The Newsletter of

# The Cliometric Society

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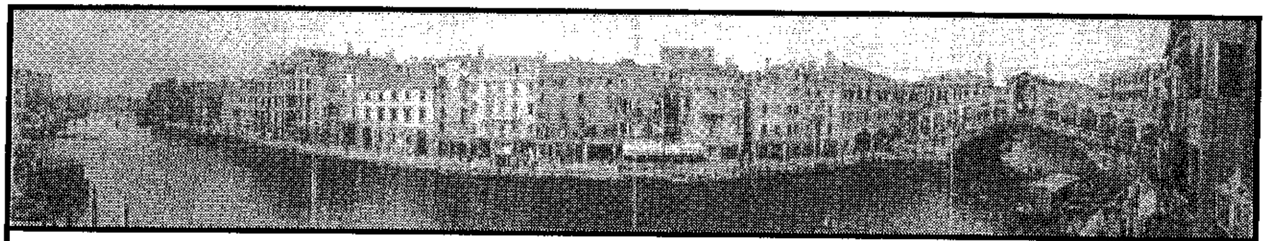

Rialto Bridge, Grand Canal, Venice, Italy c1909

## The Cliometric Society and Economic History Association Sessions at ASSA 2004

By Zorina Khan, Bowdoin College, and Michael Haupert, UW-LaCrosse

(San Diego) Economists of all stripes descended upon San Diego for the annual Allied Social Science Association meetings held January 3-5, 2004. Cliometricians and their brethren from the Economic History Association were out in full force as five sessions devoted to economic history were sponsored by the two organizations.

**Richard Easterlin** (USC) opened the first history session, "The Evolution of Health," with his presentation of "Health and Happiness: Do People Adapt?" Easterlin tests the hypothesis that the subjective well-being of individuals tends toward a set point given by genetics and personality. According to his research, an adverse turn in health due to illness or accident will not have a lasting effect on well-being. He uses self-reported health and health satisfaction data over the life cycle of ten-year birth cohorts by gender, race, and education over the last quarter of the 20th century. Discussant Daniel Hammermesh (Texas and NBER) informed the audience that he had never done research in the fields of either health or economic history, but since he is old, perhaps this would qualify him to discuss the paper. He did acknowledge that his previous work with job satisfaction surveys gave him some useful insights into Easterlin's work. He noted that all economists really have to offer that psychologists don't on this issue is economic theory. Unfortunately, he did not see much economics in this paper. He felt it was mostly psychology and that psychologists do that better. He also stressed that it is crucial for economists to offer their expertise on this issue and encouraged Easterlin to add more economics to his study.

**Joe Ferrie** (Northwestern) spoke next on "Death in the City: Mortality and Access to Public Water and Sewer in Chicago, 1880," written with **Werner Troesken** (Pittsburgh). Between 1850 and 1925, Chicago transformed itself from a high mortality to a low mortality environment. Ferrie and Troesken focus on the role of accessible public water and sewer as a contributing factor in this change. David Cutler (Harvard and NBER) noted that he felt qualified to discuss this

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### What's Inside

# Executive Director's Notes

Greetings Gentle Members:

Or as my students would say: Yo; sup, dawg? Actually, my students would not say that, but I'm sure I heard it somewhere, maybe on television. Anyway, there's so much happening at the Ol' Society, I don't know where to begin. Actually, I do know where to begin. Let's start with the money – the green, the Benjamins. It's annual membership renewal time, and if you're reading this, then you should have received your renewal notice recently. If you have not renewed this year, I can't decide whether to give you the pep talk – "Come on people; let's go; get the lead out..." – or the guilt trip – "Do you know how many grad students will have to sell their blood without Clio's programs?" Well, you choose whichever works for you, and get out that checkbook.

Turning to more pleasant business, in this edition of the *Newsletter* you will find a review of the papers delivered at the EHA and Clio sessions at the annual meetings of the Allied Social Science Association in San Diego, California last January.

Also, some of you might have followed the recent discussion via EH.Net concerning the relationship between the Cliometric Society and *Explorations in Economic History*. I thank the participants for their input. Because any change in that relationship would ultimately require the advice and consent of the Clio Board of Trustees, I asked Phil Hoffman to chair a subcommittee of the Board. Phil bravely agreed, so if you have specific thoughts concerning the issue, please share them with me (Lee_Craig@ncsu.edu) or Phil (pth@hss.caltech.edu).

Finally, the next big event, and they're all big in Cliodom, is the Fifth World Congress of Cliometrics in Venice this summer. An announcement containing registration and lodging details appears in the *Newsletter*. The organization committee has planned a full slate of scholarly activities – papers, special talks, visits to historic sites, and so forth – and other fun activities, including limbo, egg races, and late-night conga lines. I even hear there will be a costume party in which Cliometricians, organized by area of research (e.g., money and banking, labor, anthropometrics, etc.) will reenact the founding of Venice by dressing up as their favorite barbarian group and chasing Venetians into the lagoon. Which reminds me, in my copy of Norwich's *History of Venice*, I read that San Servolo, the island on which the Congress will meet, was formerly a lunatic asylum. I am not making this up. I now understand why, when asked where we could hold the Fifth World Congress, Gianni Toniolo said, "I know the perfect place."

See you in there.

Lee A. Craig, Executive Director

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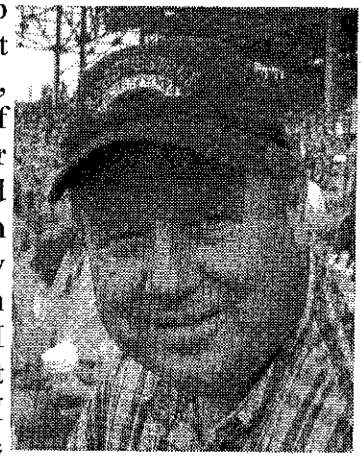
# An Interview with Louis Cain

*Lou Cain is a Professor of Economics at Loyola University-Chicago and Adjunct Professor of Economics at Northwestern University. He is the author of* ***Sanitation Strategy for a Lakefront Metropolis: The Case of Chicago*** *and several articles on public water and sewer systems and the Meat-Packing Trust. Lou Cain and Werner Troesken have become friends exploring the sewers of Chicago and other major American cities. This interview was conducted at Northwestern University on the afternoon of Thursday, October 23, 2003, by Werner Troesken.*

**When and why did you decide to study economic history?**

I went to Princeton University thinking I would major in math, but, like many others before me, found that what I wanted to do was apply math. Thanks to the time Richard Quandt spent with a sophomore in his Principles course, I chose to major in economics. It was over the summer of my junior year that I decided to pursue economics in graduate school, and that decision seemed all the more right during my senior year when I did independent work under the tutelage of Lester Chandler. My father wanted me to go to graduate business school, but that didn't interest me. Economics represented a compromise, because at that time, I wasn't sure how ultimately I wanted to earn a living. Economics was what I wanted to do then, and it was an almost perfect substitute for business school given the potential business careers that did interest me. It also gave me other options, such as remaining on a college campus, that were equally interesting to me. Economic history was not part of those deliberations for the simple fact that I was not exposed to it as a Princeton undergraduate.



I decided to go to graduate school at Northwestern, which was sort of homecoming for me, because I had grown up in Evanston. My first day was an omen, only I didn't recognize it as such. I knew I had an economic history class with Hal Williamson that day; what I didn't know was that his son, Sam, would be visiting the class. Sam and I knew each other from grade school, and we waved from across the room with a "what are you doing here?" look in our eyes. As it turned out, both of us had embarked on graduate work in economics. Sam was at Purdue; I was at Northwestern. Neither of us planned to follow in his father's footsteps, but that is what happened. At the end of my second year, I was looking for a field in which to write an applied dissertation. I liked Hal personally, and he seemed like an ideal adviser. Even more to the point, these were the early years of Clio, and there was much excitement surrounding economic history. I really liked the subject matter, and there was great promise for the future of the field. So those were the major factors in my decision to become an economic historian.

**Could you describe your training at Northwestern?**

Everyone took both of Hal's courses, and I was no exception. In the fall of my third year, I joined NU's Economic History Seminar (and am now in my 39th year). Throughout that year, I worked on a dissertation proposal that would examine demand factors during industrialization in the US. Hal turned 65 that year and had to retire from teaching. Jonathan Hughes was hired from Purdue to be his replacement, and Hal decided to postpone the oral on my proposal until John physically moved to Evanston. As a result of that oral, Hal and John narrowed the focus of my topic; it became a study about the effects of three technologies that came to be available to urban dwellers around 1900: gas, electricity, and sanitation. Chicago was to serve as the case study. All the students in the seminar had to make a presentation each quarter, and, as a result of my first presentation, the focus of my work was further narrowed. I began my research with sanitation and reported that Chicago had done such things as raising the city 10-12 feet and hand digging tunnels into Lake Michigan. This so excited John that he proclaimed in the middle of the seminar that I should just forget gas and electricity and concentrate on sanitation.

**Ultimately, what was your dissertation about?**

It addressed two questions. First, did the site of the city of Chicago, which was below lake level during glacial times, make economic sense? Second, if so, did the city's massive investments in sanitation technologies make sense? The first part of the dissertation was all about location theory, and the second part was about all the investments needed to make the swamp-like site viable for metropolitan growth.

**For those of us who are too young to have ever met them, what were Hal Williamson and Jonathan Hughes like?**

As I said before, I really liked Hal, and his personality alone helped draw me into economic history. Hal was an old-school gentleman who was often too polite to really criticize or express disapproval in public. Yet it was always clear when he was displeased with your performance. He was a gifted athlete, captain of the USC tennis team in his undergraduate days. Hal and I played golf regularly, and I have fond memories of the day when, in his mid-80s, Hal broke 90. Hal and Arline were surrogate grandparents to my daughter.

