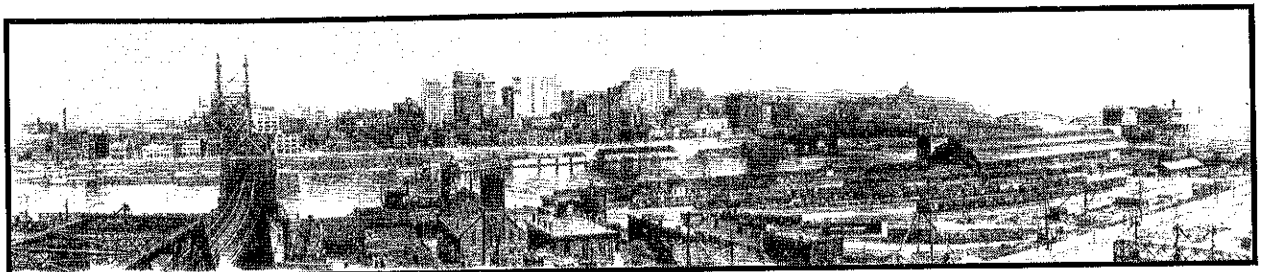
The Newsletter of

The Cliometric Society

Fall 2006 Vol. 21 No. 2



Pittsburgh Skyline 1907

Report on the 44th Cliometrics Society Conference

By Kripa Freitas and Marianne Hinds, both Northwestern

(Binghamton) The 44th Annual Cliometrics Conference was held June 2-4, 2006 in Binghamton, New York. Susan Wolcott and Chris Hanes (both Binghamton) and the Binghamton Economics Department wowed participants with their hospitality, while Ann Carlos (Colorado), Price Fishback (Arizona), George Boyer (Cornell), and Lee Craig (North Carolina State) represented the program committee at the three-day sessions. Greg Clark (UC-Davis) and Lee Alston (Colorado) also served on the program committee.

The conference began with **Naomi Lamoreaux** presenting her paper, "The Decline of the Independent Inventor: A Schumpeterian Story?" written with **Kenneth Sokoloff** (both UCLA and NBER). The standard Schumpeterian argument is that the rise of the large firm would make entrepreneurs obsolete. They test this argument by examining patterns of patenting activity by innovators using data from the early 20th century. They discover some evidence for Schumpeter's argument but also find regional patterns that underscore the importance of venture capital.

In the discussion, John Nye (Washington University) felt that they dealt with three issues rolled into one: the nature of the capital market, incentives for vertical integration, and the market for inventors itself. Stefano Fenoaltea (Universita di Roma Tor Vergata) said that Schumpeter talked about the role of entrepreneurs and not inventors. He failed to see the connection between the decline in invention and the Schumpeterian story. Simone Wegge (CUNY) wondered if there was more technology change going on without patent protection. Carlos asked for more information on who the patent officers were and how are they were trained. Paul Rhode (North Carolina) suggested using a later sample to look for missing patents. Karen Clay (Carnegie Mellon) thought the authors should use IPUMS data to see how the potential pool of inventors changes over time. Hanes was concerned about picking up industrial patterns in regional effects. Wolcott and William Sundstrom (Santa Clara) wanted a breakdown of large firms by industry

(Continued on page 17)

What's Inside

Executive Director's Notes

Greetings Gentle Members:

It's all business these days here at the home office. First, many thanks to Susan Wolcott and Chris Hanes for hosting the 2006 Cliometrics Meetings in Binghamton, NY. They even had the group over to their home for dinner. This was above and beyond the call of duty. You might have heard how your director was so overwhelmed with emotion that he wept. Well, it was just something in my eye. Look for the details of the meetings, including the Tarheel Tattler's report, elsewhere in this issue.

Trustees Jane Humphries (Oxford) and George Grantham (McGill) have moved on to wherever it is that old trustees go. Fear not, however, because they will be replaced by Shawn Kantor (UC-Merced) and Gillian Hamilton (Toronto).

THE CLIOMETRIC SOCIETY
Department of Economics
Box 8110
North Carolina State University
Raleigh, NC 27695-8110
USA
E-mail: csociety@eh.net

Elected Trustees

Lee Alston
Steven Broadberry
Gillian Hamilton
Philip Hoffman
Shawn Kantor
Paul Rhode
Richard Steckel
Thomas Weiss

Ex Officio Trustees

Giovanni Federico, *EHES Representative*
Lee Craig, Executive Director, *The Cliometric Society*
Michael Haupert, *Cliometric Newsletter Editor*
John Murray, *EH.Net Representative*
Robert Margo, Editor, *Explorations in Economic History*
Samuel Williamson, *Former Director*

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

Michael Haupert, Editor
Jean Bonde, Managing Editor
Mary Beth Combs, Associate Editor
Pamela Nickless, Associate Editor

Copyright©2006 by The Cliometric Society, Inc..

Also, at the risk of taxing the extent of your bourgeois virtues, nearby is the Society's budget for '06. Your director is happy to report that the lights will be on for another year.

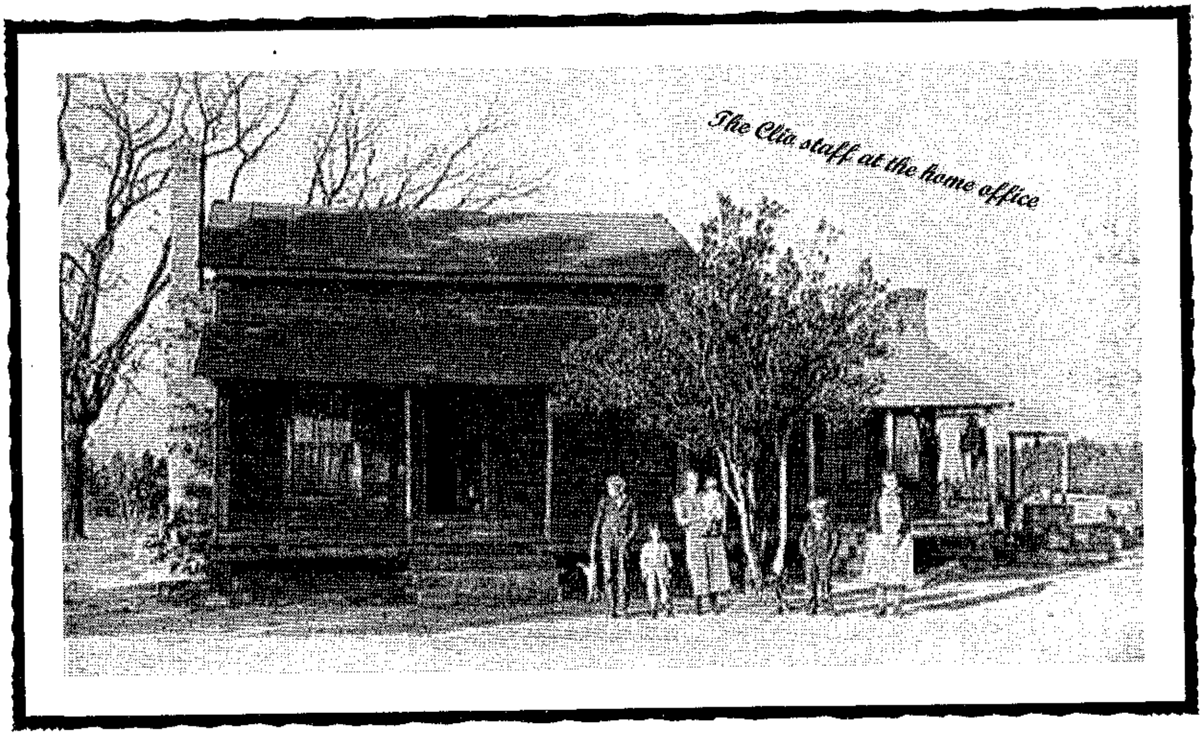
As for other business, the *Newsletter* also includes the summaries of the Economic History Association and Cliometric Society sessions at the Allied Social Sciences Associations meetings in Chicago, IL January 5-7, 2007. I thank our program committee – Werner Troesken (Pittsburgh), Melissa Thomasson (Miami), Lee Alston (Colorado), and Robert Margo (Boston University) – for putting together the usual outstanding program. Unfortunately, your director will not be in Chi-town in '07. Alas, other duties call. But, there will be a Cliometric Society reception. Details will be announced at the Clio and EHA sessions at the meetings.

The 2007 Annual Cliometrics Conference will be held in Tucson, Arizona. Sadly, it will be the Clio farewell of Price Vanmeter Fishback. After several years of overseeing the Clio grant and the Cliometrics Meetings, PVF moves on. All things must pass, and Lee Alston and Ann Carlos have picked up the torch. So, the light goes forward. Still, as much as I look forward to working with Lee and Ann, I will miss working with Price. I won't miss rooming with him at Clio meetings, but I *will* miss working with him. A lot! That reminds me; anyone in the market for a roomie?

I look forward to seeing you in Tucson.

Lee A. Craig,
Executive Director

2005-2006 Clio Budget Summary			
	2005	2005	2006
Income	***Budgeted***	***Actual***	***Budgeted***
Dues – Regular	$7,875	$7,042.50	$7,785
Dues – Students	125	137.50	155
EEH Subscriptions	14,400	16,380.00	15,300
EHES Dues Collected by Clio	5,820	6,693.00	5,820
Donations	1,750	1,883.00	1,800
Interest and Other Income	0	850	85
Total Income	$29,970	$32,986	$30,940
Expenses			
Salaries	$1,500	$3,296.73	$1,500
Newsletter	4,000	4,008.91	4,000
Academic Press	13,760	14,403.30	14,620
Clio Member Dues Remitted to EHES	4,500	5,055.71	5,250
IEHA Dues	250	215.98	220
Director's Travel and Trustees Meeting	1,350	1,350.00	1,300
Bank, Credit Card, and Wire Fees	1,850	1,826.49	1,825
ASSA Meetings	1,450	1,502	1,350
Office Expenses	500	431.56	350
Other Expenses	250	147.80	0
EH.Net Dues	500	500	500
Total Expenses	$29,910	$32,739.13	$30,920
Operating Surplus	$60	$246.87	$20



An Interview with Douglas Farnie

Douglas Farnie is Visiting Professor at Manchester Metropolitan University, having previously been at the University of Manchester from 1960 to 1990. He is the author of ***East and West of Suez: The Suez Canal in History 1854-1956****, the definitive study on this world-altering, infrastructural construction. In addition, he is an acknowledged expert on the key industry of the Industrial Revolution, the Lancashire cotton industry, and is author of* ***The English Cotton Industry and the World Market, 1815-1896****. It used to be said that to be an economic historian, one had to be born within a 25-mile radius of the city of Manchester, and Douglas fits this description perfectly. As another of the diminishing, and indeed almost extinct, breed, Douglas and I have been friends for many years and through many and various conferences. This interview was conducted by A.J.H. Latham via mail and telephone and finalized on October 20, 2004.*

Douglas, we are fellow Lancastrians and old friends from many conferences. I see you as probably the last true member of the internationally famous Manchester School of Economic History. Can you tell us a little about George Unwin and the leading lights of the School? George Unwin was, I think, the first Professor of Economic History in Britain and the British Empire as it was then, although in 1892, Harvard had appointed the first Professor of Economic History in the world.

The Manchester School of Economic History was a product of the Manchester School of History, created in 1890 by T. F. Tout. In 1910, Tout appointed George Unwin as professor of economic history. In return, Unwin raised the department to new eminence within the world of scholarship, changing the emphasis of instruction from politics to society. His lasting achievements were fourfold. First, he established the first academic school of economic history in Britain and enlarged the horizons of the subject. He elevated it to a higher criticism of political history, locating the springs of action within the small voluntary groups of society rather than the State. Secondly, he imported into England the German tradition of research established by Schmoller and established the first British school of research into economic history. He unearthed a large clutch of business records and pioneered the study of economic history upon the basis of original sources. He thereby set the example followed by his disciple, G. W. Daniels, who in turn, in 1931, established the first school of research in economics in the UK. Thirdly, he pioneered the publication of a series of studies of economic history by Manchester University Press, wherein ten volumes appeared during the decade 1924-1934. And lastly, he served as an inspiration to a group of notable scholars through his incandescent personality and his stimulating conversation. Those scholars included T. S. Ashton, R. H. Tawney, J. L. Hammond, G. H. Tupling, H. L. Beales, Eileen Power, J. F. Rees, C. R. Fay, and Conrad Gill. Ashton in particular became the true intellectual heir of Unwin and maintained close relations with another associate, A. P. Wadsworth of the *Manchester Guardian.* In 1948, Ashton produced the study of the Industrial Revolution which Unwin himself had always aspired to write. He also encouraged R. S. Fitton of Manchester Polytechnic to build up an associated school of economic history and business history. Ashton's brother-in-law, Arthur Redford, had been a medievalist but was converted by Unwin and became an economic historian. W. H. B. Court rightly ranked Unwin with Tawney and J. H. Clapham as the three founders of the academic study of economic history in Britain. In 2004, Unwin became the only Manchester economic historian to merit inclusion in the new *Oxford Dictionary of National Biography*.

The great days of the School have now passed, and I wonder if you can account for its decline?

The School had risen in harmony with the staple trade of Lancashire and reached its apogee in 1920-1924, when it was dominated by the trio of Unwin, Daniels, and Ashton. When the cotton trade declined after the climacteric of 1926, the School also suffered a decline. In that process, one may distinguish certain causative factors. The spread of interest in economic history throughout Britain and the emergence of new centers of excellence, especially in Cambridge and at the London School of Economics, inevitably reduced the relative importance of the Manchester School and ultimately shifted the focus of interest away from the Industrial Revolution. Thus, the golden age of economic history in the UK between 1945 and 1975 became an era of relative decline for Manchester. In addition, the emergence during the 1930s of a new social and economic philosophy hostile to that of the Manchester School and the descent of the great wet blanket of collectivist thought upon the English intelligentsia diminished its standing in the estimation of the rising generation. Finally, the expansion in the amount of source material available for study shattered the quasi-monopoly hitherto held by Manchester in the field of original sources. That trend was accentuated by the establishment of county record offices, by the publication of a long-term series of historical statistics, by the reprint boom of the 1960s, and by the advent of the photocopier. Above all, the birth of the new economic history in the US launched a revolution in method for which Manchester was wholly unprepared.

In 1966, the annual conference of the Economic History Society was held for the first time in Manchester. Robert Fogel of Chicago delivered a keynote address on "The New Economic History" to a plenary session of the conference. The place, the speaker, and the subject seem to have been chosen with some deliberation in order to introduce the new model of the subject to Manchester. The emergence of the new economic history after 1956 undoubtedly presented a major challenge to the type of empirical economic history which had become the standard approach of Manchester scholars. Redford, as the successor to Unwin, had maintained a tradition unequalled elsewhere in its longevity (1910-1961) but one inevitably resistant to change generated from the outside. The new approach to the study of the subject matured under the influence of economics rather than of history. It deployed a formidable armory of weapons in economic theory, in the counterfactual hypothesis, and in techniques of quantitative measurement as well as of national accounting. Phyllis Deane and W. A. Cole became the earliest English representatives of the new school and, in 1962, launched a quantitative reappraisal of British economic growth since 1688. The new economic history was extended in range to the cotton industry by the geographer E. A.Wrigley of Cambridge in 1962 and to the iron industry in 1973-1977 by C. K. Hyde of Gary, Indiana.

It was of some significance that the work of both Deane and Wrigley undermined the traditional interpretation of the Industrial Revolution and especially minimized the role played by the cotton industry in that process. It had been Manchester scholars such as Unwin, Daniels, Wadsworth, and Redford who had first placed the study of the history of the cotton industry upon solid foundations. None of their successors took part in the process of reinterpretation or mounted an effective challenge to the revisionists. Nor did they play any role in the compilation of the great statistical compendia of 1962 and 1972, which placed the economic history of the UK and of Europe upon wholly new foundations. Only in 1974 did Manchester pay nominal homage to the new economic history by appointing Theodore Balderstone to its staff.

