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The Cliometric Society

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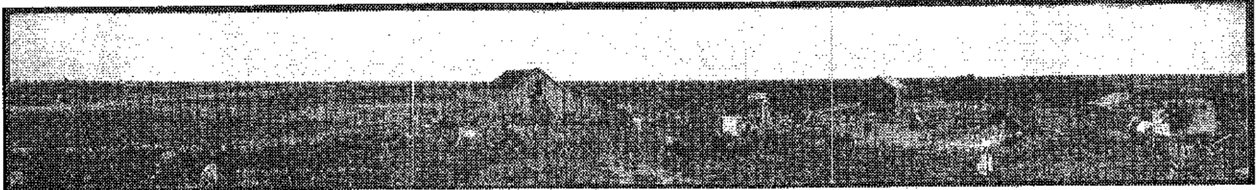

Wisconsin, the dairy state, c1915

The Cliometric and Economic History Association Sessions at ASSA 2002

By Michael McAvoy, SUNY-Oneonta, Ryan Johnson, University of Arizona, and Melissa Thomasson, Miami University

(Atlanta) US economic history was well represented at this year's ASSA meetings, which convened January 4-6, 2002 in Atlanta. Although a snowstorm immobilized the city for the opening of the conference, most economic historians struggled through, and attendance was good at all three Clio-sponsored sessions.

Marc Weidenmeir (Claremont McKenna) chaired the first Clio session, "Impact of Deflation," which focused on deflation in the US economy prior to World War II. The papers presented were "Fears of Deflation Then and Now" by **Richard Burdekin** (Claremont McKenna) and **Pierre Siklos** (Wilfrid Laurier), "Was Debt Deflation Operative During the Great Depression?" by **Randall Parker** (East Carolina) and **James Fackler** (Kentucky), and "The Liquidity Trap and US Interest Rates in the 1930s" by **Chris Hanes** (Mississippi).

In "Fears of Deflation Then and Now," Burdekin and Siklos observe that prior to World War II economists focused on the association between commodity-agricultural prices and overall prices rather than the current focus on asset prices and inflation. In addition, they find that inflation was easier to forecast than deflation for the period. Weidenmeir observed that the deflationary periods of the 1880s, 1890s, and the 1920s had very different price variability and output variability. He wanted the authors to address the three different time periods and the use of qualitative evidence to explain the differences in variability. He also suggested they concentrate on the costs and channels of deflation for output rather than the perceptions of policy makers. Results could then be more easily compared with present-day Japan, as well as used to make predictions for other economies. George Selgin (Georgia) thought it would be useful for them to discuss the different kinds of deflation but did not find it in this paper. Richard Sylla (NYU) noted that deflation also has benefits for some households in the economy, such as those on fixed incomes. Hanes wondered if periods of expected deflation were evident.

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Executive Director's Notes

Greetings Gentle Members:

First to business. Once again, it is time to renew your annual membership. If you are NOT reading this, then it is because you have not renewed in the past year or so and have been dropped from our membership roles. If you are reading this, then it is because either you have been renewing regularly or because you have been renewing on something like a regular schedule. Recently, you should have received your annual renewal notice for 2002. If you have already renewed, bless you. If you have not, please do so soon. Dropping past members from our membership database is bad for staff morale here at the home office. Still, although the Cliometric Society is a nonprofit organization, it is not a negative-profit organization, and so in the absence of a third party willing to accept the Society's note, the books must balance.

This issue of the *Newsletter* contains summaries of the Clio sessions at the annual meetings of the Allied Social Sciences Associations in Atlanta. From what I understand, everything went well – though I cannot personally confirm that, since the home office here in Raleigh was buried in snow by the "Storm of the Century" the night before the meetings. While we have a "Storm of the Century" every couple of years in the Carolinas, it is usually a hurricane rather than a snowstorm. For those of you who wished to confer, converse, and otherwise hobnob with your director (or to complain about something), I apologize for my absence. For those of you who did not notice your director's absence, I am hurt.

This issue of the *Newsletter* also contains our editor's ongoing feature of a retrospective from the Society's archives on past Clio meetings and an update on the attendees and some of the papers that were presented.

Since it is renewal time, it must also be time to say hello to our new members of the Society's Board of Trustees. This year the Society's members chose Jane Humphries (Oxford University) and George Grantham (McGill University) to join the board. Jane and George replace Gillian Hamilton and Kevin O'Rourke, whose terms recently expired. I thank Gillian and Kevin for their willingness to serve the Society and, in particular, their willingness to attend a 7:00AM meeting awhile back. I extend a special personal thanks to Gillian who agreed to replace me on the Board when I was demoted to executive director.

Finally, the International Economic History Association will hold the XIII Economic History Congress this summer in Buenos Aires. Sam Williamson is the Society's delegate to IEHA and will represent the Society at the General Assembly. Many members of the Society are on the program, and the IEHA Executive Committee has nominated several of them for IEHA offices. I hope that I can speak for the membership of the Society in wishing them all the very best at the Congress.

Lee A. Craig, Executive Director

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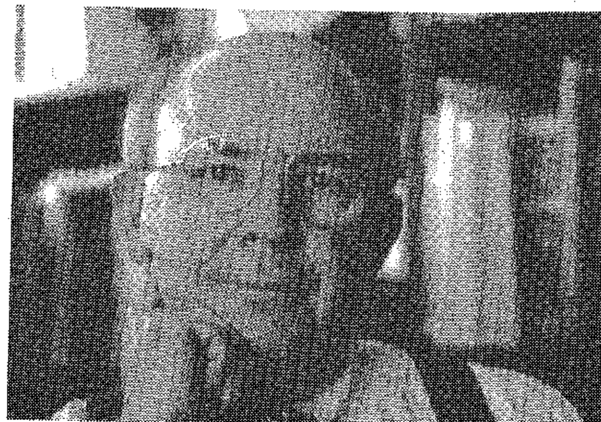
An Interview with Richard Sylla

Richard Sylla is the Henry F. Kaufman Professor of the History of Financial Institutions and Markets and Professor of History at New York University's Stern School of Business. He is also the President of the Economic History Association and serves on the Board of Trustees for the Cliometric Society. I first became acquainted with Richard Sylla's work in Eugene White's US Economic History seminar at Rutgers University in 1988, when he had us read Dick's 1969 ***JEH*** *article on the non-integration of US financial markets in the postbellum era. Dick's influence has, of course, been much more far-reaching than this, which is why I jumped at the opportunity to conduct this interview. I enjoyed asking the questions, but Dick likened answering them to an exam. I expect readers will find the conversation more interesting than reading the typical exam. Howard Bodenborn (Lafayette College) conducted this interview via e-mail between December 2001 and February 2002.*

When and how did you first become interested in economics and, in particular, economic history?

My suburban Chicago high school offered an excellent course in economics, which was unusual in the late 1950s. Ralph Schmidt, a super teacher, designed and taught it, and I'm still in contact with him after four decades. Incidentally, high school classmate and fellow economic historian Peter Lindert also took the course. On entering Harvard College, I was one of two members of my class of 1100 whose stated major was economics. By the time the class graduated, about 150 were economics majors. While an undergraduate, I audited Alexander Gerschenkron's graduate economic history



course. But he didn't seduce me to economic history until I was a graduate student.

How did Gerschenkron run the seminar, and who else participated?

It was a weekly conversation about a topic in economic history. One person presented and everyone discussed the topic. Gerschenkron mostly observed (letting the inmates run the asylum), until the end when he always got in the last words. Those words were often cryptic, filled with literary allusions and so on. He did his teaching elsewhere: in the classroom, one-on-one in his office, and in his writings. Many people participated during the several years in the mid-1960s when I was a member. Among the regulars were Stefano Fenoaltea, Knick Harley, Peter McClelland, Don McCloskey, Barbara Solow, Richard Sutch, Peter Temin, Gianni Toniolo, and Robert Zevin. Paul David and Al Fishlow had gone west just before I arrived. Guest presenters included Bob Fogel, David Landes, Douglass North, Bill Parker, Munyon Postan, and Henry Rosovsky.

Did that seminar in any way anticipate or prepare you for the cliometric revolution?

It was part of the cliometric revolution, as the names mentioned above suggest.

Did his seminars prepare you for the early cliometric meetings? What was your view of those meetings at the time?

The seminar was mostly cliometric. Harvard was one of a number of camps in the revolution. The early cliometrics meetings happened when the camps got together once a year. My first was the last meeting held at Purdue, where they had started some years before. There was a lot of dedication to the cause, and the discussions were exciting and constructive. We had the feeling that if we could make it to West Lafayette in the winter, survive the discussions of our papers, and make it home again, then we could do almost anything.

Has the cliometric revolution delivered on its promise?

Maybe too well. In economic history, there is less constructive dialogue between historians and economists than there was in the early years of the cliometric revolution.

Not surprisingly, I see Gerschenkron's influence throughout your early work on banking. The volume you edited with Gianni Toniolo collects about two dozen essays that address Gerschenkron's backwardness thesis, many of which find it lacking. How do you think his thesis holds up?

Gerschenkron's ideas are still widely discussed half a century after he formulated them. That says something. The applicability of his "approach" (that is what he called it, not a theory or a thesis) is questioned in particular cases. But so far, an alternative approach to European economic history on the grand scale of Gerschenkron's has not appeared to challenge him. In the area of banking and financial history, some European scholars (Joost Jonker and Daniel Verdier, for example) are proposing interesting alternatives to Gerschenkrons's approach.

Why do you think Schumpeter's thesis has fared better than Gerschenkron's? Do you think the cross-country empirical studies of the finance-development nexus inspired by King and Levine really get at the essence of Schumpeter's hypothesis?

Schumpeter's was a theory, seemingly applicable to any place and time in history as long as entrepreneurs and bankers were present. Gerschenkron had an approach, derived from and applicable to 19th-century Europe. In their domains, each has fared pretty well. Of course, Gerschenkron said that Schumpeter's theory was really derived from Central European history in the 19th century in which the role of banks was large. So maybe the two were not so different. In that sense, Gerschenkron thought his approach encompassed more than Schumpeter's theory. It dealt with England, where the contribution of bankers to industrialization was thought to be minor because of previous capital accumulation, and Russia, where banking was primitive and the role of government (which hardly enters Schumpeter's theory) was thought to be crucial. The modern studies of the finance-development nexus to which you refer are vaguely Schumpeterian – banking matters a lot, but so do stock markets, governments, and legal traditions – and also vaguely Gerschenkronian when they bring in legal traditions.

I interpret your body of work as a continuing effort to call attention to overlooked financial intermediaries or to under appreciated functions of those

intermediaries. You've written about private bankers, the direct and indirect bank finance of state treasuries, the impact of banking on general incorporation, monetary innovation, and the importance of equity markets in early development. Do you think it a fair characterization that one important aspect of your work has been to shine light into the dark corners of financial history?

