Arbor in 1966. Bob had urged me to go while I was still a graduate student, and found funding for my trip, so that I could talk to Stan Lebergott about his labor force estimates – which I did, by the way. He also invited me to come by his room prior to the Saturday evening banquet and have a drink. I showed up on time, and apparently those inside were expecting people to arrive late. In any event, the door was open, so I walked in. There stood any number of the big names in the field – Gallman, Easterlin, Davis, McDougall, maybe Parker, and so on – all stark naked! Apparently I had arrived a bit early, and caught them all changing after having returned from the swimming pool. Nevertheless, the point was made: even in this profession, there is a time to relax with one's friends.

The other lesson is that one should show modesty in all things (except perhaps in the preceding example). Those of you who know Bob are well aware that he tends to understate things. Let me try to describe that by drawing a contrast with a colleague of mine in sociology. Will Rogers, as you recall, "never met a man he didn't like." My colleague far exceeds that. He has never met anyone who isn't "great, absolutely great." My colleague has not read a scholarly article that wasn't described as being a "major, major work." In one instance I discovered he was describing a book review! Bob Gallman, on the other hand, is more inclined to say "that was a nice piece," or "she is a first-rate scholar, indeed." You had to take note of those little points of emphasis – the addition of the word "indeed" raises the level of praise by a substantial amount.

Although I doubt that I have been imbued with as much modesty as I should, I did have a concern that perhaps I had learned enough to have influenced my letter writing. I feared that my letter nominating Bob for this award was not glowing enough. I had not said that he was a major, major figure in the pantheon of the greatest teachers of all time (although I could). I am then obviously relieved and extremely happy that he has won; Bob Gallman has been a great teacher, **indeed.**

On his behalf I thank the Association and the Committee.

A Tribute to Robert Gallman

Lance E. Davis and Stanley L. Engerman

After several months of illness, Bob Gallman died in his sleep at his home in Chapel Hill on November 10, 1998. Courageously he had continued to work on several research projects until the end. Bob was distinguished as a scholar, as a teacher, and as a human being and friend.

His first publication, based initially upon his doctoral dissertation* – a dissertation completed under Simon Kuznets – has greatly helped to shape our understanding of American economic development in the 19th century. Rather typically, Bob didn't stop with the dissertation. Instead, he extended the work both conceptually and temporally – from the value-added by the goods' sectors between 1840 and 1880, to national income between 1834 and 1909, to work on the service sector (work done jointly with his student, Thomas Weiss), and, finally, to the size and composition of the American capital stock in the years from the 1770s. The latter work was reported in a number of published papers as well as in a completed manuscript that is now being prepared for publication. The research involved in putting together the statistical series that underlay the entire body of work on multiple aspects of the national accounts was imaginative in every sense of the word – first, in finding the basic data and building the key series, and then in the analysis he employed to draw out important insights that helped establish the economic and historical record.

These series – series that have proved incredibly useful for all scholars – were, however, only a part of his lifetime research agenda. Together with Bill Parker he was one of the first economic historians to understand the value of the manuscript censuses. These censuses became the bases not only of his students' doctoral dissertations on antebellum southern agriculture, but also the source of Bob's influential articles on southern self-sufficiency and the allocation of labor time on southern plantations. He also used material from the manuscript censuses to study the distribution of wealth in the mid-19th century. In a study of colonial Plaquimines County (N.C.), he utilized various local sources (tax lists and probates, for example) in order to examine wealth, literacy, and related issues.

**The Value-Added by Agriculture, Mining and Manufacturing in the United States 1840-1880.* University of Pennsylvania, 1956.

More recently, there have been two major books completed (with Lance Davis). The first is a study of the whaling industry (with Karen Glieder) based on an unusually rich set of vessel records – records that were supplemented by various other archival sources. A manuscript on international capital flows and the evolution of domestic capital markets in the 19th century – really a comparative study of the evolution of the financial infrastructures of several countries – is nearly complete and will soon be published.

In addition to this long list of publications, Bob was also co-organizer and co-editor (with Stan Engerman) of several volumes of papers in economic history – one for the National Bureau of Economic Research and two that, we hope, will be published by the end of the year as the final two of the three volumes of the *Cambridge Economic History of the United States*. There was also an earlier co-edited collection of readings in economics that went through two editions. It contained an eclectic set of materials; and although Bob obviously enjoyed his role as editor, the book did little to earn financial rewards or academic plaudits for him or his co-editors.

Within economic history, no one in their right minds ever doubted anything Bob said or wrote. If Bob told you the *per capita* income in the Sverdlovsk oblast in 1907 was $13.12, you might wonder how anyone would know; but you never doubted for a moment that it was $13.12. In all his academic work, Bob was careful in presentation and considerate with those he disagreed with. But, as some have learned, he has also been amenable to pointed, if not personally heated, debate.

His influence as a scholar was recognized both within economic history and in the field of economics more broadly defined. He was president of the Economic History Association, an editor of the *Journal of Economic History*, and a founding member of The Cliometric Society and of the NBER's program in the Development of the American Economy (DAE). Not only was he a pioneer in the two organizations, but he has also demonstrated considerable staying power as a major intellectual influence in both. Within economics more broadly defined, he has served as chairman of the Department of Economics at the University of North

Carolina, president of the Southern Economic Association, and editor of the *Southern Economic Journal.*

Bob's teaching skills have recently been recognized by the Economic History Association, and his contributions were aptly described by Tom Weiss at the presentation of the Association's Jonathan Hughes Prize for Excellence in Teaching Economic History. He has had an influence at both the graduate and undergraduate levels and has supervised the dissertations of more than a few contributing economic historians. In addition, he has written a number of articles with the same students – a fact that suggests his influence as a teacher did not end with their graduations. Through his contributions as a critical reader, editor, and discussant at meetings, his teaching skills have also had a positive impact on the work of both his colleagues and other scholars.

Yet, while his scholarship will long shape work in the discipline, and while his students will continue to demonstrate his influence in their writings for publication, the memory of Bob as a person and as a friend will undoubtedly persist even longer. He was never less than very supportive, considerate, and decent; and he was always helpful to others. Although there are innumerable examples, it would be inappropriate to single out one or two episodes from a lifetime to illustrate this point. Bob was a remarkable person whose style of living was always a source of pleasure as well as an example to all of us – Bob, we and the profession will dearly miss you.

Bob Gallman on Becoming a Cliometrician

Editors' note: Bob Gallman was one of the originals of Cliometrics. He was at the opening meetings at Purdue and has been an influence on the field ever since. This Newsletter published an interview with Bob in the February 1992 issue. We reproduce here Bob's memories of those first meetings.

"Let me return to the beginnings of cliometrics, for a moment. The Income and Wealth meetings were certainly successful—and the one at Chapel Hill was also a lot of fun—but I do not believe that they created the *esprit de corps* that developed among cliometricians, the sense of revolutionary adventure. ...

The creation of a special cliometrics group with a sense of identity came from the Purdue meetings. These meetings brought the young Income and Wealth types together with other young people who were doing good analytical empirical work, but were not essentially in the Income and Wealth mold. Before I went to the first Purdue meeting, I thought of myself as a development economist of a Kuznetsian variety. After a couple of clio meetings it was clear to me that, in view of what I wanted to do by way of research, I could find a congenial home among cliometricians. There was plenty of room among them for Kuznetsian historians. Discovering that there was a group of scholars who were interested in the full range of issues that had captured my imagination and who were at work on really creative, useful research along these lines was the most exciting discovery of my scholarly career. Here were people to talk with and exchange papers with. Each year there were new people, most with good ideas. I remember distinctly the first time that Al Fishlow and Paul David came and dazzled us all, and I remember with great pleasure my first long talk with Stan Engerman, on a Lake Central plane on the way back to Chicago. Then there was Dick Easterlin – whom I had known in graduate school – administering the third degree to North, Ed Ames, and Joe Stiglitz, all of whom gave as good as they got.

Early in the game there developed the unwritten rule that one could be as frank and free in discussion as one wished, but that eventually one ought to come up with some constructive suggestions. Reputation went to those who could show how to repair a flawed paper, which is one reason why Engerman's and Fishlow's reputations are so exalted. Good constructive criticism is one of the things that made the meetings so valuable."

Report on the NBER/DAE Summer Institute

by Carolyn Moehling, Ohio State University, and John Murray, University of Toledo

(Cambridge, Mass.) The Development of the American Economy Summer Institute met at the NBER July 13 through 16. Shawn Kantor and Price Fishback of the University of Arizona organized the program, with the assistance of Kirsten Foss Davis and the Bureau's conference office. Nineteen papers were presented by NBER Research Associates, Research Fellows, and recent doctoral candidates and recipients.

The theme of the first morning's papers was Finance and the Great Depression. Leading off, Alan Taylor (Northwestern) presented joint work with Gerardo della Paolera (Torcuato Di Tella), "Economic Recovery from the Argentine Great Depression: Institutions, Expectations, and the Change of Macroeconomic Regime." Taylor and della Paolera examine whether Argentina's deviation from gold-standard orthodoxy contributed to its recovery from the Great Depression. The most important institutional change, according to Taylor, was the switch from a metallic monetary regime to a fiduciary regime in 1931 when the *Caja de Conversion* (currency board) began rediscounting as a means to sterilize gold outflows and avoid deflationary pressures. Taylor and della Paolera find that the extent of the actions actually taken was conservative despite the heterodoxy of policy goals. The actual injections of liquidity were small and did not fully offset the incipient monetary contractions. Taylor and della Paolera argue that recovery instead derived from changes in expectations surrounding the shift in the monetary and exchange-rate regime and the de-linking of gold flows and the money base.

Initial discussion concerned the debate on diminished macroeconomic volatility in the second half of the 20th century. Lee Alston (Illinois) asked about the timing of the Argentine recovery from the depression of 1914, and whether levels or previous trends were the appropriate measure of the timing of recovery. Naomi Lamoreaux (UCLA) asked about contemporary perceptions of the regime shift. Finally, Michael Bordo (Rutgers) suggested that playing by the rules was Argentina's strategy for getting the United States to replace the United Kingdom as a source of foreign capital.

Randall Kroszner (Chicago) then presented "Is It Better to Forgive than to Receive? Repudiation of the Gold Indexation Clause in Long-Term Debt During the Great Depression." Gold clauses in debt contracts indexed the value of debt by requiring repayment, at the creditor's choice, in gold terms rather than in nominal dollars. In 1933, Congress passed a Joint Resolution nullifying gold clauses and effectively forgiving debtors. Kroszner assesses the impact of gold clause abrogation by examining how the Supreme Court decision in 1935 to uphold the Resolution affected prices in several markets, finding that the Court decision led to increases in equity and bond prices. Firms at greatest risk of bankruptcy experienced the largest increases in the values of their securities. He concludes that the markets had anticipated extremely high bankruptcy costs if gold clauses had been enforced and that, in this instance, it was better to forgive than to receive.

Much of the discussion focused on the logic and legality of the Congressional Resolution. Lamoreaux asked about the Resolution's strength, which Kroszner said had the force of law. Daniel Raff (Pennsylvania) described the resolution as a way around committee logjams. Charles Calomiris (Columbia) noted the emotional hatred of gold that was embodied in New Deal laws. Fishback asked whether bond markets had responded to the Congressional Resolution in 1933 as they had to the Court decision in 1935. Paul Rhode (North Carolina) inquired about the speed at which the market understood and participants had reacted to the Court's decision.