John Hughes was a larger than life character. What many remember about John was his ego, but that was much more in evidence in public than in private. He was great to work with on a personal level. He expressed enthusiasm for my work from the very start. I may have benefited from never having had to take a course with him, thereby revealing my failings in a blue book. Like Hal, John was a good athlete, particularly fond of football. He was a gifted clarinetist, the instructor of one Joel Mokyr. John and I often talked on Sunday nights, and our phone conversations were interrupted if they ran into the time when sports highlights were on TV.

**In recent years, the seminar has been known as a place where good new work is presented, but what was it like in the early years?**

Hal and John ran the seminar together. It met at night, largely because there was no other time (graduate classes ran until 5 pm). It was extremely open-ended. It was not unusual to begin around 7:15 and not quit until near midnight. In addition to presenting our own work, one year the students (George Lamson, Paul Uselding, me, and others) asked Hal and John to put together a reading list of old and new economic history. We divided up the books and dug in. Hal and John made sure that between the NU library and their private libraries there was a copy of everything they thought important. During the fall, we examined the Carnegie series (Victor Clark, Lewis Gray, and Percy Bidwell and John Falconer) and other works of that period. In the winter, we moved to the Holt, Rinehart and Winston series (Curtis Nettels, Paul Gates, George Rogers Taylor, Fred Shannon, Harold Faulkner, George Soule, and Broadus Mitchell) and other major works that came near the end of the "old" economic history. In the spring we moved to the "new" economic history. We read most of the papers that had been presented at early Clio meetings, as well as those that appeared in the Irwin volume of *Purdue Faculty Papers in Economic History*. We also read the books that had developed from several of those papers. Ralph Andreano described Hal as the man who bridged the old and new economic histories, but the same could be said of John. The perspective the two of them brought to our discussions has remained with me. The NU seminar today is much larger and constrained by its Thursday afternoon time slot. I sometimes wonder what would happen if everyone read the same book, then came together to discuss it without a time constraint.

**It is clear that today you have a close relationship with the Cliometrics Society and that you're a regular attendee of the meetings. How did this relationship develop?**

Well, it started when John Hughes called Lance Davis and asked him to make room for me at one of the early Clios, and Lance obliged. Consequently, I attended the last two Clio meetings at Purdue in what I believe was 1968 and 1969. I reconnected with Sam and met others who have been friends for more than three decades now. It was a little intimidating, but there were several of us, including Fred Bateman, Tom Weiss, and the young group at Purdue (Jim Sheppard, Joe Swanson, and Sam), who essentially sat in the back and just listened. It was fascinating, and I found it stimulating. Then, as now, I returned from Clio anxious to do more and better work, to feel like I've earned a place in the tribe of Clioms. After Purdue, Clio moved to Wisconsin, then to Chicago, Iowa, and Miami. Today it meets all over the country, but for the many years the meetings were in the Midwest, I served as chauffeur. They kept inviting me back, I think, because they knew I was willing to drive a large contingent of (mostly) graduate students from the Chicago area. I have attended Clio in Tucson, and, fortunately, they didn't ask me to drive, although one time I was given this can to take home on the airplane. The following year it traveled in the back of a van to La Crosse and returned to Tucson by airplane.

**What is your current relationship to Clio?**

In the early 1990s, I became an associate editor of the *Newsletter*, and we expect that many of the early interviews from the *Newsletter* conducted with the first generation of Cliometricians will appear in a volume that John Lyons, Sam Williamson, and I are going to edit. I left that position when I was elected a trustee, and I've had the honor of serving as the Chairman of the Board for the past four years. It seems clear that the Cliometrics Society is still providing a valuable service, and I have high hopes for its future.

**Earlier, you mentioned the formative years of the Clio meetings. What were they like during the 1960s? I've heard people say they've become much tamer. Is this right?**

I think that's probably true. Although the meetings are still exhilarating, people today seem to be less tolerant and understanding of aggressiveness. From my perspective, the hard questions were put more directly in the past. In the early years, people would say "I don't believe this!", while today they would be more likely to ask something like, "Why do you believe this?" Having said that, my sense is that when people talk about how aggressive the Clio meetings used to be, they usually have in mind one or two infamous incidents, not the general demeanor of the entire three days.

**Early on in your career you visited the University of British Columbia. Could you reflect a little on that experience?**

It was a wonderful two years. At my home university, Loyola University-Chicago, the Economics Department is in the School of Business. Economic history at that time was offered through the History Department in the College of Arts & Sciences. As such, I was only allowed to teach it occasionally as a special offering through business. Whatever reputation I had earned outside Loyola was through Clio. Sam was visiting at UBC when that school decided to initiate a course in American economic history. As a result, I was invited to inaugurate the course, which came as something of a surprise to Loyola's deans. Under the Canadian system, this was a year-long course in American economic history, so I got to develop more material than I have been able to use in a single term since. In that idyllic setting, I had the opportunity to interact with a large number of superb economic historians, including Bob Allen, Knick Harley, Ron Shearer, and especially Don Paterson. During my time at UBC, I started collaborating with Don, and out of this grew our work looking at skill-biased technical change and the Habbakuk hypothesis. Previous efforts to study this problem had used aggregate data and two-factor production models. We used manufacturing data disaggregated to the two-digit SIC-code level and a multiple-factor production model. One of the conclusions of this research, that there was a material-using bias among American manufacturers, has shown up in much subsequent research.

Doing collaborative work in the 1970s was very different than it is today. At the point that we needed to meet a particular deadline, Paterson was on leave in England, while I was on leave at Northwestern. Don sent me the penultimate draft with instructions to call him in England at a particular time on a particular day. The paper passed through two postal systems and arrived with sufficient time for me to ask others at Northwestern, especially Joel Mokyr, to provide comments before I went through the hassle of placing that transatlantic call. When Don and I presented our findings at the 1979 Clio, the first question was from Joel asking about one of his initial concerns.

**You grew up in Evanston, went to graduate school at Northwestern, and ultimately took a job teaching at Loyola University in Chicago. What explains your long-time connection to the Chicago area?**

The first year I was in the job market, I wanted to stay in Chicago, because I still had some dissertation research to complete. The next year, after that work was done, proved a particularly bad time to find a job; the boom of the 1960s had come to an abrupt end. I taught one year at the Illinois Institute of Technology in Chicago, but the job opening they thought they had for the following year was confiscated for the building fund. Other openings disappeared when state legislatures elected not to fund additional positions. I came home from fly-outs with the promise of a job offer only to be told a few days later that the person they thought was leaving no longer had a place in which to go. I ended up at Loyola in what is essentially a service department to the Business School. There is no graduate program in economics. To keep myself current, I kept going to the Northwestern Economic History Seminar, but, as noted, it was oriented largely around work done internally by faculty and students. Nonetheless, the program was growing. Early on, Eric Jones joined John, and, while I was at UBC, Joel arrived. In the early years, before our families grew, Joel and I attended the University of Chicago economic history workshop, which was oriented largely around papers presented by visitors. Then as now, Fogel and McCloskey were just down the road. Over time, additional opportunities for economic history have developed through the Chicago Historical Society and the Newberry Library. The Greater Chicago Friends of Economic History, founded by Hughes and Fogel in the fall of 1981, is still going strong. I don't think there are many other locations that combine the involvement of such a large group of economic historians with the urban amenities that Chicago affords. Everything I knew was professionally lacking at Loyola was readily available in the area. And it is home; both my family and my wife's family lived in Chicago.

**So that's why you've remained at Loyola?**

I doubt I would have accepted the position had Loyola been located in a small, one-college town, but it wasn't. One of the main reasons I chose Loyola was the presence of Bob Aduddell. Bob left Northwestern at about the time I arrived. He returned to Loyola to finish his NU degree, but it just hadn't happened. At my final oral, Hal Williamson said, "Send Bob Aduddell to see me; now you can help us get him finished." Bob's field was industrial organization, and he was writing a piece on the meat-packing industry. I had learned enough about that industry in my search for a dissertation topic to serve as an adequate editor. Once he was finished, we coauthored five articles; the first appeared in the *festschrift* Paul Uselding and I edited in honor of Hal. During the 1980s, a Chicago law firm hired us to consult on a suit involving the industry. We had the opportunity to be part of the case that finally put to rest a complaint that literally had been in court for a century and, therefore, had figured prominently in our research. Shortly after Bob died, I was asked to present a paper that contrasted Chicago in the era of the Big Five packers to today. I was able to come up with a title that would have pleased Bob, "From Big Shoulders to Big Macs."

**What is the nature of your appointment at Northwestern?**

In the late 1980s, just as I was beginning a new project, I asked the chair of Northwestern's Economics Department if there was a way for me to get faculty privileges at the library. As a result, I was made an adjunct professor of economics. I was told this was in recognition of my involvement with the economic history workshop and its graduate students. As I interpret the *quid pro quo*, they expect that involvement to continue. It has been great to have this affiliation with Northwestern. The major piece that's missing at Loyola is the opportunity to have intellectual progeny. While no one is going to be identified as a Lou Cain student, the NU appointment gives me the opportunity to interact with highly competent people, several of whom have worked as research assistants on the textbook and other projects.