That's one way of interpreting my work. I'd prefer to interpret it as leading toward a view that our focus in financial history should be on entire financial systems, not just banks and banking systems. The captivating analyses of those two central Europeans, Schumpeter and Gerschenkron (Russian originally, but educated in Vienna), may have led us to take too narrow a view of finance's role in economic development. A modern financial system involves public finances and debts, money, banking, central banking, securities markets, insurance, and corporations. Structures and functions of these key components vary, and there are numerous interactions among them. Banking history is only a part of financial history.

Do you think economic historians have extended your work in useful ways?

Yes. For example, have a look at David Cowen's recent book on the First Bank of the United States and Robert E. Wright's book on the origins of American commercial banking, as well as two forthcoming books of his on the early US financial system. (I wish I had Bob's energy.)

The two most discussed, if not the most important, men in early American financial history are Alexander Hamilton and Nicholas Biddle. Arguably, both were geniuses in financial matters, but both short-circuited their careers and perhaps their contributions to financial development, because they were politically tone deaf. Is this a good argument, among others, for central bank autonomy?

No. But there are good arguments for central bank autonomy. Hamilton founded a central bank with autonomy, and Biddle ran the second version of it. Greenspan now runs the third version. Hamilton and Biddle were visionary financiers, and visionaries sometimes outrun their base of support, allowing opponents with less foresight to sneak in and temporarily disrupt their vision. But central banking was implemented again in 1913-1914. Central banking developments in the US had little to do with political tone deafness, although they had a lot to do with politics.

How well do you think recent Fed chairmen have balanced political and economic considerations?

The two most recent ones, Volcker and Greenspan, have done it rather well.

Following up on that, is there or should there be a policy dimension for cliometrics?

Policy issues should not drive research in economic history. If cliometricians want to write op ed pieces about the relevance of the research to policy issues or otherwise talk about it, I'm all for it.

Your 1969 *JEH* article continues to be an important and oft-cited contribution to the debate begun by Lance Davis concerning the integration of American financial markets. Has this debate been productive? If so, what are the important insights arising from it?

The debate certainly spawned a large

literature, and I do think it was productive in clarifying (if not always resolving) just what is meant by efficient and integrated financial markets, as well as factors that interfere with integration. Without wanting to appear to be currying favor with my interviewer, I have to say that your own work, including that with Hugh Rockoff, develops the important insight that in many ways US financial arrangements were better during the six or so decades before 1860 than they were during the six or so decades after 1860.

The 1969 article highlights the connection between banks, the development of equity markets, and economic development. Do you remain convinced that the pyramiding of bank reserves in a few large city banks fostered financial development?

Yes, although I would say more precisely it was an aspect of 19th-century US financial development that fostered economic development and growth. The cutting-edge, capital-intensive technologies of that period were implemented faster, because the financial system aggregated or concentrated funds in large cities (especially New York) where there were strong linkages of banks and securities markets. Robert Merton and Zvi Bodie contend that one of six key functions of a financial system is to pool resources to finance large-scale enterprise, along with subdividing shares in such enterprises to facilitate diversification.

The South was effectively deprived of national banks in the post-Civil War era and remained poor, relatively speaking, until quite recently. Is it possible that reserve pyramiding and other aspects of the National Banking Acts promoted financial development in some regions at the expense of others?

Yes, it's possible. But the National Banking Acts were a small part of the South's postwar problems. More generally, the rapid territorial and economic expansion of the United States in the 19th century challenged the capacity of all institutions, not just those of finance, to keep up with it. Within the borders of one nation state, something akin to the concurrent expansion of the entire British empire took place, complete with plantation agriculture, the displacement and disruption of indigenous cultures, and the settlement of relatively empty spaces. For that reason, it's difficult, even misleading, to compare the United States with Britain and other major European countries, so much so that few try it. A more valid and interesting comparison would be the northeastern US with Western European countries, which I think might lead to some surprises.

In 1976 you wrote, "Disproportionate attention has been given the incorporated banks, to the neglect of institutional substitutes that developed when chartered banking was hindered in its development by politics and law." Do you think that much progress has been made in analyzing the substitutes and complements of banks in the early United States?

Yes, but we need to discuss the financial system, not just banks. Unincorporated banks and out-of-state banks served states that hindered their own corporate banking development. When the country had no central bank from the 1830s to 1914, the Treasury as well as large city banks and their clearinghouses served as substitutes. But we are just beginning to understand the nature and importance of securities markets in the early decades. There are lots of possibilities. Dutch financial historians, for example, contend that it was so easy in their country to raise short-term loans on securities from nonbank sources that banking was slow to develop there in comparison with other

advanced economies. In the US, however, there was a highly developed banking system, and I suspect that securities markets complemented the banking system rather than being a substitute for it.

What was the most important finding that came out of your work with John Wallis and John Legler on city finances in the 19th century? How does it complement your other work?

That project, which is ongoing, involves both state and city finances. I'm not sure there is one most important finding. We did conclude that cities tended to spend a lot more per capita than did the state and federal governments, implying that one reason government's share of GDP tended to increase over the course of the 19th century is that an increasing proportion of the population lived in cities. After the state debt crisis of the 1840s, states placed constitutional limits on the amounts their governments could borrow. But local governments were not so restricted, and they found ingenious ways to get around whatever restrictions there were, such as setting up special districts with their own taxing, spending, and debt issuing powers. By the early 20th century, local governments exceeded both the federal and state levels in spending. Governments were heavily involved in the US financial system; I suppose that is the relation to my other work.

John Wallis asserts that financial historians always find a way to weave banking and finance into whatever story they are telling. This would appear to be borne out in your work on 19th-century state and local public finance in that banks take center stage. Does this reflect a belief on your part that we won't really understand much of economic history until we get the financial details right?

Yes. I think that finance is pretty pervasive in modernizing and developed economies. Of course, I take a broad view of finance and financial systems.

At the risk of sounding blatantly self-promoting, I recently wrote that when we connect your work with Jack Wilson and Charles Jones on the emergence of financial markets, with the conjectural growth estimates of Paul David and Tom Weiss, significant growth in the financial sector predated markedly accelerating economic growth by about 40 years or more. Drawing on some theory and limited evidence, I connected the dots and told a finance-leading story. In two recent papers, you and Peter Rousseau use more sophisticated time series analysis and come to a largely similar conclusion. That paper drew a lot of criticism when it was first presented at the 1999 EHA meetings. Do you think that criticism was a result of a basic disagreement with the finance-leading story or was it with the VAR methodology you and Peter employed?

Both, I think. Finance-led growth stories are relatively new, so it is to be expected that they are subjected to skepticism and scrutiny. The economists who are making the same argument based on data sets covering many countries in recent decades go to great lengths to show that their finance-led interpretations are not a fluke. There's always a suspicion that growth promotes good finance rather than the other way round, and it has to be faced. I think key cases in history make the finance-led interpretation more obvious. The Dutch, the British, the Americans, and the Japanese had identifiable financial revolutions leading to good financial systems before their growth accelerated and they became leading economies. But there is still a lot of fascination with history's new technologies,

which of course had to be financed before they could have much economic impact. Moreover, the Industrial Revolution is still a paradigm to be reckoned with. It teaches us, for example, to pity the poor Dutch, who after a good run in the 17th century failed to have a real industrial revolution. It tends to ignore the fact that the Dutch for most of modern history have had higher average incomes than the British even though they never had a real industrial revolution.

Your papers with Peter return to a theme that you stressed in your early work, namely, banks often complement rather than substitute for other financial institutions, such as equity markets. How did they complement one another when the US was an emerging market in the early 19th century?

US banks usually were corporations that raised equity capital by selling securities. Banks invested in securities for their own account, and they accepted securities as collateral for loans. As a system, the banks concentrated reserves in financial centers, and the money-center banks holding those systemic reserves lent them out as call loans at the securities markets. Going further, governments derived revenues from banks they chartered in the form of dividends on bank shares they owned, as well as from charter fees and bank taxes. They deposited public funds in banks, and they issued securities to finance capital projects. Under free banking, American-style government securities served as backing for bank notes. Insurance companies issued stock to raise capital, and they made loans and invested in securities. So public finance, money, banking, securities markets, and insurance reinforced one another in manifold ways.

I understand you are collaborating with Jack Wilson and Robert Wright on a major project that involves collecting share prices from the principal US stock exchanges between 1790 and 1840. How is your work progressing, and what preliminary findings might you have from it?

We have collected weekly securities price data from a number of city markets and also price data from the London market for American securities traded there. We are beginning to analyze it. Right now we are finishing up a paper on transatlantic securities market integration, indicating that the London and US markets were integrated by the period 1815-1845. This is interesting, because it implies that financial globalization came earlier than most had thought. The next paper will be on integration of markets within the US; it came even earlier it seems, in the 1790s. The US from its early years was a successful emerging market, one that could mobilize capital both domestically and internationally.

I have a series of questions that may interest young economic historians. First, you have had a number of collaborators. What makes for successful scholarly collaboration?

Complementary skills among members of the team.

What aspect of financial history requires further explication?

All of them – our work is never done.

Is there an area of US financial history, geographic or topical, that has not received the attention it should?

The fascination with banking promoted by those two great Central European emigres, Schumpeter and Gerschenkron, has led us to

neglect securities markets, at least until recently. Public finance suffers not so much from neglect as from a failure to see that it plays a central role in financial systems. As economists, we compartmentalize: money and banking and public finance are two separate subjects in arts and sciences economics departments, and finance and insurance are in business schools. The history of insurance is much neglected; insurance companies most likely were the first big institutional investors.

Where have financial historians already expended too much scholarly energy?

I hate to say this to you but probably on banking. There's work to be done on that subject, but relative to others in financial history, it is overworked.

As a former editor of the *JEH* and long-time referee, what big mistake do young scholars repeatedly make in their article submissions?

Sometimes they emphasize technique over substance, and often they don't fit the work into a larger context that might give it more meaning. Additional effort ought to go into crafting papers, to make them both clear and a pleasure to read.

You teach in a business school. What do economic historians bring to the education of aspiring business executives that economists may not?

Two things, I would say: a sense of how change takes place over time in firms, industries, markets, and entire economies and a sense of recurring patterns. By the way, a lot of business students really turn on to economic, business, and financial history. I mention SouthSea.com and their ears perk up. Yet many business schools don't offer our takes on history. It's a market we should try to develop more.

Finally, a couple questions on current events. You live and work in lower Manhattan. How have the events of September 11th changed life in your neighborhood? At NYU?

Not a lot, even though we are only a mile and a half from Ground Zero. There is a heightened sense of security at the university. We have to show our ID cards to get into university buildings. Everyone appreciates NYPD and FDNY more. The town is a little kinder and gentler.