The relative decline in importance of the School was reflected in its loss of national status. The Economic History Society, founded in London in 1926, evolved largely independently of the influence of Manchester and held only two of its annual conferences in that city. Only one Manchester scholar, Michael Flynn, was elected to its presidency. Only two local scholars, A. E. Musson and M. E. Rose, wrote pamphlets in 1972 for the Society's series of studies in economic and social history. In 1971, Negley Harte published a collection of 21 inaugural lectures delivered between 1893 and 1970 but included only a single lecture delivered by a Manchester scholar, that being Unwin.

Can you tell us a little about your own career?

In 1948, I became an undergraduate in the Honours School of History at Manchester. During the next two years, I attended survey courses in the first year by Eric Stone and W. H. Chaloner and in the second year by T S. Willan. In my final year, I chose to take Arthur Redford's Special Subject, "The Age of Economic Reform, 1830-1848." The most truly inspiring teacher I found at Manchester, however, was Lewis Namier in his exposition of the history of Europe titled "From Vienna to Versailles' 1815-1918." In the Students' Union, I was duly impressed by the personal appearances made by Charles Laughton and Greer Garson, as well as by Hewlett Johnson, "the Red Dean" of Canterbury.

I completed my M.A. thesis in two years, 1951-1953. On the advice of Professor Redford, I undertook research upon the history of the cotton industry, and I remain lastingly grateful for his recommendation of that particular subject. His intention was that I should study the business records of the firm of W.G. & J. Strutt of Belper and Milford, producing a complementary account to the work of Fitton. I found, however, the Strutt records incomprehensible; no later scholar has proved able to use them either. I did extend my range of interest from a single firm to the whole of the industry by consulting, at Somerset House in London, the original files of the 1046 companies registered in the English cotton industry between 1845 and 1896. The subject of the cotton industry has continued to interest successive generations of students around the world, in sharp contrast to other topics that I have dallied in.

In 1953, I moved to South Africa, where I spent seven happy years at the University of Natal at Durban and learned that history was not a dead subject, as in England, but a living reality. While there, I widened the range of my interests. I lectured on the history of Western civilization, beginning with prehistory and using as a textbook *What Happened in History* by the Australian Marxist, V. G. Childe. I also taught the economic history of South Africa from 1795. I was influenced by the Russian-American sociologist, P. A. Sorokin, and the South African anthropologist, J. D. Krige. From Sorokin, I learned how truly extensive the full range of social theories is, and from Krige, I learned of the crucial role of hierarchy in the value system of a culture. I also compared the rise of the poor whites in South Africa and in the American South. Finally, I began research upon the history of the Suez Canal, stimulated by the outbreak of the Suez Crisis in 1956.

Then you were appointed to a post in Manchester. Who were the big names in Manchester at the time, and how did you find Manchester on your return?

In 1960, I was appointed to a lectureship in Manchester together with Eric Robinson. Professor Redford had increased the number of economic historians within the department from four in 1945 to ten in 1958. Those ten included specialists in early modern European economic history, modern European economic history, the history of social and economic thought, local history, and social history. The older generation of scholars was represented by Willan, Tupling, W. O. Henderson, Chaloner, and Werner Stark. The younger generation included Musson, E. R. R. Green, and H. J. Perkin, along with J. M. W. Bean for medieval economic history.

The pattern of intellectual activity was essentially individualist in orientation. Each scholar pursued in isolation his own particular line of research. Redford had employed Brian Clapp as his research assistant, and Perkin tried to persuade his colleagues to contribute a volume each to his new series of *Studies in Social History*. Joint activity, however, remained the exception, being limited to the publications coauthored by Henderson and Chaloner and by Musson and Robinson. No departmental or sectional meetings were held except for examination purposes. Even the Tout Society, established in 1922, ended in 1975 when members of the staff lost interest in history outside their own specialized field. I myself replaced H. G. Koenigsberger, lecturing on the early modern economic history of both Europe and England together with medieval economic history. My favorite course became the one devoted to the economic history of Europe, 1500-1815, wherein I came under the influence of Braudel.

During my 30 years in the department, the School increased its intake of students but suffered from a growing loss of national influence. First, Redford had himself, under pressure from the professor of ancient history, "sold the pass" by accepting in 1958 the creation of an option for undergraduates within the department which excluded the study of economic history. He also agreed to the downgrading of economic history to optional status within a reconstructed B.A. (Economics) degree. He sought to secure an appointment to a Research Chair in Economic History in order to cushion his retirement but was denied that privilege by the University. Secondly, the publication in 1958 of a new edition of Engels by Henderson and Chaloner aroused widespread hostility towards them within the expanded ranks of the profession and even within the Department of History at Manchester itself. The book was denied any review in the pages of the *Economic History Review*, the *English Historical Review*, and the *Times Literary Supplement*. In reprisal, true believers in the work of Engels as a sacred text secured the reprinting of the outdated translation by Florence Kelley four times. Thirdly, the appointment of a successor to Willan proved to be a long, drawn out, and contested affair. The faculty wanted to introduce new blood and new ideas into Manchester. Chaloner was therefore passed over. Charles Feinstein was offered the chair but declined to accept. Finally, Musson was appointed. In 1974, one of his first acts was to appoint Theodore Balderstone as a token representative of the new economic history. He then sought to secure the promotion of Chaloner to a personal chair but encountered much opposition from within the profession. Only in 1976 was Chaloner, after 22 years of service within the department, grudgingly elevated to such a chair. Musson next proposed and organized a *Festschrift* in honor of Chaloner. Manchester University Press agreed to publish the work but then reneged on its agreement. Sales of similar *Festschriften* for Henderson in 1975 and for Willan in 1977 had proved disappointing. In 1973, the press had made a profit for the first time in its 70-year history and had become enamored of the market for textbooks and for newly fashionable themes. During his tenure as chair, Musson maintained the level of staffing within his section, but he proved unable to withstand the encroachment by modern historians into its traditional territory. Those modernists had become thoroughly bored with political history and naively aspired to embrace the "total history" favored by publicists of the Annales School. At least eight modern historians acquired a vested interest in the field of social and economic history without encountering any opposition from the lecturers in economic history.

Lastly, Manchester suffered a second interregnum in 1982-1988, when Musson, under government pressure to cut university funding, took early retirement. The chair in economic history was thereafter allowed to lapse. The remaining members of the section pursued their own specialized research into the economic history of Germany, Russia, Spain, Africa, and the Far East until, in 1988, an economist, Robert Millward, was appointed to the revived chair in economic history.

Your first big book was your famous study *East and West of Suez: The Suez Canal in History 1854-1956*. This is a massive work. How was it received, and what do you see as its major message?

This work was the subject of my doctoral thesis and set the history of the Suez Canal within a global perspective, seeking, in emulation of L. J. Ragatz, to avoid a blatantly Eurocentric viewpoint. I was concerned to study not the construction of the waterway (which had been undertaken innumerable times before) but the history of its commerce and shipping after the ceremonies of inauguration had come to an end. I therefore examined the changing role of the waterway through an entire century of operation. I considered the successive emergence of the great staples of trade between East and West, from the raw cotton of Bombay in the 1870s to the crude oil of Kuwait in the 1950s, an approach which necessitated a detailed investigation of the economic history of much of Asia. I came to recognize that the Canal had served as a barometer reflecting the changing relations between two worlds and thus sought to examine its political, diplomatic, legal, and military history. I concluded that the Canal had been less important as a trade route than as a highway of empire and that its economic function had been exaggerated at the expense of its strategic function. I nevertheless cast grave doubt upon the claim first made in 1961 that the British occupation of Egypt had been a response to the Suez Crisis of 1882.

The book was very widely reviewed because it exploited the evocative appeal of the world to the east of the Suez. It appeared in the centenary year of the opening of the Canal and the aftermath of the agonizing debates precipitated by the Suez Crisis and the Seven Day War of 1967, which led to the decision to withdraw British forces from all their bases east of Suez. The book's influence, however, proved much more limited, judging by the lack of citations made by historians. In 1895, P. H. Ditchfield published *Books Fatal to Their Authors*. The Suez book may well be ranked as one such work. For whatever reason, it never aroused the interest of scholars to the same extent that my work on the cotton industry has. Nevertheless, it did generate two later studies. One is an essay devoted to "The Rise and Decline of the Oil Traffic of the Suez Canal, 1929-1991," wherein I argue that the Suez Crisis of 1956 had been the subject of innumerable political histories but that its economic significance had never received the attention it deserved. The second is a general survey published in 2003, in which I state that, contrary to general belief, the opening of the Canal had not ushered in a new era in the economic development of Asia.

Then you turned your focus, not surprisingly, to Manchester and the cotton industry, resulting in *The English Cotton Industry and the World Market 1815-1896*. This again was a milestone in our understanding of the key industry of the Industrial Revolution.

The 1979 book embodied a major revision and extension of my M.A. thesis, from which had sprung my first published articles on the commercial development of Manchester in the late 19th century and on textile technology. It also formed a belated sequel to the work of Wadsworth and Mann and reflected a change in the emphasis apparent in my thesis from technology to trade. In particular, I stressed the importance of the long waves of economic life first identified by Kondratiev in 1922, especially the long-term depression of prices during the years 1815-1849 and 1873-1896. In methodology, it represented a distinct advance upon the Suez book because it first made effective use of growth rates, a feature which appeared in all my later work on the industry. I used the UK statistics of trade in order to study trends in the world markets and to do so with particular reference to the great markets of India and China. Within Lancashire, the book focused on the rise of the mill towns and especially upon the emergence of Oldham during the 1860s as the main center of cotton spinning. I also included a mildly revisionist interpretation of the cotton famine. The work was received with respectful enthusiasm in the US and in Japan, leading to a series of visits to both countries. The subject has supplied me with an "iron rice-bowl," which has sustained me throughout my academic career. Indeed, most of my later work has centered on the history of the cotton industry. A rare venture into industrial archaeology took the form of a survey of the 16 cotton spinning towns of Greater Manchester, which sought to undermine the inherited stereotype of the mill town and revealed how every single town had its own distinctive pattern of development. A detailed study of Oldham, the birthplace during the boom of the 1870s of working class investment in local industry, confirmed the value of this approach.

You have been very active with your Japanese contacts, including Heita Kawakatsu of The International Research Centre for Japanese Studies, Kyoto. This has resulted in your coedited collection of papers, *Region and Strategy in Britain and Japan: Business in Lancashire and Kansai, 1890-1990.* Again, what was the main line of thought in this collection?

My work on Asian economic history was fostered by my military service in India, by my research for the Suez book, and by my continuing interest in the history of the world market. Japan, however, proved a revelation and still remains a source of fascination. The first Japanese scholar I met was Heita Kawakatsu, a postgraduate student of Peter Mathias. Then, at the invitation of Shin-ichi Yonekawa, I attended the Fuji Conference on Business History and published a paper in its proceedings on "The Structure of the British Cotton Industry, 1846-1914." My 1958 essay on textile technology had already been published in Japanese in 1978.

My interest in this field was also encouraged by you, John, by my offer of two papers at the Milan Congress of 1994 and by my organization of a session at the Madrid Congress of 1998. Thereafter, I set the rise of "the little tigers" (Hong Kong, Taiwan, and South Korea) in the context of "Four Revolutions in the Textile Trade of Asia, 1814-1994." Kaoru Sugihara encouraged me to consider "The Role of India in the International Economy, 1930-1990" and strengthened my interest in the career of Freda Utley as an interlocutor between East and West. Hugh Cortazzi, on behalf of the Japan Society, invited me to contribute a biography of Freda to a collection of essays that was published in 2002. My association with David Jeremy eventually produced *Region and Strategy*. This work contrasted the meteoric expansion of the region of Kansai during the century 1890-1990 with the remorseless decline of the economy of Lancashire. I concluded that by 1990 the business culture of Manchester had undergone an almost total eclipse.

Are there any projects you have worked on that we have not mentioned?

There were two early articles applying the staple theory to the history of South Africa, "The Mineral Revolution in South Africa," and of Anglo-American trade, "The Commercial Empire of the Atlantic, 1607-1793." The latter article led me to be dubbed a neo-Smithian and, later, an "Atlanticist." I also published a history of the Manchester Ship Canal, 1894-1975, which looked at the staple trades in cotton and oil and aroused some degree of regional interest. In 2001, I was encouraged by Pat Hudson to produce not only a brief biography of George Unwin but also a *Bio-Bibliography of Economic and Social History*, listing 700 names that was eventually expanded to a listing of 3,000 names.

After you retired from Manchester University, you became a Research Professor at Manchester Metropolitan University, attached to the Centre for Business History. What topics interest you now, and what projects are you working on?

In 1992, I became associated with David Jeremy and Geoffrey Tweedale at the Manchester Metropolitan University. I found the new experience refreshingly different from the etiolated life in the Department of History at the University of Manchester. I still remain interested in the history of the cotton industry and have recently been occupied with a study of the history of the weaving towns of northeast Lancashire as a complement to my 1992 study of the spinning towns of southeast Lancashire. Because weaving had become essentially women's work, I have had to undertake a detailed study of the history of female labor within the industry, a topic which has led me once more into the sphere of comparative history, especially in relation to the US and India.

These are difficult days for economic history, with publishers increasingly reluctant to take works on Britain and the Industrial Revolution and more interested in issues of world economic history. Do you see this as the direction for the future?

Economic history in Britain has been fortunate insofar as it has survived the onslaught of the cultural imperialism of the Annales School, which became manifest with the translation of Braudel's work in 1972. I would agree that world economic history may well represent the wave of the future, moderating the ineradicable parochialism and insularity of British scholars. There remain, however, certain constraints in relation to sources, languages, and method, which may well limit the extent of any contribution to be made by British scholars. The liberal left consensus within the profession may well dispose its members to favor global social history rather than global economic history. That consensus became strikingly apparent during the annual conference at Leicester in 1992 when the result of the general election resulted in a Conservative victory and so spread gloom and despondency amongst the delegates. Above all, British scholars may well prove as resistant to the abandonment of the study of the Industrial Revolution as they have proved to be to the sacrifice of their beloved peasantry in the wake of Alan McFarlane's *The Origins of English Individualism*.

Do you have any other reflections on the state of economic history after a lifetime in the subject?

All scholars have a threefold duty: to their subject, to their students, and to the general public. Since the time of Unwin, successive generations of scholars have, however, concentrated upon their subject at the expense of other commitments, writing only for one another. That trend has been accentuated by the research assessment exercises to which the British government has subjected universities since 1985 and upon which their funding remains dependent. The result has been to widen the gap between the profession and the public to an almost unbridgeable degree. The results of research are increasingly couched in esoteric language unintelligible to the layman. Lay members of the public regularly attended annual conferences of the Economic History Society until 1978. They no longer do so. Membership in the Economic History Society reached an all-time peak during 1976. From 1977 on, individual membership first sank below library membership, and, by 1998, total membership had declined by 40%. Students have deserted the subject in droves, declining to accept the assurance made by Floud and McCloskey in 1981 that economic history is "an exciting subject, a subject full of problems and controversy." The prognosis for the immediate future must remain unfavorable. The subject will, however, return to favor when it once again associates itself with the great and permanent interests of mankind. Above all, its practitioners should rediscover the lost art of communication and once more speak clearly to the wider public.

We will close on that optimistic note. Thank you very much, Douglas, for agreeing to this interview.

Selected References:

Farnie, Douglas

"A Bio-Bibliography of Economic and Social History" in *Living Economic & Social History* (Pat Hudson, ed.). Glasgow: Economic History Society, 2001, 445-480.

East and West of Suez: The Suez Canal in History, 1854-1956. Oxford: Clarendon Press, 1969.

"The Commercial Development of Manchester in the Later Nineteenth Century," *The Manchester Review* (Spring 1956), 326-337.

"The Commercial Empire of the Atlantic, 1607-1783," *Economic History Review*, Second Series 15:4 (1962), 205-218.