**Many students know you through your work on the textbook, *American Economic History*, with Jonathan Hughes. How did you come to be involved in that project?**

That goes back to the 1970s. John spent a year on leave in England, but he had been in Vermont the preceding summer. He enjoyed

Vermont so much, he decided to build a house there. The house, however, ended up costing about twice as much as he had anticipated. Upon his return to Evanston, he decided to write a textbook to help defray the unanticipated costs of his new home. He initially agreed to write a principles of economics textbook, and he enlisted my assistance. That book never saw the light of day, but Hughes then contracted to write *American Economic History*. I was thanked in the first edition largely because he incorporated some material from our unpublished principles book into the history text. About the time John began work on the 4th edition of *American Economic History*, he had a reoccurrence of his cancer. He asked me to become his coauthor, and we talked for the month or so that was left to him. It was left up to me to carry on. I have had several marvelous assistants, including Joyce Burnette, Brooks Kaiser, and Tom Geraghty, and I hope that those who knew John can still recognize his voice in the book.

**Most recently, you have been collaborating with Elyce Rotella. Would you care to describe the evolution of that research?**

Several years ago, Elyce was on leave at the Newberry Library here in Chicago. One day she called me and said, "I've found these data that might interest you. Would you like to have lunch and talk about it?" The Newberry is just a few blocks from Loyola, and getting together for lunch was a cinch. Out of that lunch came our first paper: looking at the relationship between sanitation expenditures (water, sewer, and refuse) and mortality attributable to waterborne disease in turn-of-the-century American cities. That paper has been awaiting publication in an edited volume for more than a decade and is currently in a state of limbo. Nonetheless, it is one of my most widely-cited papers. Since then, however, we have written two more papers. One of them was published in the *Annales de Demographique*, and the other was just presented at the Social Science History Association meetings in Baltimore. Our second paper used data on epidemics of waterborne diseases to explore whether these epidemics influenced city-level spending on sanitation. The third paper examines the role of epidemics and demonstration effects. Epidemics affect the demand side; they make people want public water and sewers more than they otherwise would. Demonstration effects, the means by which one city observes the effects of another city's water purification and sewage disposal efforts, influence the supply side by reducing the information costs associated with building new infrastructure. My research with Elyce is related to my dissertation research, which has a habit of returning in new and interesting ways. Every time I've thought that I have escaped from the sewers, someone like Elyce comes along to invite me to jump back in. Recently, I've had an interesting involvement with the *Encyclopedia of Chicago History*, in large part due to the expertise I acquired so many years ago. I suspect I should be gratified that, over time, there seems to have been a growing recognition of the importance of urban sanitation.

**Your mention of that encyclopedia raises the question of your other current involvements.**

I've had the opportunity to work on two of the major, recent group efforts in economic history. The *Oxford Encyclopedia of Economic History* has just been published, and I served as an area editor. We spent a long time putting together the list of articles and thinking about who might be asked to write them. When the pieces began arriving, the overall quality was astounding. Parenthetically, the one article I originally planned to write myself was the one on

Chicago. This was one of the hardest pieces I've ever had to write, because, as an editor, I felt compelled to remain within the word limit. The finished volumes are an important contribution to the field, and I hope they will be widely used for some time to come.

The second group project is the millennial edition of the *Historical Statistics of the United States*, for which I was responsible for the transportation chapter. As should be apparent, I was a residual claimant for topics, but with the help of Tom Geraghty and Peter Meyer, we finished the job. This is an important undertaking for the profession, both for my generation who helped "privatize" this important reference and for future generations who must update it.

In addition to the work with Elyce, I'm working on several other projects. David Haddock, my Northwestern officemate, and I are looking into the question of why North American and European sports leagues are structured so differently. Brooks Kaiser and I have a forthcoming piece on the Endangered Species Act, while Dennis Meritt and I have one more article to write on our project investigating the evolution of zoos over the past half century. Finally, I continue to try to find information about the man that I've come to call "Mr. Chicago," William Butler Ogden. Many of the official records burned in the Chicago Fire, but a good deal of the history of Chicago in the years before the Fire is connected to this man, who was the city's first mayor and most influential booster. He implicitly understood modern theories of urban growth and was willing to accept the risks of putting them into practice.

**In conclusion, what are your thoughts about where economic history stands today?**

I doubt that all the great themes in cliometrics have been explored, but I do believe we're in a period of diminishing returns. We appear to be working on smaller margins today than the cliometricians of the 1960s. If you look at successive editions of the textbook, for example, there have been small changes here and there but few major additions. In recent years, cliometricans have not made a big splash. There currently seems to be nothing to compare with the major topics of a few years ago – anthropometrics and global convergence. Still, I believe economic history is an important area of study for graduate students in economics. There is no better place in graduate programs to learn applied economics than through economic history. There is, I think, much more attention to data and institutional detail than in other areas. For better or worse, economic historians have become the repositors of institutional knowledge. Where do the data come from? How were they constructed? How does the definition of capital change from one census to the next? Economic historians know the answers to these questions. They are far less likely than others to grab a data set, run it through a statistical package, and view the result as significant, statistically or actually. In the midst of the methodological debates concerning the then new economic history, John Hughes argued that, if one saw a three-legged cow, one should not ignore it because theory says it doesn't exist. One should study it, because it's interesting. Economic history is a rare field in which a convivial band of international colleagues piques our collective curiosities by sighting interesting three-legged cows. There's still much to study, and, as Hal Williamson was wont to suggest, "Why don't you go see what you can find on that point?"

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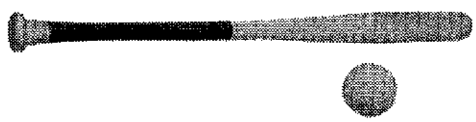


## Clio Retrospective: February 1-3, 1968

By Michael Haupert, UW-La Crosse

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

The eighth annual Purdue Cliometrics meetings opened on a cold first day of February in 1968. The buzz was all about technology. No less than seven of the papers to be presented at this year's meetings focused on that theme. And, the most up-to-date technology was the topic of conversation as well. A few of the more affluent Clioms had managed to get their hands on the new outdoor vacuum that made cleaning lawns, hedges, patios, and walks a snap. At just a shade under $200 it was a steal – when you could find one. Demand was understandably high, so production of the revolutionary yard tool was behind. Technology talk soon gave way to demography, however, as Bernard Slicher van Bath (Chicago) majestically led off the proceedings with his paper, "Historical Demography."

The first session continued with "Economic Development and Changing Industrial Structure" by **R. Marvin McInnis** (Queen's University). This paper would become a contributing idea to his "Long-Run Changes in the Industrial Structure of the Canadian Work Force," published in the *Canadian Journal of Economics* (Aug 1971). McInnis seeks to explore some issues relating to the interpretation of secular changes in industrial structure. He organizes census statistics into industry classes that were consistently defined between 1911 and 1961. This extent of detailed evidence on the industrial

*The lawn vacuum, available at Sear Roebuck, starting at $194.*

structure of an economy and its change over a period of time as long as five decades was rare. Additionally, to a greater degree than broad sectoral studies or studies of shorter periods, his evidence called forth a reexamination of the factors held to account for long-term changes in industry structure. He concludes that the specific nature of changing technology, widely adopted across nations, established the primary trend that underlay changes in economic structure.

**Lloyd Mercer** (UC-Santa Barbara) closed out the Thursday session with "Social Rate of Return on Railroad Investment." Participants then broke for dinner, conversation, and rest for the long Friday that lay before them.

The focus on Friday morning was on the cotton industry, a fitting topic given the sartorial debate that broke out at dinner the night before. The debate pitted the classical camp against the neoclassicals, the latter singing the praises of the new sanforized-plus-2 Dacron polyester and cotton blend shirts produced by Arrow. At only $7.50, and available in a veritable rainbow of colors, they were just the ticket for the young assistant professor on a budget. The old-timers preferred the Gregory Sheer shirts. In order to keep up with the latest styles without having to sacrifice to synthetic blends, they were now available in hip designs featuring challis-like flowers. As one well-known participant put it, "$20 may seem steep for a shirt, but I've got to project a certain image, and I can't afford to let my reputation slip."

**Robert Gallman** (Stanford) began with "The Self-Sufficiency of Cotton Plantations," elements of which would eventually show up in "Slaves as Fixed Capital: Slave Labor and Southern Economic Development," which he published with Ralph Anderson (Elon College) in *The Journal of American History* (June 1977).

**Gavin Wright** and Peter Passell (both Yale) followed with "Production Functions in Cotton Farming in the Nineteenth Century." This proved to be the beginning of a long string of research on the cotton industry that Wright, and to a lesser extent Passell, would produce over the next decade. Their research on this topic includes "'Economic Democracy' and the Concentration of Agricultural Wealth in the Cotton South, 1850-1860" (*Agricultural History*, January 1970), "An Econometric Study of Cotton Production and Trade, 1830-1860" (*Review of Economic Statistics*, May 1971), and "Cotton Competition and the Post-Bellum Recovery of the American South" (*Journal of Economic History,* September 1974). Ultimately, this work would all be pulled together in Wright's book *The Political Economy of the Cotton South* (Norton, 1978). Passell added "The Impact of Cotton Land Distribution on the Antebellum Economy" in the *Journal of Economic History* (December 1971).

Raymond Battalio and John Kagel (both Purdue) finished the cotton session with their presentation of "Specialization in Agriculture in the Ante-Bellum South." This turned out to be experimental research on their part. Both would ultimately turn to much less controversial topics than cliometrics, moving into the mainstream by working with pigeons and human subjects in experimental economics.

William Davisson and Dennis Dugan (both Notre Dame) led the third session with their discussion of "Wealth Distribution and Economic Growth in Colonial Massachusetts (1640-1690)."