Daniel Schiffman (Columbia) presented the final paper in the session, "Financial Distress, Bankruptcy, and Railroad Operations: 1928-1940." He tests debt-deflation theories of the Depression by considering how balance sheet positions affected employment and maintenance expenditures of railroads when operating revenues fell. Some of his findings are inconsistent with the theory. More heavily indebted railroads cut maintenance of way expenditures more than other roads, but not maintenance of equipment and employment expenditures. Entering bankruptcy proceedings led to greater maintenance expenditures without regard to trends in operating revenues.

John Wallis (Maryland) opened discussion with a question about real *versus* nominal measures of finance. Eugene White (Rutgers) suggested railcar loadings as a possible measure of real activity. Rhode inquired about the potential role of ICC regulation of rates and wages.

Roderick Floud (London Guildhall) asked about the role of foreign bond holders. Robert Margo (Vanderbilt) questioned the assumption of a long-run equilibrium in maintenance spending. Claudia Goldin (Harvard) proposed that unions could have made temporary cutbacks credible and thus led to wage flexibility in the industry.

Following lunch, Carolyn Moehling presented "Broken Homes: The 'Missing' Children of the 1910 Federal Census," in which she examines the use of substitute care for children in the early 20th century. Moehling compares the number of children a woman reported as surviving on the census date to the number of the woman's own children living with her in the 1910 census to determine whether the woman had "missing" children. She interprets the "missing" children of women under age 35 to be children in substitute care. Moehling finds that over 30% of single mothers under age 35 had missing children. Controlling for marital status, black women were much more likely than white women to have missing children. Moehling also finds that domestic migrants and women living in urban areas or the West were more likely to have missing children.

Discussion began with questions about the fates of the missing children. Kantor asked about the existence of foster care, and John Murray asked whether orphanages selectively admitted children of the "deserving" poor. Margo suggested that black parents' use of substitute care may have been related to schooling availability. Kenneth Sokoloff (UCLA) suggested looking at censuses of benevolent institutions for more information on institutionalized children.

In the final paper of the day, Peter Temin (MIT) returned to a topic of his earlier research to consider the causes of "The Stability of the American Business Elite." He noted that CEOs of Fortune 500 firms remain, as they were early in this century, overwhelmingly American-born male WASPs, while membership in the US House of Representatives has diversified considerably in race, sex, and ethnicity terms. Temin considers three explanations for the continued WASP dominance of the business elite: discrimination, principal-agent factors, or access to superior education. He concludes that the last of these is the most consistent with the evidence.

In discussion, Thomas Weiss (Kansas) noted that gerrymandering accounts for many of the African-American House members. Rebecca Menes (UCLA) suggested broadening the business sample to include boards of directors, and Margaret Levenstein (Michigan) suggested inclusion not just of CEOs but COOs, CFOs, and so on. Lawrence Katz (Harvard) noted that a better comparison is between transition probabilities for business and politics.

Douglas Irwin (Dartmouth) began Tuesday's session on Political Economy with his paper "Did Late 19th Century U.S. Tariffs Promote Infant Industries? Evidence from the Tinplate Industry." Irwin described how tinplate manufacturing would seem to have been an ideal infant industry, since its growth did not commence until imposition of the McKinley tariff of 1890. But, as noted by Frank Taussig, during this time the prices of steel and iron bars, the raw materials of tinplate, were declining. Irwin's counterfactual simulations indicate that the tariff accelerated the tinplate industry's growth by a decade or so, but its growth was primarily driven by falling iron prices. Thus, Irwin concludes, the costs of the tariff outweighed its benefits.

Initial discussion focused on tinplate itself. Questions were raised about the uses of tinplate, tinplate production technology, and the sources of learning-by-doing in the industry. Richard Sylla (NYU) suggested constructing a counterfactual in which tinplate production was subsidized rather than protected. Irwin noted, however, that no such proposals had been considered at the turn of the century.

Dora Costa (MIT) presented the second paper of the morning, "Understanding the Twentieth Century Decline in Chronic Conditions Among Older Men." Costa's data link service records of a sample of Union Army veterans to their pension applications to consider the long-term consequences of injury and illness in young adulthood. She finds that men who contracted infectious diseases during their military service were more likely to have chronic health problems at older ages. She argues, therefore, that degenerative diseases may not be part of the natural aging process. She then shows that chronic health problems increased the likelihood a man reported difficulty walking but had little effect on the likelihood he participated in the labor market.

Discussion ranged from quality of data to details of diseases. David Cutler (Harvard) asked about lifestyle factors of the men in the sample. Lamoreaux inquired whether there were certain diseases that nearly every soldier contracted. Richard Steckel (Ohio State) and

(continued on page 26)

1999 CLIOMETRIC SOCIETY ASSA SESSIONS

The Cliometric Society will sponsor four sessions and a cocktail party at the 1999 annual meetings of the Allied Social Science Association in New York City, January 3 through 5. All sessions will be conducted in traditional clio style: advance preparation is the "rule". Chairs, discussants, and paper presenters are assumed to have read each full paper slated for their session. Other attendees are encouraged to read the following abstracts and the expanded summaries on the web site. Abstracts include both the URLs for the summaries and e-mail addresses and fax numbers for the authors of correspondence. Readers without web access may request summaries from The Cliometric Society.

Weird Science
Sunday, January 3, 10:15 am **Room 510**
Chair: Jean-Laurent Rosenthal, UCLA

Dora Costa, MIT: *Hours of Work and the Fair Labor Standards Act: A Study of Retail and Wholesale Trade, 1938-1950*
Hajime Hadeishi, Federal Trade Commission: *Infant and Child Mortality in 18th Century France: A Function of Income?*
Carol Shiue, Texas: *Market Arbitrage and Transport Routes: Evidence from 18th Century China*

Discussants: Jean-Laurent Rosenthal
John Howard Brown, Georgia Southern

Urban and Regional Aspects of American Economic Development
Sunday, January 3, 2:30 pm **Room 510**
Chair: Paul Rhode, North Carolina

Sukkoo Kim, Washington U.: *Urban Development in the United States, 1690-1990*
Robert Margo, Vanderbilt: *Geographic Aspects of Labor Market Integration Before the Civil War*
Rebecca Menes, UCLA: *Paving Machines: Politics and the Provision of Public Infrastructure in American Cities during the Progressive Era, 1900-1910*

Discussants: Spencer Glendon, Harvard
Joseph Ferrie, Northwestern
William Hutchinson, Miami

Cliometric Society Members and Friends Party
Monday, January 4, 8:30-10:30 pm **Vintage**
753 9th Ave Between 50th and 51st Streets

Market Integration
Tuesday, January 5, 8:00 am **Nassau Suite B**
Joint session with AFA
Chair: Richard Sylla, NYU

Ann Carlos, Nathalie Moyen and Jonathan Hill, Colorado: *Market Integration During the South Sea Bubble: Evidence from the Royal African Company*
William Collins, Vanderbilt, and Jeffrey G. Williamson, Harvard: *Capital Goods Prices, Global "Capital Markets" and Growth: 1870-1950*
James R. Lothian, Fordham: *Movements in Exchange Rates and Relative Price Levels in the Netherlands and Britain Over the Past Four Centuries*

Discussants: Larry Neal, Illinois
Peter Rousseau, Vanderbilt
Alan Taylor, Northwestern

Height and Health
Tuesday, January 5, 10:15 am **Room 510**
Chair: Sumner LaCroix, Hawaii

Howard Bodenhorn, Lafayette: *Early Achievement of Modern Growth: Height and Health of Free Black Children in Antebellum Virginia*
Philip Coelho, Ball State, and Robert McGuire, Akron: *Growth Before the Civil War:The Antebellum Puzzle of Increasing Incomes and Decreasing Heights*
Ray Rees and John Komlos, Munich; Ulrich Woitek, Glasgow; and N.V. Long, Montreal: *The Puzzle of Slave Heights in Antebellum America*

Discussants: Anthony Patrick O'Brien, Lehigh
Robert A. Margo, Vanderbilt

Hours of Work and the Fair Labor Standards Act: A Study of Retail and Wholesale Trade, 1938-1950

Dora L. Costa, Massachusetts Institute of Technology
costa@mit.edu Fax: 617-253-1330
http://www.eh.net/Clio/Conferences/ASSA/costa.shtml

I examine the impact of the overtime provisions of the Fair Labor Standards Act on weekly hours worked between 1938 and 1950 by comparing workers in wholesale trade, a sector which was covered by the Act, with those in retail trade, a sector which was not. I find that the Act reduced hours worked, with a 5% reduction in the length of the standard work week reducing by at least 18% the proportion of men and women working more than 40 hours per week. I find that employers responded to the overtime provisions of the Act by adjusting straight-line wages, but that this adjustment did not completely offset the overtime provisions. Employers in the south were less able to adjust straight-line wages because the minimum wage provisions of the Act raised wages much more in the south than in the north. The fall in southern hours was therefore greater. Reductions in hours did not translate into increased employment. Although the overtime provisions of the Act may have increased employment in wholesale trade, the minimum-wage provisions of the Act probably reduced it.

Infant and Child Mortality in 18th Century France: A Function of Income?

Hajime Hadeishi, Federal Trade Commission
hhadeishi@ftc.gov Fax: 202-326-2625
http://www.eh.net/Clio/Conferences/ASSA/hadeishi.shtml

Empirical time series analyses of crisis mortality have shown that at aggregate levels, such as parishes or countries, variation in food prices explain little of the variation in crude death rates by the late 18th century. In contrast, Fogel suggests that even during the late 18th century, inequities in caloric intake forced many to live on the edge of subsistence. Small fluctuations in food supply would, therefore, have caused hardship for the poorer segments of the population. Chronic malnutrition also could affect mortality.

This paper quantifies the impact of grain price variation on infant and child mortality in Nuits-Saint-Georges, a Burgundian town of relatively large size and broad economic activity. At any given time over 400 families could be found there with activities ranging from agriculture, crafts and trades, to highly skilled services. Further, the tax rolls show that wide income and wealth variation existed in the town, even within occupational sectors.

Although evidence from other studies on France suggests that by the late 18th century crisis mortality resulting from high grain prices explained less of the variation in crude death rates, food prices did indeed matter. My analysis shows that poor infants and children were more likely to die when grain prices rose. Moreover, other observable factors such as literacy and wealth levels clearly lowered the risk of mortality. In assessing how Europe's economic development improved standards of living, we must examine the distribution of income and, hence, calories.

To construct my data set I combined marriage, baptism, and burial records to reconstitute individual family demographic histories for families married between 1744 and 1779. I next linked the demographic data to tax rolls to obtain family estimates of both income and wealth. The analysis relied on two methods. First I examined the correlation between infant mortality rates at the town level against grain prices, finding a strong correlation between the two series. Second, using a Weibull hazard analysis at the family level, I estimated the impact of a nine-year centered moving average to capture the trend in grain prices along with a variable which captured grain price "shocks" (the difference between a year's grain price and the trend). I also controlled for a family's sector of occupation, whether the father was literate, dummy variables for two particularly high mortality years, and an average of three tax payments collected over 15 years as a measure of family permanent income. The results of the hazard analysis reveal that children born to wealthier families survived grain price shocks significantly better than those in poorer families. Further, children born to literate families fared much better as well. Lastly, those born into the agricultural sector were significantly more at risk than those born into crafts, trades, and services. In late-18th century France, wealth therefore mattered for survival, and substantial portions of the population were still susceptible to food price shocks.