The English Cotton Industry and the World Market 1815-1896. Oxford: Clarendon Press, 1979.

"The Cotton Towns of Greater Manchester," in *Cotton Mills in Greater Manchester* by Mike Williams and D.A.Farnie. Preston: Carnegie Publishing Ltd. for GMAU in association with the RCHME, 1992, 13-47.

"Four Revolutions in the Textile Trade of Asia, 1814-1994: The Impact of Bombay, Osaka, the Little Tigers and China," in *Asia Pacific Dynamism 1550-2000* (A .J. H.Latham and Heita Kawakatsu, eds.). London: Routledge, 2000, 49-69.

"Freda Utley, 1899-1978: Crusader for Truth, Freedom, and Justice," in *Britain and Japan: Biographical Portraits v.4*, (Hugh Cortazzi, ed.). London: Japan Society, 2002, 361-371.

"George Unwin (1870-1925), Founder of the Manchester School of Economic History," in *Living Economic & Social History* (Pat Hudson, ed.). 2001, 75-80.

The Manchester Ship Canal and the Rise of the Port of Manchester, 1894-1975. Manchester: Manchester University Press, 1980.

"The Mineral Revolution in South Africa," *South African Journal of Economics* 24 (1956), 125-134.

Business History Conference Prizes 2006 Recipients

At the Business History Conference annual meeting in Toronto, June 10, 2006, officers announced the following recipients of BHC prizes and grants:

Business History Conference Lifetime Achievement Award
The award is bestowed every two or three years to a nominee who has contributed the most to the work of the Business History Conference and to scholarship in business history.
K. Austin Kerr, Ohio State University

Howard F. Williamson Prize
The prize is awarded every two to three years to a mid-career scholar who has made significant contributions to the field of business history.
Pamela Laird, University of Colorado-Denver

Hagley Prize
The prize is awarded jointly by the Hagley Musuem and Library and the Business History Conference to the best book in business history (broadly defined) written in English and published during the two years prior to the award.
Pamela Laird, University of Colorado-Denver
Pull: Networking and Success Since Benjamin Franklin (Harvard University Press, 2005)

Herman E. Krooss Prize
The prize recognizes the Best Dissertation in Business History written in English and completed in the three calendar years immediately prior to the annual meeting.
Shane Hamilton, University of Georgia
Trucking Country: Food Politics and the Transformation of Rural Life in Postwar America (MIT, 2005)

Newcomen Article Prize
This prize recognizes the author of an article published in *Enterprise & Society* judged to be the best of those that have appeared in volume previous to the year of the BHC annual meeting.
Tony Webster, Edge Hill College
"An Early Global Business in a Colonial Context," *Enterprise & Society* v.6 no.1 (March 2005)

K.Austin Kerr Prize
The prize recognizes the best first paper delivered at BHC annual meeting by a new scholar (doctoral student or those within three years of receiving their Ph.D.).
Michelle Craig McDonald, Harvard Business School
"The Drink of Diplomats: Government Intervention in the U.S. Coffee Re-Export Trade, 1790-1805"

All-Ohio Economic History Seminar

By Ben Baack, Ohio State University

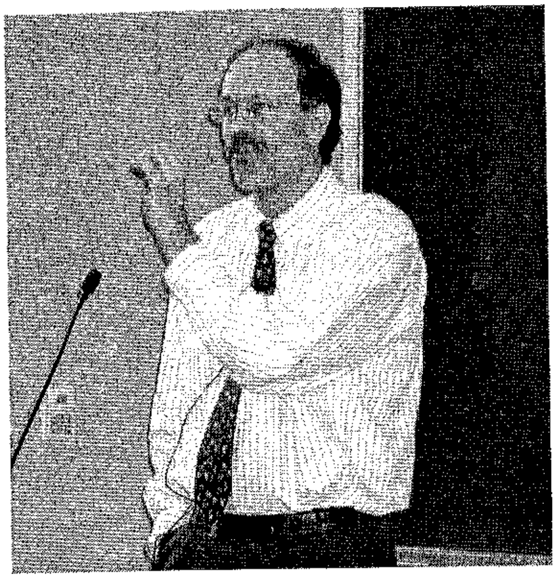
(Columbus) The spring session of the All-Ohio Economic History Seminar convened on April 21, 2006 at the Ohio State University John Glenn Institute for Public Service and Public Policy. This year's seminar, "Institutions and Economic Performance," was organized by Rick Steckel, Ben Baack, and Trevon Logan (all Ohio State), and the featured speakers were Price Fishback (Arizona) and Gary Libecap (UC-Santa Barbara). The event was webcast live and is now archived at www.econ.ohio-state.edu/events/allohio.htm.

Price Fishback began his discussion of the New Deal by relating that a considerable amount of research has focused on the motives behind the Roosevelt Administration's distribution of federal funds during the Great Depression. A contributor to this research, Fishback has now begun to examine various measures of economic activity in order to study the impact of the New Deal on the American economy. For example, in "The New Deal and the Diffusion of Tractors in the 1930s," written with **Shawn Kantor** (UC-Merced) and **Todd Sorensen** (Arizona), the authors attempt to establish the extent to which a relationship existed between New Deal programs and the adoption of tractors in agriculture. They use data on the distribution of funds across counties from the US Office of Government Reports and look at funding from the Agricultural Adjustment Administration, Farm Credit Administration, and Farm Security Administration programs. The results indicate that the tractor, which we now consider to be one of the more important technological developments of the 20th century, had a significant rate of adoption throughout the Great Depression. Furthermore, all three of these New Deal programs had the effect of stimulating the adoption of tractors. The authors also consider and find evidence for other key variables that influenced the adoption rate of tractors, such as soil characteristics, climate, urbanization, and crop mix.

Following the presentation, a variety of questions were raised. Jim McClure (Ball State) asked about the nature of the data – specifically, whether Fishback had considered the change in the quality of tractors during the decade of the 1930s. Fishback explained that while it is clear that changes in the technology of tractors had occurred, the object of this study was to determine the influence of New Deal programs upon tractor adoption. Joe Kaboski (Ohio State) wondered whether farmers ever pooled their purchases of tractors. Fishback replied that there is some evidence that pooling did happen occasionally. From other questions raised, it became clear the participants in the seminar appreciated the irony that while some New Deal programs were designed to cut agricultural production, the programs considered in this paper served to promote the adoption of tractors.

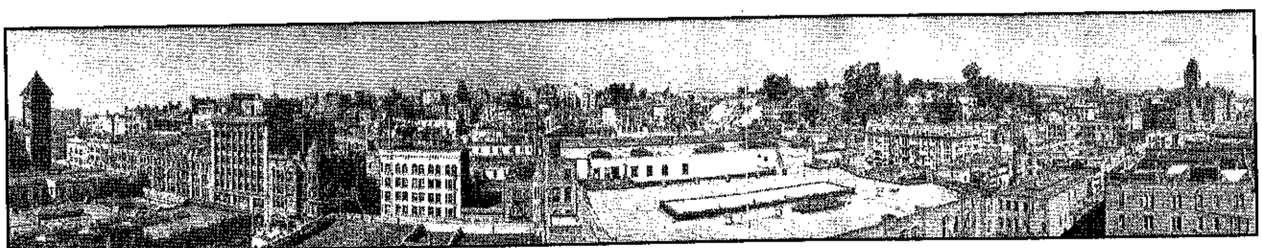
Next, **Gary Libecap** presented some findings from his new book, *Chinatown: Owens Valley and Its Meaning for Western Water Today*. Libecap reported that between 1905 and 1935, in what turned out to be one of the largest acquisitions of land and water rights by a local government in American history, the city of Los Angeles purchased nearly 1,200 privately owned farms along with their associated water rights in the Owens Valley. At the time of the purchase, some believed that Los Angeles was engaging in "water theft" and referred to the purchase as "California's Little Civil War." In a reexamination of the purchase, Libecap studies the bargaining costs incurred, the timing of the sale, and the prices paid for the land and water rights. Bargaining was complex and expensive for a variety of reasons. The Los Angeles Board of Water and Power, which represented the city, made offers based on the value of the agricultural productivity of the farms rather than the value of water in Los Angeles, which was much higher. The farmers, however, wanted a share of the surplus for reallocating water to Los Angeles. Both sides bargained with incomplete information: the Board negotiated with a large number of heterogeneous farms, and the farmers did not know what the Board was willing to pay. Some farmers, in general at a disadvantage in the negotiations, resorted to forming sellers' pools. The results of the study indicate that the Board's stronger bargaining position enabled it to acquire water for a price that was much closer to its lower value for farming than its higher value in Los Angeles.

Bruce Weinberg (Ohio State) wanted to know why the unit of sale was acres of land rather than units of water. Libecap responded that in the Owens Valley case, farmers who owned the land also held the rights to its water. Therefore, the issue was the agricultural value of water per acre of land versus the value of water to the city of Los Angeles. Other questions focused on why alternative contractual arrangements had not been considered. Steckel was curious whether the negotiators had considered leasing instead of sales. According to Libecap, the Board believed that leasing arrangements were too uncertain. Libecap concluded the session by pointing out that one could view the story of the Owens Valley land sale as a success story for the farmers rather than water theft by the Board, since the farmers did better by selling than they would have done had they stayed in farming.



All work and no play for Price Fishback

The All-Ohio Economic History Seminar will reconvene in the spring of 2007. Specific details will be announced on EH.Net as soon as they are available.



Los Angeles 1909

Braying from Binghamton

By The Tarheel Tattler

The Clioms gathered in not-so-sunny Binghamton, New York to present the 20th Annual Great Clio Quote Award. Actually, they did some other stuff, as they always do, but the Tattler often finds himself a bit befuddled by all that and so is happy to be charged only with reporting on the Quote. For you novitiates, the Award goes to the Cliom who, in the heat of battle, utters the most universally profound insight at the annual Cliometrics Conference. That person becomes the heir or heiress to the inaugural winner, which we recite each year: "Never open a can of worms larger than the universe." Indeed. We also like to share last year's winner, just to prove that when it comes to universally profound insights, the Clioms aren't losing their edge. As that dapper fellow from Delaware told us in Lake Tahoe, "A career is forever; a man is for ten years."

At a time when a good part of the world is on one side or the other in the War on Terror, it was heartening to see the conference get off to a warm fraternal start when a senior, but by no means superannuated, Cliom from Italia, by way of Hahvahd, told the dearly gathered that, "Argentina is just a blip." With what could only be considered a misguided sense of nationalism, another of the Old Guard, this one Canadian, chimed in with: "Canada is an even smaller blip than Argentina." The Old Guard seemed genuinely hurt when, in response, the young author of the paper being discussed replied: "Someone already told me that about Canada." To which, in order to recover some national self-esteem, the Old Guard later came back with: "Canadians are slow, but they pay attention." O Canada. He stands on guard for thee.

Now, as first-timers might have heard, Clio has a well-earned reputation for being somewhat vicious. For better or worse, that seems to have been toned down a bit over the years. But this year, the younger participants saw a flash of that old Clio when our senior Italian responded to a question with: "I'll give you an incoherent answer, which reflects the incoherence of your question." To which the questioner got out her rapier and replied: "Uh, okay." Ouch! That's the way it was in the good ol' days.

Sometimes good manners can lead a Cliometrician to overly qualify a question, but I think this year we hit a new high (or low) when that well-grounded fellow from Lafayette said: "I have two comments, one of which is tangential and the other of which is irrelevant."

Last year the Tattler included a new feature – The Exchange. Previously, we'd only had individual comments, but now it seems like we've entered a whole new era with what the Tattler will henceforth call the Steve Broadberry-Greg Clark Award. This year, the Exchange involved concerns about, of all things, wood:

Old King Coal from the 'ville: "I always worry about wood."
The Sugar Man: "I always worry about wood, too."
A chic woman from Catalonia: "Let me make this clear: No one in this room cares more about wood than I do."
For the record, the Tattler never worries about wood.

As for other special awards, we had three this year. One was the Dale Carnegie How to

Win Friends and Influence People Award. Two of the younger Clioms got a bit carried away with effusive recognition of the questions from the audience. The Tattler recorded the following:

"That is a good question." "Well, that's a good question." "Yes, that's a good question." "You raise a good question." "Your point is well taken." "That's a fair point." "That's a good point." "That, that is a really good point."

There may have been even more, but the Tattler can only write so fast.

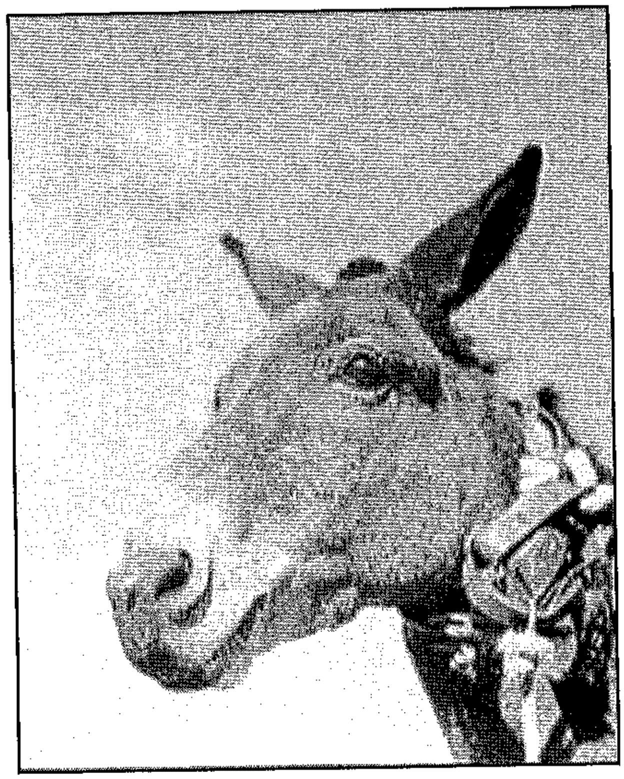
There was also the A Little Too Much Information Award. Spicing things up a bit this year, our hostess, who shall remain nameless but whose husband we'll call "Chris," confessed that: "Chris won't let me keep another woman in the house." While others, upon learning this, were too stunned to react, the Tattler responded calmly that he's heard there are a lot of men who would kill to be married to a woman who wanted to keep another woman – or two – in the house. So you go, girl.

Then, there was the Robert Margo Quantitative Methods Award. Our Catalonian woman told the group: "You can go from 90% coal and 10% oil to 10% coal and 90% oil by eliminating 2 machines." The Tattler, who was never big on the whole metric part of Clio, was skeptical, but he saw several of those really smart math types nodding sagaciously, so he held his tongue.

Now to the finalists. The first runner up is our ol' Hahvahd man from Italia, who observed: "Cliometricians are dinosaurs; graduate students are mammals." And he's been around long enough to know. Good enough to win in many years, but not this one, because …

The winner of the 20th Annual Great Clio Quote Award was that same Catalonian Cliom, who seemed to be everywhere this year. Showing her mastery of the narrative as well as the quantitative domain, she shared the insight, henceforth carved into the bedrock of Cliometrics, that: "People in Spain don't have peat; they have donkeys." And no one cares more about donkeys than she does.

That's all the news that's fit to print from not-so-sunny Binghamton. Thank you, drive carefully, and I'll see you in Tucson.



There is no glory in outstripping donkeys.
—Marcus Valerius Martialus

Clio Conference (Continued from page 1)

and normalizing by the share of industry. Albert Carreras (Universitat Pompeu Fabra) suggested using the relative number of new firms vs independent inventors or patents.

The role of the legal framework was also discussed. Jeremy Atack (Vanderbilt) asked about changes in the legal situation between workers and firms on ownership. Eric Hilt (Wellesley) focused on the role of litigation, while Marc Weidenmier (Claremont McKenna) inquired about the laws of the state. Fishback raised the issue of industry effects and wanted to know if there was a way to separate patents by field. Wayne Grove (Le Moyne) suggested adjusting for quality.