**Gary Walton** (Ohio State) and **James Shepherd** (Purdue) followed with "Estimates of 'Invisible' Earnings in the Balance of Payments of the British North American Colonies (1768-1772)." They would eventually publish this work under the same title in the *Journal of Economic History* (June 1969). Walton and Shepherd estimate commodity trade balances from 1768-72 and find clear evidence that the overall deficit in the commodity trade with the British Isles was due mainly to the deficits incurred by New England and the middle colonies. There were various ways in which this deficit with Great Britain could have been paid. Part was paid by surpluses earned in commodity trade with the West Indies and especially with southern Europe. Any remaining deficit in the balance of commodity trade would have been paid by earnings from the sale of services to overseas residents ("invisible" earnings) and/or financed by capital inflows (in the balance of payments sense of indebtedness incurred to foreign residents) from the overseas areas. They estimate the earnings from the sale of services to overseas areas and conclude that 58% of the deficit from commodity trade was paid by "invisible" earnings.

Next up were **Robert Fogel** (Chicago) and **Stanley Engerman** (Rochester) with "The Explanation of Industrial Expansion during the Nineteenth Century." This would later appear as "A Model for the Explanation of Industrial Expansion during the Nineteenth Century: With an Application to the American Iron Industry" in the *Journal of Political Economy* (May/June 1969). Their overall interest was in explaining industrial expansion. They argue that compared with the emphasis placed on new machinery and equipment, all other factors in the growth of industry were slighted. Some scholars stressed the importance of increases in demand, others provided evidence suggesting the primary impetus to growth of some industries was decreases in costs of raw materials, and still others investigated the economies of large scale enterprise. They constructed a model applicable to competitive industries characterized by constant returns to scale. In its simplest form, it was valid for industries too small to have an appreciable effect on the market price of the labor, capital, or raw materials which they consumed. However, it could be altered to deal with industries whose expansion led to an increase in the prices of inputs. Hence, the assumptions of the model were probably appropriate to many American and European manufacturing industries during the 19$^{th}$ century.

The final session of the day included papers by Gerald Flueckiger, "Technical Change in the Iron and Steel Industry: An Application of the Automata Theory"; Joseph Stiglitz (Yale), "Choice of Technique, Technological Change and Patterns of Growth;" and William Nordhaus (Yale), "The Optimum Life of a Patent."

The Nordhaus paper had been previously published as a Cowles Foundation discussion paper (#241, 1967). It would ultimately be the subject of a debate in the *American Economic Review* (June 1972). Nordhaus replied to a comment by F.M. Scherer

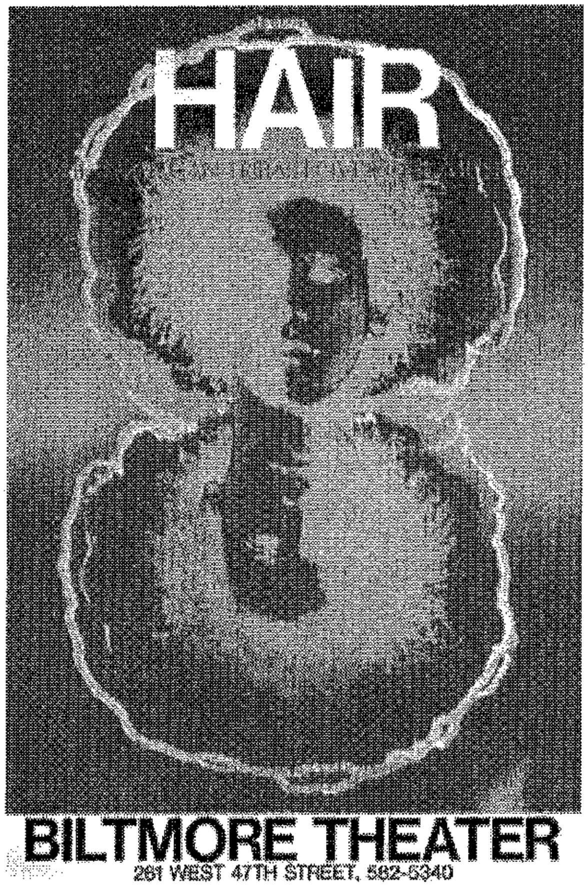
(Michigan) on his Cowles paper and subsequent book, *Invention, Growth, and Welfare: A Theoretical Treatment of Technological Change* (Cambridge University Press, 1969). Nordhaus argues that the pure case of invention, royalty, and patenting is based on several assumptions: a perfectly inelastic supply of inventors who choose the level of inputs to maximize discounted profits; small, "run of the mill" inventions; no uncertainty and a social rate of discount equal to the private discount rate; patents which confer complete protection over the invention; no technological change, cost reduction, or competitive patenting; and competitive markets. He concludes that the level of welfare generated by the patent system was very insensitive to the life of the patent once a life of six to ten years was reached. In addition, for small inventions with percentage cost reduction less than five percent, the monopoly losses associated with the patent system were less than one-fifth of the gains from invention. Finally, he did not find a strong case for major changes in the life of patents, except that for relatively easy inventions, the life may be too long.

While the frontier of economic knowledge was being expanded on the Purdue campus, the world outside of Lafayette seemed to be going to hell in a handbasket. The average farm subsidy had climbed to nearly $1000. A first class letter now cost six cents to deliver, Congress was considering drilling for newly discovered oil reserves on the north slope of Alaska, and the economy was on the verge of collapse. Or so it seemed given the profligate expansion of credit taking place. The number of Bank Americard holders had increased by 12 million to a total of 14 million in just two years. As if to flaunt the new "buy it now" mentality, Aristotle Onassis recently presented Jacquelyn Bouvier Kennedy with a $1.2 million dollar engagement ring and matching earrings. The only good news was the passage of the Uniform Monday Holiday Law, which would ensure that the upcoming Washington's Birthday holiday would give everyone a three-day weekend.

At least the automobile industry was sound and certainly safe from foreign competition. The number one importer, VW, held 57% of the US import market but was not particularly competitive, as their $2600 VW wagon (a midget compared to the full-sized versions available from the domestic producers) did not even draw the interest of Detroit. Then there were the hapless Japanese. They offered a cut-rate Toyota at only $1666, available in your choice of lime green, glow-in-the-dark orange, or a more subtle lemon yellow. As if that wasn't enough, the car was pint-sized. Two of them could fit inside a full-size Lincoln.

The conference ended on a relatively quiet note but did feature a notable accomplishment by Stanley Engerman when he presented "Regional Incomes in the Nineteenth Century." Engerman became the only person to have two different papers presented at the same Clio meetings. Noel Butlin (Yale) closed out the conference with his study entitled "The Economics of Slavery." Butlin was part of a strong Yale contingent that descended upon Lafayette that year. Besides the five presenters, Bill Parker and **Jan de Vries** also came. Wisconsin (**Mort Rothstein, Allan Bogue,** Rondo Cameron) and Northwestern (Harold Williamson, **Rolf Henriksson, Lou Cain,** Paul Uselding, John Hughes) were also heavily represented.

As the last of the Clioms left the campus that Saturday afternoon, there were feelings of excitement in the air. *Hair* was to make its debut on Broadway, *Planet of the Apes* would soon open in theaters across America, and 78 million American television owners would become the first generation of *60 Minutes* fans when the show debuted that fall. Also that year, newly minted economic history Ph.D.s, including **Tom Weiss**, **Richard Sylla**, and **Donald McCloskey**, would begin to make the first of their large volume of contributions to economic history in general and the Cliometrics Society in particular.




"When the moon is in the Seventh House
and Jupiter aligns with Mars
Then peace will guide the planets
And love will steer the stars"

Lyrics James Rado and
Gerome Ragni
Music Galt MacDermot

## Fifth World Congress of Cliometrics
### Venice International University
### Venice, Italy
### July 8-11, 2004

Registration information is at: http://www.eh.net/Clio/WCC5/registration.html. Participation is not limited; registration is open to all members of sponsoring organizations. The conference will be held at Venice International's conference center, which can accommodate 150 participants. Priority for rooms at the conference center will be given to authors of papers on the program and those who register early. Preregistration will continue until April 15. Participants may register after that date; however, those who do not preregister will be unable to obtain accommodations at the conference center.

Participants who prefer to stay in a local hotel or who cannot be accommodated at the conference center should contact: Ms. Gilda Zaffagnini at NEXA, Phone: +39-041-5210255, Fax: +39-041-5285041, email nexa@flashnet.it

The contacted hotels (two-three star) are all located near St. Mark's Square and opposite the Island of San Servolo where the Congress will be held. The location of the hotels will make transportation to San Servolo easier.

PhD students who have been notified that they have received a travel grant must register like other participants. However, they are not required to pay the deposit, and they will only be billed for the nonrefundable registration fee if they do not attend the conference.

The sponsoring organizations include the Cliometric Society, the European Historical Economics Society, the Economic History Society of Australia and New Zealand, and the Canadian Network for Economic History. The organizing and program committees consist of Lee Craig, Price Fishback, Albrecht Ritschl, and Gianni Toniolo.

***If you have any questions, please contact the conference secretary at: merly@eller.arizon.***

## Clio at ASSA *(Continued from page 1)*

paper because he liked water and Chicago. That and his recent research on related topics for other American cities gave him a unique perspective on the Chicago public works. He encouraged the authors to look at the date of filtration and purification systems and compare these dates to the pattern of decrease in typhoid, as well as mortality in general. He suspected that about half of the decreases in mortality could be attributed to filtration and purification. He also wanted Ferrie and Troesken to explore whether "big" public health issues, like sewers and purification systems, were a substitute or complement to "little" public health initiatives, such as hand washing and boiling water, and whether cleaning the water supply and decreasing mortality had an impact on productivity. In general, Hammermesh felt that because this paper's conclusion agreed with his, it must be right.