Market Arbitrage and Transport Routes: Evidence from 18th Century China

Carol H. Shiue, University of Texas
shiue@eco.utexas.edu Fax: 512-471-3510
http://www.eh.net/Clio/Conferences/ASSA/shieu.shtml

This paper examines the extent of market integration during the years 1742-1795, focusing on a period one century earlier than the date previously associated with the beginnings of the "commercial revolution" in China. Within a framework of a competitive equilibrium model for trade and storage, I argue that there was already a significantly interregionally integrated market for rice in the late 18th century. Furthermore, those markets which were not regionally integrated instead relied on intertemporal forms of arbitrage and were inter-temporally integrated. The conclusion supports an emerging consensus in the literature which argues that it was not the lack of markets which prevented the onset of modern economic growth in China.

The study employs a new data set drawn from previously unpublished documents in the Beijing Number One Historical Archives and also from published statistics, and assesses the degree to which markets for rice were interregionally and intertemporally integrated in the 121 prefectures of 10 provinces of southeast and central China, 1742-1795. The data set includes biannually tabulated rice prices [*Gongzhong zhupi zouzhe, nongye lei, liangjia qingdan* (Grain Price Lists in the Agricultural Section of the Vermillion Rescripts in the Palace Archives)] annual weather data [State Meteorological Society, 1981. *Zhongguo jin wubai nien hanlao fenbu tuji*, (Collected maps of droughts and floods in China in the past 500 years)], and a measurement of the kilometer distance between all prefectures which utilizes longitudinal and latitudinal points of the historical locations of each prefectural city.

A benchmark model of rational expectations predicts that an integrated market is a necessary condition for consumption smoothing to arise across regions. Analysis of harvest data and rice prices from 10 provinces for the years 1723-1734 shows that local harvests do not have a significant effect on local prices; at the same time, local market prices are significantly explained by current period aggregate conditions of the entire market. This implies that smoothing of local supply fluctuations was in fact present. An integrated market, however, is not sufficient for full consumption smoothing in the intertemporal dimension. An analysis of this issue requires us to examine the interaction between integrated markets and interregional storage patterns.

The paper argues that important insights on issues about the spatial extent of trade can be found by empirical analysis of its substitutes: the impact of current local harvest shocks on current local prices and regional changes in storage levels. The study builds on the idea that both interregional trade as well as intertemporal storage activities can reduce the impact supply fluctuations have on the stability of the path of consumption. When there is independent underlying randomness in production across regions, trade can serve to pool the effects of fluctuations in supply associated with uncertain states of nature, thereby smoothing consumption for all trading regions as a whole. If in addition storage is possible, aggregate fluctuations may be reduced further: grain storage smooths consumption but, unlike trade, it does so by spreading the effects of current local harvests across several years.

The analysis determines the interaction between the spatial extent of market integration and storage in a data set in a way which separately identifies the influence of transport costs and supply shocks that arise from weather conditions. This allows for a more comprehensive analysis which takes into account the interaction of both trade and storage. Year-to-year harvest shocks must be absorbed somewhere in the economic system; the effects will appear in the form of local price shocks, or in changes in either storage levels or trade volumes. Thus, an investigation into how the underlying randomness of exogenous shocks is dispensed with may also reveal why there are regional variations in the extent of storage in these economies.

I divide my sample of 121 prefectures into three groups based on the distance of the prefecture to a major waterway. I hypothesize that prefectures located nearest to the waterways form the most interregionally integrated group while prefectures located furthest from the waterways are least integrated. Using resampling techniques, I show that among potential trade partners in the most integrated group, price correlation is significantly related to distance between partners, but not to current period supply shocks. In contrast, among inland prefectures price correlation is significantly related to common supply shock patterns, but not to transport costs; hence, integrated trading regions exist along rivers and coasts in geographical space next to regions resembling insular storage economies.

I next compare how the implied size of carryover differs between the most-integrated prefectures and the least-integrated prefectures, both within the harvest year and from year-to-year. Findings on both issues confirm the model's predictions about how trade and storage reduces price variability: river and coastal prefectures are more effective than inland prefectures at the intratemporal smoothing of weather shocks, whereas inland prefectures are more effective at the inter-temporal smoothing of these shocks.

The results support the hypothesis that existing market failures were not sufficient to prevent arbitrage opportunities from being realized even in the relatively uncommercialized areas. While the Qing government did keep stores of grain for various purposes, including for times of civilian food shortages, preliminary examination of the time-series properties for market-wide grain prices suggest that private stores of grain, especially in hinterland regions, may have been more significant. The evidence suggests that integrated markets already existed in the 18th century and it emphasizes the need to re-evaluate the performance of private markets and private institutions in the late Imperial period.

Urban Development in the United States, 1690-1990

Sukkoo Kim, Washington University
skim@eh.net Fax: 314-935-4156
http://www.eh.net/Clio/Conferences/ASSA/kim.shtml

The history of cities in the United States has witnessed dramatic developments over the last three centuries. In the mercantile era, between the late 17th and the early 19th centuries, cities were few in number, were concentrated along the eastern seaboard, and were dominated by merchants who facilitated trade with Europe. In the industrial era, between the early 19th and the early 20th centuries, the onset of industrialization and the expansion of the domestic market significantly increased the number and size of cities. Moreover, a new type of city emerged in different places; unlike cities of the earlier period, large industrial cities sprang up in parts of New England, the Middle Atlantic and East North Central regions. In the service era, the period which begins in the middle of the 20th century, the growing relative importance of services over manufacturing once again significantly altered the overall patterns of urban development. The proportion of the urban population peaked and stabilized, the share of population in the very largest cities declined as shares in small and medium-sized cities increased, and large cities rose in the Southwestern region of the United States.

Geographic Aspects of Labor Market Integration Before the Civil War

Robert A. Margo, Vanderbilt University
MARGORA@ctrvax.vanderbilt.edu
http://www.eh.net/Clio/Conferences/ASSA/margo.shtml

A set of spatially distinct, but "integrated" labor markets has two characteristics: first, a tendency for wages to equalize across locations, net of cost of living differences or locational amenities or disamenities, for otherwise identical labor (the "law of one price"); and second, adjustment to economic disparities that appears sensible. If the size of the set of integrated labor markets within a country expands geographically over time, a "national" labor market is said to be "emerging". This paper, Chapter 5 from *Wages and Labor Markets Before the Civil War* (University of Chicago Press, forthcoming), examines the pre-Civil War origins of a national labor market in the United States. Previous work on the American case has largely ignored the antebellum period, primarily because of lack of data. Using newly collected archival data, I examine the evolution of regional differences in real wages from 1820 to 1860.

Studies of regional differences in real wages from the late 19th century to the present essentially begin with a fully-settled country. However, prior to this time the US underwent a massive westward movement of population, a phenomenon that must be taken into account in analysis of antebellum regional wage patterns. At the beginning of the 19th century, virtually the entire labor force – 93% – lived in the Northeast or South Atlantic regions. By 1860, the

Midwest claimed 41% of the Northern labor force; the South Central states, 52% of the Southern labor force.

Why should labor have moved west before the Civil War? The simplest answer – that frontier locations were perceived to have economic value net of the costs of migration – runs into an empirical puzzle. Estimates of *per capita* income show substantially *lower* values in the Midwest relative to the Northeast in 1840 and 1860, while in the South, *per capita* incomes in the East South Central region were virtually identical to those in the South Atlantic. Economic theory suggests that individuals generally move from low-income to high-income locations, not the other way around.

An important but neglected resolution of this paradox, originally suggested by Coehlo and Shepherd, is that the value of the marginal product of labor per unit of time, the real wage, was initially higher on the frontier than in settled areas of the East Coast. The existence of a real wage gap provided a potential economic gain to migration – if not immediately, then perhaps over time.

Margo develops a theoretical model of regional settlement consistent with Coehlo and Shepherd's explanation. In the primary version of the model, there are two regions: A, a settled region, and B, a frontier region. The economic problem is to allocate labor between A and B to maximize the present discounted value of aggregate production. Because of the initial regional imbalance in factor proportions (and possibly other reasons), labor is potentially more productive on the frontier. Migration incurs two costs, a direct cost, such as a transportation cost, plus an assimilation cost. The assimilation cost is modeled as a delay in productivity, that is, labor must wait for some time before it can be economically productive on the frontier.

The assimilation cost implies that, at the margin, aggregate costs of migration were rising, or convex. With convex "adjustment" costs, migration will be spread out over time, as it was historically. Wages are initially higher in region B (the frontier) than in region A (the settled region), but as the share of the labor force in region B increases, the gap in wages diminishes. Because the ratio of migrants to productive labor in region B is highest initially, *per capita* output in region B may be less than in region A for some period of time. Thus, the model resolves the paradox of migration from a high-income settled area to a low-income frontier.

In Chapter 3, Margo presents annual series of real wages (1860 = 100) for three occupations – common labor, artisans, and white collar workers – in each of four census regions – Northeast, Midwest, South Atlantic, and South Central – 1821 to 1860. A regional cost of living deflator is constructed for 1850, using data on weekly cost of board. The real wage series are then benchmarked to the regional cost of living deflator, so that comparisons can be made across regions in levels and trends. Estimates of each region's share of the (free) labor force by occupation are also constructed.

The basic findings are that real wages were initially higher in the Midwest and South Central states than in the Northeast or South Atlantic states. In general, as the Midwest's share of the Northern labor force increase, the real wage gap between the Midwest and the Northeast declined, although it did not do so monotonically. In the South, however, the regional gap did not diminish; in addition, a North-South wage gap emerged in the 1830s. Analysis of shifts in relative wages and labor force shares across regions suggests that while shifts in "supply" (internal migration) were the dominant factor, shifts in demand were also critical. In particular, the demand for labor in the South Atlantic states appears to have declined, relative to the frontier (the South Central states) and to the Northeast, the latter because of early industrialization. Additional results may be found in the full version of the chapter.

Paving Machines: Politics and the Provision of Public Infrastructure in American Cities during the Progressive Era, 1900-1910

Rebecca Menes, UCLA
rmenes@eh.net Fax: 310-825-0778
http://www.eh.net/Clio/Conferences/ASSA/menes.shtml

In this paper, part of a larger study of the role of machine politics in turn of the 20th century economic development of American cities, I use a game-theoretic model of patronage politics and a cross sectional analysis of politics and city government performance to investigate how the ability to buy votes relaxes the constraints on politicians to keep taxes down, to provide public goods, and to refrain from stealing government monies. Many democratic governments in the "emerging" democracies and in the industrialized West suffer from endemic misgovernment and corruption. In democracies, corruption is often embedded in a patronage-based political organization – in American political parlance, a "political machine". A political machine apparently is able to insulate corrupt elected officials from voter ire by buying votes with favors and jobs, making individual deals with a winning coalition of voters.