Next, **William Sundstrom** replaced the absent Petra Moser and gave a quick overview of his work with **Michael Kevane** (Santa Clara University), "Expansion of Public Libraries in the United States, 1870-1930." They attempt to explain the expansion of public libraries using variables representing institutional precedents, institutional innovations, and supply- and demand-side pressures. The authors state that library volumes per capita were correlated with tax revenues, the age structure of the population, the presence of a state-level library commission, and the size of the foreign-born population.

The major discussion points for this paper revolved around the function of public libraries and their location within the public goods space. Alan Dye (Barnard) asked whether the authors could assess the purpose or impact of libraries. Carlos wanted to know what was in the volumes contained in the library. Steven Nafziger (Yale) and Michael Haines (Colgate) asked if the authors had enough information to determine whether libraries were lending or not or to generate usage statistics. These might be ways to get at the function element. Fishback believed that the story to be told was a political economy one and offered his county-level data set to the authors as a supplement. Herb Emery (Calgary) suggested that the authors draw on the provision of public goods literature for ideas on right-hand side variables. Saul Polachek (Binghamton) brought up an interesting way to test whether the growth of public libraries was simply an extension of the political structure of municipalities, cities, and counties. Did the growth of fire stations follow the same patterns as libraries? If so, then library growth may simply be an offshoot of political organization.

Saumitra Jha (Stanford) reported on "Trade, Institutions, and Religious Conflict in India." He argues that trade in medieval India involved interactions between Hindus and Muslims that were strongly complementary and difficult to replicate. This encouraged the establishment of institutions to prevent ethnic violence. He empirically tests the effects of these institutions on modern day ethnic violence in India and finds that being a medieval trading port is associated with a lower probability of ethnic conflict in the modern data.

Despite it being the last paper of the day, the discussion was spirited. The first set of comments dealt with the nature of these institutions. Hanes asked the author to specify the institutions that prevented riots. Dye was curious about the mechanism of transmission and about selection issues. Nye emphasized the need for a formalization of the logic. Fenoaltea had a concern about the varying plasticity of institutions in the explanations. Kripa Freitas (Northwestern) pointed to a contradiction in the empirical results and suggested controlling for caste

Attending a Cliometrics Conference for the first time (l. to r.)
Seated: Cesar Yanez, M. del Mar Rubio, Claudia Rei, HerbEmery
2nd Row: Tetsuya Saito, Kripa Freitas, Marianne Hinds, Naomi Lamoreaux, Anna M. Aubanell-Jubany, William Troost, Albert Carreras
Back: Carol S. Leonard, Latika Chaudhary, Eric Hilt, Steven Nafziger, Marc Weidenmier, Saumitra Jha, Matthias Morys, Tomas Cvrcek

composition. Lamoreaux asked for types of violence to be included other than religious violence. Fishback was concerned about interpreting the results with such a large gap in time between the data on trade and religious violence. He wanted Jha to use lagged variables in the regressions. Robert Margo (Boston University) wondered about the true exogeneity of the shock causing a riot and thought Jha should look for a nationwide event likely to cause riots.

Friday's sessions culminated in a wonderful dinner gathering at the Wolcott/Hanes residence. Susan Wolcott showed off her Southern hospitality by providing appetizers, a dinner spread, and a dessert selection fit for royalty. The gathering broke up relatively early despite the delightful setting so that folks could properly prepare for the early morning sessions to come.

Saturday morning's session opened amid drizzling rain and what appeared to some without wool socks to be subfreezing temperatures. **Stefano Fenoaltea** presented a paper in two parts – the first part a reexamination (and rebuff) of the Whig interpretation of economic history and the second a discussion of the correlation between urbanization and productivity. Fenoaltea's conclusions in the first section are that the economic history of man is *not* one of continual progress and that living standards declined or stagnated prior to the modern period. In the second portion, he professes that "if examined at all carefully, the link between urbanization and productivity dissolves like the grin of a Cheshire cat: it is moonshine."

Several participants, beginning with Fishback and including Carlos, pushed the speaker to define "decline." Wolcott wondered whether the timeframe of the paper was more appropriate for a discussion of the fall of China, India, and the Ottoman Empire rather than of Europe. Nye asked for clarification on what exactly is the "Whig" version of history,. Matthias Morys (Oxford) and Lamoreaux were curious about the positioning of the Whig view within a larger intellectual framework. Morys asked whether "Whig" was a synonym for "European," and Lamoreaux questioned whether the Whig viewpoint was not already widely challenged among historians.

After a short break, **Latika Chaudhary** (UCLA) spoke on "Social Divisions and Public Good Provision: Evidence from Colonial India." Using data from colonial India, she revisits the debate on the effects of social divisions (here, castes) on the provision of public goods and focuses on the role of political inequality across groups. She asserts that increases in caste diversity are correlated with increased expenditure shares towards civil works and away from education.

Fishback drew on literature concerning segregated schools in the South and suggested looking at per capita spending rather than spending shares. Brooks Kaiser (Gettysburg) brought up the issue of the long-run effects of these different spending patterns. Rhode wanted Chaudhary to focus more on spending on roads, which led to a discussion on whether education and roads in this context were complements or substitutes.

Another group of comments revolved around the political economy of the problem. Hanes asked just how much the spending patterns reflected the preferences of the British officer on the committee. Dye wondered about coalition formation and the effect of occupational differences. Sundstrom brought up the issue of rent-seeking behavior by the elites, and Wolcott asked how exogenous the caste composition of district councils was.

A few concerns about omitted variables were raised as well. Anna Aubanell-Jubany (Universitat Autonoma de Barcelona) and Grove inquired whether districts were homogenous in needs. Cesar Yanez (Universitat de Barcelona) wanted to know how within-group inequality would affect the results. On a broader note, Marvin McInnis (Queens' University) was curious how general these results were. He also asked if Chaudhary could distinguish empirically between the effects of diversity due to ethnic composition (heterogeneous preferences) and economic circumstances. M. del Mar Rubio (Universitat Pompeu Fabra) wondered if decentralized allocation of public goods perpetuated inequality, did that then imply that centralized provision was better.

The morning session wrapped up with an examination of the effect of the Gold Standard on currency and country risk premia, with policy implications for exchange rate pegs in the modern era. **Kris**

Mitchener (Santa Clara) and **Marc Weidenmier** use published data on bond yields to construct measures of country and currency risk premia. They state that the effect of joining the Gold Standard on currency risk premia was generally much larger than that on the country risk, although the absolute levels remained high.

Richard Sylla (NYU) opened the questioning by asking whether the results were sensitive to using absolute vs. relative premia. Weidenmier responded that the results were robust to measurement choice. Hilt was curious whether the timing of the currency premium decline was an indication that it was not the Gold Standard membership that mattered but other reforms that took place simultaneously. Haines seconded this query, Morys suggested that declining inflation might have been an underlying cause, and Mar Rubio felt that trade surpluses might be an issue as well. Dye and Sundstrom both wondered whether the story was about the volatility in the interest rate spreads rather than the absolute levels. Finally, Nafziger and Lamoreaux were interested in knowing if the types and denominations of bonds issued were endogenous in a way that mattered for the results.

M. del Mar Rubio, Albert Carreras, and **Cesar Yanez** presented "Economic Modernization in Latin America and the Caribbean between 1890 and 1930: A View from the Modern Energy Consumption." Insufficient comparable quantitative data make evaluating the relative patterns of modernization for countries in this region difficult. Using energy consumption as an index, they provide a comparison and global view of these economies and provide a relative evaluation.

The discussion started with the question of whether energy consumption was the appropriate proxy for modernization. Kaiser raised the issue of climatic differences that could account for differences in energy consumption and not investment. Haines questioned whether differences in technology could affect the efficiency of fuel use. Since all types of fuels were converted into one index, Atack felt that this was masking differences. Sundstrom wanted the authors to compare GDP and energy consumption for other countries to get a "production function" and extend the analysis to GDP estimation. Weidenmier brought up the issue of volatility. Wegge suggested separating out the supply side and demand side of energy, and Boyer thought they should use railroad data.

The second set of comments centered on alternative sources of fuel. Fishback suggested using forestation to explain relative prices. Dye raised the possibility of substitutions in trends. Cross-country differences were also explored. Aubanell-Jubany asked why Cuba was so high and noted that Panama was basically a gas station. William Troost (UC-Irvine) wanted sugar producers grouped together.

Eric Hilt followed with "Corporate Ownership and Governance in the Early Nineteenth Century." Using a unique data set of information on 19th-century firms in New York State, Hilt examines the interrelation between governance structures of firms, as indicated in their state charters, and ownership structures once in operation. The data show that governance institutions mattered in that they predicted the concentration and geographic location of ownership.

Several participants wondered if Hilt could determine the family connections of firm owners. Kaiser began this line of discussion. Aubanell-Jubany and Carlos queried whether Hilt could get a better measure of ownership concentration by using a quantile distribution approach. Wegge asked if the governance and ownership structure of New York gave it a comparative advantage or disadvantage in economic growth compared to other states. Along these same lines, Tomas Cvrcek (Vanderbilt) was curious whether the charter governance structure could be linked to survival rates of new firms. Haines seconded this and recommended computing life tables on firms or performing survival analysis. A few participants suggested extensions of the data set itself. Margo wanted the author to link his data set to the 1832 McLean Report. Sylla wondered whether there was a way to determine whether nonextant businesses had charters issued but never exercised them or if firms simply started and then failed.

Steven Nafziger revisits Gerschenkron's argument that land communes placed restrictions on labor mobility and restrained Russian industrial growth in "Land Communes and Factor Market Imperfections: Micro-Evidence form Late 19th-Century Russia." Using rural household level data from 19th-century Russia, he finds microeconometric evidence that households reacted to a mortality shock by adjusting their labor or renting their land.

One theme of the discussion was how to interpret the results. Cvrcek argued that the results could be interpreted to be a confirmation of Gerschenkron's argument. The institution was a form of labor tying, as labor was forced to return to pay the tax. Sundstrom asked what the objectives of the commune were. He said that a model would help to understand if these were weak communes or smart communes. Dye questioned how to get beyond value added and suggested looking at human capital and the ability to capitalize land. Margo raised a methodological issue about looking at a death in the family as a treatment. Since the pretreatment effect is unknown, it is not a true difference-in-difference estimation. Brigitte Granville (University of London) asked about separating the mortality shock by sex. Howard Bodenhorn (Lafayette) wondered how exogenous the mortality shock was. Carol Leonard (Oxford) was curious about selection issues and suggested a comparison across regions, and Wolcott linked this to the risk-sharing literature.

Participants at Clio 2006 enjoyed a lovely dinner on Saturday night at the local Binghamton Club. After cocktails in the lobby, participants were treated to a delicious meal and some stand-up comedy courtesy of the vaudeville team of Fishback and Craig. Various "awards" were passed out to conference participants. To close the evening, Jeremy Atack passed the coveted Clio Can Award on to the next deserving (and unsuspecting) recipient, Robert Margo.

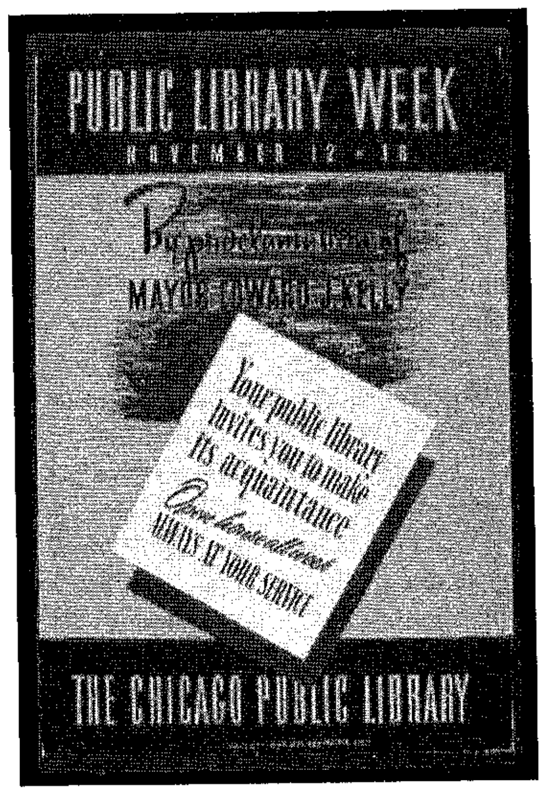
Sunday morning's session began with Saturday night's Edgar Allan Poe award winner. **Karen Clay** presented her paper, written with **Werner Troesken** (Pittsburgh), on "Lead Pipes and Infant Mortality." Using data on municipal water systems, state mortality rates in 1900, and the 1% IPUMS samples from 1900 and 1910, Clay and Troesken find that the spread of lead piping in US cities was associated with an increase in child mortality in the range of 5-15%.

Fenoaltea, Dye, Granville, and Kaiser all asked why it was that the population exposed to lead in the early 20th century did not notice such a large increase in child mortality rates. Dye wondered if there were not outward signs of lead poisoning in addition to child mortality increases. Granville asked whether evidence existed of families substituting away from water. Kaiser was curious whether the abortifacient quality of lead would not have had the potential to affect a large percentage of the population. Nafziger wanted to know if lead piping systems were an "all or nothing" thing. Mar Rubio asked how long pipes had been in place before the data began. Marianne Hinds (Northwestern) questioned whether lead pipe adoption was related to the level and direction of city population growth. Atack wondered how much of the city-to-city variation in child mortality rates was explainable by lead pipe adoption. McInnis postulated that the "lead pipe effect" should have risen as time went on because infant mortality due to other causes was in rapid decline after 1910.

The last paper of the conference was **William Troost's** "Accomplishment and Abandonment: The Freedmen's Bureau and Black Literacy Rates." He evaluates the effectiveness of the Freedman's Bureau's educational efforts and finds evidence that the Bureau's schools were effective in raising the literacy of school-age blacks.

Margo jumped right in with comments on the context of the paper. He said the treatment effect was not clear in areas that already had state schools. Pooling the data and introducing interaction effects and clustering could make the results more convincing. Clay suggested using lagged white literacy rates to proxy for educational infrastructure. She also wanted a comparison between the literacy levels of poor whites and blacks. There was an exchange of views on the measures of literacy. Fenoaltea asked if, based on the definition of literacy, it would automatically mean that the person could understand contracts. He also found the literacy in counties without the bureaus surprisingly high. Margo highlighted the importance of the location of these schools, while Sundstrom suggested using the locations as an instrument. Haines felt that the starting point of the paper should be a model that had predictions about the location of schools and then a microanalysis of individual effects. Lamoreaux raised the issue of the large migration of the black population. Rhode said that the 1870 census was considered "bad" because of missing data and uneducated respondents. Margo added that a dummy for farm household should be included, which would help explain the coefficient on real estate holdings.

And so, at noon on Sunday, the conference concluded. The participants rushed off to their planes, trains, and automobiles, their enthusiasm for the practice of cliometrics at an all-time high. Each hoped that they would again be available to participate when the proceedings are renewed in Tucson in the spring of 2007. To whet their appetites until then, klioms can congregate at the EHA and Clio sessions offered at the ASSA meetings in January.



Announcement

The Pennsylvania Historical and Museum Commission Scholars in Residence Program

The Pennsylvania Historical and Museum Commission invites applications for its 2007-2008 Scholars in Residence Program, including applications for collaborative residencies. This program provides support for up to eight weeks of full-time research and study in manuscript and artifact collections maintained by any Commission facility, including the Pennsylvania State Archives, The State Museum of Pennsylvania, and 25 historic sites and museums around the state. Collaborative residencies fund original analytic and/or synthetic research that relates to the interpretive mission and advances the programmatic goals of a PHMC program or facility, including the agency's historic sites and museums. A collaborative residency application must be filed jointly by the interested scholar and host program/facility.

