The NEWSLETTER of THE CLIOMETRICS SOCIETY

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27th ANNUAL CLIOMETRICS CONFERENCE MAY 8-10, 1987

University of Illinois
Champaign, IL

S.H. Williamson, Reporter

The 27th annual Cliometrics Conference was regarded as a great success by all who attended. Held at The Allerton House some 30 miles west of the University of Illinois, the meeting came off very smoothly under the direction of Jeremy Atack and Larry Neal. During the breaks the participants enjoyed walking through the gardens and viewing the interesting sculptures on this 1500 acre estate. On Saturday evening the usual "awards" banquet was followed by a sing-along that lasted past midnight. The highlight of the evening was a medley of rugby songs sung by Brinley Thomas. The annual Clio award went to Joel Mokyr (see related story on page 3).

There were 12 papers presented, selected from more than 40 submissions. Each paper produced lively discussion and more helpful suggestions than the authors could carry home in their suitcases. Those who have attended these conferences before know that our penchant for poking fun at ourselves is a symbol of our comaraderie. Occasionally this results in a parody that deserves to be shared; this year's entry is included with the Abstracts.

The conference began with Charles Calomiris's presentation of a paper jointly authored by Glenn Hubbard that discussed the role of potential gold flows in linking international financial markets during the period before World War I. Calomiris and Hubbard concluded that domestic money-supply shocks did influence the flow of gold and thus were not an important source of domestic output variation. The discussion brought up several questions about the data since the empirical work employed monthly observations. For example, it was pointed out that the numbers for the net gold flows from the U.S. may have systematic omissions.

Next, Loren Brant presented a paper jointly authored by Thomas Sargent that challenged the contention by Friedman and Schwartz that US silver policy caused serious problems in China in the 1933 -1935 period. The rising price of silver in the US drained the metal from China, but according to the authors this flow was offset and the money supply rose during the period. Many questions were asked about the institutions and economy of China at the time. There was discussion of how much of the economy was influenced by commercial banking activities and the links between the credibility of the banks and credibility of the government.

The evening session of the first day was devoted to Alan Heston's paper. He explained the dominance of the camel as an ancient world mode of transportation

Samuel H. Williamson, Editor

and that the use of bullock-drawn carts for non-military purposes by the Romans in camel country was not economically justified. There was much discussion of the marginal cost of the camel versus the bullock [the former was reported to be near zero because it grazed along the road], and the question of complimentary uses for plowing, the edibility of camel meat, the design of camel saddles, etc.

Saturday began with Tim Hatton's paper on the role of overseas exports as a determinant of economic fluctuations between 1870 and 1913. He concluded that overseas lending played a very limited role in creating an export market for British goods. The discussion focused on the questions of the specification of his demand equation, if his structural break at 1890 was correctly identified, and whether the exclusion of the empire from the analysis was justified.

James Foreman-Peck followed with an analysis of the role of foreign investment in British India before 1914. The discussion centered on such questions as who was exploiting whom and whether the Indians wanted British subsidies with strings attached.

Moving from India to Iowa schools, the conference next heard from Martin Eisenberg on the political economy of imposing compulsory schooling in late 19th century Iowa. This was the time when schooling as a market signal replaced literacy as the most important economic benefit of education. Eisenberg gathered information on the social and demographic characteristics of the Iowa State Legislators and analyzed voting on this issue. He concluded that the below trend attendance and rising opportunity costs of childrens' time were important reasons for passage. The discussion focused on several questions, including the voting alliances between those in favor of compulsory education and those for prohibition, and whether Lutherans were pietist or liturgical.

Don Schaefer followed by explaining why yeomen farmers in the antebellum South might migrate West. His conclusions are based on a data set constructed by matching 2135 heads of household in both the 1850 and 1860 census. There are two competing hypotheses: first, that farmers were forced to move by deteriorating economic and social conditions, and second, that they were induced to move by attractive offers to sell their land. Schaefer tended to favor the first hypothesis, though some participants favored the second.

The next paper was by Barbara Sands. She discussed a test developed by D.R. Cox on how to choose when there are different and mutually inconsistent models that each successfully explain the same event. She applied this test to three competing explanations of why cotton acreage increased in the post-bellum South. The procedure required the construction of 9 distinct statistical models and the results were mixed. There was much discussion of when this technique is appropriate.

In what was surely the most memorable quip of the conference, Barbara's response to the question of why there were nine instead of three models to test was that she had "opened a can of worms bigger than the universe, but she likes to fish."

R. G. Gregory then presented his joint work with V. Ho and L. McDermott on labor markets in Australia during the 1930's. Most of the Northern Hemisphere residents in attendance were amazed that unemployment could be as high as 40% in certain neighborhoods for many years without more of a political reaction. It was also reported that the authors have yet to come up with significant differences in the characteristics of the employed and unemployed.