American city government at the turn of the 20th century provides an unparalleled opportunity to study how buying votes relaxes the constraints that voters otherwise impose on their government. In 1900 there were roughly 100 cities large enough to develop full-fledged political machines. The cities were small, open economies. The cities were politically and fiscally independent, raising their own revenues from taxes and bonds. City governments were expanding into production of new public goods, such as sewers, water systems and durably paved streets, whose production could be measured. Finally, city-level data survives. The US Bureau of the Census collected financial records and measures of the output of real public goods. Over the following century, political scientists and historians wrote the political histories of individual cities, from which it is possible to develop a subjective coding of city governments as dominated, or not dominated, by machine politics.

A game-theoretic public choice model of machine politics produces testable hypotheses concerning the impact of the political machine. The key intuition of the model is that a kleptocrat who buys his way into office will be motivated to provide optimal levels of government goods and services if he can capture the resulting locational rents in higher taxes or graft. The political machine's ability to buy votes relaxes the electoral constraints on the government, allowing the "boss" to raise taxes and divert funds, but the open city borders force the government to provide the socially optimal quantity of public goods. Public goods are the key to capturing locational rents, however, only if the city boundaries are open to the free movement of people and inputs. If the government does not have to provide public goods to lure and keep residents, then buying the election with private favors allows the kleptocrat to win office while providing less than the optimal quantity of public goods.

I test the fiscal implications of the model against wages of unskilled city government employees, a proxy for patronage, and the overall municipal budget. The presence of a machine appears to increase municipal spending and municipal wages, consistent with the prediction that the machine boss spends city resources hiring patronage employees in exchange for political support and pays to provide public goods and services. Regression analysis found an 8% municipal premium on unskilled wages of city workers and an 18% premium in city budgets in machine cities.

The most difficult aspect of government performance to capture empirically is the output of public goods. In general, fiscal data on governments is more available than data on real output. However, provision of durable paving provides a serendipitous natural test of the ability of turn-of-the-century city government to respond to citizen demands for public goods. Technological innovations in asphalt and concrete in the 1890s meant that cities had access to new, better, lower-cost alternatives for durable paving. Changes in transportation technology increased demand for smooth, durable paving. I can compare paving across cities because the technology for installing paving, and the demand for paving, were relatively more uniform across cities than the supply and demand for most other public goods. And data survive: biannual surveys of the mileage and acreage of streets, paved and unpaved, for the first decade of the century. Therefore, I use the proportion of streets with durable paving as a measure of the success of the city in providing public goods. As predicted, holding constant for city physical size, population, ethnic structure, wages and region, the cities known to have machine-dominated governments provide as much or more paving than other cities.

The pattern of spending and of public goods provision in cities in which political machines are observed is consistent with the predictions of the model: 1) municipal machines spend money on patronage hires to buy votes, as indicated by high wages for unskilled municipal workers; 2) municipal machines provide the optimal level of public goods, given the technology and understood best practice of the period, as shown by the provision of paving; and 3) municipal machines inflate the overall budget as a result of providing the full basket of public goods, covering patronage costs of buying votes, and, presumably, fattening private bank accounts through inflated contracts and kickbacks, as suggested by the premium on the *per capita* budget in machine-dominated cities.

The results suggest that patronage and corruption did exist, and did inflate city budgets, but that the power of a near and open boundary constrained rent-seeking politicians to provide public goods which fostered the economic development of American cities.

Market Integration During the South Sea Bubble: Evidence from the Royal African Company

Ann M. Carlos, Jonathan Hill, and Nathalie Moyen,
University of Colorado at Boulder
acarlos@eh.net Fax: 303-492-8622
http://www.eh.net/Clio/Conferences/ASSA/carlos.shtml

Much has been written recently on the question of speculative excesses in the American stock market. Soaring share prices, merger mania and rising property prices seem to indicate the presence of a bubble economy. More worrying is the question of when booms turn to busts. While many argue that the American economy has entered a new era, history suggests that what goes up can often come down, with market pundits citing as examples the Stock Market crash of 1929 and the South Sea Bubble of 1720.

In his excellent book, *The Rise of Financial Capitalism*, Larry Neal has documented the path of the South Sea Bubble as a result of attempts to accommodate the government's financial needs. In order to do so, the system needed a new financial instrument. Experimentation to arrive at that instrument led not only to the Bubble but also resulted in the first perpetual annuity, or the consol, as a government debt instrument (p. 90). Through Neal's work, how the Bubble affected the price of South Sea Company, East India Company and Bank of England stock is now known. These were, however, the monied companies of the period which provided the government with the capital it needed to prosecute its wars. As such, Neal provides us with a description of one part, albeit a very important part, of the capital market.

In the decades following the Glorious Revolution, there was a dramatic increase in the number of joint-stock companies floated on the London market. What is less clear is how the Bubble affected these firms. Using a unique data source, this paper examines the impact of the Bubble on the course of Royal African Company stock. The Royal African Company received a charter in 1672, and at that time was the second largest of the joint-stock companies. Profitable through the 1680s, the wars of the 1690s led to losses. By 1712, the company was essentially bankrupt and underwent a major reorganization. Share prices rebounded, only to decline to 1719. The Royal African Company was not part of the political/financial complex. It was a trading company with a checkered history.

The data set used in this paper comes from the company stock ledgers which provide us with names of buyers and sellers of company stock for 1720 and a measure of the volume of transactions. In addition we use Neal's compilation of share prices from Castaing's *Course of the Exchange* over the same period. Thus, although we do not know exactly at what price each share was traded, we can look at the pattern of share prices and volumes.

What makes this examination much more interesting is the nature of the share data with which we are working. In the middle of 1720, the Royal African company offered a large new stock issue. Interestingly, the company used an underwriter to sell this stock. These shares carried the same rights as existing shares in the market, except that the old stock had a promise of a 10% dividend one year hence. Because of this dividend, the company recorded stock transfers of the "engorged" stock in a separate transfer book until mid 1721. And, Castaing listed prices of old and new Royal African Company stock separately in his broadsheet. The nature of the data thus allow us to examine the extent to which the market correctly valued the old and new stock. Was the path of prices over the course of the bubble different for these shares? Did prices of these shares converge over the second half of 1720 and in the aftermath of the bubble? Examining the price behavior of these shares gives us a window into the extent of market integration by 1720.

Mirroring the behavior of prices, we also examine the behavior of volume. Although we do not know at what price each individual transaction took place, we know exactly each transaction in the old and new stock. Thus, we look at the degree of market integration in terms of buyers and sellers of the stocks. Preliminary examination of the share transfer data suggests that the volume of transactions in the new shares was significantly higher than in the old and had a somewhat different path over the course of the Bubble. Eugene White has argued that some of the instability injected into the share market in the 1920s was the result of new and inexperienced buyers. These data suggest that, for the new stock, there may have been "new" investors in the market. Information on names also allows us to look at the social structure of the market and to examine the dispersal process of the new stock.

In addition, the paper examines the extent to which there was a rational bubble in Royal African Company share prices. Using the tools developed by Donaldson and Kamstra, we try to ascertain whether this asset price can be defined as a rational bubble using an examination of the different pricing regimes over 1720.

In summary, evidence from this case study, in conjunction with work on the monied companies, gives an interesting insight into the ways the market responded to the South Sea Bubble. Understanding market operations during this period may give us some insight into whether the behavior of stock market bubbles are similar or different in emerging markets relative to more developed markets.

Capital Goods Prices, Global "Capital Markets" and Growth: 1870-1950

William J. Collins, Vanderbilt University and
Jeffrey G. Williamson, Harvard University
wcollins@fas.harvard.edu
http://www.eh.net/Clio/Conferences/ASSA/collins.shtml

Conventional wisdom has it that global financial markets were as well integrated in the 1890s as in the 1990s, but that it took several post-war decades to regenerate the connections that existed before 1914. This view has emerged from a variety of tests for world financial capital market integration ranging from the correlation of saving and investment aggregates to the dispersion of securities prices and real interest rates. Presumably, we care about global capital market integration because it can have an impact on accumulation performance and the global distribution of the capital stock. Oddly enough, however, the relative price of capital goods, an important component of the user cost of capital, has not been incorporated into studies of capital market integration and long-term growth. This could be an important omission. This paper explores the issue with a panel data base 1870-1950 for 10 countries in the Atlantic economy plus Japan. It turns out that capital goods prices have been central to accumulation, growth and convergence. Capital goods prices appear to merit as much attention as interest rates or other financial costs in studies of the evolution of global capital markets.

Movements in Exchange Rates and Relative Price Levels in the Netherlands and Britain over the Past Four Centuries

James R. Lothian, Fordham University
Jrmlothian@aol.com Fax: 212-636-5573
http://www.eh.net/Clio/Conferences/ASSA/lothian.shtml

Economists' views of the purchasing power parity relationship have undergone a gradual but nevertheless substantial change. As the 1990s began, the consensus view was that it did not hold to any meaningful degree, that real exchange rates were too variable and otherwise ill-behaved for PPP to have much use at all either as a predictive tool or in analysis of historical behavior. Today, as a result of the large body of empirical evidence produced since then, PPP is seen by most international economists as a tolerable, but hardly perfect, first approximation, at least over the long run.

Nevertheless, a number of important questions remain. One is what is the reason for the seemingly overly long lags in the adjustment of real exchange rates to equilibrium uncovered in most studies. A second is whether the exchange-rate regime itself matters. A third concerns the effects of real variables on real exchange rates and PPP. A final issue is whether the existing body of empirical evidence is in fact representative of behavior in general or is simply a product of sample selection bias resulting from concentration on data for countries at similar stages of economic development.

To investigate these issues I use biannual exchange-rate and price-level data for the Netherlands and Great Britain for the long period 1628-1998, countries that over this near four-century long span have at times differed substantially in terms of the pace at which their economies were developing, have been linked by a variety of exchange-rate regimes, and have been subjected to periodic, and, in several instances, substantial and near continual real shocks.

The principal conclusion to emerge from this study to date is the resiliency of the simple purchasing-power-parity model and, relatedly, of the Law of One Price at the macroeconomic level. Real exchange rates are at times quite volatile, but no more so under the recent float than historically. The factor arithmetically responsible for the volatility, however, is different – relative price levels were the culprits earlier, as opposed to nominal exchange rates in recent years.

I also find evidence of step-like movements in the real exchange rate in several time periods. These appear related to differences in productivity, the result in turn of differences in the timing of industrialization in the two countries. Though highly persistent, these movements in the end are reversed. Real exchange rates in the last half century of the sample period as a result are on average not much different than in the first half century. Failure to account for such movements, moreover, may be the major reason why estimated speeds of adjustment have appeared to be so slow.

Early Achievement of Modern Growth: Height and Health of Free Black Children in Antebellum Virginia

Howard Bodenhorn, Lafayette College
bodenhoh@lafvax.lafayette.edu Fax: 610-250-8961
http://www.eh.net/Clio/Conferences/ASSA/bodenhorn.shtml

Although efforts to link trends in human stature to trends in economic well-being remain contentious, the link between height and economic inequality is well established. Human biologists, in fact, suggest that cross-sections are the real strength of anthropometric data because it readily exposes class differences in health and nutrition. Using information on modern heights, Steckel

(1983) found that relatively small increases in income inequality (measured by the Gini coefficient) could offset the stature-enhancing effects of large increases in *per capita* income. Steckel's result, combined with declines in mean heights, led Fogel (1986, p. 498) to speculate that income inequality rose markedly in late-antebellum America. The antebellum poor were growing relatively poorer.