Robert Fogel's recent book addresses the worldwide reemergence of religious fundamentalism. Do you think it would be a good use of the economic historians' time to place a greater emphasis on religion, culture, ethics, and morality in our studies of economic phenomena?

If it's necessary in order to answer the questions they want to ask, yes. I have Bob's book, and the parts of it I've read are fascinating. Incidentally, I acquired it for a song at the EHA annual meetings book exhibit on a Sunday morning after no one had put in a bid for it. What light does that cast on your question? I expect that Bob Fogel is among the few economic historians who would make the effort you suggest and who is able to do it with effect. Most of us are probably better advised to mind our Ps and Qs – our Prices and Quantities.

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Call for Papers

History of Economics Society Sessions at ASSA
Washington D.C.
January 3-5, 2003

The History of Economics Society will sponsor four sessions at the Allied Social Sciences Association (ASSA) meetings, January 3-5, 2003, in Washington D.C. **Please submit suggestions for organizing sessions and abstracts for papers (approximately 200 words) no later than April 15, 2002.** Also, note that early submissions and submissions for whole sessions will be given preferential consideration.

Proposals relating to any aspect of the history of economic thought or subjects of related interest to the community of historians of economic thought should be sent to:

D. Wade Hands, Vice-President HES
Department of Economics
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Submissions can also be sent via e-mail to hands@ups.edu **(e-mail is preferred).**

Report of the 26th Annual Social Science History Association Conference

By Thomas Maloney, Utah, and John Murray, Toledo

(Chicago) Scholars interested in social scientific study of the past gathered in Chicago for the 26th annual conference of the Social Science History Association held November 15-18, 2001. Over 650 participants presented and discussed their research.

Winifred Rothenberg (Tufts) chaired Friday morning's session, "Comparative Approaches to the Economy of the Roman Empire," which opened with a paper on trade in the Roman Empire by **Peter Bang** (Cambridge). Bang details the evolution of 18th-, 19th-, and 20th-century scholars' views of the Roman Empire and emphasizes the need for a more complex treatment of trade patterns within the Empire. He argues that while exports to the periphery declined over time, this should not be taken as evidence of economic failure or of diminishing economic integration.

Walter Scheidel (Chicago) followed with an examination of demographic-economic cycles in Roman Egypt during the Antonine plague in the 2nd century AD. Scheidel finds substantial reductions in real cash rents for land and large increases in wages for agricultural labor in the 2nd and 3rd centuries as a result of the demographic shock of the plague. The rent and wage changes were smaller than those that occurred as a result of the Black Death, though the mortality shock of the Antonine plague was also somewhat smaller.

Richard Saller (Chicago) rounded out the session with his research on the use of female slaves in the Roman Empire. Saller shows that female slaves were not identified as part of the *instrumentum* of a farm: the elements of production which were bequeathed along with the farm and which included field hands. Moreover, the ratio of female slave prices to male slave prices in the Roman Empire was similar to the ratio that prevailed in the US South – on the order of two-thirds to three-fourths. Saller concludes, however, that reproductive value may have carried more weight in determining female slave prices in Rome than in the US South. Rothenberg read comments from Peter Temin (Yale), who was unable to attend the meetings. Temin praised the integration of classical history with the history of more recent times, as displayed in the comparative approach of each of these papers. He proposed additional areas of interest that might provide useful contrasts, such as a comparison between the gender division of labor and market incentives on New England family farms and Roman family- and slave-based agricultural production.

Chen Song (Resolution Economics LLC and Chicago) and **Peter Blanck** (Iowa and Chicago) opened Friday afternoon's session on "Politics, Economic Behavior, and Public Health." They spoke on the differences between native and foreign-born veterans' receipt of Civil War pensions, using data obtained from the Center for Population Economics which link Union Army pensions to census data. Song and Blanck find that the foreign-born veterans appear to have applied for pensions less frequently than the native born, but the two groups received similar awards for similar disabilities. Michael Haines (Colgate) pressed the authors to examine sources for the different application rates and asked whether immigrants lacked

information about the pension system. Haines also wondered whether foreign-born pensioners had better support networks than natives.

Werner Troesken (Pittsburgh) followed with his examination of inequalities in water and sewer provision to blacks and whites in early 20th-century US cities. Troesken's results indicate that while local governments discriminated based on race in the provision of some services, they may have found it difficult to do so with water and sewer services if neighborhoods were not sufficiently segregated. Moreover, local governments may have found it inadvisable to discriminate, especially if the spread of disease among blacks due to poor water and sewer services could have threatened whites. He contends that blacks benefited at least as much as whites from improvements in these systems in many cities. Haines encouraged Troesken to emphasize the relative importance of residential patterns and health concerns.

In his paper, **Tayatat Kanjanapipatkul** (Center for Population Economics, Chicago) provides new evidence on the effect of pensions on retirement behavior. Kanjanapipatkul expands Dora Costa's examination of these issues by using a larger sample, discussing the results for different occupations, and comparing the results to data collected on a control group: American southerners who were ineligible for these pensions. His results largely corroborate Costa's, though he finds stronger effects of pensions on retirement for professional workers and weaker effects for farmers. Again, Haines urged the author to focus on the interpretation of the results, specifically, the incentives and behaviors behind the occupation-specific effects.

Last, **Sven Wilson** presented joint research with **Clayne Pope** (both Brigham Young) on long-term mortality patterns in the US. They use data on over 100,000 individuals whose lives are detailed in 34 individually compiled family histories. The authors focus on the effect of early parental mortality on child mortality. Wilson and Pope find higher mortality rates in childhood for children who experienced the death of a parent. This effect increases over time throughout the 19th century, even as mortality levels declined. Haines complimented Wilson and Pope's research on magnitudes of effect and suggested that the increase in the late 19th century may have been related to the declining size of family and kinship networks, which left fewer people to care for the child of a deceased parent.

Saturday morning began with a session on newer quantitative approaches to social science, which was chaired by Joe Ferrie (Northwestern). **Mark Weidenmier** (Claremont McKenna) began with an examination of the political economy of the Securities Exchange Commission using panel data techniques. His results are based on data for seat prices, trade volume, and other characteristics of the New York Stock Exchange, the American Stock Exchange, and regional exchanges over the past 100 years. They indicate that the advent of SEC regulations increased seat prices for regional exchanges relative to national exchanges, suggesting "capture" of the SEC by regional exchanges. Ferrie suggested that Weidenmier incorporate more of the existing literature on the capture of other regulatory agencies. Ferrie also noted that the Interstate Commerce Commission hired a number of attorneys who had worked for the railroads (aiding capture of the agency by the railroads) and wondered whether there were similar mechanics in the SEC case. Scott Carson (Texas-Permian Basin) wanted Weidenmier to examine the determinants of

other large shifts in his time-series on exchange seat prices.

Tom Walker (Chicago) continued with his analysis of wealth accumulation in San Francisco in the mid-19th century. Using quantile regression, Walker finds varying effects of ethnicity on wealth at different points in the wealth distribution, with limited effects at the very top but widening gaps as one moves down the distribution. Ferrie urged Walker to concentrate on selectivity in exit from or entry to San Francisco between 1860 and 1870 that might have altered wealth holding patterns. He also recommended the use of other sources of wealth information (for instance, fire insurance maps that indicate home values) to get more detailed information on the nature of wealth holding at lower levels that might have been missed by the census.

The next session on "Height, Health, and History" began with a study by **Brian A'Hearn** (Franklin and Marshall) on risorgimento Italy. A'Hearn finds a steady decline in average male height over the 18th and 19th centuries that correlates closely, in Lombardy at least, with trends in real wages. John Murray (Toledo) noted that A'Hearn controlled for changes in minimum height requirements that constrained recruiters and for the balance between diet and disease considerations in explaining patterns in heights.

John Komlos (Munich) followed with "The Biological Standard of Living in Early Modern France" with **Michel Hau** and **Nicolas Bourguinat** (Strasbourg). Using some of the earliest available anthropometric records (nearly 39,000 measurements of French soldiers that extend back to the 17th century), the authors establish that men of the earliest period were extremely short by present-day standards, being only about 160 cm tall. In addition, they find evidence of several cycles in heights that indicate an increase of about 6 cm over the first decades of the 18th century followed by a decline of about 3 cm in the mid-18th century. Richard Steckel (Ohio State) observed that comparisons to present-day percentiles of height would provide some insight into the nonlinear relationship between height in centimeters and percentiles of present-day standards. Philip Hoffman (Caltech) noted the consistency of the French height data with descriptions of living standards as found in contemporary sources. **Marco Sunder** (Munich) presented the final paper of the session, which concerned trends in heights among middle-class Americans as estimated by applications for passports.

In Saturday afternoon's session on "New Developments in Black History," **James Curtis** (Ohio State) talked about his study of black-white wealth disparity in the mid-19th century, in which he uses 1860 and 1870 census data and Oaxaca decomposition methods. Curtis finds that most of the disparity in wealth holding by race was due to differences in returns to characteristics, rather than to differences in characteristics. His results are broadly consistent with similar studies of wealth disparity in the late 20th century. Thomas Mahoney (Utah) asked Curtis to be attentive to changes in the census sample between 1860 and 1870. The entry of former slaves to the sample between these censuses makes it hard to draw conclusions about change in wealth holding for free blacks over these years.

In his paper on African American emigration to Africa, **Jason Digman** (Minnesota Population Center) uses data on individuals from the American Colonization Society archives to compare those African Americans who returned to Africa and those who remained in the US. Digman finds there

is little evidence of selectivity in the emigration decision and argues that the lack of selectivity may be related to the fact that the ACS covered the costs of migration. When costs rose due to the termination of direct transit from southern ports (requiring an unsubsidized journey to New York before leaving for Liberia), the data reflect more standard migrant selectivity. Maloney suggested that Digman's analysis of selection in relation to migration costs might benefit from consideration of European immigration to the US in the 1800s. In that case, declining costs and faster, more reliable transportation produced a more select (young, male) migrant stream, along with more return migration.

Next, **William Collins** (Vanderbilt) presented his research on the determinants of passage of state fair employment laws in the US North between 1940 and 1964. He finds that coalitions involving Jews, Catholics, and union members aided the passage of the laws. Black political organizations (as evidenced by NAACP membership) also aided passage. His simulation exercises suggest that southern states would not have passed fair employment laws on their own for many, many decades, which highlights the importance of federal intervention. Maloney encouraged the author to provide more institutional evidence and historical context to his strong econometric analyses. Furthermore, he recommended that Collins draw on Thomas Sugrue's work on Detroit in developing his analysis of coalitions between blacks, Catholics, and Jews and also in developing comparisons of the political economy of fair employment laws and the political economy of fair housing laws.