**Melissa Thomasson** (Miami Ohio) looks at the transformation of American hospitals in the early 20th century from almshouses to centers of medical science from the perspective of obstetrics. She examines the shift in childbirth from the home to the hospital, arguing that it did not occur because hospitals reduced maternal mortality but rather because of the preferences of physicians to attend women in hospitals and the glamorization of hospital birth by the popular press. Janet Currie (UCLA and NBER) found the paper interesting and enjoyable. Continuing the theme of relevancy for discussants, she observed that both of her children were delivered by midwives in a hospital. Currie pointed out that Thomasson finds that maternal mortality remained the same despite an increase in hospital births from 5-75% over the time period in question (1930-50) and encouraged her to consider the alternative hypothesis: would mortality rates have increased if hospital births had not increased? Were better educated women more aware of doctor's procedures and able to choose away from bad ones? She suggested that more emphasis needed to be placed on the fact that alternatives to hospital delivery were decreasing due to things like midwife licensing rules. Also, what about the incentives for physicians to push for hospital deliveries? It was more efficient for physicians to practice in a hospital setting and more profitable for them to intervene than not intervene.

**R. Max Henderson** (Chicago) closed out the first session with "Health Inequality in Mexico since 1900." He uses various health indicators to compare differences between and within states and regions. In particular, he analyzes two sets of variables: trends in mortality and changes in anthopometrics (stature and weight). His findings show that over the 20th century health inequality between states has decreased when mortality trends are considered, especially since the 1970s. On the other hand, height differentials have been relatively stable and may have even increased over time. So, while the gap in survival has narrowed, the gap in malnourishment has not decreased. Richard Steckel (Ohio State) had a few recommendations for Henderson. He was intrigued by the low mortality rates in very poor Mexican states and questioned whether the data were reliable. He felt the rates were too low and encouraged Henderson to explore the reason for this. Could there be underreported data? If the data are reliable, how can this puzzle be explained?

**Jeremy Atack** (Vanderbilt), **Fred Bateman,** (Georgia) and **Robert Margo** (Vanderbilt) kicked off "Profits, Wages and Unemployment" by presenting their paper on "Capital Deepening in United States Manufacturing, 1850-1880." They use establishment level data from the original schedules of the 1850-1880 censuses of manufacturing to study "capital deepening" in mid-19th-century manufacturing. They define capital deepening as changes over time, as well as differences across establishments, in the ratio of capital to output. This was the period during which the factory increased its share of total value added in manufacturing and steam power displaced hand- and waterpower. They use the data to estimate aggregate nominal and real capital output ratios and to investigate the correlates of the capital-output ratio at the establishment level. They also present new estimates of rates of return in manufacturing.

Alex Field (Santa Clara) was concerned that the authors characterized their paper in terms of capital deepening in US manufacturing when they were really examining capital productivity. He felt the term "capital deepening" should be reserved for an increase in the capital-labor ratio. He went through the usual Solow growth model to show that the capital-output ratio did not necessarily exactly mimic movements in the capital-labor ratio because of the effects of total factor productivity growth. Over time, both TFP and the capital-labor ratio tended to increase and also raise labor productivity, although with offsetting effects on capital productivity. Dan Bogart (UC-Irvine) was curious about why the 1870s were a pivotal point in terms of capital intensity and wondered whether the Civil War was a motivating factor. Margo was optimistic about the prospects of having an answer to the question in the near future, but for now speculated that market expansion increased the size of firms and created incentives for factor substitution towards capital.

**Chulee Lee** (Seoul National University) followed with "Industrial Characteristics and Unemployment of Older Manufacturing Workers in Early Twentieth-Century America." He explores how demand-side factors, represented by various industrial characteristics, affected the probability of long-term unemployment of older, male manufacturing workers in early 20th-century United States. His results largely support a pessimistic view of the impact of industrialization on the labor-market status of older men, suggesting that the shifts in the industrial environment, such as the rise in the speed of production and diminished flexibility, would have produced greater pressure on older workers to leave the labor force. On the other hand, the rise of large corporations and the rapid productivity growth per se were presumably not responsible for the decline in the employment of older workers. The formalization of work-organization and the decline of craft control could have secured the labor market position of elderly workers.

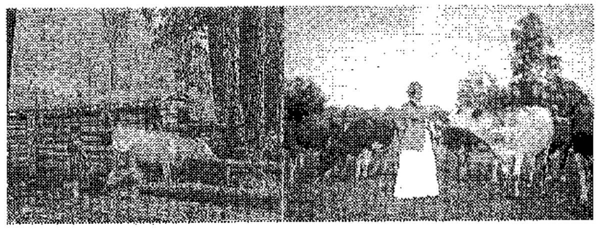
Field also served as the discussant for this paper. He was favorably disposed towards Lee's paper. He pointed out that 20% of the decline in LFPR of the elderly could be attributed to the sectoral shift out of agriculture. He questioned the degree to which industry specific factors, in particular the changing characteristics of the manufacturing sector, were responsible.

**Chiaki Moriguchi** (Northwestern) continued by asking "Did American Welfare Capitalists Breach Their Implicit Contracts?" Using data from 14 companies, she documents that some did and investigates the reason for the divergent managerial responses. She shows that, in addition to the severity of the Great Depression, the presence of internal enforcement mechanisms was an important factor in explaining the divergent outcomes. In the context of the welfare capitalism debate, the findings indicate that even among the most resourceful employers, the deep and prolonged depression induced a significant change in their HRM practices and collective bargaining methods, leading towards the modern industrial relations system established in postwar America.

Zorina Khan (Bowdoin College) quoted George Box, who thought that "all models are wrong, but some are useful" and proposed ways of improving the usefulness of Moriguchi's model in explaining benefits policies. At present, Moriguchi focuses on showing that the case studies of 14 firms were consistent with the implicit contracts story. Khan felt that she needs to attempt to falsify the theoretical construct rather than simply show that the stories of the case studies were consistent with the predictions. Khan also noted that some of the policies that Moriguchi labelled as implicit were actually explicit contracts, such as profit-sharing plans and stock ownership that could be enforced externally. Khan wondered whether Moriguchi's model was relevant to the Japanese situation today. Moriguchi thought not, since Japan was in a long, but shallow, recession rather than a depression. Moreover, Moriguchi pointed out, Japanese labor policies are determined by law rather than by implicit contracts.

**Samuel Allen** (Arizona) concluded the session with "Wages, Social Insurance and Truncated Benefits: Measuring the Impacts of Workers' Compensation." He looks at how state-mandated benefits indirectly impact workers wages. His results suggest that high wage earners do not receive lower wages as a result of higher levels of guaranteed benefits within their state. Moreover, there is conflicting evidence regarding the effects for moderate wage earners. These somewhat ambiguous findings seem to warrant additional work to more fully understand the dynamics of the benefits-wage relationship. Frequent changes in benefit maximums combined with sticky wages may result in confounding effects. Khan recommended that Allen pay attention to one of her favorite economists, Ed Leamer, who pointed out that there are two things you're better off not watching in the making: sausages and econometric estimates. She pointed out that most of his paper is devoted to how to deal with a "truncated benefits distribution" and, therefore, deals mostly with the subtitle: measuring the impact of workers' compensation. Khan wanted him to abandon the Zen approach, where the process matters more than the destination, and instead of spending so much time on the estimation procedure, focus mostly on the results.

Two sessions were offered on Saturday afternoon. In "Institutions and Economic Growth," **Gillian Hamilton** (Toronto) and **Greg Clark** (UC-Davis) presented "Survival of the Fittest? Capital, Human Capital and Selection in the Malthusian Economy." They claim that the economic history of the world has only two important phases: the Malthusian regime, which prevailed until about 1800, and the modern growth regime which followed. Using data from 17$^{th}$-century England and New France, they lay out evidence to show that while the material conditions people were living in did not improve before 1800, people themselves were changing. They argue that basic parameters of the economy, such as the average time preference rates of individuals or the preference for work over leisure, can be seen evolving in stable, settled societies like preindustrial England in the years before 1800. In particular, selection is in the direction of those who have lower time preference rates, who work harder, and who invest more in the education of their children. Chad Jones (Berkeley) commented that the key question is, "Who tends to produce more offspring, the high human capital or low

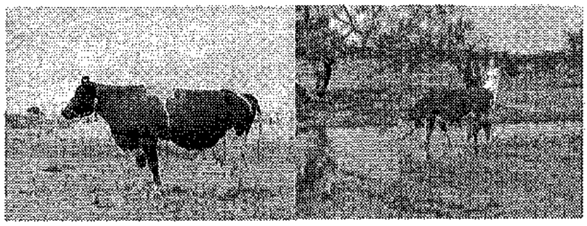


human capital people? He found it puzzling that the high human capital kids seemed to die faster than the low human capital kids. He admitted that the authors had a fascinating data set but wondered if it allowed enough time for evolution to work. He suggested that evolutionary selection pressure can work in either direction, not just the one the authors claim, and encouraged them to devote more attention to this issue.