Residency programs are open to all who are conducting research on Pennsylvania history, including academic scholars, public sector professionals, independent scholars, graduate students, educators, writers, filmmakers, and others. Residencies may be scheduled for up to eight weeks at any time during the period May 1, 2007-April 30, 2008, and stipends are awarded at the rate of $375 per week. The Commission does not discriminate on the basis of sex, race, creed, age, sexual orientation, national origin, or disability. Individuals with disabilities who require assistance or accommodation to participate should contact the Commission at (717)787-3034 or the Pennsylvania TDD relay service at (800)654-5984 to discuss their needs.

For a full description of the residency program and application materials, as well as information about Commission research collections and collaborative residences, go to http://www.phmc.state.pa.us/, and click on the link to Scholars in Residence Program. Queries can be directed to:

Linda Shopes
Bureau of Archives & History
Pennsylvania Historical & Museum Commission
350 North Street
Harrisburg, PA 17120-0090

Phone (717)772-3257
Fax (717)787-4822
E-mail lshopes@state.pa.us

The application deadline is January 12, 2007. Notification of awards will be made in late March.

The Economic and Business Historical Society Meeting

By Daniel Giedeman, Grand Valley State University

(Pittsburgh) The 31st Annual Meeting of the Economic and Business Historical Society was held at the William Penn Omni Hotel in Pittsburgh, Pennsylvania from April 27-29, 2006. EBHS President and Program Chair Michael Namarato (Mississippi), Secretary Treasurer John Rossi (Pennsylvania State-Erie), and Chairman of the Board of Trustees Larry Malone (Hartwick College) were instrumental in the coordination and success of the conference. In total, 50 papers were presented in 21 sessions from authors across the United States, Europe, and Asia. The following report covers only a selection of the papers presented and does not reflect on the quality of the omitted papers but rather the interests and time constraints of the reporter.

Allen Bures (Radford University) chaired the Thursday afternoon session, "A Comparative Perspective on the Securities Industry," which kicked off with "Revisiting May Day 1975: Tracing the Ethical Implications of Rate Deregulation in the Securities Industry" by **Janice Traflet** and **Michael Coyne** (both Bucknell). They describe how scandals resulting from the New York Stock Exchange's system of fixed minimum commission rates led Robert Haack, the President of the NYSE, to give a speech to the Economic Club of New York in which he called for the abandoning of the fixed rate commissions scheme. James Stitt (High Point University) asked how the rest of Haack's tenure as president of the NYSE went. Traflet responded that people on the exchange were not pleased with Haack because he brought attention to that which "should have stayed private."

Anne Murphy (University of Leicester) continued with "Shareholder Activism: Some Evidence from the Early History of English Joint-Stock Companies." Her presentation prompted a discussion led by Robert Wright (NYU) about the role and influence of women stockholders. Charles Hickson (The Queen's University, Belfast) wondered how informed the stockholders of this period were. Murphy replied that information problems were potentially significant but that we don't know exactly what stockholders were being told.

Later that afternoon, Malcolm Russell (Andrews University) chaired "Factors Affecting Economic Growth and Development." **Mohammad Najeeb Azizi** spoke on "The Political Economic History of Afghanistan (1890-1978), What Changed, What Matters?" written with **Haruna Shoji** (both Okayama University). In his post-talk comments, Russell was interested in how much of the push towards industrialization in Afghanistan had been driven by foreign pressure and how the reforms had been financed. Azizi said that the drive to modernization was mostly a reaction, partly due to international situations and partly due to an internal desire to modernize; the reforms, which were modest, had been financed by taxes and foreign aid.

Alfred Mierzejewski (North Texas) followed with "Turning the Corner: The West German Old Age Pension Reform of 1957." Mierzejewski describes the difficulties Germany faced in financing its pension plan, noting that the Germans seemed to take the ethical approach of asking what people *should* receive and *then* trying to figure out how to pay for it. Ronald Fullerton (American University in Cairo) was curious whether the generous pension benefits were an attempt to limit social unrest, and Mierzejewski agreed. He also noted that there was a desire to protect people from inflation.

On Friday morning, Ken Weiher (Texas; San Antonio) chaired the session, "Big Business: Ownership, Trade, and Development." **Peter Wardley** (University of the West of England, Bristol) shared his research on "Modern Economic Growth and the Rise of Big Business: From Services to Industry and Back Again?" Weiher observed that Wardley's decision to use employment as a measure of company size caused European state-owned firms to be listed as very large, but when ranked by value, US companies occupied the top 51 positions. Weiher was also concerned about transport's classification as a service given that railroads are industrial.

In "Ownership Structure Matters," **Robert Wright** looks at how ownership mattered in four separate industries: insurance, higher education, publishing, and construction. Weiher was interested in learning who the watchdogs were in each of these industries. He also suggested that alumni ownership of colleges might solve the watchdog problem in this industry.

The session wrapped up with "The Development and Evolution of the US National Economic Accounts" by **Richard Kane**, written with **Rosemary Marcuss** (both US Bureau of Economic Analysis). Kane and Marcuss discussed the BEA's efforts to digitalize a large amount of primary sources concerning the development of the US national accounts. The plan is to make these records available online for the benefit of researchers.

Robert Whaples (Wake Forest) chaired "The Interwar Years in Europe: From Civil Service to Economic Change" on Friday morning. **James Stitt** took a look at "Same Bottle, Different Wine: An Assessment of Whitleyism in the British Civil Service." In his comments on Stitt's paper, Whaples wondered what was motivating treasury officials to hold down government spending (and gave a few possible suggestions). He also proposed that Stitt bring political ideology into his story. Stitt explained that government spending was kept down to keep pressure off of the government.

Jari Eloranta (Appalachian State) spoke on "The Markets for Strategic Metals in the Interwar Period: The Case of Finnish Nickel," presenting evidence concerning how Finland positioned itself to sell nickel in the world market, particularly to countries that would soon be at war with one another. Whaples suggested that the steady price of nickel was not necessarily evidence of an effective nickel cartel and recommended that Eloranta add more empirical evidence to bolster his narrative. Ed Miller thought that Eloranta might want to consider what effects result from his use of a US definition of strategic metals, i.e., metals that the US did not produce in large quantities.

On Saturday, Harold Livesay (Texas A&M) chaired "Businessmen Who Made a Difference." **Jacqueline Cavalier** (Community College of Allegheny) led the session with "An Unassuming Worth of Character: William Hunt, Pioneer Businessman of Uniontown, Pennsylvania." She describes how recently found artifacts from 1901 help explain the social, cultural, and political life of a turn-of-the-century small businessman/town leader.

The session continued with "The Abraham Flexner Report on American Medical Education in the Early 20th Century: Preconceptions and Sloppy Research That Have Shaped American Health Care

Education for a Century" by **Lawrence Acker** (Harris-Stowe State University). Acker explores Flexnor's sometimes less than rigorous attempt to gather information about medical school quality. Livesay pointed out that Acker's paper raises questions about the role of oversight in academia today. Whaples asked if there was an element of racism in the Flexnor report, and Acker replied that there were seven out of nine black medical schools shut down following its publication.

Ronald Fullerton ended the session with "Ernest Dichter: An Historical Evaluation." In a rather lively presentation, Fullerton described Dichter as a creative charlatan who was "more than people now think he was, but less than what he said he was."

The final round of conference sessions took place later on Saturday morning. One of these sessions was "Advancing in America: White Collar Strivers, Women, and African-Americans in Business" chaired by Ranjit Dighe (SUNY-Oswego). **Jocelyn Wills** (Brooklyn College, CUNY) started with "'Holding Their Own' & 'Making a Living': Petite Storefront Operators in 19th-Century Brooklyn, New York." Wills uses the Dun Credit Reports to examine attempts by white collar workers to become successful entrepreneurs. Dighe felt that Wills might be overemphasizing the idea that Americans view anything less than total success as being a failure, to which Wills responded that Americans are socialized to be strivers.

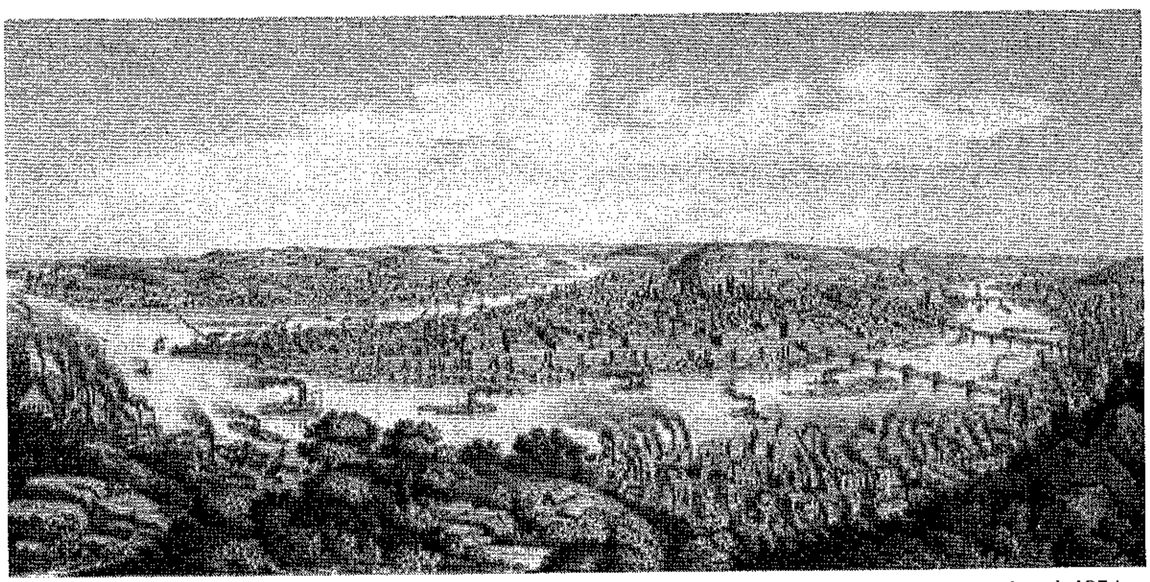
Shennette Garrett (Texas) followed with "We Are Here for Business: Gender, Race, and Entrepreneurship in the Early National Negro Business League." She takes a look at the role women played in African-American business within the Business League. Dighe thought there were a lot of good aspects to Garrett's paper, although he did suggest that she might consider relating her work to overall American identity, in addition to considering black female entrepreneurship, beyond just dollars and cents.

The session ended with "Except Ye Repent, Ye Shall All Likewise Perish: The Pemberton Mill Disaster of 1860 and the Forbidding Prospect of What Lay Ahead for the Mill Hands of Lawrence, Massachusetts" by **Thomas Winpenny** (Elizabethtown College). Winpenny examines the content of sermons by local ministers following the mill disaster in what Dighe described as "a fascinating interrelation of capitalism and religion." Dighe wanted Winpenny to do more to incorporate the religious folklore of capitalism in the pre-Social Gospel time period Winpenny is studying.

A new feature of the conference this year was a special roundtable discussion on the subject of teaching business and economic history. Chaired by John Rossi and Larry Malone, this session began with a discussion of the various courses in which the teachers present economic history material. Economics professors commented that they were able to bring historical aspects and examples into most of the classes they taught, although several mentioned that not all of their students were interested in history. This led to a dialogue on how to explain the relevance and importance of history to students. Several history instructors mentioned that they tried to incorporate economics into their classes, although they pointed out the difficulty of teaching economic history to students who lack knowledge of economic theory. With respect to the actual teaching of economic and business history, Rossi and Eloranta made the point that quantitative and qualitative methods are not mutually exclusive. Several people offered specific teaching suggestions. One suggestion was to motivate a history class using a nonhistorical book and then bring the rest of the class to bear on that book. Another was to use history as a foundation to teach basic macroeconomics. Using *Commanding Heights: The Battle of the World Economy* by Daniel Yergin and Joseph Stanislaw to teach 20th-century economic history, as well as the history of economic thought, was proffered. And, finally, an idea was proposed to assign students research papers to read that have had the title, abstract, and conclusion removed and to then have the students write their own abstract, conclusion, and title. Overall, it appeared that most of the people attending this roundtable session enjoyed the discussion, and it is likely that a teaching session will be added to the EBHS program schedule at future conferences.

In addition to the sessions described above, conference attendees also enjoyed other special events and activities. The Society held its annual reception on Thursday evening, and on Friday morning, they gave Erik Benson an award for his consistently excellent publications in the Society's journal, *Essays in Economic and Business History*. On Friday afternoon, members visited the Senator John Heinz Pittsburgh Regional History Center for several hours. There they enjoyed touring the exhibit, "Points in Time: Building a Life in Western Pennsylvania, 1750-Today," and viewed the watercolor paintings and illustrations of the steel industry by artist Jess Hager in the special exhibit, "Art of Steel." Sports enthusiasts in the group particularly enjoyed the Western Pennsylvania Sports Museum at the History Center, where they viewed such interesting items as the shoes Franco Harris wore when he made the "Immaculate Reception" in the Steelers' 1972 divisional playoff victory against the Raiders. On Friday evening, a number of conference participants walked across the Roberto Clemente Bridge to PNC Park to watch the Pittsburgh Pirates play the Philadelphia Phillies. The Pirates struggled this year, but the EBHS brought good luck to the home team that evening as the Pirates defeated the Phillies 3-1.

The 32nd Annual Meeting of the EBHS will take place April 26-28, 2007 in Providence, Rhode Island. Roberto Mazzoleni of Hofstra University is the Program Chair for this conference. Details and the call for papers can be found at the Economic and Business Historical Society website: www.ebhsoc.org.



Pittsburgh 1874

Call for Papers

Annual Cliometrics Society Conference

Tucson, Arizona
May 18-20, 2007

The 2007 annual Cliometrics Conference, hosted by the University of Arizona, will be held May 18-May 20 at the Westward Look Resort in Tucson, Arizona. Funding for the conference is being provided by the National Science Foundation and the University of Arizona.

The conference is designed to provide extensive discussion of new and innovative research in economic history. Typically, twelve papers are selected for presentation and discussion. In the session devoted to each paper, authors make a 5-minute opening statement, and the rest of the session is devoted to discussion by all conference participants. All participants are required to attend the entire conference.

The application period for paper proposals and requests to attend the conference is from January 2 to February 1, 2007. Those wishing to present a paper should provide a 3-5 page summary of the proposed paper, and priority will be given to those who have not attended recently or have never attended. Graduate students wishing to attend should submit a paper proposal and obtain a letter of recommendation from their dissertation advisor. Paper presenters and those wishing to attend the conference should provide their addresses, phone and fax numbers, and e-mail addresses.

We prefer that applicants submit their materials using the application form under the Cliometrics Conference listing at the EH.Net website at: http://www.eh.net/Clio/Conferences/prop07.html. Proposals may also be sent using mail to:

Jason Hopkins
Cliometrics Conference Secretary
Department of Economics
University of Colorado at Boulder
Boulder, CO 80309

Phone (303)492- 8024
Fax (303)492-8960
Email clioconf@colorado.edu

All submissions will be acknowledged within one week of receipt.

Personal Reflections

Reminiscences of Britain and Financial Revolutions

By Richard Sylla

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

In 1975, I had earned my first sabbatical year, and Patrick O'Brien was kind enough to invite me to spend the academic year 1975-1976 at St. Antony's, Oxford. At the time, the two of us were struggling young scholars trying to get our work done as well as leading somewhat normal family lives and making ends meet. Now, a quarter century later, Patrick is the president of the Economic History Society, and I am the president of the Economic History Association, its US-based counterpart. On behalf of all E.H.A. members, I want to congratulate the Economic History Society on reaching its 75th anniversary, and to salute Patrick for his stellar leadership of it. It has been my good fortune to be a member of both groups for three decades, an arrangement I heartily recommend to all in the economic history business.