Early Sunday morning, **James Riley** (Indiana) opened the session on "Health and Old Age Insurance" with his study of disease-specific mortality in Victoria, Australia. Riley argues against Omran's epidemiologic transition theory by demonstrating that the most dramatic shift was from diseases with lower case-fatality rates to diseases with higher case-fatality rates rather than from infectious to noninfectious diseases. Susan Hautaniemi (Michigan) commented that the use of case-fatality rates requires acknowledgement that the base population consists of the sick rather than all people.

Melissa Thomasson (Miami) and **William Collins** then examined racial disparities in infant mortality in 20th-century America. They find that while both black and white IMR declined over time, the ratio remained approximately constant during the middle decades. Hautaniemi pointed out the decline in the income effect over time in their results and suggested including a measure for income distribution as well as level. Tommy Bengtsson (Lund) thought the IMR was a function of customs and treatment of disease as much as income. Finally, **Chen Song** discussed her work on demographic effects of social security programs. Song's results suggest that pay as you go and defined benefit programs substantially reduced fertility rates. Hoffman proposed that the bequest motive might play a role in such patterns.

The final Sunday session focused on quantitative studies of race in the labor market and beyond. **Thomas Maloney** uses linked data collected from the 1920 census manuscripts and World War I selective service records to examine World War I era occupational mobility in Cincinnati, Ohio. Maloney examines two issues relating place and occupational attainment: the effect of urban vs. rural birth on the outcomes of black migrants and variation in occupational outcomes between highly segregated and less segregated neighborhoods. His results

indicate that rural birthplace did not harm black migrants' prospects in Cincinnati and that black residents of Cincinnati's highly segregated West End experienced as much upward mobility and less downward mobility than black residents of other parts of the city. Collins recommended that Maloney try to narrow his measure of economic outcomes beyond the broad occupational classes he currently employs and to also examine the location of jobs in the city more closely in the light of spatial mismatched notions of black unemployment and poverty.

Craig Heinicke (Baldwin-Wallace College) discussed his work written with **Wayne Grove** (Syracuse) on the determinants of declining employment in cotton harvesting in the 1950s. Using two-stage least squares estimates of employment in the cotton labor market and drawing on new data on hand harvesting, Heinicke and Grove find that demand shifts were quantitatively more important than supply shifts in generating reduced employment in harvesting. Collins encouraged Heinecke and Grove to compare wage and migration patterns in noncotton-producing areas of the South to patterns in cotton-producing areas in order to identify effects of the pull of the North.

Siddharth Chandra and **Angela Williams Foster** (both Pittsburgh) followed with a theoretical and quantitative analysis of race-related civil unrest in the 1960s. The authors develop a model of relative deprivation as a source of unrest and test the model using cross-sectional data on economic conditions and riots in US cities in the 1960s. They find that there is a non-monotonic relationship between the unexplained component of black-white wage differences and incidents of unrest. Their conclusions show that the number of violent events rises initially as unexplained wage differences decline but such events decline in number as the unexplained wage gap gets close to zero. Collins wanted Chandra and Williams Foster to clarify the relationship between their model and their empirical work, especially with regard to the functional forms and non-linearities in each. He also wanted them to reflect more on the proper measure of relative deprivation – specifically, whether it should be measured by gaps in weekly wages or annual income and in absolute gaps or percentage differences.

Next year's meetings will take place in St. Louis just two weeks after the Economic History Association conference in the very same city. The decision to get two plane tickets or a tent and KOA reservations is up to the attendees.

Negro Banks of United States

NOT AFFECTED BY THE TIGHT MONEY SCARE. WHILE OTHERS ARE DRAWING MONEY, NEGROES OF NEW YORK ARE ESTABLISHING A BANK.

It is very interesting to note the commercial progress of the race through the banking institutions, according to the Nashville Globe:

"It is worth noting that while the banks of the country are undergoing possibly the severest strain since the panic of 1893, not a single institution run by colored men so far has been forced to suspend payment. In fact, while the depositors of white banks in New York City were withdrawing their money from one of the strongest banks in the country at the rate of $44,444 a minute, the colored business men of that city were organizing an enterprise for colored depositors. And, since then, another bank has been organized in Philadelphia. This adds a feather to the cap of the colored banker and his banking methods.

"At the time when the National Business league held its meeting in Topeka, Kan., there were thirty-one banks owned, controlled and operated by Negroes in the United States, thirteen of these being in one state—Mississippi. Since then, other than the two mentioned above, one has been organized in Texas, one in Oklahoma, and others have been prevented from opening in Mississippi by the refusal of Governor Vardaman to issue charters to any more Negro business enterprises in that state.

"These colored banks are all enjoying prosperity, and the colored bankers are to be congratulated that, unlike the New York bankers, whose reckless investment of the funds of the depositors in venturesome business enterprises destroyed the confidence of the public and brought about the financial flurry in Wall street, they have been conservative in conducting the affairs of their corporations. The colored banks will come out of the flurry stronger in the people's confidence for having withstood the strain, and will command and deserve more business than ever before."

Personal Reflections

Economic History: A Personal Journey

By Knick Harley

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Glasgow: Economic History Society, 2001.

Economic history is an examination of the dynamics of social change, particularly economic growth in both its successes and failures. It is also a journey of exploration. The intellectual excitement that comes when ideas and detailed archival evidence interact to produce unexpected discoveries is the great reward of scholarship. Economic history has been a journey that led me into unanticipated paths that appeared in the course of research. Because scholarship is a journey, everyone's mental map, although related through the scholarly community, contains unique perspectives.

We study history to understand human society. Traditionally history has focused on power, its distribution and transmittal but modern sensibilities direct attention away from this 'history as past politics' to the experiences of 'average persons'. In the modern era, economic growth and its variance has been the most pervasive force for change. So, to me, economic history is the study of economic growth. Interest in economic development and growth many years ago led me into formal training in economics and economics has provided both intellectually fascinating abstract logical thinking and a set of well-constructed tools for organizing and understanding historical evidence. But modern economics' formal structure has often relegated serious attention to evidence about social behaviour to a secondary position. Within economics, economic history has proven an important exception in this regard (although some will accuse the 'new economic historians' of economics' preoccupation with theory at the expense of evidence). For me the excitement of discovering key evidence in archives has provided high rewards.

For my fellow students and I in Alex Gerschenkron's workshop in the Harvard economics department in the 1960s, economic history meant the study of 'modern economic growth' (the phrase is Simon Kuznets's – another teacher who influenced me greatly). We chose to study historical change with the tools of modern analytic economics, usually microeconomics that emphasised individual choice constrained by technology and market-determined prices. Because the growth economists showed that growth seemed to come mainly from technological change, many of us focused our research on this. Looking back, I see Albert Fishlow's work on railroads, Peter Temin's on American iron, Paul David's various projects, ostensibly on Chicago, Bob Zevin's on American cotton, Lars Sandberg on British cotton, Donald (now Deirdre) McCloskey on British iron and my work on shipping and shipbuilding all in that mould. Microeconomic training directed our attention to firms' profit-maximising choices, which we explored with detailed – often archival – historical evidence. We came to realise the complexity of technological change and that differences in factor costs and product detail led firms in different situations to different behaviour. At the same time, we found that even in industries

that had often been criticised for inefficiency and technological conservatism, managers' choices conformed to profit maximisation within their market environments.

My thesis focused initially on the displacement of wooden sailing ships by metal steam ships in shipbuilding, and led naturally to the study of shipping. The technological change I was studying had driven freight rates down dramatically during the late nineteenth century fundamentally changing the nature of international trade. I was drawn to examine the impact of the near elimination of the barriers of distance on international trade and globalisation. The research led me to rethink Robert Fogel's famous analysis, which found a modest impact of American railroads and suggested a modest role for transportation in the history of the late nineteenth century. He showed that American railroads did not provide dramatically cheaper transportation than their water-based competitors, but since the same technology of iron and steam that lay behind the railroads had transformed water transportation his calculations underestimated the impact of the new technology. Furthermore, it became apparent to me that a focus on the United States overlooked much of the effect of transportation technology. Cheaper transportation in America mainly meant expansion of the frontier with little change in primary product prices; in Europe it meant cheaper primary products. Placing these developments into explicit modelling of global trade became my research agenda but I became somewhat diverted.

Economists' view of international trade involves general equilibrium analysis since trade theory emphasises the connection between imports and exports. By the 1980s advances in computer technology had made it possible to simulate realistic, if still highly simplified, general equilibrium models. The technique seemed the logical way to proceed with my research on market integration. The place to start, I felt, was John James's pioneering computational general equilibrium analysis of the American mid-nineteenth century tariff. James's analysis had concluded that the American tariff had allowed the American economy to increase the benefits it received from its near monopoly on raw cotton production but had little impact on the size of American manufacturing industries. As I became familiar with the details of James's model, I became convinced that the analysis was flawed by an oversimplified specification of the rest of the world. The model inadvertently conferred monopoly power in world food production as well as cotton production to America. Modifying the model *to* remove this feature fundamentally changed the results. The American tariff did not increase the benefits from America's cotton monopoly and American manufacturing industry seemed to depend on it heavily.

At about the same time, a nagging uneasiness I had long had teaching the British industrial revolution led me to examine the literature in detail. Deane and Cole's national income estimate formed the central focus of my vision but seemed difficult to reconcile with estimates of slow real wage growth. A worsened income distribution, of course, provided a possible reconciliation. Deane and Cole's estimates for the eighteenth century were indicative rather than definitive but Hoffmann's very differently based index of industrial production seemed to provide powerful independent support. My curiosity, however, led me to consider the possibility that the divergence between the wage data and the output estimates signalled a problem in the construction of the output estimates. Deane and Cole's procedure involved the

somewhat improbable assumption that in many industries domestic sales grew at the same rate as British trade. As a matter of construction, Deane and Cole's acceleration of growth came from the late eighteenth century increase in trade. Hoffmann's index, for all the problems of data, seemed more satisfactory. Close inspection, however, showed that he had overweighted the growth of cotton textiles. When this was corrected, British output growth seemed to have been much slower and similar to the course of real wages. My conclusion, it turned out, reinforced independent work being done by Nick Crafts at about the same time. We have subsequently benefited from working together on these issues.

These two projects redirected my interests from the late nineteenth century international economy to the beginnings of industrialisation in Britain and America. I went back to the archives for detailed research into the cotton textile industries in both countries. My estimates of the impact of the American tariff were very sensitive to the likely effect of tariff reduction on the cotton textile industry. As a result, I felt compelled to examine price and cost data to establish the industry's vulnerability. My estimates of British industrial production growth depended to an important degree on the course of cotton textile prices between 1770 and 1841. In my initial work, I depended on unsatisfactory price information in secondary sources. Sharp criticism led me to look at primary material. The obvious archival material in Lancashire, to my astonishment, yielded a wealth of unexploited data. This has led me to extensive research on the British cotton industry during the industrial revolution – a topic on which I had long assumed there was little new to be said.