**Carol Shiue** (Texas) and **Wofgang Keller** (Brown) followed with their paper, "Markets in China and Europe on the Eve of the Industrial Revolution." They use a large cross section of regions in the preindustrial period in order to determine whether actual differences in market performance and integration prior to the Industrial Revolution could have had a significant role in explaining the divergence between regional growth rates. They conclude that a well-functioning, commercialized market economy is not a sufficient condition for an industrial revolution to occur. Avner Greif (Stanford) proclaimed the paper definitely wonderful despite the comments he was about to make. He wondered about the sources of the Chinese data. Were they contracts or official records? If so, then the issue of bias must be addressed. He also pointed out that the authors assume that no substitutes were available for rice and wheat. However, we know, for example, that rye was substituted for wheat in Europe, so this assumption may be too restrictive. He also noted that while markets may not have been sufficient to cause development, they may still have been necessary. Finally, while extant research suggests that political boundaries have a large effect on markets, the authors assume they're irrelevant. This is a problem with the technique used in this paper.

**Peter Lindert** (UC-Davis) then asked "What's Happening to the Welfare State?" He uses the latest available data to pursue and explain recent movements in social transfer spending by country and type of transfer. Among his conclusions, he believes that relative disposable income of the elderly will fall but their absolute real income will not. Nor will any category of social transfers as a share of GDP decrease. Thus, the burden on taxpayers will not abate. Discussant Jean-Laurent Rosenthal (UCLA) lauded Lindert for demonstrating how economic history matters for economic policy. Rosenthal asked him to develop further the issue of the share of welfare as a percentage of GDP, now growing more slowly over time than previously in history. Part of the problem facing governments today is the increased life expectancy and growing number of the population over retirement age. What is the political mechanism that constructs this retirement welfare state? Rosenthal suggested Lindert address this at greater length. In particular, he wanted to know more about the historical timing of the process and how decisions, such as what portion of the transfers go to the elderly, are determined.

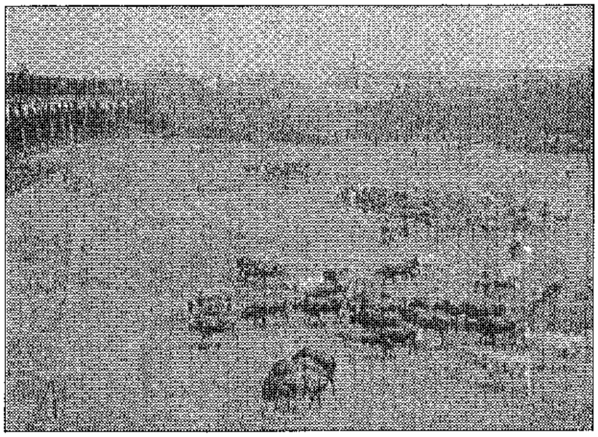
The final paper of the session was given by **Daniel Berkowitz** (Pittsburgh) and **Karen Clay** (Carnegie Mellon). No discussant was present, so Berkowitz was granted extra time to present "Initial Conditions, Institutional



Dynamics and Performance: Evidence from the American States." They use state-level data to examine whether differences in colonial legal institutions between states settled by Great Britain (a common law country) and civil law countries (France, Spain, and Mexico) have affected the current quality of state legal institutions. They conclude that state legal systems founded on civil law tradition were "inferior." If their initial legal system had been common law, then the quality of contemporary state courts would be improved, resulting in higher median household income and lower poverty rates. From the audience, Rosenthal wondered if it really mattered. After all, in the US, we see the population and companies moving to those states high on the Berkowitz and Clay "bad laws/high corruption" list, most notably the sunbelt states of California, Florida, New Mexico, and Texas.

The Sunday morning session, entitled "Technology and Industrial Organization," opened with **Paul Rohde** (UNC-Chapel Hill) talking about cows. He presented "The Tuberculous Cattle Trust" to a hardy early morning audience. Rohde analyzes initial efforts to limit the trade in cattle infected with bovine tuberculosis in an age when the organizational and legal structures needed to control the problem were in their infancy. Experiments with private, local, and state efforts to prevent the spread of the disease were largely ineffective. Rohde illustrates this with his focus on the case of James Dorsey, a large cattle dealer in Illinois who profited at the expense of unwary cattle buyers by selling diseased cattle. Dealers like Dorsey led to the expanded federal role in the anti-bovine tuberculosis campaign. Discussant Thomas Maloney (Utah) admitted that he was disturbed by this paper, as his wife is a Dorsey. Despite the potential conflict of interest, he enjoyed the paper and praised its vivid historical detail. He did ask Rohde to clarify a few issues, among them, whether the basic problem was the variation of regulatory agencies across states or that Dorsey was an evil genius. In other words, could Dorsey have carried this out in other regimes? Since he was essentially a fraud, would stiffer laws have mattered? A more general suggestion was that Rohde clarify which of the many laws he mentions were the most important in terms of this issue.

The topic moved from cows to baseball when **Mike Haupert** (UW La Crosse) presented "Baseball as a Financial Investment: A Study of the New York Yankees, 1914-1937." Haupert exploits a unique data set to take an intimate look at the financial operation of a successful professional baseball club in the early 20th century. Among his findings are the immense profits the team earned from constructing its own stadium and purchasing and selling player contracts. The owners of the Yankees established a managerial system to maximize profits that is used to this day by owners of major league baseball teams. Maloney served double duty by discussing this paper as well. He noted that the effect of a new stadium on the team and local economy is an intriguing concept with present-day applications. He wondered if Haupert could explain why teams are now able to exploit their monopoly position to get municipalities to pay for these stadiums instead of privately constructing them, as the



*Livestock grazing in the field at the old Cubs' ballpark, with painted scenery from Buffalo Bill Cody's travelling show propped in the back.*

Yankees did. He proposed that perhaps the change in the scale and scope of local government or the rise of the sports media might have something to do with it. He wanted to know if stadiums are now more important to local economies than they were before and what impact the rise of the leisure industry might have. He also asked if Haupert could track the impact of the stadium on team performance.

**Ray Cohn** (Illinois State) continued with "The Change from Sail to Steam in Immigration to the United States." He analyzes the timing and length of the transition from sailing ship to steamship for immigrants arriving at New York City. He presents new estimates of the timing and length of the transition, applies the accepted transition model to a specific route, determines when the steamer became competitive on the Europe to New York immigration route, and explains the relatively slow transition. Thomasson noted the insightfulness of Cohn's explanation as to why sailships persisted in the era of lower cost steam: there simply were not enough steamships to meet the existing demand. It took 40 years to increase the stock of steamships to carry the load. She did ask about market entry, wondering why new firms did not enter the ship construction industry, and encouraged Cohn to address this issue. She also wanted to know if the new steamship technology was a factor in the increase in immigration to America during this time period.

The session concluded with "Diffusion of the Cotton Picking Machine, 1949-1964" by **Wayne Grove** (LeMoyne College) and **Craig Heinicke** (Baldwin-Wallace). They find that the rapid decline in the costs of mechanical cotton harvesting played a key role in the pattern of diffusion, whereas hand harvest costs were largely endogenous during this period. However, the rising transactions cost of organizing the hand harvest did form a less important but measurable cause of mechanization. They identify two major factors that led to decreasing machine harvest costs: national manufacturing technological change exogenous to the mechanization of the cotton harvest and cotton yields. Once again Thomasson stepped up to discussant duty. She found the story of Mexican immigrant workers interesting and wanted the authors to flesh out their discussion of the impact workers had on mechanization diffusion.

After a hard weekend's work, economic historians gathered on Sunday night for a reception sponsored by the Cliometrics Society and the University of Wisconsin-La Crosse. The conversation waxed and waned from the intense ("…standard Heckman type to consistent, rather than efficient, estimation…") to the intriguing ("…how much longer will Venice actually be above water?") The libations flowed freely, and plans were already underway for the next gathering of Cliometricians July 8-11 in Venice for the World Congress of Cliometrics.

*Personal Reflections*

# Economic History and Human Welfare

By Richard H. Steckel

Reprinted from *Living Economic and Social History*, Pat Hudson (ed.)
Glasgow: Economic History Society, 2001.

My thoughts on the general question of 'What economic history means to me' are put forward in the form of an observation and some advice. The observation, based on many years of attending conferences, untold informal conversations, and extensive reading of books, book reviews and journal articles is this: Economic historians are united by their interest in describing and explaining the economic past, but divided by their ideas on interesting and worthy research topics. If this seems like a contradiction, I'll explain.

If a common interest in understanding the past can be taken for granted, how can this shared curiosity be shadowed by alternative conceptions of valuable research agendas? My most vivid, early experience with the ideas that divide us occurred when I was a young assistant professor attending the Economic History Association meetings at Toronto in 1978. At the banquet, Douglass North was introducing the new president, Robert Fogel. North and Fogel are old friends and the introduction was warm and upbeat, but along the way he became evaluative, chastising Fogel for absorbing so much of the profession's time and energy in studying slavery, especially when he thought there were far more important topics to be considered. To be sure, the remark was made partly in jest, and at a time when the debate over *Time on the Cross* was in full swing. Yet, the comment drew hardy but serious laughter and the point was intentional.

Since that banquet, I have heard or read innumerable remarks in the same vein. Although most were far less dramatic, I have observed that economic historians (and other academics, too) readily supply their opinions or judgements on what makes an interesting research topic. Passions on this subject are easily aroused, and not just over drinks or in similar informal settings. Debate is intense and serious during the hiring season, when candidates rise or fall in the eyes of hiring-committee members based on the specific topics in their research programs. I am not arguing that technique and data sources are irrelevant, but if some modest qualifications in these areas are met, often the specific topic of study confers the upper hand in decision-making.