To historians of the African-American experience this seems both plausible and probable. The poorest of the poor were free blacks living in the shadow of slavery and their condition deteriorated in the antebellum era. The history of blacks is one of people living in wretched poverty. Their economic and civil liberties were regularly trod upon and they were left with few opportunities for advancement, scarcely enough to eke out a bare subsistence. On the eve of the Civil War, their status had grown so piteous that Berlin (1974) labeled them "slaves without masters."

Anthropometric evidence paints a different picture. Previous studies by Komlos (1992) and Bodenhorn (1998) show that black adults grew nearly as tall as whites and modestly taller than slaves. But the complexities of growth do not imply that similar adult stature translates to similar disease experiences, similar diets or similar growth paths during childhood. American slaves followed a growth path unlike any other historical population. Virginia's free black children, on the other hand, followed a distinctly modern growth path, one resembling that of late-20th century African-Americans. Indeed, there was something peculiar about the "peculiar institution." Moreover, Virginia's free blacks were not slaves without masters. They shared few of the slaves' disadvantages.

Information gathered on the heights of 4,400 black children born between 1790 and 1840 lead to several conclusions. The first is that black males attained a terminal stature (67.5 inches) about one-half inch less than whites and one-half inch greater than slaves. Black and slave women attained the same stature (62.5 inches). Second, the black growth profile differed markedly from slaves. Black children often attained the 10th centile of modern height, while slave children rarely exceeded the second centile. Third, the growth profile of antebellum black children closely resembles the path followed by modern African-Americans. Fourth, this growth profile is markedly different than that experienced by children of African descent in modern developing countries. These four features of the growth of antebellum black children and youth suggest that: (1) there truly was something peculiar about the "peculiar institution," and (2) that 19th century African-Americans more closely resembled modern African-Americans than populations living in developing countries.

Evidence on the peculiarity of slavery and the modernity of the growth path of antebellum free black children accords with evidence on comparative mortality and morbidity. Slave infant mortality rates (160 per 1,000) were about twice that of both whites (94) and free blacks (89). Death rates declined sharply in all groups after age one and gradually converged, although slave mortality rates always exceeded free rates.

Death from specific diseases, too, demonstrates the poor health of slaves and the relative prosperity of free blacks. Kiple and Kiple have argued that high slave mortality rates resulted from evolutionary maladaptation among blacks, namely, that Africans were genetically unsuited to North American climates, North American food and North American diseases. Evidence on disease-specific mortality fails to support that contention. The likelihood that an individual would contract and die from a number of diseases was significantly higher for slaves than for free blacks. Death rates from neonatal tetanus, acute respiratory diseases and gastrointestinal diseases were higher for slaves than for free blacks and whites, who died in roughly equal rates. Diarrheal diseases were equal opportunity killers. The incidence of intestinal worms was greater among slaves and free blacks than whites, while malarial fevers took more whites than blacks or slaves. There were two distinct disease environments. But diseases did not select so much for race as for status. Free blacks and whites faced similar diseases in similar percentages; slaves lived in an altogether different world.

This evidence provides, perhaps, a resolution to the ongoing diet-or-disease debate. Slave children lived and grew in a unique disease environment. What made it unique, however, was not the type of disease but the greater incidence of disease. The real bane of slave children was the so-called diarrhea-pneumonia complex. Poor hygiene and sanitation, combined with crowding in the slave quarters, promoted the transmission of various respiratory and enteric diseases. Growth slows during an illness, but if nutrition is adequate and the number of pathogens small, this slow-down is followed by a period of supra-normal catch-up growth that restores the child to his or her original growth path. But chronic undernutrition and continual reinfection short-circuit the growth recovery process. The result, of course, was severely stunted slave children whose periods of remarkable catch-up growth awaited their being transported to the fields.

Antebellum Virginia's free black infants, children and youth did not face the same dietary and disease environment as slave children. Both terminal heights and the growth path of these children fail to support the premise that they were forced by racism and restriction into an underclass culture of poverty. There can be no doubt that daily they faced antagonism, insults and disadvantages. But those disadvantages were not so great that the children went hungry and diseased, at least no more so than most whites. It may be time, then, for a reinterpretation of the free black experience in the antebellum South.

Growth before the Civil War: The Antebellum Puzzle of Increasing Incomes and Decreasing Heights

Philip R. P. Coelho, Ball State University, and
Robert A. McGuire, University of Akron
00prcoelho@bsu.edu Fax: 765-285-8024
http://www.eh.net/Clio/Conferences/ASSA/coelho.shtml

The current literature on living standards in the pre-Civil War United States has two contradictory strands. One is that income grew secularly from soon after the War of 1812 through 1860. The second strand is anthropometric evidence that mean heights decreased starting with the birth cohort of the 1830s, and possibly earlier. Why did heights decline as incomes rose? One school of thought suggests that when well-being (welfare) is estimated we should rely on 'biological' measures, because measures of

19th-century income are inadequate. Traditional measures are inadequate because they may overestimate the true growth in income, and they may not accurately measure the distribution of income, and especially distribution of food resources, over the entire population.

As an alternative explanation for the "antebellum puzzle," we emphasize the biological consequences of economic growth prior to the 20th century. We suggest that the nationwide disease environment deteriorated even as incomes rose. The deteriorating disease environment resulted in declining heights. Disease pathogens that had been regionally specific spread throughout the United States during the antebellum period. Diseases, both domestic and from abroad, were integrated nationally for four interrelated reasons: 1) The growth in population increased population densities, and the increased biomass (both human and non-human) facilitated the transmission of disease-bearing pathogens. 2) The growth of great cities (apart from the general increase in populations) allowed diseases to exist where before they would not have long survived. 3) Declining rigors, time, and money costs of transportation allowed the sick, infected, and asymptomatic to travel, infecting people along their routes and final destinations. And, 4) beginning in the early 19th century, declines in transport costs and times initiated movements of populations across regions, continents and oceans; these population movements exposed both natives and migrants to new disease ecologies. The migrants were exposed to diseases that were native to the ecologies of their new homes, but new to them. The migrants brought with them their endemic diseases, and these adversely affected the natives. Both foreign immigration and domestic migration changed the disease ecologies for all concerned.

We attribute the secular growth of wages and incomes to an increasing population that led to increased specialization that, in turn, resulted in an increase in economic productivity and output. Increasing *per capita* output and population led to an increase in the demand for transport services. This increased demand made profitable the creation of a network of high-fixed-cost modes of transport with low variable costs. Given the volume of traffic, these high-fixed-cost, low-variable-cost modes allowed substantial reduction in the overall costs of transport and induced further 'extensive' growth. Feedback effects led to further increases in specialization and widening of the market ('intensive' growth). Offsetting this virtuous cycle of 'Smithian' growth was a vicious biological cycle. Increased market size also provided resources for pathogens that parasitize humans. In the centuries before the 20th, an increase in human density was always associated with substantial increases of biological resources for micro parasites.

The increased biomass surrounding human communities allowed pathogens to become more abundant, and increased human densities facilitated the transmission of infectious diseases. As infectious diseases spread more rapidly, more people were sick more frequently. The decline in transport times and costs in the 19th century abetted this process; the consequences were an increase in diseases. We explicitly note the paradoxical role of increased incomes in the transmission of diseases. Increased income led to an increase in demand for both more food and "higher quality" foods (those derived from animals: meat, milk, cheese, and so forth). Increases in the urban populations and incomes resulted in a more than proportional increase in the demand for animal products, which, in turn, led to a more than proportional increase in the urban biomass available to disease causing microbes. The resultant increase in human morbidity and mortality associated with these pathogens had their impact throughout the "industrializing" world in the 19th century. The American experience was just one aspect of a worldwide phenomenon.

As diseases spread across the nation during the 19th century, populations of particular regional or urban disease ecologies would have acquired some immunities over time to their new disease ecologies. The post-Civil War advances in public health, hygiene, and the distribution of food also ameliorated the effects of the deteriorating disease environment that were associated with economic growth. These advances, as well as the emerging acquired immunities, lessened the anthropometric effects of diseases during the post-Civil War era.

In this paper we: 1) explain the interrelationships among the growth of population, output, cities, transportation, and diseases, 2) examine how diseases spread, 3) assess the increased impact of morbidity upon economic and anthropometric data, and 4) relate these developments to the institutional setting of pre-Civil War America.

The Puzzle of Slave Heights in Antebellum America

Ray Rees, John Komlos, University of Munich;
Ulrich Woitek, University of Glasgow; and
N.V. Long, University of Montreal
ray.rees@lrz.uni-muenchen.de Fax: 49-89-21 80 62 82
http://www.eh.net/Clio/Conferences/ASSA/rees.shtml

The diverging trends in physical stature and in real income of the free population of the antebellum United States, white and black, have both puzzled and fascinated economic historians. One would hardly have expected adult men to become 2 cm. shorter within a generation prior to the Civil War, when *per capita* income was growing at the respectable rate of 1.4% *per annum*. The African-American experience is of particular interest in this context, since there is accumulating evidence to suggest that, in contrast to the trend for the free population, the terminal heights of the male birth cohorts of slaves of the 1830s and 1840s were increasing, while those of females and boys tended either to remain unchanged or to diminish only slightly. Inasmuch as this pattern has been found in two separate samples of slaves, one based on Georgia convicts and the other on slaves shipped in interregional trade from the Upper to the Lower South, it is unlikely to be a statistical artifact. In this paper, we argue that this anomaly can be explained as an outcome of rational wealth-maximizing behavior by slave owners. While the declining heights of the free population could be seen as a result of reduced food intake in response to the rising relative prices of food, slave owners would base their decisions about how well to feed slaves on the movement of cotton prices relative to food prices, given the effects of feeding on the productivity of slave labor. A slave is viewed as a capital asset, the productivity of which would decline if nutritional standards were lowered. Slave prices reflect the capitalized value of the net returns to slaves, and the fact that during the antebellum decade slave prices increased by 64% relative to food prices lends support to the idea that increasing slave heights reflect higher nutritional standards, which in turn are a response to the returns to higher slave productivity.

Letter to Members *(continued from page 1)*

volumes of congress proceedings. Only the organizer and a few experts make formal presentations at the Congress, leaving most of the two three-and-one-half-hour sessions for discussion from the floor.

C-sessions: Entitled "Workshops", these sessions of three and one-half hours each are intended to give scholars working on more specialized subjects the opportunity to exchange ideas. The session organizer determines how the session will be conducted.

In addition to A-, B-, and C-sessions, recent Congresses have had D-sessions, devoted to presentations of recent doctoral dissertations, and the 1998 Madrid Congress also included E-sessions, two three-and-one-half hour round tables.

A major issue before the IEHA Reform Committee is whether the traditional A-, B-, and C-session format should be retained or whether A- and B-sessions should be eliminated. Some scholars think the A- and B-sessions are valuable and also appreciate the sense of hierarchy they provide. Others think the A- and B-session formats have been ineffective and would prefer sessions that focus on direct presentations and discussion by participants.