Sunday morning started off with Daniel Raff presenting a paper co-authored with Lawrence Summers on the motives for Henry Ford's decision to institute the $5 day in 1914. Their conclusion was that Ford succeeded in buying loyalty and reducing turnover, which were more

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Third Annual Clio Award Goes To Joel Mokyr

This year the prestigious Clio Award--a mounted empty can of virgin olive oil--was awarded to Joel Mokyr at the Cliometrics Conference. The award has been given annually to the person who has contributed the most to the field of Cliometrics in the past year and carries with it the responsibility of returning the next year and awarding it to someone else. The picture shows Joel receiving the award from Richard Sutch, last year's recipient, with Don McCloskey, the first winner, looking on. We all heartily congratulate Joel on receiving. this well deserved recognition.

27th Clio Conference *(cont. from page 2)*

important because the nature of Ford's capital intensive assembly line operation meant that labor strikes, sabotage, or shirking cost him more than his competitors. The discussion focused on speculating about Ford's motives, which were not clear ex ante, and asking if improvement achieved ex post could have been achieved otherwise.

The paper by Bill Hausman and John Neufield came to the conclusion that publicly-owned electrical utilities at the turn of the century were more efficient than those privately owned. The results were driven by the fact that the smaller and younger private plants were the least

CONTINUED ON PAGE 7

Trustees Report

The annual trustees meeting, held in conjunction with the Cliometrics Conference at the University of Illinois, dealt with the following agenda:

The treasurer's report was discussed and accepted. It was noted that we have received $1526 in contributions to the Society's Endowment Fund from 55 members and their support is greatly appreciated.

It was decided that next year the Cliometrics Conference will be held at Miami University, May 13th to 15th.

In 1989 we will hold the second World Congress at a place and date yet to be decided. [Look to the Fall Newsletter for the announcement.] It was decided that the Congress will be open to all who wish to attend and that we would try to assist in the expenses of as many as possible. Though we would like to have it away from North America, the added expense must be considered.

The first sessions of the Cliometrics Society to be held at the ASSA meetings will be this December at Chicago. [See announcement on page 6.) It was agreed that Richard Sutch and Sam Williamson would serve as the program committee for this year. It was suggested that we organize a Society social event during the meetings.

There was an enthusiastic expression of appreciation to Betsy Hoffman who will finish up her two year term as a trustee of the Cliometrics Society this December. It was agreed that she had added much to the Society with her dedication and enthusiasm.

The trustees would like to announce that C. Knick Harley was elected to a five-year term by the Society membership, following Joel Mokyr. The meeting was then adjourned, with tentative plans to meet in Chicago in December, and definite plans to meet in Oxford, Ohio next May.

THE FIFTEENTH CONFERENCE ON THE USE OF QUANTITATIVE METHODS IN CANADIAN ECONOMIC HISTORY - March 20 - 21, 1987

McMaster University
Hamilton, Ontario

Reporter: Letty Anderson
York University, Toronto

The conference opened with a session on financial development and the role of the banking sector, and began with Neal Quigley's (Victoria Univ., N.Z.) information-packed paper on variations in the cost of credit within the branch banking network. A. Redish (U.B.C.) questioned whether the risk-minimizing/credit-rationing model was the best or the complete explanation, and R. Shearer (U.B.C.) suggested an alternative model in which banks seek to maximize present value of the bank.

Larry Schembri and Jennifer Hawkins' (Carleton Univ.) paper on "The Role of Canadian Chartered Banks in U.S. Banking Crises" led to questions by L. Cain (Loyola Univ., Chicago), R. Sutch (Berkeley), and Quigley on the interpretation of rises in the deposit ratio, and a suggestion by M. Bordo (Univ. of South Carolina) that the authors should define the exact nature of an 'economic crisis' and be able to explain increases in the deposit ratio during non-crisis years.

The paper by D. Paterson and R. Shearer (U.B.C.) on the Financial Crisis of 1857 was next. In the comments, D. McCalla (Trent Univ.) cautioned about believing the data, since deliberate misrepresentation of evidence by banks during this period has been found. Several participants questioned whether the real bills doctrine was an adequate description of Canadian banking behaviour.

The session on large companies and industrial growth led off with a paper by Morris Altman (Univ. of Ottawa) on the importance of the railroad to Quebec's manufacturing growth. P. Wylie (Trent Univ.) questioned the evidence of the difference between Ontario and Quebec in funding by level of government and suggested an alternative hypothesis to explain the level of subsidies in Quebec. R. Dupre (Ecole des Hautes Etudes Commerciales) questioned the accuracy of depicting some doctrinal arguments as received theory in Quebec, and D. McCalla mentioned that some of the data as presented in the paper needed further interpretation.