Why can't economic historians agree, or at least be more agreeable, on what constitutes interesting research? Can anything be done about it? While I have not given careful scientific study to the first question, I am willing to venture this hypothesis: individual scholars are attracted to specific subfields of research for reasons that are substantially idiosyncratic. In principle, detailed research agendas could be formulated by carefully ranking the returns to alternative investments by studying a wide variety of research problems, assessing their potential for contributions to valuable knowledge, and making decisions accordingly – much as an investor in stocks or bonds would decide how to manage a portfolio. No doubt expected returns (including monetary ones) play some role for most people, especially for those on or near the margin of various related career choices. I suspect, however, that graduate students and other young researchers who are forming careers know that they lack the breadth and judgement required for success with these methods.

Far more influential in directing the process for specific individuals, I think, are accidental circumstances and emotions. A person may study globalisation, banking, the integration of labour markets, schooling, health, or innumerable other subjects largely because the topic was presented in an enthusiastic and interesting way during a course the person happened to take. Or because it happened that financial aid was available in their graduate program for studying the topic, or because they discovered that relevant data were readily available, by chance a friend was also interested in the subject, or a persuasive professor insisted the topic was interesting. The list of specific reasons may be almost endless. I suspect that a survey of economic historians would reveal a long and varied list of specific explanations leading to the choices of research topics early in their careers.

Whatever the explanations, once choices are made, any investment of time and research energy tends to reinforce beliefs about what is interesting. Additional reading or study reveals new research problems, dialogue with other scholars working in the area often extends the excitement, and soon the individual researcher acquires an identity leading to requests for book reviews in the area, to referee papers, and to give papers at conferences, which creates professional inertia that is often difficult to change even if research tastes change later in life. Changes in research agendas do occur, but they are frequently to neighbouring areas. Thus, I am arguing that persistence occurs for many reasons, which reinforce initial choices made heavily by chance. Hence, as scholars we often cannot justify our choices of research topics because frequently they were not made in ways that are defensible, i.e. by carefully weighing numerous alternative research projects based on pure intellectual merit. Emotional appeal, random events and forces leading to persistence guide much of the process.

If it is inevitable that random forces play an important role in shaping research interests, perhaps the best we can do as a profession is to seek common standards for evaluating research output. More often, we should ask of our work McCloskey's grand question, 'So what?' I am proposing, however, more than just enthusiasm for the question. The next logical step is to formulate methods for comparing the value or importance of disparate research findings. In my view, the most relevant criterion would be the work's contribution to understanding the evolution of human welfare. In a very broad sense, we study little else. Even advances in technique, a research area that appears to have a life of its own, are ultimately useful insofar as they have practical applications for studying welfare.

Human welfare is a complex subject, and most economic historians would agree that it has several dimensions, including material living standards, health, and a psychological component that embraces freedom, among other things. While we may never agree on its precise meaning, our research can do much more in striving to define it and in explaining how our research findings may relate to it. Too often our work stops short of this last effort. Studies of labour or capital integration, for example, usually end without attempting to estimate their contribution to economic growth. Similarily, many studies of public health practices may fail to approximate their importance to longevity. Too often the psychological dimension of human welfare is ignored altogether.

To the extent that research in economic history is published in short articles, it may be unrealistic to expect each paper to link results to human welfare (or one of its commonly accepted proxies such as income or longevity). This is all the more true if linkage would be a major project in itself. At least more could be done in the small space of most articles to set forth a research agenda that would help connect results to living standards or to the quality of life. Moreover, books are not so constrained by space, and reviews of the literature could certainly do more to associate the findings of a body of work with the evolution of human welfare, thereby creating common ground that would help guide the profession's allocation of research resources.

**Richard Steckel** (b. 28. 6. 1944). AB, Oberlin College 1966; MA University of Oklahoma, 1970; MA University of Chicago, 1973; Ph.D., University of Chicago, 1977. Except for sabbaticals (both at Harvard – 1985-86 and 1993-94) he has spent his career at Ohio State University in Columbus where he became Professor in 1989. Two years ago he was elected Vice-President of the Economic History Association. He has held an appointment in anthropology (courtesy) since 1995.



# Call for Papers

## Economic History Society Annual Conference

### Leicester, Britiain

### April 8-10, 2005

The University of Leicester will host the 2005 annual conference of the Economic History Society April 8-10. The Program Committee invites proposals for entire sessions, as well as for individual papers, on all aspects of economic and social history covering a wide range of periods and countries. They particularly welcome papers of an interdisciplinary nature. Proposals for sessions should include proposals and synopses for each paper in the session. **The deadline for proposals is September 20, 2004.** For each proposed paper, please send (preferably by e-mail, in MSWord format) a short c.v. and a abstract of 400-500 words to:

Maureen Galbraith
Economic History Society
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# Economic History at the Close of the 20th Century

By Michael Haupert, UW-La Crosse

Economic history is a long standing and well respected part of the economics profession. It has certainly known moments of great accomplishment. Among its members have been Nobel Prize winners, presidents of the American Economics Association, and award-winning authors. It has made the news with its share of trailblazing research and provided high profile service to the public. Of late, however, the biggest challenge that economic historians face is fending off the reports of their demise.

Economic history seems to have earned the reputation of a discipline on the wane. Lars Magnusson referred to it as "a now rather defunct specie" (Review of *The Problems and Methods of Economic History* by Wittold Kula, *Journal of Economic History*, September 2003, p 928). Earlier this year, the University of Munich considered eliminating its Economic History Department, which was founded in 1920 by Max Weber. While the department has been spared the chopping block for now, its future is not guaranteed. Robert Whaples refers to the current status of the field of economic history when he wonders whether the author of *A Dictionary of Economics* is "representative of the vast body of ahistorical economists who flip right past the economic history articles that still appear in the leading mainstream journals and wouldn't even consider picking up a journal or book with the word 'history' in the title" ("Review of John Black *A Dictionary of Economics,*" Economic History Services, Mar 17, 2003, URL : http://www.eh.net/bookreviews/library/0749.shtml). Are these fair characterizations of a proud and noble discipline? Could economic history be on a downward path to oblivion? In this essay, I will take a preliminary look at some recent data in order to gain some cliometric-style insight into the reports of its demise.

The Economic History Department at the University of Munich is an example of the most severe threat to the discipline – the death of an entire program. The department has been in existence for over 80 years, anchored by an endowed chair originally occupied by Max Weber. About 25 years ago, a position in Economic and Social History was added. However, it is going to be discontinued after the person who currently holds the position retires in 2007. There are 11 other economists on the faculty. It is unusual to find economic historians as members of economics faculties in Germany; they are more commonly found as members of history departments.

In order to gain an objective view of the fate of economic history, I will take a look at the interest in economic history as part of the larger discipline of economics over the past decade. There are a few measures we can use to gauge this interest: new jobs, new Ph. D.s, and article publications. These can be viewed over time to monitor trends. Other measures, such as AEA membership surveys of fields of interest and the presence of economic history courses in economics programs, can give us a snapshot of the current state of the field. Further research will be required to determine a trend for these two measures.

Economic history is identified by the classification system used by the AEA. The preliminary data gathered for this article cover only the period 1991-2002. All figures are from the American Economic

Association reports in various issues of the *Journal of Economic Literature* and the *American Economic Review*. The former is the source for the publication data, while the latter is the source for job and dissertation figures. Publication figures were estimated using a sample of publication information from the June issue of each year. It is possible that the AEA changed its reporting style between the years 1999 and 2000, which could explain the resulting large increases in publication information observed over the past three years. A check with the AEA revealed that they did not make any specific change in their policy, but further research into the reason for this dramatic increase is worthwhile. At the moment, however, it is beyond the scope of this essay.

Looking at figures for the past decade, the conclusion seems obvious: economic history is less of a player now than it was 10 years ago. Figure One indicates a general downward trend over the past decade in the percentage of advertised job openings for economic historians, doctorates awarded to economic history dissertations, and articles classified as economic history. All are currently at smaller numbers relative to the discipline as a whole. Only the number of articles published has shown an actual increase over this time period, a significant jump from 83 to 143 total articles published, but this pales in comparison to the increase in the total number of articles published over this same time period. In addition, only the number of outlets for economics articles has increased in relative terms among all these measures (see Figure Two). In 1991, 8.8% of journals publishing economics articles published articles classified as economic history. In 2002, that figure had climbed to 11.6%, with the number of different journals publishing articles on economic history increasing from 23 to 59 over that timespan.