The 12th Congress was to have been held in Seville, Spain, August 24 through 28, 1998. The deadline for preliminary registration at a reduced rate was February 1, 1998. On May 18, 1998, Gabriel Tortella, then President of the IEHA, announced by e-mail that the Seville Congress had been "suspended". In subsequent messages it was explained that this decision was due to breakdown in negotiations between Tortella and Proconsur, the organization that was to have made local arrangements in Seville. On May 21, EH.Net created an e-mail list (Congress@eh.net) to transmit news about IEHA Congress plans, to allow session organizers to announce whether sessions would take place in Madrid, and to facilitate discussion among parties interested in these unusual developments. On May 22, in a posting to the EH.Net Congress list, John Komlos of the University of Munich announced that he was prepared to host a Congress in Munich if no Congress were to be held in Spain. A number of scholars on the Seville Congress program responded that they favored meeting in Munich. A few weeks later, Tortella announced that the 12th IEHA Congress would take place in Madrid on the originally scheduled dates.

Although a number of session organizers had announced they were canceling their sessions in Madrid, the Congress organizers decided to assign a room for every session originally scheduled and to list a time slot for every session in the program regardless of session status. Proconsur, the firm in charge of Seville local arrangements, refused to refund most of the registration fees paid to them. Participants who had registered for Seville with Proconsur and attended the Madrid Congress were not required to pay an additional registration fee. As of this writing, the question whether Proconsur will refund the registration fees remains unanswered. Proconsur did mail refund checks in Spanish pesetas for 75% of the hotel deposits people had made (less an amount Proconsur claimed was for "bank charges"). During the Madrid Congress, Gabriel Tortella indicated that legal action would be taken against Proconsur for restitution of the fees paid. Some participants who paid by credit card have received reimbursements from their card companies.

Almost a thousand people were reported to have attended the Madrid Congress. Many who attended expressed appreciation for the considerable effort made by Gabriel Tortella and his associates to organize the material arrangements for the 12th Congress in a short period of time and to see that all proceeded smoothly. The published proceedings for the 12th Congress were available at Madrid. Douglass North, recent economics Nobel laureate, gave a well-attended and well-received opening lecture. Many sessions did occur as planned, and many participants reported that they were worthwhile and of high quality. However, a number of sessions had substantially fewer papers presented than originally scheduled. Since the published program did not indicate which sessions the organizers had canceled, in some instances Congress participants went to attend a session and found an empty room. An Information Session was held at the Madrid Congress at which Tortella gave an account of why the Seville Congress was cancelled and why the venue was moved to Madrid. Approximately a hundred people attended this session. During the question and comment period, a number of people offered their opinions on appropriate future directions for IEHA. For more information on the problems associated with the 12th Congress and for comments made by the audience at the Information Session at Madrid, see the report at **http://www.eh.net/IEHA**.

Due to both the specific problems that arose with the 12th IEHA Congress and longer-standing concerns by some about the format of IEHA Congresses, and more generally, that the aims of the IEHA as an organization required reconsideration, the International Commission on Reform was established.

Thus, the purpose of my open letter is to request suggestions for reform proposals to pass along to the Commission as Corresponding Member for The Cliometric Society. While comments on any aspect of reform of the IEHA would be welcome, let me mention specific issues that occur to me:

1) Does the IEHA need to redefine its general mission and objectives? In particular:
a) Should the Social and Cultural Program of IEHA Congresses be retained in its previous scale and format? Should it be reduced in scale? Should the Social and Cultural Program be eliminated altogether? Should registration for accompanying persons be retained or abolished?
b) Should there be more effort to have the IEHA Congress Program reflect innovative directions in economic history?
c) Should the IEHA Congress Program be more interdisciplinary?
d) Should the IEHA do more in general to reach out to related scholarly organizations in economics, history, and other disciplines?
e) Should IEHA Congresses continue to publish proceedings? Should some other format, such as the web, be used to circulate papers presented at Congresses?

2) What changes, if any, should be made in the format of Congress sessions?
a) Should the A- and B-sessions be retained?
b) Should sessions be reduced in length and number of papers presented?
c) Should the session format be standardized regarding the use of discussants for papers?

3) For several reasons, it would be informative for the printed Congress program to list the specific papers to be presented. However, this would entail additional organizational and printing costs. Do you think the benefits of listing individual papers on the program would outweigh the costs?

4) Should the Congress schedule be changed from the previous Monday through Friday five-day format, or should a "long weekend" format, such as Thursday through Sunday, be considered?

5) Previously, the Executive Committee of the IEHA has had responsibility for selecting the sessions for the Congress programs. Should a network form of organization, such as that used by the Social Science History Association, be considered as an alternative selection method?

6) Currently, the IEHA is an association of associations; only scholarly associations in the field of Economic History can be members of the IEHA. At the Madrid Information Session, it was suggested that the IEHA should also have personal memberships as a way of increasing the accountability and flow of information from the IEHA to individual scholars. Do you think the IEHA should offer individual memberships?

Comments regarding the reforms you would like The Cliometric Society to present to the International Commission on Reform can be sent to me by e-mail, regular mail or fax at the following addresses and numbers. Please note that the Commission will be meeting in December to formulate its preliminary reform proposals. Therefore, comments should be sent to me as soon as possible.

David Mitch
Mitch@UMBC2.UMBC.EDU
FAX: 410-455-1054
Department of Economics
University of Maryland Baltimore County
1000 Hilltop Circle
Baltimore, MD 21250 USA

Request for Advice
from Richard Sutch, Chair of the International Commission on Reform

October 29, 1998

Request for Advice
Reform of the IEHA
Revision of the Format for World Congresses of Economic History

At the Twelfth World Congress of Economic History recently convened in Madrid, the General Assembly of the IEHA created an International Commission on Reform. The names of the committee members are listed at the end of this announcement. In addition, this information, the Commission's timeline, the IEHA Statutes, and other relevant material is available on the EH.Net Economic History Services web site at **http://www.eh.net/IEHA**

The Commission's charge is to make proposals to the Executive Committee for revisions in the Statutes of the Association and for establishing written policies and procedures for the management of the Association and all its activities, including the World Congresses. In other words, the Commission has a completely open mandate.

The first meeting of the Commission will be held in Utrecht on December 11-12 and will concentrate on proposals to modify the format of the XIII Congress that will be held in Buenos Aires in 2002. A second meeting of the Commission is tentatively planned for February. The Commission's proposals will be presented to the Bureau of the IEHA at its meeting in February and to the Executive Committee at its meeting in May.

Suggestions for the committee to consider are now requested. They may be sent privately to individuals on the Reform Commission listed below or to the Secretary of the Commission *via* e-mail: **ieha-rc@let.uu.nl**

Alternatively, the Committee encourages interested parties to send their suggestions to the EH.Net Congress list, which we hope will be used as a public forum for dialogue among those interested in these matters; suggestions sent to the Congress list will be sent automatically to all other subscribers. After the Commission meets in December, we plan to post a draft set of proposals to the Congress list for reactions and alternative suggestions.

Those interested in engaging in the reform progress in this way may subscribe to the Congress list by sending the following one-line message to **lists@eh.net**

subscribe congress <your name> <your institution>
(for example: subscribe congress John Keynes Cambridge)

For the Commission,
Richard Sutch

Members of the International Commission on Reform:

Ritta Hjerppe, Finland: **Ritta.Hjerppe@Helsinki.FI**
Gilles Postal-Vinay, France: **Pstel@java.ens.fr**
Leandro Prados de la Escosura, Spain: **Lprados@compuserve.com**
Peter Solar, Belgium: **Psolar@vub.ac.be**
Richard Sutch, USA, Chair: **Richard.Sutch@UCR.edu**
Patricia Thane, UK: **p.m.thane@sussex.ac.uk**
Jan Luiten van Zanden, Netherlands, Secretary: **janluiten.vanzanden@let.uu.nl**

Fishlow Interview *(continued from page 6)*

study and hire SRI (Stanford Research Institute) to make the estimate. I had already made my calculations, and I was persuaded that any kind of reasonable calculations were going to come up with a number that was substantially less than what the company was asking. To my surprise and, I must say, horror, I discovered that this was first time that anybody in the State Department had done this. The previous practice had been for the company to talk to the ambassador; the ambassador complained to the country, saying, 'You've violated the basic rules and regulations of international law, and now the company wants x dollars and you've got to pay it.' I remember very well, on one occasion with an audience composed of members of the Cabinet of Peru and a blackboard, giving a lecture on calculation of valuation and talking about how one had to calculate the real value of this enterprise. The firm had been in production and distribution, and had owned the ships that were registered in Panama, which made a profit while its production didn't.

The owners got a payment that was within the realm of reasonableness and one the Peruvians lived up to. It resolved what could have been a nasty expropriation case. At the time, the whole question of foreign ownership was a matter of rather considerable discussion. I was involved in the nationalization of petroleum in Venezuela and in the North-South discussions that were current in 1975-76.

You've also done work on the debt, too.

Right. That was really the next major area because the debt became the major problem for Latin America in the 1980s. I think virtually every Latin American country, except Chile and Colombia, had gone into default and were not paying what they had owed. In part that was a result of what had happened in the 1970s. One had a fundamental institutional change in the 1970s which had altered the relationship between creditors and debtors. Interest rates had been set on the basis of LIBOR [London Interbank Offer Rate], which changed every six months. In 1979 after Volcker had become head of the Federal Reserve, interest rates rose dramatically. The interest rates that had to be paid on the debt by these countries increased at a time when their ability to export was much reduced. I was writing on the problem of debt, as were Jeffrey Sachs and Rudi Dornbusch. It launched me into writing a piece on the 1890s and the Brazilian and Argentine debt problems at that time and the way in which they were resolved; I wrote a piece which I enjoyed a great deal, called "Lessons of the 1890s for the 1980s."

It's another illustration, which I always like to make, between the advantage of having the broader perspective that comes from historical orientation and the more immediate view which assumes that the world began yesterday and you have to develop a policy today in order to avoid disaster.

It's an interesting perspective of how people fail to really take advantage of the information that is available from the past. I continued writing on the debt problem and I tried to make some assessments of what the banks were in fact repaid as a result of the debt crisis of the 1980s. In spite of reducing the principal value at the end, through the Brady plan banks did not emerge so badly because they accumulated all of the interest that was due them before the reduction was made. They wound up with a rather low rate of return but it was positive.

How does economic history fit into your newest incarnation?

One of the things that I am keen on working on at the present time is the reform of the state. To some degree that is the nature of the problem in Latin America where some reform has occurred over the course of the last 10 years. In Asia, the issue is a contemporary one in terms of reforming the banking system, changing the legal system to introduce bankruptcy, providing information, and having judicial mechanisms that operate without corruption. There are a variety of institutional changes that are necessary to enable the market to function. I think that one of the things that comes out of history is that if you take a long view, you see that you can't presume that markets operate in an efficient fashion. There are a whole series of innovations and institutional changes that occur over time in order to respond to a variety of inefficiencies that lead to private wealth being accumulated on the one hand and public losses on the other. To some degree that's exactly the story of what's going on in Asia today.

Is this similar to the railroads earlier in the US?

Well, to some extent. There you had a market operating, with people trying to assess whether to invest in railways. It seems to me that the whole story of economic development is precisely about externalities and the way in which they occur; markets have a tendency, even when they start out as perfect markets, to be disrupted by innovation. You create temporary circumstances in which these externalities exist. That's the process of change.