Louis Cain's paper on the Thomas and Betts Company in Canada generated discussion as to whether the pattern of investment seen in this firm was typical and on the nature of the firm's contractual relations with manufacturers in Canada. Pat Perkins (St. Mary's of Maryland) presented a paper on the U.S. cobalt stockpile and its impact on Canadian producers. R. Pomfret (Johns Hopkins Univ.) commented that the strength of the relationship between the stockpile and cobalt prices would be better established if the model were formalized. Other participants commented that the paper could use further analysis of the Canadian cobalt industry and U.S. demand.

The Friday afternoon session on the prairies, transportation and tariff policy began with a paper by A. J. Ward (U.B.C./Brock Univ.) on prairie settlement. Among the comments were Harley's (Univ. of Western Ontario), who questioned the reasons for the delay of appropriate machinery to break the plowing technology constraint until after 1880, and also pointed out that the spatial nature of prices should be considered when a series is constructed from prices in two locations.

The paper by D. Hara (Carleton Univ.) on grain mixing and grain cooperatives generated a discussion as to reasons for farmers to join cooperatives, and whether risk pooling was a significant reason, particularly for producers of high grade wheat. M. McInnis (Queen's Univ.) suggested some independent tests to ascertain the effect of grain mixing on prices.

Kris Inwood's (Univ. of Guelph) paper on effective protection in the Canadian iron industry led to comments by A. Carlos (Huron College) and A. Redish that demand growth and structure merited more consideration. Other participants questioned the importance of domestic versus foreign transportation costs.

The final session on Friday was titled "Wealth, Inequality, and Taxation." F. Siddiq (St. Mary's) led off with a paper on measuring inequality over time. P. Fulton (Huron College) questioned the significance of the poor's claim to publicly held wealth; J. Davies (Univ. of Western Ontario) noted that Siddiq's work belies the notion of a relatively eqalitarian North American society and R. Sutch suggested that those who work with probate data should pay attention to the implications of life cycle models for wealth-holding at the time of death.

The next paper was Trevor Dick's (Lethbridge Univ.) on inequality and growth from Confederation in 1867 to the First World War. D. Paterson commented that there are issues of income distribution within as well as between subgroups, and questioned whether inequality increased among native-born Canadians, or between natives and immigrants. J. Davies and K. Harley noted problems with using two different wage series, given their effects on the wage ratios. R. Sutch suggested the skilled-unskilled differential may simply reflect a return to skills, in the absence of barriers to mobility. B. Chiswick (Univ. of Illinois) questioned the effect of immigration on the wage differential.

The Winer/Hawkins' (Carleton Univ.) paper on tax structure modelling generated much comment, as well. J. Davies commented that a major concern is that much of the behavior of the dependent variable is explained through dummy variables, among them ones which reflect changes in tax policy. Other participants questioned the specification, especially the manner in which the dummies were brought into the model.

Isabel Anderson's (Univ. of Saskatchewan) paper on measuring structural change with incomplete data led off the Saturday morning session on the manufacturing industry. R. Szostak (Univ. of Alberta) and A. Green (Queen's Univ.) noted that growth apparently was generated by production to meet local demands. L. Cain noted that the results conform to central place theory, and are reminiscent of Chandler's emphasis on transportation and communications. R. Shearer worried that the time frame reflected too strongly the legacy of wartime planning.

The Baldwin (Queen's Univ.) and Green paper on U.S. - Canadian productivity differentials provoked discussion on the methods of measuring capital in horsepower terms, the need for a quality indicator for the labour force, and the advisability of lumping all industries together. E. Haites (D.P.A. Consulting) noted that the findings imply that 1929 was a relative maximum in productivity terms; and asked if this could be supported by other evidence?

The Bloomfield's (Univ. of Guelph) project analyzing the 1871 manuscript census brought interested comments. I. Drummond (Univ. of Toronto) emphasized that the project should be supported toward completion, but cautioned that it is still too early for aggregate statistics. M. McInnis expressed dismay that the authors had chosen to adopt the post- rather than the pre-1970 Standard Industrial Classifications. McInnis and Baldwin suggested checks on the reliability of the data and advised the authors to keep a log of gratuitous information.

The final Saturday session on "How People Lived" brought a mixed group of papers. Barry Chiswick's work on immigrant earnings in Canada generated comments on comparability with other work on immigrants, and a comment by T. Day that the Trudeau Civil Service had the effect of taking high income-earners and making them bilingual: therefore, an apparent return to bilingualism in English speakers may in fact reflect government policy.

Jose Iguarta's (U.Q.A.M.) paper on the social history of workers in the Saguenay and Rusty Bitterman's (Univ. of New Brunswick) paper on Cape Breton ended the conference with a look at micro history. Participants questioned the meaningfulness of the occupational groups in the Iguarta paper, as there is evidence that people moved quite freely among occupations. Several members questioned the 1930s as the appropriate time period for the study of the formation of the industrial labor force. M. McInnis commented on the Bitterman paper, suggesting more checks for internal consistency in the records and offering from experience some indicators of incomplete reporting or bias.