Before getting down to business, I cannot suppress a desire to reflect on what a few acquaintances in Britain were doing a quarter century ago. Patrick, of course, was an Oxford don, not yet a professor in London and potentate of economic history. Avner Offer was just beginning to hone his ideas as a St. Antony's research student, but one already could detect their uniqueness. Charles Goodhart was at the Bank awaiting instructions from the government on how much money to print, not in his later position of telling the Bank from his chair at LSE how much it ought to print. Paul David had not yet left Silicon Valley to improve his perspectives on technological change from the sanctuary of All Souls, where one supposes that working typewriters were still available for hypothesis testing. Niall Ferguson was a wee lad in Scotland; dandled on his grandfather's knee, he began to wonder with each bounce if every big fact implied a counterfactual question, and who really were the villains of the Great War. Compared to these nomads, Phil Cottrell has been a pillar of stability; he was teaching economic history in Leicester in 1976, and he still is.

I came to Britain in 1975 with the general goal of studying the development of the British banking system, with a particular interest in tracing influences of British banking institutions and practices on US banking development. What I knew at the time, from my American perspective, was that the British North American colonies before 1776 had had no modern-type banks. British merchants and financial institutions did most of the financing of colonial trade with the rest of the world. The absence of banks, however, led the Americans into a major financial innovation. To economize on specie, which was precious foreign exchange, the colonists introduced fiat paper money. Initially issued by Massachusetts in 1690, the innovation spread to all of the 13 colonies by the late colonial era. Fiat money became an important medium of exchange in the domestic colonial economies. During the American Revolution, fiat money was issued to excess and became discredited. The US Constitution of 1787 took away the right of states to issue it. From the 1780s forward, the US introduced banks, and with the rapid expansion of the US banking system after 1790, bank money became an increasing proportion of the US money stock. Colonial America, having gone off on a tangent from the main direction of European financial development, returned to that direction as an independent United States.

It was in the period from the 1780s to the 1830s, then, that I expected I might find influences of British banking and financial practices on US developments. There were some. The leading US financial thinker and doer, Alexander Hamilton, was familiar with British and other European financial history and practices. As the first Secretary of the Treasury starting in 1789, Hamilton introduced British-style public finance, a national bank on the model of the Bank of England, and a US dollar anchored, like the pound sterling, in a monetary base of specie, into which bank money was convertible.

In banking, however, I quickly learned that differences between Britain and the United States were more striking than any similarities. Apart from the corporate Bank of England, which was rather like the Bank of the United States (although it would not have the latter's branches until later), British banks consisted of London private bankers, small country banks in England, and, in Scotland, a small number of banks on the Bank of England model and a larger number of banking companies with branches. Almost all of the British banks were partnerships with unlimited liability. In the United States, on the other hand, almost all the banks were corporations with limited liability chartered by state governments. The numbers of these banks increased with rapidity. There were 4 in 1790, about 30 in 1800, 100 by 1810, more than 300 by 1820, and nearly 600 by 1835. The American state banks raised their capitals by issuing tradable shares to investors. It was not unusual for the state governments that granted corporate charters to the banks to hold some shares in them. These governments also received up-front payments for granting bank charters, on-going tax and other revenues from the banks, and in the charters they often directed the banks to perform public services and make public investments. In Britain two centuries ago, there was nothing like these close and cosy relationships between banks and governments.

Looking back, the most interesting discovery I made during that British sabbatical year was an anonymously authored 1828 pamphlet in the celebrated collection of the Goldsmiths Library, *Report and Observations on the Banks, and other Incorporated Institutions, in the State of New York.* Somehow I determined (and would later discover that others already knew) that it was the work of one James Buchanan, who at the time was the British consul in New York City. In the report, the consul expressed amazement at all the banking, insurance, and Lombard saving associations that were being chartered by the New York State government, a development that had no counterpart in Britain or Europe. Some of his amazement was negative. Often the paid-up capital of the banks and other financial corporations was far less than the capital authorized in the charters, and often the enterprises over-issued their own liabilities and failed. The US financial system, it seemed, was awash with fictitious capital. Buchanan further noted the considerable corruption that seemed to be inherent in the politics of chartering corporations.

But Consul Buchanan's amazement was also positive. By issuing so many corporate charters the state legislature, he noted, had 'sought to draw forth the energies of the people', and on the whole the experiment was a great success, unleashing a productive capability that 'in the history of nations affords no parallel'.[1] To drive his message home to his intended readers back in Britain, Buchanan contrasted the results of New York's experiments with conditions in 'our own territories' to the north. The contrast was 'a reproach to British rule' because 'crossing the St. Lawrence from any part of the state of New-York into Canada,' a traveller immediately had 'an opportunity of comparing the enterprise, energy, and industry of one country, with the lassitude, torpidity, and indolence which prevail in the other'.[2]

Having gone to Britain in 1975 to study similarities in British and US financial development and British influences on the early United States, I returned in 1976 with a much greater impression of the differences that arose between the two countries' experiences in the early decades of US history. I explored these differences directly in a paper on the significance of corporate banking.[3] In the 1830s, there was a debate of sorts between the American economist H.C. Carey and the British banker J.W. Gilbart on the relative virtues and vices of corporate limited-liability banking versus partnership and joint-stock unlimited-liability banking. Carey said that the corporate form was the better system, and Gilbart the opposite. Data on banking failures I gathered from both sides of the Atlantic appeared to support the American, Carey. So did subsequent history, as the British eventually allowed banks to adopt the corporate form, and nearly all banks now are corporations. The explanation is that the corporate form, while seeming to limit the assets standing behind a bank's liabilities compared to an unlimited bank, actually increases them because it attracts more investor interest and leads to more highly capitalised banks.

Another co-authored paper explored the implications of the close relationships that developed between US banks and the state governments that chartered them.[4] One implication was good. Since the states had a strong fiscal interest in chartering banks, they chartered lots of them, encouraging the spirit of enterprise early identified by British consul Buchanan. The United States by the early twentieth century became uniquely a nation with tens of thousands of independent banks, many with single offices, while most countries including Britain consolidated their banking into a smaller number of institutions with extensive branch systems. On the other hand, the close identification of American banking with state governments and state boundaries prevented a rationalization of the system right down to our own time.

Another benefit of that British sabbatical a quarter century ago was that I became familiar with the concept of a 'financial revolution'. Britain's occurred in the late seventeenth and early eighteenth centuries, well before American independence. Further investigations convinced me that Britain had adopted much of its financial revolution from the Dutch Republic, which had its own financial revolution a century before. Somewhat to my surprise, I also learned that Lt. Col. Alexander Hamilton of the Continental Army during the American Revolution, at age 23 in 1780, was quite familiar with the British and Dutch financial revolutions, and also with the promise and pitfalls of John Law's system in France. Hamilton had determined that the main reason the Revolution against British rule dragged on so long was that America's public finances were chaotic, not because of military disadvantages. He used the lulls in eighteenth-century warfare to bone up on financial history and to sketch out a future US financial system based on best practices elsewhere. After leading a bayonet charge at

Yorktown, the success of which led him to predict Cornwallis's surrender and ultimate American success, he further studied finance and engaged in reforming the US governmental system.

In 1789, as Treasury Secretary, Hamilton at last had the opportunity to put his learning into practice. In just a few years, he implemented a US financial revolution that had taken decades to happen in the Dutch Republic and Britain. In honour of Hamilton's political party, I call it 'the Federalist financial revolution.'[5] Directly, it involved restructuring US Revolutionary War debts, stabilising public finances, founding the Bank of the United States, and introducing the hard money US dollar. That took two years, 1790-1791. Indirectly, as all of the new US debt securities (with interest and principal payable for the first time in hard money) and the shares of the Bank of the United States were issued, trading markets for these securities quickly arose in Boston, New York, Philadelphia, and other cities. And as the Bank of the United States began to open branches in a number of cities, the states began to charter more banks (and other corporations) of their own lest they cede the turf of banking to the federal government. The bankrupt country of the 1780s suddenly had an articulated, modern financial system, and was off and running. By 1803, when Thomas Jefferson successfully used his arch opponent Hamilton's financial system to double the size of the United States, half of all US securities, public and private, were in foreign hands, representing the early stages of one of history's greatest international capital flows.

When British consul Buchanan looked in on the US financial revolution in the 1820s, it was going full tilt. State and corporate securities were crossing the Atlantic, with the proceeds used to finance canals, railroads, and other enterprises in America. By that time, by my rough calculations, the United States, even though its population was smaller, had more than twice the capital invested in banking than did England and Wales, and the capital of American corporations already roughly equalled the par value of all the equities listed on the London Stock Exchange, or at least those listed in *Course of the Exchange,* the newspaper that reported the London list.[6]

The US financial revolution preceded and assisted the developments that are usually cited as explaining US economic modernization, namely the industrial and transportation revolutions and the opening up of the vast territories of the west. It is worth noting that the Dutch and the British financial revolutions also came early, before the economies in which they were embedded became world leaders. The same could be said of Japan in a later era. When it was a relatively poor and isolated country in the late nineteenth century, Japan too had a financial revolution, and then went on to become the prime example of a non-Western country fully to modernise its economy.[7]

I think it is suggestive that what many would consider to be the four leading economies of the past four centuries all had financial revolutions early in their histories, before they became leading economies. To me it suggests that we need to re-examine whether the Anglo-centric view of economic history, namely that the industrial revolution that began in eighteenth-century Britain has been the key to economic modernization throughout the world ever since, is indeed correct. Maybe the industrial revolution depended to an extent, perhaps a large extent, on a prior financial revolution. A critic of such a heretical view might say, 'But look at the poor Dutch. They didn't have an industrial revolution and were left behind'.

My response would be that in modern history the Dutch do not ever seem to have been poor. Most comparative statistics show the Dutch having higher average incomes and output per person most of the time than the British, before *and after* the industrial revolution. An industrial revolution is a means, not an end in itself.

That is what I began to learn in 1975 on my sabbatical pilgrimage to the home of the industrial revolution. It was a formative experience for which I shall always remain grateful.

Richard Sylla (b. 16. 1. 1940) is Henry Kaufman Professor of the History of Financial Institutions and Markets, and Professor of Economics, Stem School of Business, New York University, and Research Associate, National Bureau of Economic Research. In 2000-2001, he is president of the Economic History Association. His research and many publications have concentrated upon the history of finance.

[1]Anonymous (James Buchanan, British Consul in New York), *Report and Observations on the Banks, and other Incorporated Institutions, in the State of New York* (New York, 1828), pp. 10-22.
[2] ibid.
[3] Sylla, R., 'Early American Banking: The Significance of the Corporate Form', *Business and Economic History,* 2nd ser., 14 (1985), pp. 105-123.
[4] Sylla, R., J.B. Legler, and J.J. Wallis, 'Banks and State Public Finance in the New Republic, 1790-1860', *Journal of Economic History,* 47 (June 1987), pp. 391-403.
[5]See Sylla, R., 'U.S. Securities Markets and the Banking System, 1790-1840', *Federal Reserve Bank of St. Louis Review,* 80, no. 3 (May-June 1998), pp. 83-98.
[6]See Rousseau, P.L., and Sylla, R., 'Emerging Financial Markets and Early U.S. Growth', National Bureau of Economic Research *Working Paper* 7448, (December 1999).
[7] See Sylla, R., 'Emerging Markets in History: the United States, Japan, and Argentina', in R. Sato, et al., eds., *Global Competition and Integration* (Boston: Kluwer Academic Publishers, 1999), pp. 427-446

This essay must not be further reproduced without permission from the Economic History Society and the author. Information about ***Living Economic and Social History*** *(ISBN 0-9540216-0-6) and an order form can be found at http://www.ehs.org.uk/essay.htm.*

The Business History Conference Meeting

By Terri Lonier, NYU

(Toronto) The Business History Conference held its annual meeting June 8-10, 2006 at the Munk Centre for International Studies at Trinity College in Toronto, Canada. Examining the theme, "The Political Economy of Enterprise," the program was chaired by Mark Rose (Florida Atlantic University), and local arrangements were organized by Rick Halpern (Toronto). The event was attended by nearly 250 scholars, including 43 graduate students, from throughout North America as well as Great Britain, Europe, and Japan.

With almost three dozen conference sessions, the event offered participants multiple avenues for exploring historical issues of enterprise. In addition, for the second year running, 10 graduate students participated in the Newcomen Dissertation Colloquium, held in conjunction with the annual meeting. This intensive workshop, sponsored by the BHC with the generous support of the Newcomen Society of the United States, invites a select group of graduate students to discuss their dissertations with senior BHC members and their peers. This report presents only a few annual meeting program highlights; additional session abstracts and papers can be found on the BHC annual meeting website at: http://www.h-net.org/~business/bhcweb/annmeet/program06.html.

Thursday evening opened with a Plenary Session Roundtable on "History Gets Down to Business," which focused on the ways history can be used to shape business practice. Each panelist spoke, and then the session was opened up to questions from respondent Glenn Bugos (Moment, LLC) and the audience.

Business history has traditionally been used for three primary purposes: in advertising and promotion, as support for corporate litigation issues, and to augment corporate morale and human resources departments. Examples of these uses in contemporary enterprise were presented, as well as a call for business historians to look beyond the academy to extend the impact of the field.

Stuart Sammis (Corning, Inc.) spoke from his perspective as the resident historian at a leading international manufacturing firm with a deep corporate history. Founded in 1851, Corning has more than 25,000 worldwide employees and had $4.5 billion in sales in 2005. The company commissioned three books to celebrate its sesquicentennial: *Corning and the Craft of Innovation* by Margaret Graham and Alex Shuldiner, *The Generations of Corning* by Davis Dyer and Daniel Gross, and the forthcoming *Corning through the Ages*. Sammis shared how he had worked with professional business historians to create these volumes and how the corporation integrates its history into decision-making and planning.

W. Bernard Carlson (Virginia) shared his experience in working with companies to create narratives based on corporate history that can contribute to positive business actions. Noting that most employees tell stories about their companies that are amorphous, and that most corporate memory is "a cloud" that is rarely articulated, Carlson cited his work in creating stories and "caselets" that capture corporate values and present the key ideas of a company on its corporate website. The result is that lessons learned – from both best practices and past mistakes – can be put to use by current and future employees.

Davis Dyer (Winthrop Group) addressed issues of "why history matters" to corporate executives who are focused on "the now and the next." Dyer pointed out that business history offers a source of organizational learning since it highlights turning points, is also a source of insights since it reveals underlying patterns and can expose hidden risks, and can be an instrument of change as the ultimate proprietary source of information about a company.

Ed Rider (Procter & Gamble) reflected on his 25 years of experience as an archivist and historian. Both archivists and historians need to be proactive when working within the corporate sphere, Rider explained, pointing out the historian's contribution of placing corporate events in a meaningful context.

Gordon Pitts (Toronto Globe and Mail) spoke of the limits of history, remarking how numerous Canadian firms left the manufacturing sector for cheaper offshore subcontractors in recent decades. Pitts recounted the story of Kodiak, a legendary Canadian firm with a national brand of quality work boots, which was sold to an Asian corporation. The company has recently been repurchased and has returned to a Canadian manufacturing facility, reviving the brand and reclaiming the power of its history.

Respondent Bugos posed questions to the panelists, asking what specific metrics historians could use to express the concrete value of history to corporate decision-makers. Many panelists agreed that integrating business history into a corporate environment is made easier if upper management values its role. Additionally, many executives still adhere to the traditional expectations of a hardcover book as a document that best captures a corporate legacy. Bugos encouraged panelists and attendees alike to reassess the "hammers" we are using and to embrace an expanded toolbox in presenting corporate history to multiple audiences. He also expressed the hope that such professional practice plenary sessions would become an ongoing part of the BHC program.