How long before the rest of us did you suspect the Asian miracle might not be?

Earlier, they had spoken about the 'Brazilian Miracle', and I had written about why it wasn't quite such a miracle. To some degree, I think names of that sort are compelling because they show a real lack of understanding of the historical process.

To what extent are – or should be – economic history and economic development separate? What do you think is the proper role of economic history in the education of an economist these days?

Unfortunately, in many universities economic history is now left by the side. To some extent I think that that's unfortunate, because I think good economic history is an essential component. If you say that economic development relates to the current process of expansion in a variety of settings and countries where the growth rate has not gone up very substantially in the past, then clearly you want to know why it hasn't gone up in the past, and you want to understand what the particular factors were that were responsible. I see the two as being substantially interrelated, and I think that in methodology, good economic history emphasizes good quantitative training, good economic history represents good theoretical knowledge, good economic history represents good institutional emphasis.

References

Davis, Lance E., Richard A. Easterlin, William N. Parker, *et al. American economic growth: an economist's history of the United States*. New York: Harper & Row, 1972.

Fishlow, Albert.

"The Trustee Savings Banks, 1817-1861", *Journal of Economic History* 21:1, (March 1961), 26-40.

"Antebellum Interregional Trade Reconsidered", *American Economic Review* 54:2 (May 1964), 352-64.

American Railroads and the Transformation of the Antebellum Economy. Cambridge, Mass.: Harvard University Press, 1965. [Harvard Economic Studies, v. 127]

"Levels of Nineteenth Century Investment in Education", *Journal of Economic History* 26:4 (December 1966), 418-36.

"Productivity and Technological change in the Railroad Sector, 1840-1910", in *Output, employment, and productivity in the United States after 1800*. [Studies in Income and Wealth v. 30] New York: National Bureau of Economic Research, 1965. pp. 583-646.

"Origins and Consequences of Import Substitution in Brazil", in *International economics and development: essays in honor of Raul Prebisch*, edited by Luis Eugenio Di Marco. New York, Academic Press, 1972.

"Brazilian Size Distribution of Income", *American Economic Review* 69:2 (May 1972), 391-402.

"Lessons of the 1890s for the 1980s", in *Debt, stabilization and development: Essays in memory of Carlos Diaz-Alejandro*, edited by Guillermo Calvo *et al.* Oxford and Cambridge, Mass.: Blackwell, 1989, pp. 19-47.

Fishlow, Albert and Paul A. David, "Resource Allocation in an Imperfect Market Setting", *Journal of Political Economy* 69, (December 1961), 529-46.

Fishlow, Albert *et al. Miracle or design?: lessons from the East Asian experience*. Washington, DC: Overseas Development Council, 1994. [Policy essay no. 11]

Fogel, Robert William. *The Union Pacific Railroad; a case in premature enterprise*. Baltimore: Johns Hopkins Press, 1960.

Fogel, Robert William. *Railroads and American economic growth: essays in econometric history*. Baltimore: Johns Hopkins Press, 1964.

Hammond, Bray. *Banks and politics in America, from the Revolution to the Civil War*. Princeton: Princeton University Press, 1957.

Rostow, W. W., ed. *The economics of take-off into sustained growth; proceedings of a conference held by the International Economic Association*. New York: St Martin's Press, 1963.

NBER Report *(continued from page 12)*

Floud suggested that height be included as a regressor in the empirical models. Costa reported that she had estimated such models but had not found height to be a significant determinant of chronic health conditions in old age.

Stephen Haber (Stanford) presented the final paper of the morning session, "Political Instability and Economic Performance: Evidence from Revolutionary Mexico," written with Armando Razo (U. of Washington). They find that while investment and economic growth were stifled during the most violent period in revolutionary Mexico (1914-1917), the periods of political instability before (1910-1913) and afterwards (1918-1934) had relatively minor effects on investment and productivity growth. Haber suggests that this behavior may reflect adaptation to instability by economic agents or investment in temporary alliances in which property is not destroyed or confiscated. Haber concludes that the degree of violence may be secondary in importance to the unexpectedness of an episode of instability.

Discussion began with Margo comparing this analysis of recovery from the Mexican Revolution to theories of Southern recovery from the Civil War. Calomiris and Alston both asked about the independence and effectiveness of the Mexican legal system. Michael Haines (Colgate) wondered if regional variation in instability led footloose firms to locate in the more stable states. Taylor suggested that capital flight could indicate changes in investors' expectations. In response to questions by Temin and Raff about expropriation, Haber described the custom of the Army to seize a plant, operate it until the available raw material was exhausted, keep the revenue, and then return the plant to its owners.

The theme of Tuesday afternoon's papers was Education and Human Capital. Claudia Goldin and Lawrence Katz began the session with "The Shaping of Higher Education: The Formative Years in the United States, 1890 to 1940." They find that the era before extensive federal funding of universities produced institutional changes that affect higher education even today. Over this period, freestanding professional schools declined in number and importance, specialization in knowledge increased, and the value of institutional reputation grew. In addition, the share of post-secondary students in publicly funded institutions increased as did the scale of these institutions. The continuing influence of the past was evident in the strong and negative relationship between private college enrollment in 1900 and state and local spending on higher education in 1929.

Costa initiated discussion by asking about combinations of public and private funding, including state spending on seminaries. Menes asked about the tendency of independent professional schools to affiliate with nearby universities. Alston distinguished between state and federal support for land grant universities, but Goldin noted that revenue from the sale of federal lands went to the states anyway. Lamoreaux asked about the role of corporate funding, which Katz observed was critical in the founding of Caltech by disgruntled MIT faculty.

The final paper of the session was "Schooling, Suffrage, and the Persistence of Inequality in the Americas, 1800-1945" by Stanley Engerman (Rochester), Elisa Mariscal (UCLA), and Kenneth Sokoloff. The authors begin by reporting the tremendous disparities across New World nations in the development of educational institutions and the spread of literacy. Latin American nations lagged significantly behind the US and Canada both in school enrollment and literacy. The authors argue that these differences reflected, in part, the long-standing greater degree of inequality found in Latin America. They argue that expansions of public schooling often followed extensions of suffrage, and then go on to show that school enrollment rates were positively related to the percentage of the population that voted.

In discussion, Margo compared this approach with that of Douglass North in his explanations of North-South differences within the United States. Haber noted that secondary schooling in 19th-century Latin America was generally an urban phenomenon. Murray suggested considering women's literacy rates in particular to find effects of home education in the absence of public schooling. Finally, Goldin asked whether literacy was defined as the ability to read and write in any language, or in the official language of the country.

The final two days of the conference were organized around the broad theme of Urban and Regional Economic History as part of the new DAE initiative in Urban Economic History. Rebecca Menes began the first session with "Paving Machines: Politics and the Provision of Public Infrastructure in American Cities during the Progressive Era, 1900-1910", in which she investigates the effects of "machine" politics on city government performance. Menes develops a theoretical model in which machine politicians seek to maximize the "profits" of government control and buy votes in order to get elected. The model predicts that a machine government will lead to higher taxes, larger budgets, and higher municipal wages but not to a reduction in the provision of public goods. Menes tests these predictions using data on large American cities from 1900 to 1910. The proportion of a city's streets paved with durable paving was used as an indicator of public good provision. The empirical tests support the predictions of the model. Menes even finds that cities with machine governments had higher proportions of their streets paved with durable paving than did cities without machine governments.

The discussion of the theoretical model focused on identifying the appropriate alternative to a machine government. Menes uses a median voter model, but Calomiris suggested that a government with decentralized patronage system may be more appropriate. The interpretation of greater street paving as indicating higher public good provision also generated discussion. Kim argued that greater street paving need not be optimal from a social welfare perspective. Raff suggested that greater street paving may have diverted funds from the provision of other city public goods.

Next, Paul Rhode presented "Searching for Home Market Effects: California Manufacturing, 1859-1963." The New Economic Geography literature proposes the hypothesis of "home market effects", which claims that a larger demand for the products of an industry in a given region will lead to more than a one-for-one increase in regional production in that industry. Rhode tests for such home market effects using a panel of four-digit SIC industries in California from 1859 to 1992, and finds support for the hypothesis. His estimates indicate that a 10% increase in California's market led to a 14% increase in California's industrial output.

Discussion centered on the home market effects hypothesis. Sukkoo Kim (Washington U.) wondered what led to home market growth. Lamoreaux argued that it was important to distinguish between industrial growth due to existing firms establishing regional branch plants and industrial growth due to the establishment of new indigenous firms. Edward Glaeser (Harvard) and Katz suggested that input/output tables or data on a cross-section of states would provide alternative tests of the hypothesis.

Margaret Levenstein (Michigan) then discussed "Capital Markets and the Industrialization of the American Midwest: A Study of the Cleveland Stock Exchange." She argues that a crucial element in economic development is the creation of indigenous institutions, both local and regional, that link potential investors with ideas about new technologies and market opportunities. To support her argument, she presents a case study of the Cleveland Stock Exchange from 1900 to 1931. Levenstein argues that the exchange served to provide capital to local firms that had limited access to national capital markets. She shows that the firms listed on the exchange were mostly Midwestern firms, with very few listed on the New York Stock Exchange. Levenstein further speculates that local banks played a key role in matching local investors to firms and cites as evidence the multiple links between the directorates of firms and banks listed on the exchange.

Discussion first addressed the role of institutions in economic development. Margo questioned whether institutions were necessary for development or whether they simply increased the pace of development or made the process more efficient. Later discussion focused on the interpretation of evidence from the Cleveland Stock Exchange. Calomiris argued that many firms not traded on the New York Stock Exchange did have access to national capital markets through listings on other exchanges and trading "on the curb." Lamoreaux cautioned that interlocking directorates did not necessarily mean greater interaction of firms and banks; she has found in her own work that bankers were frequently absent from board meetings.

The afternoon session focused on American urban development. Sukkoo Kim began the session with his paper, "Urban Development in the United States, 1690-1990." Kim argues that the long-run pace and pattern of US urban development have been determined by changes in the structure of the economy which, in turn, have influenced the nature of regional comparative advantage. He argues that comparative advantage rather than external economies can explain the rapid urbanization that accompanied industrialization. Using census data for 1880 and 1940, he shows that the industrial sectors of cities were highly specialized and similar to the industrial structures of the regions in which the cities were located. Kim further argues that the tremendous variation in city size is due to the concentration of special market-making functions in larger cities.

Emily Mechner (Harvard and Bates) pointed out that Paul Krugman has shown that the size distribution of American cities can be produced by a growth process where city growth rates are random and independent of city size. Margo followed up by suggesting that there may be less economic content to the variation in city size than usually claimed in the urban development literature. The remaining discussion centered on the empirical methodology of the paper. Goldin and Glaeser argued that understanding what types of activities locate in cities requires comparing the industrial structure of cities to the industrial structure of the US as a whole, rather than to the industrial structure of the regions in which the cities were located. Haines suggested examining data from before 1880, and Katz suggested examining how the share of manufacturing changed as cities grew.