Richard Sutch was the Conference's invited guest this year. He entered fully into many of the discussions, displaying a knowledge of our northern ways and Canadian history that was very much appreciated. The theme of his remarks at the Conference dinner were that Canadian economic historians should more actively distribute their work. He found their subjects to have a generality and quality that warrant a wider audience. The audience was consumed by the wisdom of this, and after several glasses of wine, responded with thunderous applause.

Ann Carlos, Wayne Lewchuk, and Donald G. Paterson were thanked for their hard work in presenting a most successful set of meetings. The Conference will reconvene in Toronto in the autumn of 1988. *Abstracts in Section II.*

Roger Ransom is New Editor of Research in Economic History

After 15 years, Paul Uselding has turned over the editorship of *REH* to Roger Ransom. Paul started the idea of annual volumes for the publication of research in economic history that might be too long for the journals. The idea spread and there are now annual volumes in large number of fields. Among the reasons for the change is that Paul is to become the Dean of the Business School at the University of Northern Iowa.

Roger, who has appointed Peter Lindert and Richard Sutch as associate editors, would welcome your suggestions and submissions. His address is: Department of History, University of California, Riverside, CA 92521.

ALL UC CONFERENCE

The All UC Group in Economic History will hold its fall meeting at the California State Railroad Museum in Sacramento, November 14-15. These meetings are mainly for the faculty and students of the University of California system; however, there is usually room for individuals who are working on relevant topics and wish to attend. Much of this conference will be devoted to the theme of railroads and economic development. If you have a paper you would like to have considered for this conference, contact Morton Rothstein, Agricultural History Center, University of California, Davis, CA 95616. He needs to hear from you as soon as possible and no later than August 15.

ASSA December Meetings

For those attending the ASSA meetings December 28-30 in Chicago, please note that the Society will be sponsoring some Clio-style sessions and a social event.

A complete program of the sessions and an eight page summary of each paper will be in the Fall Newsletter. Please note that our sessions will be much more devoted to discussion from the floor, so we hope you can read the summaries, show them to your colleagues, and - most important - come prepared to ask some tough questions.

ADVERTISMENT

ECONOMIC HISTORY AND THE MODERN ECONOMIST

Edited By
William N. Parker

In this collection of original essays, eminent economists and economic historians demonstrate the relevance of economic history for economic theory. Twenty years from now, will today's economic students have any shared body of knowledge and concerns on which to base discussions? And if they can talk to other scholars, businessmen, lawyers, or government officials, will they have anything sensible to say? With diverse approaches, ranging from historical narrative, personal reminiscence and analogy with the physical sciences to sheer exhortation, they offer an indictment of contemporary economics aimed at economists and their students and those who use economics to solve specific and real problems.

The contributors are Kenneth J. Arrow, Robert E. Solow, Peter Temin, Donald N. McCloskey, Paul A. David, W. W. Rostow, Gavin Wright, and Charles P. Kindleberger. An Afterword by Parker sums up the arguments and suggests a possible solution.

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CLASSIFIEDS

Meyer H. Fishbein, formerly of the National Archives and chair of an international committee on automation, is gathering information about archival concerns for preserving and making available quantified and quantifiable sources. He would appreciate accounts by cliometricians and other users of such sources about their experiences - positive or negative - in seeking any conventional or automated data files from governmental and non-governmental archival institutions. His address is: 5005 Elsmere Avenue, Bethesda, MD 20814.

The University of Minnesota announces a conference on "The Rise of Merchant Empires: Changing Patterns of Long-Distance Trade, 1350-1750" to be held October 9-11, 1987 at the Radisson University Hotel in Minneapolis. The conference will feature major papers by six leading specialists, each presenting comparative treatment of their subject on a global basis. Short papers related to the major topics will accompany each. At the sessions, papers will be discussed, not read aloud.

Those interested should write for a brochure and information to: Lucy Simler, Associate Director, Center for Early Modern History, Dept. of History, 614 Social Sciences Building, 267 19th Ave. S., Minneapolis, MN 55455.

27th Clio Conference *(cont. from page 3)*

efficient. There were several questions about the statistical technique. Some discussion focused on whether these plants were built ahead of demand.

The conference's last paper was by Steve Broadberry on the macro-economic trends in Britain during and after WW II. He concluded that only because of the war could the government increase expenditures without inflation by instituting rationing and controls. There was much discussion of whether the low interest rates during the period were an illusion or due to credit controls, and if this meant there was no crowding out of private investment during the period. *Abstracts in Section II.*