Figure One

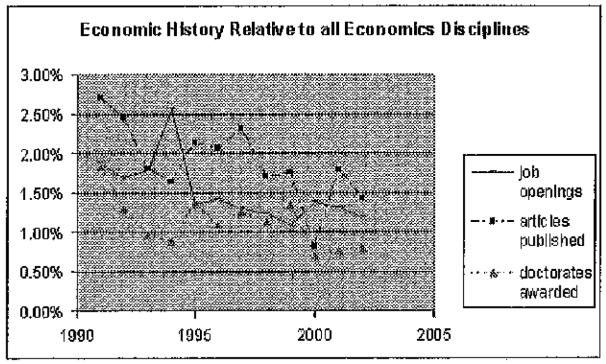
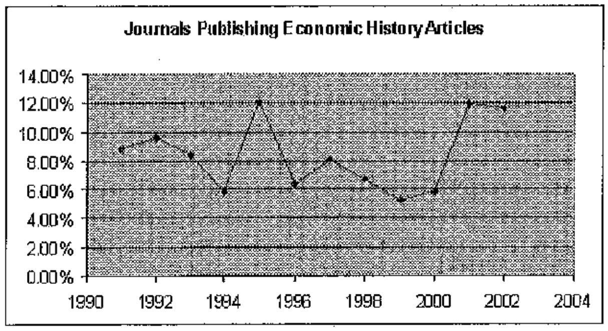



Figure One




There appears to be a small "Nobel effect" for economic history. Figure One indicates a jump in advertised job openings for economic historians in 1994, the year after the awarding of the Nobel Prize in Economics to Professors Fogel and North. The number of doctorates awarded increased over the next four years from 10 in 1993 and 1994 to 15 in 1995 and then alternating between 11 and 13 for the next four years. While this is a small nominal increase in the number of economic history doctorates, it came in an environment of decreasing overall economics doctorates and thus represents a bigger increase in the percentage of economic history degrees awarded. Less than 1% of all economics degrees were awarded to dissertations in economic history in 1994. This rose to 1.37% in 1995, fell to 1.09% the following year, and then wavered between 1.1% and 1.35% over the next three years before falling again below 1% from 2000-2002. In fact, the past three years have

Table One

| | Journals Publishing Articles | | Articles Published | | Doctorates Awarded | | Advertised Job Openings | | AEA Membership | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Economic History | Total | Economic History | Total | Economic History | Total | Economic History | Total | Listing Economic History as a Field | Total |
| 1991 | 23 | 261 | 83 | 3065 | 19 | 1044 | 29 | 1539 | | |
| 1992 | 25 | 261 | 75 | 3065 | 14 | 1080 | 24 | 1426 | | 21273 |
| 1993 | 20 | 238 | 48 | 2672 | 10 | 1038 | 27 | 1505 | 415 | 22356 |
| 1994 | 15 | 256 | 47 | 2868 | 10 | 1139 | 36 | 1403 | | |
| 1995 | 22 | 182 | 46 | 2161 | 15 | 1095 | 20 | 1480 | | |
| 1996 | 15 | 235 | 54 | 2633 | 11 | 1005 | 21 | 1480 | | 21056 |
| 1997 | 18 | 224 | 58 | 2515 | 13 | 1038 | 21 | 1613 | 490 | 22600 |
| 1998 | 14 | 210 | 40 | 2358 | 11 | 980 | 23 | 1879 | | |
| 1999 | 12 | 227 | 45 | 2554 | 13 | 971 | 24 | 2218 | | 20048 |
| 2000 | 25 | 424 | 50 | 6170 | 7 | 1003 | 33 | 2389 | | 19668 |
| 2001 | 59 | 494 | 128 | 7152 | 7 | 904 | 35 | 2650 | | 18761 |
| 2002 | 59 | 508 | 143 | 10103 | 7 | 871 | 29 | 2426 | | 18613 |

seen the smallest percentage of economic history degrees offered in the past decade.

Another delayed indication that economic history got a brief boost from the Nobel Prize is published research. While the number of economic history articles actually decreased by one from 1994 to 1995, the total number of economics articles published decreased over that period by 25%. The result was a relative increase of economic history publications in each of the three years following the award by more than 25% each year. Given the typical delay between submission and publication, this is a reasonable lag to expect for any bump in interest in economic history from the Nobel. After 1997, the percentage of economic history articles published began to drift downward, hitting its low-water mark of 0.8% in 2000 before subsequently recovering to a level of about 1.5%.

The number of journals publishing economics articles and the number of articles published take big jumps beginning in the year 2000. Table One indicates that the number of journals listed in the current contents section of the *Journal of Economic Literature* nearly doubled from 1999 to 2000 and increased another 20% to 508 journals two years later. Similarly, the number of articles listed in the classification section quadrupled between 1999 and 2003, increasing by nearly 150% from 1999 to 2000 alone. While economic history articles only nudged up from 45 to 50 the first year, they increased to 128 in 2001 and 143 in 2002. This was not enough to keep up with the overall increase, however, as the percentage of economic history articles published fell from 1.76% in 1999 to 1.42% in 2002.

While certainly not a trend, the AEA survey of membership in 1997 showed 490 of the approximately 23,000 members identifying themselves as economic historians. This is an increase of 75 members reporting an interest in economic history, increasing the percentage of the membership indicating an interest in this area to 2.2% from 1.9% in 1993. These field interest surveys were not reported annually, so no clear trend can be observed from these data.

Another item of interest is the curriculum of economics programs. A sample of 50 top rated economics programs found that only 14% of them require a course in economic history for their doctoral candidates. An equal number, but not all the same schools, require a course in economic history for their undergraduate economics majors. The 50 programs chosen are those ranked as the top research producing institutes according to a 1998 article in the *Journal of Economic Perspectives* (Dusansky, Richard and Clayton J. Vernon, "Rankings of U.S. Economics Departments," *Journal of Economic Perspectives* 12, no. 1, Winter 1998). This curriculum sample is only for the current year. It would be worthwhile to take this analysis back further in time to get a longer view of the relative importance of economic history, but that analysis will have to await future research.

Though economic history may be fading, economic historians are resilient, and the public seems to be, at the very least, intrigued by what we do. Robert Whaples hypothesizes that the "buying public" (mostly students) looks to economic history for human conflict, like slavery, economic depression, and the Industrial Revolution. That notwithstanding, one of the most frequent topics to hit the public press out of economic history is anthropometrics. The popular press latches onto current research in economic history on occasion and keeps it in the news. A recent *New Yorker* article (*The New Yorker*, "The Height Gap," Burkhard Bilger, April 5, 2004) featured the anthropometric work pioneered by Robert Fogel and currently being carried on by a crop of talented economic historians. The article is an excellent example of the importance of economic history. John Komlos and Richard Steckel are quoted extensively on why Europeans are getting taller and Americans are not. Anthropometrics is a rare example of economic history that is getting lots of current press. More than two dozen popular press and website articles published in the last six months, including *The New Yorker, The Sidney Morning Herald, BBC News, Le Monde, Suddeutsche Zeitung*, and *Pressetext Austria*, have featured articles.

So is there a future for economic history, or are we in the twilight years of a once glorious contributor to the field of economics? Are we to be reduced to a curious sideshow, or is the discipline merely experiencing a downward fluctuation as part of a long run, cyclical evolution in the economics discipline? The future remains to be determined, and economic historians themselves will play a big part in that determination. What we can do, what we must do, and how we can return economic history to a place of greater prominence in the profession will be the subject of a future essay.

**☞ ATTENTION ☜**

Due to the late date of the World Congress of Cliometrics, the summer and fall issues of the *Cliometrics Newsletter* will be combined into one issue to be published early in the fall. The joint issue will include copies of the papers to be presented at the EHA and Clio sessions of the ASSA meetings.

# A Letter from the Editor

Batter up!

The snow is melting here in Wisconsin, the thermometer is regularly creeping above 40 degrees, the maple sap is running, and local school board candidates are debating. That means spring is just around the corner. And where there's spring, there's baseball! This year the American baseball season actually opened in Japan, where the legendary New York Yankees took on the fledgling Tampa Bay Devil Rays.

The Yankees have recently been the subject of a couple of financial histories. *Taking on the Yankees: Winning and Losing in the Business of Baseball, 1903-2003* by Henry Fetter (Norton, 2003) and *The Diamond in the Bronx* by Neil J. Sullivan (Oxford University Press, 2001). These join a host of other books detailing the economic history of sports that have been published during the last 10 years.

A quick, and certainly not exhaustive, search turned up more than two dozen articles on baseball over the past decade in economics, history, and business journals. These include articles on baseball and race, the effect of performance on career progression for minor leaguers, a study of the MLB human capital model, a financial history of the New York Yankees, and an attempt to measure the MRP of ballplayers. These articles have appeared in journals ranging from *The Journal of Negro History* to *The Journal of Labor Economics*, *Review of Economics and Statistics,* and *The Journal of American History*.

The subject has also become a favorite topic for coursework, as many economic and history courses have been created around sports, including those at St. Joseph, UWL, USF, Smith College, and Washington State, just to name a few. The broader subject of sports economics itself has spawned its own journal. The *Journal of Sports Economics* debuted in 2000. *Nine: A Journal of Baseball History and Social Policy Perspectives* preceded that by eight years. The latter is more specific in topic but is an interdisciplinary journal rather than exclusively dedicated to economics.

At least two interdisciplinary academic conferences are devoted to baseball each year. Since 1999, the National Baseball Hall of Fame has played host to the Cooperstown Symposium on Baseball in American Culture. McFarland Inc. publishes an annual collection of papers presented at the conference. The aforementioned journal, *NINE*, also hosts an annual conference every spring. Sports economics in general is represented by the International Association of Sports Economists. They will host their annual convention this year in Athens a couple of months before the rest of the world descends on Athens to celebrate the 28th Olympiad.

With all of the scholarly attention currently paid to sports, you would think that teams would be better managed and financed or at least more aware of the financial environment in which they operate. However, this does not appear to be the case. Professional baseball teams still claim to be hemorrhaging money, municipalities still clamor to donate large stadiums to local teams for the phantom economic benefits they will bring, and labor issues continue to challenge the actual game results for space on the sports pages.

Who knows, maybe economic historians will smell the grass and begin to scour the rich history of baseball in the near future. We could contribute a lot – from how to construct an efficient set of rules to maximize league revenues to how to get the Cubs into the World Series. I could certainly be persuaded to attend a future Clio conference conducted at Wrigley Field. I'm sure the ballgame wouldn't be too much of a distraction to the presentations, and maybe I could even catch a foul ball.

Play Ball!!!

Michael Haupert
Editor