Jacob Vigdor (Harvard) then presented joint work with David Cutler and Edward Glaeser on "Immigrant Ghettos." Vigdor and his co-authors find that in 1890 and 1900, the segregation of some foreign-born ethnic groups was greater than that of blacks. Over the century, however, segregation has greatly increased for blacks while it has decreased for the foreign-born. They also find that own-group segregation, as measured by the index of isolation, had larger negative effects on the occupation and education attainment for the foreign-born than on the occupation and education of blacks. The cause of the segregation of the two groups also appears to have differed. Own-group segregation had a negative effect on housing prices for the foreign-born suggesting that immigrant ghettos were due to "decentralized" racism working through market forces. But own-group segregation had a small positive effect on housing prices for blacks, indicating that black ghettos were maintained by centralized racism.

Temin suggested that the relatively low segregation of blacks in 1890 and 1900 may simply reflect the small numbers of blacks in the North during that time period. Haines argued that the effects of segregation likely varied across ethnic groups and that the authors should allow for this possibility in their empirical models. Margo cautioned that the authors' examination of housing prices included no controls for housing quality, making the results difficult to interpret.

In the final presentation of the day, Spencer Glendon (Harvard) presented his thesis research on "Urban Life-Cycles." Glendon's objective is to develop a unified theory of agglomeration that simultaneously explains how cities grow and why some boom while others decline. Glendon proposes a simple dynamic model in which there are two technologies – high-skill and low-skill – and two types of workers – high-skill and low-skill. Glendon argues that in the presence of firm-level labor demand uncertainty, this environment will initially produce high-skill and low-skill cities. But low-skill firms will eventually move out of cities to avoid the costs of agglomeration. High-skill firms, however, will remain in cities because the external economies of high-skill agglomeration dominate the costs. Therefore, high-skill cities will grow while low-skill cities will stagnate and decline. Glendon shows that the growth patterns of several cities between 1900 and 1990 are consistent with this hypothesis.

Katz suggested that the amenities provided by urban life are also important in explaining the persistence of high-skill agglomerations. Since amenities such as museums and theater are normal goods, high-skill individuals, who have higher incomes, have greater demand for amenities and therefore, receive greater benefits from urban life. Temin argued that Glendon's model does not adequately explain why low-skill industries ever agglomerated. Temin suggested that the industries we now consider to be low-skill may have been high-skill industries that had earlier benefited from the external economies of agglomeration.

Robert Margo began the final day of the conference by presenting a chapter entitled "Geographic Aspects of Labor Market Integration Before the Civil War" from his forthcoming book, *Wages and Labor Markets Before the Civil War*. Margo examines what he believes is a paradox in US economic history: in the antebellum period, population migrated from areas of high *per capita* income in the East to areas of low *per capita* income in the West. Margo proposes a "dynamic programming" model of regional settlement in which real wages are higher on the frontier but migration to the frontier imposes an "assimilation" cost. The assimilation cost is interpreted as the need to clear land and build infrastructure and is modeled as a delay in productivity. Margo shows that such a model can explain the co-existence of low *per capita* income and high real wages on the frontier. Margo constructs regional real wage indices from data on the nominal wages paid to civilians at US army forts and state averages of the weekly cost of board in the 1850. Margo finds that real wages were higher on the frontier and declined over time relative to real wages in settled regions. Margo also finds evidence of wage convergence at the county level during this period, and therefore, argues that labor markets were spatially integrated before the Civil War.

The discussion initially centered on the use of the cost of board as an index of regional price levels. Goldin argued that the cost of board overestimates the price level because it includes labor costs. The remaining discussion concerned the dynamic programming model. Goldin contended that the model did not take into account that many migrants to the frontier did not immediately acquire land for farming but rather worked as hired hands or factory workers in order to save the money to buy farms. Alston commented that the model suggests that migrants to the frontier were "positively" rather than "negatively" selected, as has been purported in other models used to describe domestic migration in the 19th century. Floud felt cross-Atlantic migration should be incorporated into the model.

Joseph Ferrie (Northwestern) continued the discussion of migration in his presentation, "Rural-to-Urban Migration in the Mid-Nineteenth Century U.S.: Micro-Level Analysis of the Causes, Courses, and Consequences, 1850-1870." Ferrie examines the migration patterns of native-born males using data on individuals he has linked in the 1850 and 1860 federal census schedules. He finds that 20% of males living in rural areas in 1850 had moved to urban areas by 1860. Most of the rural-to-urban moves Ferrie observes were short, usually to the nearby small town. Rural-to-urban migrants were more likely than those who remained in rural areas to have white collar or skilled occupations, to be eldest sons, and to live near urban areas in 1850. Migration to urban areas also had a distinct life-cycle pattern: migration rates were highest for men at the beginning of their work careers (under age 30 in 1850) and for men at the end of their work careers (ages 50 to 59 in 1850). Ferrie's evidence further indicates that migrants to urban areas were "negatively selected" from the rural population.

Steckel cautioned that the interpretation of the data must take into account the crudeness of migration measures constructed from decennial censuses. Wallis argued that Ferrie should not ignore the non-movers who went from rural to urban status between 1850 and 1860 due to the growth in their town of residence, since this too was an important part of the process of urbanization. Haines suggested that Ferrie calibrate his findings on migration using data on lifetime migration found in other sources. Steckel commented that the short distances over which the rural to urban moves took place suggest family labor smoothing: surplus family workers moved to nearby towns so that they could return to the family farm during periods of peak labor demand.

John Murray presented the final paper of the conference, entitled "'The Laborer is Worthy of His Hire': Moral and Market Economies for Labor in Rural Antebellum New York." Murray motivated his paper by citing recent histories that have claimed that a moral economy characterized the exchange of goods and services, including labor, in antebellum New York State. Murray examines this claim using records of the hiring of non-member laborers at two New York Shaker communes. He finds that both day and monthly workers were paid premia for skilled work and for work during harvest time which were similar to those found in comparable data samples. In addition, Shaker wages were highly correlated with wages paid by other employers. Therefore, Murray argues that the market for farm labor in antebellum New York seems to have been both efficient and integrated with other rural northeastern labor markets, and not part of a moral economy.

Initial discussion centered on whether the hypothesis of a moral economy was a "straw man." Goldin argued against this view, stating that there are markets or at least elements of markets that are characterized by a moral economy. Rhode argued that finding that the Shakers paid skill premia and higher wages during harvest season may not be evidence against the moral economy hypothesis, as the Shakers may simply have paid a base wage that was greater than the market wage. Goldin made a similar point by arguing that the moral economy may have affected the non-wage aspects of employer-worker relationships.

Next year's Summer Institute will be organized by John Wallis and Richard Sylla.

Call for Nominations

Fifth Annual Cliometric Society Undergraduate Economic History Paper Prize

The goals of this award are to provide undergraduate students with an opportunity to achieve recognition for excellence in research and writing, to enable their work to reach a wider audience, and to encourage economic history teachers to cultivate undergraduate writing and research.

Papers will be judged by the Selection Committee, Colleen Callahan (Lehigh), Chair, Linda Barrington (Barnard), and Lee Craig (North Carolina State) on significance of findings, soundness of method, originality, understanding of existing body of work, clarity of writing, and overall quality. The award will be announced at the 1999 EHA meetings. The prize-winning paper will be published in *The Newsletter of The Cliometric Society*, and an abstract of the paper will be published in *Explorations in Economic History*. Its author will receive a cash award of $500 and a complimentary one-year Society membership. Previous winners are Ari Gerstle (MIT), Melissa A. Roe (Lafayette) and Eric Bickford (UC-Berkeley), whose work is published on the EH.Net web server: **http://www.eh.net/Clio**

Rules:

Papers must be nominated by a member of The Cliometric Society.

All types of papers will be accepted, *e.g.*, archival research, statistical analysis, analysis and review of literature. Papers may cover any geographic area and any topic, as long as the primary focus is economic history.

Papers must have been written by a student who was an undergraduate during the 1998-99 academic year. "Undergraduates" are defined as students in the first degree program of their higher education, *e.g.*, US Bachelor's Degree. There are no age restrictions.

Papers must be submitted by e-mail or on disk, using a commercial word-processing program. They must be one document, with graphs, charts, tables, etc., embedded in the text. A hard copy should also be submitted.

Papers must be in English.

Author's name and address, nominating instructor, institution and course title must appear only at the beginning of the document.

Papers must be received by **June 30, 1999**.

The Cliometric Society
109 Laws Hall
Miami University
500 East High Street
Oxford, OH 45056 USA
prize@eh.net

Submission of a paper is a grant permitting The Cliometric Society to publish the work in the Society's ***Newsletter*** *and in the EH.Net fileserver. Runners-up may be invited to submit abstracts of their papers for publication.*

Call for Nominations

1999 HUGHES PRIZE FOR EXCELLENCE IN TEACHING ECONOMIC HISTORY

The Committee on Education and Teaching of the Economic History Association invites nominations for the 1999 Jonathan Hughes Prize for Excellence in Teaching Economic History. Jonathan Hughes was an outstanding scholar and a committed and influential teacher of economic history. The prize has been established by the Economic History Association in his memory and carries a $1,000 cash award.

Teachers of Economic History at all levels of instruction are eligible, and anyone may submit a nomination. A statement describing how the nominee has exemplified excellence in teaching economic history should accompany the nomination. Further evidence of the nominee's teaching abilities, such as imaginative course syllabi or names of current and former students of the nominee, although not required, would be welcome. Teachers nominated in the recent past will be considered again this year.

Deadline for Nominations: **February 1, 1999.**

Nominating statements (3 copies) and inquiries about the Hughes Prize should be directed to:

Ann Harper Fender
Department of Economics, Box 391
Gettysburg College
Gettysburg PA 17325 USA
Arfender@aol.com or **fendera@gettysburg.edu**
Telephone: 717-337-6670
Fax: 717-337-6638

CALL FOR PAPERS
1999 Cliometrics Conference
May 14-16, 1999

The Thirty-Ninth Annual Cliometrics Conference will be held at Miami University in Oxford, Ohio, May 14-16, 1999. William Hutchinson, John Lyons, Melissa Thomasson and Samuel Williamson will serve as hosts.

The National Science Foundation continues its sponsorship for 1999. As in recent years, the Conference will be able to pay most expenses for the majority of participants. Readers are encouraged to distribute this announcement to colleagues and students.

Authors interested in presenting papers are encouraged to submit their proposals *via* e-mail or the form on the EH.Net web site, or by post or fax to the address below. Proposals should be three to five pages in length and for work-in-progress. Anyone who wishes to attend the Conference should request an invitation by writing to the Conference Secretary. Requests should include affiliation and a brief summary of research interests. Students submitting proposals or requests for invitations are asked to provide the names of their research advisors or economic history professors. Membership in The Cliometric Society is not a consideration for participation.

Relevant Dates:

Proposals and Requests for Invitations Due	**February 1, 1999**
Invitations Mailed to Participants	**March 1, 1999**
Complete 24-page Papers Due	**April 1, 1999**
Conference Books Mailed	**May 1, 1999**

The Cliometrics Conference Secretary
109 Laws Hall
Miami University
500 East High Street
Oxford, OH 45056 USA
Fax: 513-529-3308
conf.secretary@eh.net

THE CLIOMETRIC SOCIETY
MIAMI UNIVERSITY
OXFORD, OH 45056 USA

OXFORD, OHIO 45056

NON-PROFIT ORG.
U.S. POSTAGE
PAID
Permit No. 40