Perhaps because of the route I followed, I think of both British and American industrialisation firmly in their international context. I am convinced that international forces heavily influenced industrialisation in both Britain and American and that the special nature of both British and American industrialisation has made them unusual rather than general examples of modern economic growth. Consequently, I have come to believe that our careful study of the British and American experiences may have distorted our understanding of the beginnings of modern economic growth at least as much as it has illuminated it.

The simple picture of the history of modern economic growth discusses industrialisation and 'development' in which economic institutions change and evolve. This development process was often contrasted with 'mere growth' in which an economy expanded its traditional activities, usually resource-based agriculture and extraction. In much of the literature, particularly the literature in English, industrialisation is represented as a process that followed broadly similar lines in Britain and America. In both, technology first revolutionised textiles. The application of inanimate power to machinery in textile mills stimulated metallurgical and engineering industries. In due course, the railroads strengthened the demands for technically improved machinery and metals and industrialisation proceeded. This story, however, is somewhat suspect if, as I believe, international trade should be at the centre of the story. The Atlantic economy of the nineteenth century can be initially approached in terms of simple economist's models of international trade. An obvious paradigm sees the United States representing a resource abundant 'New World' and Britain representing a labour and capital abundant 'Old World'. During the century, declining transportation costs increased the opportunities for profitable

trade and the integrated Atlantic economy emerged. Such a picture, of course, helps in understanding the main features of nineteenth century trade but it also raises a fundamental question. Trade theory indicates that two trading economies with significantly different resource endowments would experience divergence in economic structure. Yet the histories of Britain and America's industrialisation, and thus development, seemed strikingly similar.

In fact close investigation reveals that Britain and America's industrialisation were quite different. Britain was unique by being first. It was also unique because in cotton textiles and in metallurgy the technological breakthrough quite suddenly introduced a dramatic reduction in costs at a time when the Revolutionary and Napoleonic Wars prevented the spread of the new technology to other countries. As a result, British industrial growth rested primarily on technological leadership in a few important industries and not on factor supplies. The technological leadership was concentrated in textiles and metals. The ability of British firms in these industries to export and capture a large portion of world demand formed the basis of Britain's industrialisation. Industrialisation was enhanced by the structure of British agriculture, which released labour and eventually accepted food imports.

America's industrialisation was different. The industrial revolution created a surge in American exports, but the export was the cotton textile industry's raw material. Industrialisation came within a customs union that deflected the international specialisation which this demand for exports unleashed. Wartime isolation stimulated the initial American adoption of British textile innovations and then from 1816 the tariff provided vital protections for over a century. The key to American early manufacturing success lay in the fact that the United States was a large customs union with important agricultural regions that the tariff reserved to American manufacturing firms. Behind the tariff barrier, American conditions were unique. Manufacturing prices were largely disconnected from international prices. Labour scarcity and resource abundance – whose presence could have been expected to mitigate against industrialization – caused American firms to follow different strategies of production and marketing than developed elsewhere. In due course in this environment, American firms developed mass production, modern corporations and world leadership.

All of this makes for interesting economic history and even interesting economics. But if we feel, as I think we should, that our main task is to understand the social processes that have generated modern economic growth, British and American examples show too many unique features to support much fruitful generalisation. Certainly careful investigation helps to identify special circumstances. Thus, I see the important generalisation from Crafts's and my research on the British industrial revolution to be that the industrial revolution was specific to a few industries, and less revolutionary and less important than it has generally been portrayed. The emergence of modern economic growth was a much more protracted process than usual stories suggest. Its roots lie not in the technology of Arkwright and Watt but in the social, and probably political, processes that worked over a longer period of time.

Where then do I envisage economic history and my research going? Certainly there are still many interesting photocopies and notes in my files that I extracted from archives

over the years from which I was diverted. The search for the nature of modern economic growth remains the interesting issue. Britain and America's limitations as general example indicate an extension of research to other cases, particularly in continental Europe. As a 'New Economic Historian,' I see territory to be opened up with the aid of the maps and tools of economics and, undoubtedly due to my own history, that Alexander Gerschenkron's attempt to find a pattern in European diversity can still provide useful guidance. It is hardly surprising that various specifics in his outline have not stood up to detailed investigation. Nonetheless, I still find his idea that many of the structural and institutional differences among economies undergoing economic growth can be thought of as 'substitutes for missing prerequisites' fruitful. It seems to me that these substitutions can be understood with theoretical tools that modern economics has developed to think about problems of information, the relationship between principals and agents, and the nature of the firm. These tools provide ideas that can help us continue to develop better understanding of modem economic growth. With a focus on institutions and long-term processes, I find now that 'history as past politics' seems more central to my appreciation of economic history than it was when I saw myself as a young economist.

C. Knick Harley (b. 1943), received a BA in History and Economics from the College of Wooster in Wooster, Ohio and a Ph.D. in Economics from Harvard where he worked with Alexander Gerschenkron. He is currently a Professor of Economics at the University of Western Ontario. His research has concentrated on technological change, the Atlantic Economy and the industrial revolution (often in collaboration with N.F. R. Crafts).

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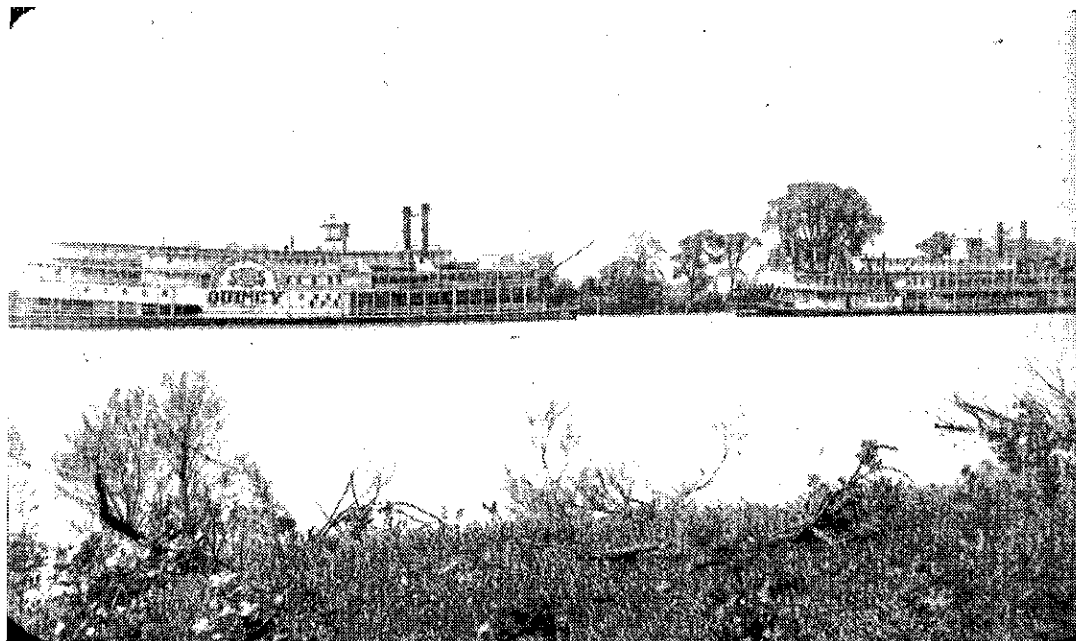


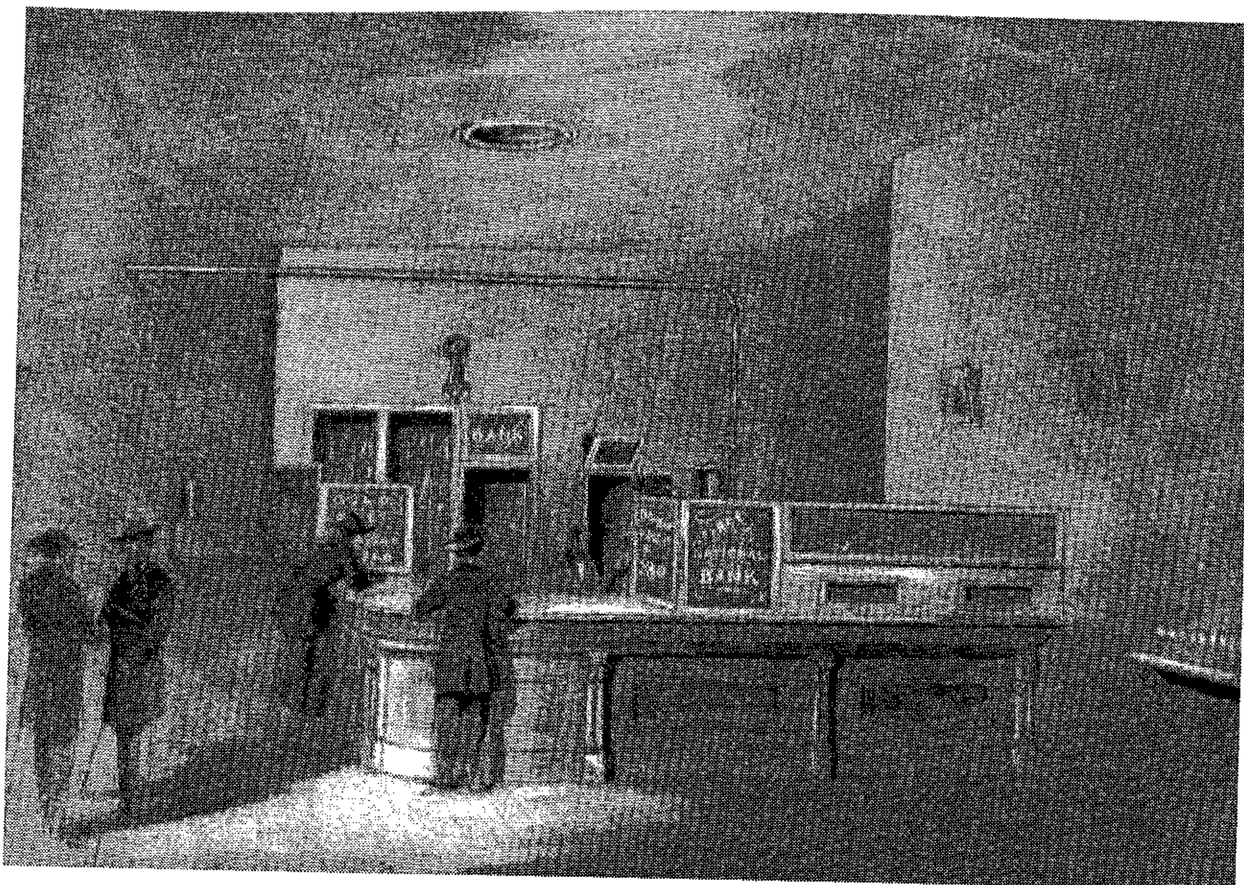
River steamers [on the] Mississippi River, Davenport, Iowa

ASSA Sessions (Continued from page 1)

In their paper, Parker and Fackler explore the transmission mechanism from falling prices to falling output. They show that the debt accumulation behavior of the 1920s was very different from the debt accumulation behavior of the 1930s to the mid-1970s. Using estimates from a Markov switching model of the price process, they determine that the debt accumulation that occurred during the 1920s was not due to anticipation of the following deflation. The evidence supports the debt deflation-credit explanation for the onset of the Great Depression. Sylla pointed out that the conclusion is unlikely to surprise many researchers of the Great Depression. Instead, he asked the authors to consider why the deflation of the 1930s might have been unanticipated during the 1920s. Selgin suggested the authors extend their data series to the time period prior to 1920; he wondered whether the deflation of the 1920s would be anticipated by their technique. Other participants observed that the debt accumulation in the US during World War I was public and, consequently, did not have the default risk or asymmetric information problems of the private debt buildup of the 1920s. Weidenmeir proposed using a trivariate Markov model. Hanes was curious about how the stock versus flow of debt service changed and the resulting impact of nominal interest rates in the data.