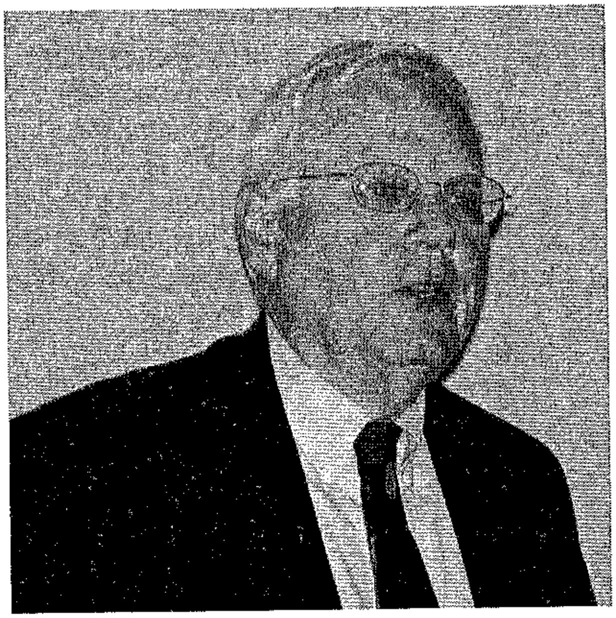
One of Friday's more popular sessions was on "The Political Economy of Bank Regulation." It was chaired by Gary Previts (Case Western) and featured three papers. **Dan Wadhwani** (Harvard) and **Per Hansen** (Copenhagen Business School) presented their work on "Divergent Paths: Savings Banks and the Structure of National Banking Systems." They question whether deregulation had led to a convergence in the structure and operation of banking systems in developed countries over the last three years. Their answer, in brief, is "no". By examining the changing role of savings banks in the US, UK, Germany, Sweden, Denmark, Norway, and Spain, their research indicates that divergence in savings institutions stems instead from the key areas of political and regulatory issues, institutional matters, and organizational factors and strategic capabilities.

Christopher Marquis (Harvard) spoke on "The Debate over US Banking Regulations from 1896 to 1978: How Changing Environments Influence Corporate Political Activity." Marquis analyzes meeting minutes of state, regional and national banking associations to assess pro- and anti-branching efforts, concluding that the multiple factors of income, urbanization, roadways, Republican governors, and regional practices all played a factor in banking development during this period. Multi-unit banks increase as state wealth and

Participants browse the book display

transportation increases; in contrast, states with more restrictive laws have more single unit banks and are affected by neighboring states that have restrictive laws as well. A bank's success is contingent, Marquis theorizes, on economic, technical, and political environments.

James Darroch and **Charles McMillan** (both York University) turned an eye to Canadian banking issues with their research on "Lessons from the Failure of Canadian Western Banks: The Risks of Reversing Longstanding Public Policy." The authors take a look at the effects of public policy goals on the development of the Canadian financial system. They point out that Canada has five major banks (representing 90% of the market) and has experienced no bank failures since 1923. In contrast to the United States, Canada has centralized banking and a decentralized securities model. They note that while this served the country well, it also created tensions in the western regions as smaller regional banks struggled to survive, adding that in many ways this model retarded the development of national capital markets.



K. Austin Kerr makes a point

Scholars vying as finalists for the Herman E. Krooss Prize for Best Dissertation presented their papers at the second plenary session Friday morning. The prize recognizes the Best Dissertation in Business History written in English and completed in the three calendar years immediately prior to the annual meeting. Session Chair Ioanna Pepelasis Minoglou (Athens University of Economics) stated that the finalists' research reflected the combination of solid scholarship and imaginative business history topics that are a hallmark of the discipline today.

Dan Breznitz (Georgia Institute of Technology) presented work from his 2005 MIT dissertation on "Innovation and the State: Development Strategies for High Technology Industries in a World of Fragmented Production." Breznitz questions what accounts for growth in the three emerging economies of Israel, Ireland, and Taiwan, professing that it is neither structure nor timing. Instead, the ways in which states engage, particularly in local and global relationships, shape the development of their IT industries. He cites four critical state decisions: R&D skill acquisition, financing, efforts to develop local lending companies, and foreign firms and investors. Breznitz says that globalization creates a fragmentation of activities that gives emerging economies more choices than ever before.

Shane Hamilton (University of Georgia) spoke on "Trucking Country: Food Politics and the Transformation of Rural Life in Postwar America," based on his 2005 MIT dissertation. Hamilton's thesis is that the politics of food changed the social fabric of rural America through the deregulation of the trucking industry. While it was more expensive to ship by truck rather than by rail, trucking offered greater flexibility. Hamilton argues that American agribusiness and the US Department of Agriculture worked together to ensure that "the transportation of agricultural commodities would take place within an unregulated economic environment." The result was a rural industrialism and the rise of the independent trucker as a working-class hero. (Hamilton's work was awarded the Krooss Prize at the closing banquet ceremonies.)

Kim Phillips-Fein (NYU) followed with her research on "Top-Down Revolution: Businessmen, Intellectuals, and Politicians against the New Deal, 1945-1964" from her 2005 Columbia University dissertation. Her work challenges the notion that the conservative reaction to the New Deal order only began in the 1970s as a response to the Civil Rights Movement and the New Left. Instead, she offers the view that the low tax, antiregulatory, antiunion agenda of modern conservatism has its roots in the reaction of conservatives in the business community against the Keynesian economic policies of the postwar era during the 1950s and 1960s. Phillips-Fein asserts that networks of antiunion activity and free market, intellectual associations created the social and political infrastructure that led to Goldwater's presidential bid in 1964, reinforcing conservative political economy throughout the Cold War period.

Daniel Levinson Wilk (New York Historical Society) reported on "Tales from the Elevator and Other Stories of Modern Service in New York City," based on his 2005 Duke University dissertation. He addresses the commodification of emotion in the service industries (in particular, the hotel industry) and frames his argument distinguishing between the service sector and servitude. Wilk charts three periods in the hotel industry between the years 1800-1945. For most of the 19th century (up to 1890), there was a marked division of labor among hotel service roles, such as bell captain or desk clerk. Between 1890 and 1930, he argues, as the hotel industry expanded and entrepreneurs such as Statler emerged, there was a concomitant loss of desire to be a "master." Roles became positional rather than essential. Between 1930 and 1945, the entrepreneurial power shifted to union organizers. Wilk proposes a self-defined "anti-Chandlerian theory" in which skill is more primary than structure and the master narrative is one of the relationship between freedom and service.

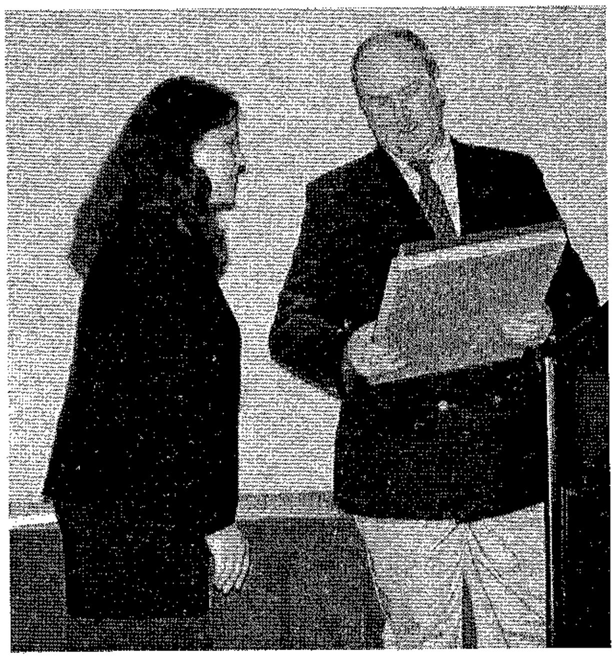
Standardization rules our lives in discrete ways, and a lively Friday afternoon session chaired by Grietjie Verhoef (University of Johannesburg), with respondent Amy Slaton (Drexel), explored several historical approaches to this topic. **Franklin Noll** (US Bureau of Engraving and Printing) spoke on "The Political Economy of Making Money: Quality and Control in National Bank Note Production, 1863-1877." Noll explained how the physical characteristics and printing of National Bank notes were directly tied to the political economy of this era, as a power struggle ensued between the Treasury and the Comptroller over whether government or private printers would maintain quality standards for currency and thereby control note printing, and, ultimately, circulation. By the 1870s, the battle focused on aesthetics and currency authenticity, with the Comptroller's office appealing to "Congress's concern over the cleanliness of notes in circulation" and bank note printing companies competing for lucrative contracts.

Observing that most people have never heard of Paul Gough Agnew, the central figure of his research, **Andrew Russell** (Johns Hopkins) shed light on Agnew's importance and power as a leading spokesman and administrator for the American industrial standards movement. As Secretary of the American Engineering Standards Committee (AESC) for more than three decades, Agnew played a central role in the adoption of the "consensus principle," which "stipulated that all parties with an interest in a proposed standard should have a voice in the standardization process." Russell's research, "P.G. Agnew and the Consensus Principle for American Industrial Standards," explores standardization as a political process and the value it brings not only to historical investigation but also the implications it has for today's global economy.

Kendra Smith-Howard (UW-Madison) addressed standardization in the milk industry during the early 20th century in "Setting Standards for Milk: Politics and Science in Progressive Era America." In a time when 20% of babies died before the age of two years, milk-born diseases such as TB, diphtheria, and scarlet fever were a central concern of American mothers as well as Progressive reformers. Smith-Howard traces the development of establishing milk standards and the interactions between local, state, and federal officials, who also had to confront emerging scientific and health theories on bacteria and disease. As her research reveals, the process was not a smooth one – a nationwide ordinance governing the production and distribution of milk would not come about until 1959 – and its history carries important lessons for modern national and international health issues.

JoAnn Yates (MIT) and **Craig Murphy** (Wellesley) took a look at "From Setting National Standards to Coordinating International Standards: The Formation of the ISO." During the First World War, European and US engineers shared a broader vision for a comprehensive, international standard-setting organization. As might be expected, however, finding consensus among national standards bodies, professional engineers, and multiple trade associations hampered the creation and adoption of international standards for decades; the creation of the International Organization for Standardization (ISO) dates from April 1947. The authors' research, based on a dogged pursuit of scattered archives from the British and American standard-setting bodies of the early 20th century, reveals the tortuous path of international consensus and the layers of conflict "between those who wanted the international organization to have only a coordinating role and those who wanted it to set standards."

The third Plenary Session focused on an ongoing topic of interest that has generated much discussion and e-mail traffic over the past year: "Teaching History at Business Schools." Chaired by David Kirsch (Maryland), this panel featured six professors of business history from leading business schools, who shared their perspectives on the current state of the field. **Walter Friedman** (Harvard) began by stating that he was one of ten faculty for a total student body of approximately 900 students. Classes are taught using the time-honored Harvard case method, and he expressed slight dismay that business history classes are now only part of more than 70 elective classes open to students. It is also a time of transition at the Business School, as historian Thomas McCraw retires and Geoff Jones takes over. What do Harvard MBA students want most from business history classes? Perspective, Friedman says, is the most valuable "takeaway," with articles gaining over books in popularity with students in recent years both because of length of reading commitment as well as timeliness of material.

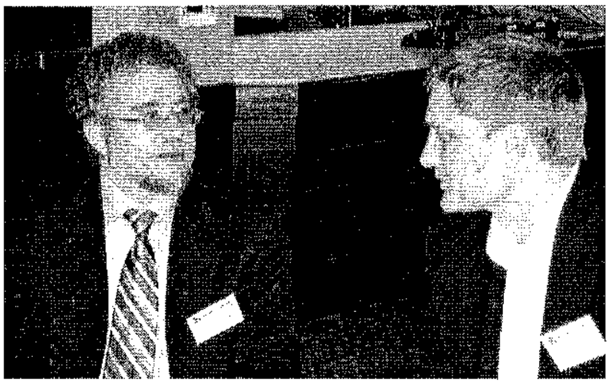


Adina Popescu receives an award from Bernie Carlson

Margaret Graham (McGill) spoke of her recent experiments in offering an international business history class she titles, "A Distant Mirror for Globalization." She bases her syllabus on historical classics, such as Braudel's "The Perspective of the World," DeRoover's "The Rise and Decline of the Medici Bank," and Origo's "Merchant of Prato," as well as more contemporary titles, such as Ferguson's "Empire" and Diamond's "Guns, Germs, and Steel." The first half of the course highlights eight major themes: routes, risks, and services; transport; institutions; extraction; money, banking, and finance; economic zones; goods of trade; and ideas and other communicables. The course then shifts focus to particular places and times, including the Silk Road in the East and West, the Italian cities of Venice, Genoa and Tuscany, and the bourgeois empires of the East and West.

Per Hansen shared his experience in teaching business history among a faculty that numbers six professors. Hansen argued that students need to understand that corporate histories are both a resource and a constraint, since these narratives establish how the companies frame the world. His educational focus, he explained, centers on how companies use and are influenced by their unique historical narratives and how this proprietary information affects both short- and long-term decision-making.

Christopher McKenna (Oxford) interjected a light note into the session with stories of teaching business history to hip, young Oxford students, who are completely at home in an environment of multimedia technology, and by sharing examples of the case study approach that has won him teaching honors at his university. For instance, by incorporating a video of the animated film classic "Snow White," with Walt Disney's background commentary, into a class on innovation, McKenna enables students to more fully appreciate that the challenge of constantly pushing the creative boundaries to invigorate an industry is not new territory. McKenna also recounted placing an order for seven books for his business history course and receiving a concerned call from an Oxford administrator who fretted about the number of required texts. "It's not really about the price," the university representative explained, "it's about the precedent." McKenna won out, and his students were introduced to a wide-ranging collection of business history titles, both classic and new.



Roger Horowitz (l.) chats with Shane Hamilton (r.)

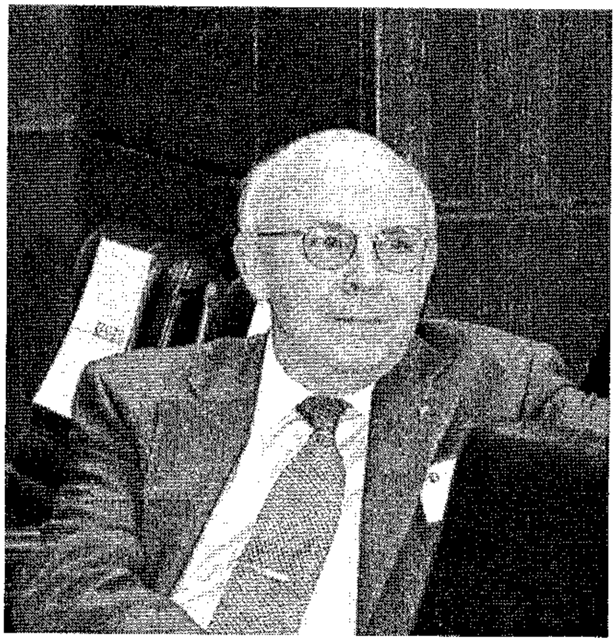
George David Smith (NYU and Winthrop Group) presented his model of the "Virtuous Diamond," which forms the basis of his business history teaching. Smith asserts that when four key factors – vibrant entrepreneurship, effective financial systems, enabling political systems, and sophisticated managerial capabilities – align with natural, human, and technological resource endowments, a fertile environment emerges in which capitalism can thrive. Smith and two other full-time business and economic history faculty at NYU's Stern School of Business offer five popular classes to both undergraduates and MBA students. Smith notes that the business history faculty's goal is to teach students how to think critically as historians in time, in context, and comparatively.

Joseph Martin (Toronto) talked about the challenges of teaching business history in a country with a limited number of business schools and where the focus of extant programs is on building institutions that will attract increasing numbers of students. While some excellent business education programs can be found throughout Canada, it often comes down to practicalities of head count and financial considerations. Martin's comments were echoed by audience members, who questioned the representative nature of the panel, since it was filled with faculty from some of the premier business schools in the world. In closing, McKenna underscored the value of teaching business history in business schools by pointing out that when former Enron CEO Jeff Skilling was at Harvard Business School, he only failed one course: Business History.