In the last paper of this session, Hanes examines whether the central bank can push down long-term interest rates when the overnight rate is the lower bound value of zero. Holding expectations as given, the model shows that the central bank can lower long-term rates by increasing the nonborrowed reserve supply, although not by adjusting reserve requirements. His estimation results for three subperiods between 1934 and 1939 confirm the predictions of his model – the important result being the significant negative coefficient on the weekly change in nonborrowed free reserves. Chris Meissner (Berkeley) commented favorably on this paper (as did many others present) and encouraged Hanes to seek micro level data to confirm the validity of his model. Meissner also stated that aggregated bank data conceal much information available in the individual bank data, such as bank-location, specific reserve requirements, and type of charter. Parker and Weidenmeir questioned whether Hanes needed to control for a co-integrating vector in the estimation, while Meissner and others wondered if the models used in all three papers were robust to changes in location and time period. The obvious question was whether we could use these models to examine the current economic difficulties experienced by Japan.

In the second Clio session, "Life, Death, and Work: An Economic History of Race and Labor Markets in Twentieth-Century America," we learned more about the economic welfare of African Americans. **Wayne Grove** (Syracuse University) and **Craig Heinike** (Baldwin-Wallace College) reevaluate the degree to which black migrants were driven from the field or enticed to the city by high northern wages during "The Great Migration from the Cotton Belt, 1949-1964." Using reconstructed data on machine and hand harvest costs, they argue that the push due to mechanization, falling cotton prices, and government farm programs played a greater role in spurring the migration than the pull of northern wages. Michael Haupert (UW-La Crosse) asked Grove and Heinike how they were able to measure the impact northern wages had in attracting southern migrants. The authors explained that for each of the southern states in their data set they identified the northern state to which most of the workers migrated



and then calculated the wage differential between the southern state and the northern state. William Sundstrom (Santa Clara) contended that cotton yield played a larger role in impacting the demand for workers than the supply. In their work, Grove and Heinike argue that it impacted the supply of agricultural labor, because high yields meant that a worker could expect more hours of harvest work and greater seasonal income.

Ryan Johnson (Arizona) followed with his paper, "War, Crises, and Civil Rights: The Impact of the FEPC on World War II Black Employment," in which he asserts that the Fair Employment Practice Committee (FEPC) of World War II did not significantly help black workers obtain greater employment in high-wage defense industries. Rather, he contends that tight wartime labor markets, unionization, and changes resulting from competition between the American Federation of Labor and the Congress of Industrial Organizations played a more significant role in shaping industrial integration. William Collins (Vanderbilt) raised a number of good points. He indicated that (using case-level data) econometrically the cards might be stacked against finding that the FEPC had an effect. Economists studying the consequences of the 1964 Civil Right Act have emphasized the importance of possible broad announcement effects and pointed out the difference between the impact of the general anti-discrimination policy and the impact of an agency responsible for enforcing the policy. Collins added that the union representatives had seats within the committee and, thus, the FEPC and unionization may have been complimentary factors. Haupert suggested that this latter point could be investigated by comparing the impact of the unionization in non-war industries, with the union effects in

war industries falling under the jurisdiction of the FEPC. Sundstrom spoke on the role of developing internal labor markets during World War II and the role that the FEPC might have played in black worker internal mobility.

William Collins and **Melissa Thomasson** (Miami University) continued the discussion of black economic welfare by "Exploring Racial Gaps in Infant Mortality, 1920-1960." Their research seeks to explain a persistent black-white gap in infant mortality that widened between the end of World War II and 1960. When deconstructing the gap, they find that racial differences in income, education, urban status, and access to physicians do an adequate job in explaining the infant mortality gap until the period of divergence. Sundstrom pointed out that the infant mortality rate for both whites and nonwhites was decreasing significantly over the period. He thought that the racial difference in the breastfeeding rate was a compelling possible cause for the widening of the racial infant mortality gap and encouraged more exploration in this direction. He also stressed the importance of using the black coefficients with the white means when deconstructing the gap. Hans Voth (visiting at MIT) commented that pooling the cross-sectional and time series data might not be appropriate due to the possible time variance of some of the coefficients. For instance, Thomasson pointed out that the physician variable should have more impact in later periods than in earlier. Collins responded that the tradeoff with breaking the panel into separate cross-sectional units was a significant loss of degrees of freedom. If county-level data were available, they could use this technique.

The Economic History Association cosponsored the third Clio session, "The Development and Origins of the Federal Reserve System and Its Impact on Financial Markets." **Jon Moen** (Mississippi) and **Ellis Tallman** (Federal Reserve Bank of Atlanta) began with "Why Didn't the United States Establish a Central Bank Until After the Panic of 1907?" In their paper, they argue that the reason the Panic of 1907 contributed to the establishment of the Federal Reserve System in 1913 is because of the major role played by trusts during the Panic. They note key differences between the Panic of 1907 and other panics. For example, national bank loans and deposits increased in 1907, contrary to what happened during other panics. They also assert that this behavior occurred because the trusts were not members of the New York City Clearinghouse. Consequently, as depositors demanded funds during the Panic of 1907, the trusts were in jeopardy, which in turn posed a threat to national banks that were linked to the trusts by the call loan market at the New York Stock Exchange. Moen and Tallman speculate that instead of letting the trusts liquidate call loans during the Panic, banks stepped in and purchased the loans themselves. While the national banks had little reason to support the creation of a Federal Reserve System prior to 1907, the 1907 Panic showed banks that they faced growing risks from unregulated intermediaries. Anthony O'Brien (Lehigh) thought that while the relationship between national banks and trusts seemed striking, the authors needed to provide more evidence that the issues surrounding the trust companies actually affected opinions regarding the formation of the Federal Reserve.

Michael McAvoy (SUNY-Oneonta) then presented his paper, "How Were the Federal Reserve Bank Locations Selected?" Using a data set of 37 cities that requested a Federal Reserve Bank, McAvoy investigates whether or not the Reserve Board Organization Committee behaved in a partisan manner

when choosing cities in which to locate these banks. McAvoy compares four models and shows that while political bias may have affected selection overall, it does not explain the committee's choice of cities considered to be marginal candidates. The models used by McAvoy include a Willis model that examines how variables selected by critic H. Parker Willis predict selection, a political model that looks at how political variables explain selection, a combination of the Willis and political models, and a model that determines how factors actually cited *ex post* by the committee influenced selection. McAvoy shows that the factors identified in the committee's *ex post* published documents best predict whether or not a city would have been chosen. Possible political bias may have influenced selection overall but does not explain the choice of marginal cities. Scott Redenius (Bryn Mawr College) emphasized the importance of the role of interbank relationships. A spirited discussion involving the "jaggedness" of the Federal Reserve Bank boundaries, spurred by Joseph Mason (Drexel), provided additional insights into other factors that may have been important in locating Federal Reserve Banks.

J. Peter Ferderer (Macalester College) continued with "Institutions and the Development of Liquidity Markets: The Case of Bankers' Acceptances, 1914-1939." Ferderer examines the development of the market for Bankers' Acceptances and seeks to answer three questions. First, did the market for Bankers' Acceptances become more liquid? Second, what were the factors influencing liquidity? And, finally, was liquidity priced? Using historical and econometric evidence, Ferderer finds that the bill market became deeper over time and was subject to seasonality. For example, bid-ask spread regressions estimated separately over the period 1919-1926 and 1927-1934 suggest that changes in return risk had a stronger effect on spreads in the earlier period. The author also finds some evidence suggesting that changes in market liquidity affected the bill rate. Haupert commended the fact that Ferderer examined a relatively unexplored topic, although he suggested that it could be improved by identifying whether or not increased liquidity improved the capital market.

Charles Calomiris (Columbia) and **Joseph Mason** (Drexel) completed the session with their paper, "Resolving the Puzzle of Low Bank Note Issuance." Calomiris and Mason investigate the reasons why national banks never issued the maximum amount of notes possible. Further, if note issuing was profitable and existing banks were not issuing the maximum amount of notes, why did other banks not enter? Previous explanations have centered on regional variations in the opportunity cost of note issuance or changes in the rules governing note issues. However, these explanations are not able to fully explain the puzzle. The authors shed light on the puzzle by using a unique, disaggregated data set of 1882 national banks in 1880 to analyze the factors that determine the extent of note under-issuance. Linking bank note issuance with legal constraints and variables capturing the profitability of bank lending, Calomiris and Mason are able to explain all but 27% of under-issuance. They conclude that the under-issuance of notes is fully consistent with profit maximization and that a combination of legal restrictions, as well as banks' opportunity costs, explains the extent of under-issuing notes. Other banks did not enter the market to engage in more note issuance, because the profitability was not sufficient to generate entry.

At the end of this very lively session, economic historians dispersed to enjoy the pleasures of the wider conference and Atlanta. No cocktail party was held this year since our leaders were snowed-in in Raleigh – surely an event worth noting!

BOOK PREVIEW

Hamilton Unbound

By Robert Wright

Note: The following preview is from the introduction to ***Hamilton Unbound*** *to be published Fall 2002 by Greenwood Press.*

US histories of the revolutionary, constitutional, early national, and antebellum periods produced in the last three or four decades are extremely rich. Historians have looked anew at perennial topics of interest from a wide variety of intriguing standpoints, and detailed studies of artisans, Native Americans, mechanics, women, yeomen farmers, and many other previously understudied groups have greatly enriched scholars' understanding of the nation's formative years. That understanding, however, is far from complete. Until now, many important perspectives on the past have been almost completely ignored.

The thesis of this book is simple: a financial interpretation of early US history can increase our understanding of important historical issues. "Finance," as it is used here, means the science of the management of money, investments, and credit as opposed to the wider definition of the monetary resources of a business, government, or individual. In other words, this book looks at history from the standpoint of financial theories, not from the standpoint of the financial resources of historical actors. The goal is to understand known facts in new ways rather than to unearth hidden motivations or scandalous financial incentives influencing public policymakers.

The argument is essentially one of example – the book includes financial interpretations of the American Revolution, the early constitutions, US economic growth and political stability, the critical election of 1800, the nature of dueling, and the diminished status of women in political, socioeconomic, and cultural arenas in the first half of the 19th century. Each chapter examines its subject through the lens of modern financial theories, such as asymmetric information, portfolio choice, and the capital asset pricing model.

The first chapter offers a compelling, new view of the causes of the American Revolution. Scholars have been reluctant to view the Revolution strictly in terms of a cost-benefit analysis, because by all such measures the patriots should not have rebelled. Colonial tax and trade burdens were minimal compared to the advantages that colonists reaped from being part of a vast empire. As a result, historians have spent considerable effort reconstructing colonists' political ideologies, subtly explicating the worldviews of Whigs, Tories, radicals, Loyalists, Republicans, and liberals. A return to the cost-benefit approach is in order, because a major cost of colonial dependency has yet to be fully understood. Some colonists sought to gain control over colonial monetary policies, not so much to ensure an adequate medium of exchange, but to mitigate interest rate spikes. Higher interest rates led to lower asset prices. When imperial policies limited colonial money supplies, they also effectively raised interest rates and caused the prices of bonds, land, and slaves to plummet. In other words, the stamp, currency, and other controversial imperial regulations taxed the colonists directly and indirectly. By decreasing money supplies and increasing interest rates, those regulations depreciated the market value of

the colonists' most important assets. British monetary policies literally turned Americans into debtors by inducing insolvency (negative net worth) in otherwise healthy firms. This chapter takes great pains to dispel some widespread misapprehensions about the nature of the colonial economy. First, it shows that colonial usury laws were not binding; there were many techniques for avoiding the interest rate ceilings. Accordingly, market interest rates did exist. Second, it demonstrates that colonists understood the effect of British regulations on the money supply, the relationship between the money supply and interest rates, and the effect of interest rates on land and slave prices.

Chapter Two describes the importance of the theory of asymmetric information in the thinking of the framers of the young nation's many corporate charters and the constitutions of the states and national government. All organizations (especially large, complex organizations like business or government corporations) face the principal-agent problem: that agents (employees, politicians), if left unmonitored, may act in their own interests and not in the interests of the principals (owners, citizens). Many patriots saw the revolutionary struggle as an agency problem. The King, as agent, failed to act in the best interests of the citizenry, who were principals. Therefore, the King had to be relieved of his trust. The patriots quite understandably did not wish merely to replace one rapacious agent with another, so the more commercially oriented patriots sought to develop constitutions that would reduce the principal-agent problem in government without rendering the government feeble. They did so by creating effective monitoring procedures and incentive structures analogous to those used in business. Referred to as checks and balances in the political science literature, monitoring provisions included the federal form of US governance, the tripartite form of the state and national governments, bicameral legislatures, as well as other less well-known stipulations regarding judicial review, patronage diffusion, multiple office holding, salary levels, and impeachment proceedings. The constitutional era included the rapid proliferation of the corporate form of business, especially in transportation and finance. The latter type of companies, especially incorporated commercial banks and insurance companies, helped the early nation to make its economy more productive and its political system more secure.

The third chapter argues that the US grew rich in terms of real per capita output because of a positive feedback cycle involving financial development, economic growth, and political stability. The stable political environment that emerged out of the constitution-building era created incentives for businesses to increase their production efficiencies and capacities. Those businesses funded their growth with the help of the emerging financial sector. The increased wealth that resulted increased political stability, which in turn created additional incentives for continued business expansion. The thrust of this chapter is to explicate the link between financial development and economic growth. The US, after all, was not destined for economic greatness. Many nations with similar natural endowments (such as Australia, Canada, and Mexico) or even superior endowments (such as Brazil, China, India, Russia, and Zaire) did not experience rapid economic growth. Additionally, nations with far inferior endowments (including Holland, Great Britain, and Japan) also achieved economic superpower status. What made the US wealthy was not so much its abundant natural and human resources but rather its ability to finance entrepreneurs.

Chapter Four describes the interplay between finance and politics in the important presidential election of 1800. Jefferson's victory was far short of the agrarian revolution some historians have described. In fact, commercial Republican interests provided the margin of victory by winning the New York City assembly elections in the spring of 1800. This was due to the establishment of private banking in Manhattan in late 1799. The bank formed by the Manhattan Company made loans to small businessman, an early example of the mixing of politics and finance.

What seem to be wholly cultural issues can also be approached from the perspective of finance. The final two chapters examine dueling and the diminished status of businesswomen through the lens of financial theory. Chapter Five asks: Why did dueling become more prevalent in the South at the same time it disappeared from the North? And Chapter Six queries: Why did women, particularly northern women, lose political, socioeconomic, and cultural power in the first half of the 19th century? Both chapters rely on explanations rooted in tangible financial concepts. For instance, it seems plausible that dueling thrived in the South because southern credit markets, which tended to be much more personal and less rational than in the North, viewed the willingness to duel as a positive character trait and therefore as a sign of credit worthiness. In the North – where per capita levels of bank capital and corporate capitalization were much higher – impersonal, arms length credit markets were the norm. The northern markets, which were essentially modern in form, relied on modern credit assessment techniques and, consequently, disdained dueling.
Over the first half of the 19th century, women lost power because they largely disappeared from active, public business life. Some women in the North during the colonial and early national periods were active business entrepreneurs as opposed to simply wage laborers. By the antebellum period, however, businesses run by women in the North were extremely rare outside of the small retail and millinery sectors. Although their rights to property actually increased over the period, differential access to both business education and information, as well as bank credit, decreased the profitability of their active businesses. This encouraged women to shift a larger portion of their wealth into passive investments such as public securities, especially bank stock and government bonds. The transparency and liquidity of American credit markets, combined with limited liability laws, made women's investment in public securities possible, profitable, and relatively low risk. The hidden cost of that shift was that female business activity became invisible to much of the community. This allowed the Victorian characterization of women as mere housewives to take hold and strengthen.

It is hoped that readers of this book will emerge with radically new perspectives pertaining to the advent of the American Revolution, early US constitutions, US economic growth and political stability, the election of 1800, dueling, and the shift in status of businesswomen from the North. No knowledge of mathematics beyond elementary algebra is required. Economic and business jargon is used as sparingly as possible. Where required, each term is carefully explained.

It is important to note that the use of modern financial theories aids our understanding of the past. In fact, I think the tenets of modern finance are much more representative of early American thought than the theories usually applied to the study of this era. To begin with, the basic theories used

throughout this book are the closest things to "natural laws" available to social scientists. People's reactions to changes in supply and demand, for example, are not bound by time or culture. There are two major reasons why early Americans had a better grasp of the fundamental financial concepts utilized here than most modern Americans do. First, many early Americans owned their own firms and experienced economic and financial changes firsthand. The majority of modern Americans, on the other hand, are employees and are not directly involved in financial management. Second, although modern Americans have far more formal education than early Americans, little of that education involves finance. In fact, most Americans have never had a course in finance. According to the National Council on Economic Education, most Americans are not familiar with the various functions of money, do not understand the effects of inflation, and know very little about interest rates. In this work, I explain economic and financial concepts as clearly as possible and show that colonists clearly understood these concepts. My primary goal is to induce historians to add financial theories to their interpretational toolkits.

Clio in Retrospect: 1962

By Michael J. Haupert, UW-La Crosse

*Individuals in **bold type** are currently listed on EH.Net*

(December 1961) The second annual Purdue University Seminar on the Use of Economic Theory and Statistics in Economic History reconvenes in West Lafayette amid the snow and cold of a typical (present winter excepted) Midwestern winter. A small group of about 25 brave souls, fitting the description of their latter-day namesakes, cliometricians, gather to discuss seven new papers. For some reason this gathering will go down in history as the 1962 meetings.

The conference was opened by **Lance Davis**, James Quirk, and Rubin Saposnik (all Purdue), with their presentation of "A Simulation Model of the Northern World." As its title suggests, it was a broad-based overview of the economy of the Northern Hemisphere, using techniques later perfected in papers by Quirk and Saposnik ("Admissibility and Measurable Utility Functions," published in *The Review of Economic Studies* (February 1962) and "Qualitative Economics and the Stability of Equilibrium" also in *The Review of Economic Studies* (October 1965). Davis continued this line of research by focusing more sharply on the role of the American government in the 19th century in "The Government in the American Economy, 1815-1902: A Quantitative Study," *The Journal of Economic History* (December 1966).

Richard Easterlin (Penn), author of "North on the Ante Bellum American Economy," followed with a discussion of some of Douglass North's recent work, such as "International Capital Flows and the Development of the American West," *Journal of Economic History* (December 1956); "Agriculture and Regional Economic Growth," *American Farm Economics Association Proceedings* (December 1959); "The United States Balance of Payments, 1790-1860" in *Trends in the American Economy in the Nineteenth Century*, Princeton: Princeton University Press, 1960; and *The Economic Growth of the United States 1790-1860*, New York: Prentice Hall, 1961. Easterlin also expanded on his recently published "The American Baby Boom in

Al Fishlow (Berkeley), **Doug North** (Washington), Stan Reiter (Purdue), and **Stan Lebergott** (US Bureau of Budget) discuss a point with Dorothy Brady (Penn) while Toto looks on.

Historical Perspective," which appeared in *The American Economic Review* (December 1961). His comments will eventually morph into "Is There Need for Historical Research on Underdevelopment?" in *The American Economic Review* (March 1965).

Politics dominate the conversation during the break. The hot topics are studies being carried out by the Kennedy administration. One focuses on the concern over soaring annual health insurance costs, which have climbed to an alarming $10.89 per person. In a wink to the fledgling women's party, President Kennedy appointed a committee to study the status of women. Weight conscious clioms thank their local hosts for laying in a supply of Diet-Rite Cola, the novel sugar-free soft drink rolled out earlier that year. As one noted econometrician jokes, "I don't want to have the same difficulty watching my figure as I do calculating figures." To which another responds, through gales of laughter, "And we thought accountants had a dull sense of humor."

Next, Matthew Simon (Queens College) and Harvey Segal (NYU) continue with "A Simulation Model of British Economic Relationships with the Underdeveloped World of the 19th Century." This paper is an extension of their recently published "British Foreign Capital Issues, 1865-1894," *The Journal of Economic History* (December 1961). They present a new annual series on British foreign capital issues for the second half of the 19th century and used it to answer a series of questions, including: How did the volume of British foreign investment fluctuate during the latter part of the 19th century? Were there long swings in these capital movements? How did the geographic distribution of British foreign investment change over time? Was there an increasing tendency to invest within the British Empire? And, did the industrial composition vary significantly among countries, continents, and climatic-ethnic regions?

They determine that there were two long swings in the 19th-century British capital market. The first lasted from 1867-1877 and the second from 1877-1889. According to Simon and Segal, the swings are largely ascribable to the fluctuations in the North and South American series, which comprise about 50% of the capital called during the second half of the 19th century, and much larger shares during the two long swings. They find little trace of the swing pattern in the Australian, Asian, and African series. The differences in cyclical behavior they observe lend support to the hypothesis advanced by others that Britain, by changing the direction of her capital exports, was able to isolate herself to some extent (and other countries to a larger extent) from the effects of slumps in certain parts of the world. They attribute these differences to the railroad industry, which dominated the capital series. In independent countries, particularly the US, private enterprise dominated the industry, and as a consequence, the volume of new railroad construction tended to fluctuate sharply in response to economic growth. However, in countries such as Australia and India, where governments played a major role in planning and financing new projects, the volume of construction was less volatile. In addition,

their data fail to support another widely held view – that there was an increasing tendency to invest within the Empire during this period.

This research topic proves to be a rich one, leading to future publications on subsets of the study: "Regional Wage Differences in Manufacturing in the Postwar Period" by Segal appearing in *The Review of Economics and Statistics* (May 1961) and "The Role of the Railroads in United States Economic Growth: Discussion" by Simon in *The Journal of Economic History* (December 1963).

Simon and Segal are besieged with questions during the break concerning their innovative use of a computer in their research. The Institute of Mathematical Sciences at NYU made free time on an IBM-704 computer and auxiliary equipment available to them. They lauded the work of Emanuel Mehr, who wrote the elaborate computer program and successfully surmounted the obstacles that threatened its execution. As novice users of the electronic computer, they acknowledged their great debt to him. The efficiency of this method is compared to the standard method of calculating such data, a slide rule like the four inch, non-warp, two-color scale-on-white model toted by most conference attendees. And at $2.95, it is within the range of most tenured faculty.

At dinner, talk naturally turns to Christmas and what this year'sślioms have on their wish lists. The most popular items are the newly released IBM Selectric typewriter and color television sets – a trendy item despite the fact that only ABC is currently broadcasting in color, and only three and a half hours per week at that. However, as several economists correctly point out, Gunsmoke and Maverick (the two best of the 14 westerns broadcast weekly) are much more riveting in color than black and white, since you can identify various breeds of horses more accurately. Besides, in color, you can see the gunshots more easily, improving the precision on the calculations of marginal returns on bullets fired by the good guys.

From there, talk naturally migrated to a speech that could have been made in March of 2001 but was actually made in March of 1961 by Newton Minow, Commissioner of the FCC. He invited Americans to sit in front of their television sets and watch uninterrupted, where they "...will observe a vast wasteland. You will see a procession of game shows, violence, audience participation shows, formula comedies about totally unbelievable families, blood and thunder, mayhem, . . . and – endlessly – commercials, many screaming, cajoling, and offending, and most of all, boredom. True, you will see a few things you enjoy, but they will be very, very, few." Obviously, ESPN Classic and the Food Network were not then available.

A young assistant professor from California, **Paul David** (Stanford), continued the conference with "British Domestic Investment of the 1890s." This work will contribute to "The Deflation of Value Added" published in *The Review of Economics and Statistics* (May 1962).

William Parker (Yale) presented "Output of the Farm Sector, 1840-1890." This research is a precursor to his famous study of the pork production industry, "This Little Piggy Went to Market," which he would present at the 1966 meetings. Of course, that paper would go on to become one of the most famous papers never published. Parker did not publish this piece either, preferring instead to focus on bigger projects such as his study of the antebellum cotton industry (*The Structure of the Cotton Industry of the Antebellum South*, Washington DC: The Agricultural History Society, 1970).

Part of the reason for holding the conference in West Lafayette is the neighborhood

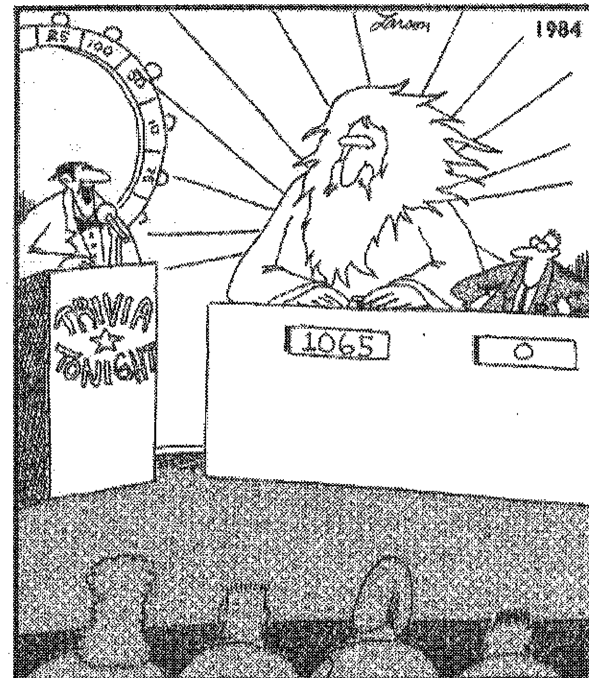
Walgreens, where conference participants gather for the weekly breakfast special: two hot cakes, two strips of bacon and maple syrup, only 33¢. The California contingent regales the crowd with stories of a new drive-in burger place in California called McDonald's, where you can get a burger, fries, and coke and get change back from your quarter. All agree the concept will never catch on – Americans are far too sophisticated to turn their automobiles into dining rooms.

Robert Gallman (North Carolina) followed with "National Output in the 19th Century." This would appear later in a related short piece "A Note on the Patent Office Crop Estimates, 1841-1848," *The Journal of Economic History* (June 1963). Among his estimates, he focused on the US Patent Office and examined the methods they used to make their crop estimates in the 1840s. He claims that the value of the estimates is somewhat suspect, relying largely on the judgment of the Commissioner of the Patent Office early in the decade and his ability to weigh large quantities of evidence from a wide variety of sources. By the end of the decade, a formal system of crops was in place, making those estimates more reliable. Gallman tests the accuracy of these estimates by comparing them to reports in the agricultural census for New York, Connecticut, and Massachussets (there being no federal census for the years during which the Patent Office estimates were made). He finds the results moderately encouraging, concluding that the Patent Office was evolving a sound system for estimating crops during the 1840s.

Dorothy Brady (Penn) closed out the conference by presenting an early version of her work on 19th-century price structures: "Some Aspects of the Effect of Technological Change on the Price Structure." This work would later show up as "Relative Prices in the Nineteenth Century" in *The Journal of Economic History* (June 1964).

Brady argues that there are only two features of highly fabricated functional products that serve the purposes of long-run historical comparisons of their relative prices: the size and the material. Size offers the only thread of comparability over the experimental period in the development of a new product when many technical changes in design and construction are tested, then discarded or retained. After the product has reached a final stage of technical perfection and its design is fairly standardized, size serves to differentiate comparable types if variation in materials can be taken into account and any decorative elements ignored.

The clio meetings return to the Midwest this year. This time the gathering spot will be La Crosse, Wisconsin, the daily paper will cost more than the breakfast did in West Lafayette, and those participants old enough to recall what they were doing in 1962 will be in the minority.



"Yes! That's right! The answer *is* 'Wisconsin!' Another 50 points for God, and ... uh-oh, looks like Norman, our current champion, hasn't even scored yet."

A Letter from the Editor

Fellow Cliometricians,

As I write this, preparations are under way for the 42nd annual Cliometrics Conference to be held here in La Crosse May 10-12. The conference is in the capable hands of newsletter Managing Editor Jean Bonde and Penny Tiedt of the UWL office of Continuing Education and Extension Programs. They have lined up a nice weekend for attending Clioms, believing heartily in the axiom that "all work and no play makes cliometricians just like accountants." We are looking forward to the arrival of the participants in May and promise that a good time will be had by all.

In the meantime, we take another look back at prior clio conferences in this issue. This time around, we revisit the 2nd annual conference, held in West Lafayette in December 1961. The conference back then was known as The Purdue University Seminar on the Use of Economic Theory and Statistics in Economic History. In part, this name was chosen because the dollar amount of the supporting grant was a function of the number of words in the grant proposal. As you will read in this retrospective, the conference was much smaller then, but the ultimate contributions were no less weighty than they are today.

You will also find the usual assortment of conference reports and calls for papers, plus a wonderful interview with Richard Sylla, a preview of one of his coauthor's forthcoming books, and a personal reflection from Knick Harley. These essays are being reprinted from *Living Economic and Social History*, edited by Pat Hudson (Glasgow: Economic History Society, 2001). This volume was recently reviewed for EH.Net by Simon Ville (University of Wollongong).

As we begin our third volume from the La Crosse office, I would like to take this opportunity to publicly thank all of those underpaid and overtaxed individuals who graciously gave of their time and talents to contribute to the *Newsletter* over the past year. If you see any of these folks, please tell them thanks – without their efforts, the *Newsletter* would not exist: Paul Auerbach, Michael Bernstein, Howard Bodenhorn, Jean Bonde, Stephen Broadberry, Joyce Burnette, Scott Carson, Patrick Coe, Mary Beth Combs, Lee Craig, William Craighead, Lance Davis, Alexander Field, James Foreman-Peck, Max Hartwell, Brooks Kaiser, Ian Keay, Laurence Malone, Deirdre McCloskey, Rebecca Menes, John Murray, Lucy Ann Newton, Pamela Nickless, Tony O'Brien, Jeff Owen, Jerome Rose, A. Shrub, David Stead, Richard Steckel, Richard Sutch, Mark Thomas, and Marc Weidenmier.

I'm off to put the finishing touches on the arrangements for the cheese carving competition to be held during the Clio Conference. Participants will be using chainsaws to carve likenesses of their favorite economic historians out of 800 pound wheels of sharp Wisconsin cheddar. The early money is on an attendee with deep Wisconsin roots. In order not to skew the Vegas odds, I won't reveal any names at this point – but watch this space in the summer *Newsletter* for an interview with the winner.

Michael J. Haupert, Editor