A Saturday morning session on "Wall Street: Politics and Innovation" was chaired by Franca Iacovetta (Toronto), with Lucy Newton (University of Reading) as the respondent. **Martin Horn** (McMaster) shared his research on "The Money Changers and the Temple: J.P. Morgan & Company and the Roosevelt Adminstration, 1933-1939." Horn examines the relationship between four senior Morgan partners and FDR's administration, concluding that "the response to the domestic agenda of the New Deal varied from partner to partner, evolving as the 1930s progressed." While Morgan & Company was consistent in its support of American foreign policy during this era, Horn argues, the individual partners' ambivalence about domestic policies reflects a splintering of political support among American enterprise that is often overlooked. He concludes that while New Deal narratives focus primarily on domestic issues, historians need to think about both domestic and foreign policies during this era.

Mary O'Sullivan (Pennsylvania) turned to the mid-20th century in her paper, "Riding the Wave: The US Financial Markets and the Postwar Electronics Boom." She addresses the relationship between the rapidly developing electronics sector and US financial markets from 1946 to 1971, analyzing three major financial institutions: the NASDAQ, venture capital, and investor groups. O'Sullivan proposes that the dynamics of the trading markets during the post-WWII period, coupled with an increase in investor appetite for speculative issues, fueled the boom of the electronics industry. Her research provides a broader financial context for the development of American electronics companies and shifts the historical focus from solely technological sources.

The conference program concluded with the presidential address, "Political Economy of Financial Development: Canada and the US in the Mirror of the Other, 1790s-1840s," delivered by 2005-2006 BHC President **Richard Sylla** (NYU). Leaving behind any thoughts of solemnity, Sylla regaled the audience with a concise history of Canadian-US differences as they developed in the decades after American independence. Drawing on the distinguished Canadian historian H. V. Nelles's "brilliant" *A Little History of Canada* (Oxford, 2004), Sylla stated that the main differences were constitutional and financial. The US, a federal republic, was a more unified state; Canada would remain a collection of provinces until the 1840s and did not become one country until 1867. The US also had a financial revolution led by Alexander Hamilton in the 1790s that would give it perhaps the best financial system of any nation by the 1820s, when it was already the most rapidly growing economy in the world. Nothing like that happened in Canada, where provincial elites limited financial and economic development to protect their privileged positions. Both countries had crises in the 1830s. The US crisis was financial: banks suspended convertibility and some failed, while securities prices tumbled. In Canada, the crisis was political and revolutionary, with Canadians shooting and killing each other in Toronto's Yonge Street and elsewhere. In contrast with the outcome in the US six decades earlier, in Canada the forces of order and empire triumphed and the



Richard Sylla, president of the Business History Conference meetings in 2006, takes a break from the action

revolutionaries lost, with some suffering execution and others going into exile in the US. This is quite different from the view that most Americans have of Canadians today as more orderly and less aggressive versions of themselves.

Canada's economic, political, and financial lag behind the US during the 1820s and 1830s was lamented by Canadians and an embarrassment to Great Britain. Sylla closed by citing historian Thomas Fleming's counterfactual analysis of what would have happened had Vice President Aaron Burr not killed Major General Alexander Hamilton in 1804. Among other things, Hamilton would have been elected president in 1808. Responding to arrogant Albion's high-handedness and mistreatment of American commercial interests, in short order President Hamilton would have led a well-trained, well-financed US army to liberate Canada from the British yoke. The enlarged US would then have made a durable peace with Britain, and there would be no Canada. Sylla said that one of his Canadian MBA students, on hearing this counterfactual analysis, had determined that Canada ought to replace the queen's visage on its currency with that of Aaron Burr!

The annual conference ended with the banquet ceremony awarding BHC prizes and grants. The BHC Lifetime Achievement Award was given to K. Austin Kerr (Ohio State). The recipient of the Howard F. Williamson Prize, awarded to a mid-career scholar who has made a significant contribution to the field of business history, was Pamela Laird (University of Colorado-Denver), who was asked to return to the dais to receive the Hagley prize for the best book on business history for her work, *Pull: Networking and Success Since Benjamin Franklin*. The Newcomen Article Prize was awarded to Tony Webster (Edge Hill College) for his March 2005 *Enterprise & Society* article, "An Early Global Business in a Colonial Context." The K. Austin Kerr Prize, in honor of the best first paper delivered at the annual meeting by a new scholar, was awarded to Michelle Craig McDonald (Harvard) for her presentation on "The Drink of Diplomats: Government Intervention in the US Coffee Re-Export Trade, 1790-1805."

The 2007 Business History Conference annual meeting will be held June 1-2 in Cleveland, Ohio at the Weatherhead School of Management, Case Western Reserve University. The theme for the conference is "Entrepreneurial Communities" and is defined broadly in scope and scale. Details are available on the BHC website: http://www.h-net.org/~business/bhcweb/annmeet/call07.html.

"Economics is extremely useful as a form of employment for economists."
John Kenneth Galbraith (1908-2006)

Report on the Third International Conference on Economics and Human Biology

By Aravinda Guntupalli, Eberhard Karls Universitat, and
Laurent Heyberger, Universite de Technologie de Belfort-Montebeliard

(Strasbourg) The Third International Conference on Economics and Human Biology was hosted by the University Marc Bloch from June 22-24, 2006 in Strasbourg, France. To open the conference, Michel Hau (University Marc Bloch), chairman of the local Organizing Committee, warmly thanked everyone for coming. At the gala dinner, John Komlos (Ludwig Maximilians Universitat), chairman of the Scientific Committee, in turn thanked Hau for organizing the conference and complimented Joerg Baten and Aravinda Guntupalli (both Eberhard Karls Universitat) for putting together an excellent program.

In the first presentation, **Emmanuel Le Roy Ladurie** (College de France) outlined the history of anthropometric history. In 1969, Le Roy Ladurie established the spatial patterns of heights of French conscripts and created an anthropological map of France for men recruited between 1819 and 1826. His findings indicate that the shortest people were concentrated in Brittany and the Massif Central, while the tallest were in the northern part of the country. These observations were later linked with maps of illiteracy and "elites" by students at the Ecole Polytechnique. The tallest conscripts also tended to be from areas where there were the largest percentages of cartwrights, saddlers, and harness makers. The developed parts of France, where there were a larger number of roads, are also identifiable by anthropological indicators, such as a lower share of conscripts affected by disease. Le Roy Ladurie concludes that these kinds of studies represent the "old French method" of anthropometric history of the Annales School.

In a session that provided an overview of biological welfare, **Yoko Akachi** and **David Canning** (both Harvard) explored "Cohort Heights as Measures of Health and Living Standards in Modern Populations." The authors use adult height data by cohort across countries and test the relationship among adult stature, health, and living standards. They find that since most of the variation in height across countries is due to fixed effects, perhaps reflecting genetic variation, variations in cohort height over time are sensitive indicators of changing health, nutrition, and living standards in low- and middle-income countries. Baten complimented the idea of using cohort height as an indicator of living standards. Alexander Moradi (Oxford) asked about the presence of multicollinearity between protein and calorie intake and wondered whether protein is a better indicator than calorie intake.

Joseph Ferrie (Northwestern) spoke on "The Past as Prologue: The Effect of Early Life Circumstances at the Community and Household Levels on Mid-Life and Late-Life Outcomes," written with **Karen Rolf** (Nebraska) and **Werner Troesken** (Pittsburgh). They collected data from 1900-1930 on males who were under age five and link these records to the Social Security Death Index and army enlistment records. According to the authors, men born during the 1918 influenza pandemic died two years earlier, on average, than those born in 1915. In addition, longevity increased for children of a white collar head of household, while it decreased for children of a farmer head of household.

Kris Inwood continued with "The Evolution of Canadian Stature during the Nineteenth and Twentieth Centuries," written with **John Cranfield** (both University of Guelph). They use military and prison data and establish that during the 19th century, the physical stature of those born in Canada stagnated and, at times, declined. While the worst affected were those born at the end of the century, Quebec men were especially short; whereas, men in the Maritime or Atlantic coastal region were tall in spite of their relatively low income. Peter Ward (University of British Columbia) noted that since the recruitment of soldiers was a difficult task in the 19th century, these soldiers were perhaps shorter than average. Baten thought it would be interesting to observe trends in sexual dimorphism in height for 19th-century Canada.

Francesco Cinnirella (Ludwig Maximilians Universitat) collected data on height, previous occupation, and marital status from army recruiting lists for his research on biological standard of living and marriage rates in Saxony during the 18th and 19th centuries. Cinnirella ascertains that draftees of the 1840 birth decade were smaller than those born between 1690 and 1790. In addition, while controlling for the fact that marriage decisions were linked to the access to resources necessary to start a family, he discovers a strong chronological correlation between height and the probability of being married. Laurent Heyberger (Universite de Technologie de Belfort-Montebeliard) inquired if the data concerned only draftees or included volunteers. Cinnirella answered that there were draftees and volunteers in the sample for the 18th century and only draftees in the 19th century but that there was no major change in the biological standard of living between the two kinds of sources at the end of the 18th century.

Jose Miguel Martinez Carrion and **Javier Puche Gil** (both Universitad de Murcia) presented "Economic Development and Anthropometric Change in Mediterranean Spain (1840-1960)." They studied urban and rural areas of Alicante and conclude that there was a sustained improvement in the biological standard of living in the long run, except for the birth years from 1840 to 1880, with a decrease in height for the birth years 1850 to 1870.

Antonio Camara Hueso (Universidad de Jaen) reported health, equity, and economic growth within peasant communities in Eastern Andalusia between 1850 and 1936. He uses theoretical relationships between ecology, agriculture, and the biological standard of living (BSL) to select a set of demographic and economic indicators for Andalusia and Spain. Using these indicators, he distinguishes the two stages of development of the local agrarian system: in the first period (1750-1888), there was a decrease in the biological standard of living, an improvement of crop areas, and constant irrigation but a decline in pasture-meadows, and in the second period (1888-1936), there was a recovery of the biological standard of living.

Gilles Boetsch (Universite de la Mediterranee) and **Aude Brus** (Faculte de Medecine, Aix-Marseille) started the session on France with "Height and Socio-Professional Status of Temporary Migrants from Rançon, Limousin, 19th century (1848-1863)." They use data on the age, occupation, destination, and height of young migrant workers from the French and Italian Alps and from Massif Central. According to Boetsch and Brus, the final stature (reached at age 24) of Limousin's workers was taller than that of the Hautes-Alpes migrants, although Limousin's conscripts were shorter than the Hautes-Alpes conscripts at the age of

20. This paradox could be explained by the overrepresentation of taller masons among the Hautes-Alpes conscripts, whereas the majority of Limousin's conscripts were comprised of small peasants. Jean-Pascal Bassino (Maison Franco-Japanaise) pointed out that the Italian and French workers from the Alps actually belonged to the same population who just had to cross the border.

Gilles Postel-Vinay (Ecole des Hautes Etudes en Sciences Sociales) and **David Sahn** (Cornell) followed with "Explaining Stunting in 19th-Century France." They constructed a model that includes variables for income, wealth, education, and urbanization, and assert that industrial wages and education had a strong negative influence on the share of stunted men, while urban residence had a negative influence only in the second period (1875-1900). Bassino indicated that he obtained different results for the influence of real wages.

Wrapping up the session, **Laurent Heyberger** discussed the "Anthropometric History of Four French Regions, 1780-1920," which focuses on rural Alsace (a rather rich micro-farming region), urban Alsace (Mulhouse, the "French Manchester"), Brie (a rich and large scale farming region), and Limousin (a very poor beef cattle raising region in the Massif Central). His results show that during the 19th century, there were large differences in the levels and trends of the biological standard of living in the four regions. Furthermore, the first common increase of the BSL did not take place before the 20th century. Komlos called attention to the differences that seem to exist between Heyberger's estimates and Weir's national average figures and suggested that perhaps Weir's estimates should be revised.

In the session on "Asian Biological Welfare," **Jean-Pascal Bassino** and **Peter Coclanis** (North Carolina) discussed their research on "Secular Trend and Regional Inequality in Biological Welfare in Burma, 1849-1937." The rice wages data for Southeast Asia for the period from 1880 to 1930 suggest a decline in real wages. However, since the end of the 19th century, there has been an upward trend in Japanese height. The same is true for 19th-century Burma until the 1870s. Since the general decrease in height at the beginning of the 20th century cannot be explained by the rice prices, Bassino and Coclanis argue that exposure to tropical diseases likely played an important role in this phenomenon.

Stephen Morgan (University of Melbourne) talked about his work on height, health, and welfare in South China, in which he uses 19th- and 20th-century data on average height from prison registers and Australian immigration control records to study the well-being of the southern Chinese. He compares this data to Chinese government data and anthropometric surveys conducted in China since the 1950s. He finds neither a strong improvement nor a severe decline in the standard of living as indicated by stature. The observed fluctuations, such as the mid- and late-century decline, coincide with known social and political disruption that may have reduced the BSL for those born during the decades in question. Ralph Shlomowitz (Flinders University) wondered if some prisoners were measured with shoes and some without. This measurement irregularity might lead to a bias in height measurements.

Ulrich Woitek (University of Zurich) and **Jean-Pascal Bassino** use a prefectural-level, annual time series for 1892-1937 to study business cycles, climate anomalies, and regional height cycles in Japan. They state that the cyclical structure in regional Japanese average height was dominated by cycles in the 3-5 year range; that height was in co-movement with the national business cycles, the real fixed investment, and the index of industrial production (3-7 years range); and that regional summer temperature cycles in the 3-5 year range contributed to the explanation of height cycle variation.

Kaspar Staub and **Christian Pfister** (both University of Bern) reported on the biological standard of living for men and women in Switzerland between 1800 and 1940. The authors use data from passport registers, which enable them to compensate for the lack of data on conscripts prior to 1875 and also to access data on women. They also use data on winter temperature and on cherry flowering as a proxy for spring temperature, the productivity of pastures, and milk production to determine the factors that affected the increasing difference between male and female height during the 1820 to 1855 birth years in Solothurn and Bern. For the birth cohorts 1819 to 1855, there was a correlation between height of young men and spring temperatures. Heyberger noted that he tried to establish the same correlation for a nearby region in the same period but found no relationship, which is why these results are interesting.

In the opening presentation of the session on the BSL of Soviet and Czechoslovakia, **Boris Mironov** (Russian Academy of Science) discussed his research on "Biological Status of St. Petersburg Women in 1940-2005: The Height and Weight of Newborns and their Mothers." With data on height and weight of boys and girls born in St. Petersburg between 1980 and 2005 and the same information on their mothers, Mironov says that after the end of World War II, the biological standard of living for women increased until the 1970s. The height and weight of newborns increased between 1980 and 1990; however, complications and diseases of pregnancy were more frequent among St. Petersburg's women from 1980 to 1999. As a result, Mironov observes a decline in height and weight of newborns between 1990 and 1994 and then a recovery, consequently, the average weight for 2000-2004 did not reach the level of 1980-1984.

Next, **Tomas Cvrcek** (Vanderbilt) talked about inequality and living standards between 1946 and 1966 in Czechoslovakia under early Communism. Cvrcek uses data on adolescent schoolboys from five schools in the town of Liberec. He compares official statistics on welfare and inequality to unofficial anthropometric evidence to determine whether official communist statistics were reliable and if communism represented a radical attempt at equality. He finds some points of correspondence between the two sorts of indicators concerning the basic (upward) trend, the difference between sectors, and the fact that professionals fared better than workers. Nevertheless, there were some points of divergence, such as the position of clerks (white collar workers remained taller than blue collar workers over the period, contrary to what would be expected from the data on wages). Pavel Blaha (Charles University) asked whether the anthropometric data were not reliable because they were taken by teachers and not by anthropologists and whether the data were representative of the whole of Czechoslovakia. Cvrcek replied that if his data are not reliable, then anthropometric history as a whole is not reliable, since it is based on measures taken by soldiers, teachers, etc. and not by anthropologists. He admitted, however, that his sample might be not representative of the whole of Czechoslovakia.

Jana Vignerova (National Institute of Public Health) **Marek Brabec** (Charles University), and **Pavel Blaha** looked at "Long-Term

Changes in BMI and Height of Czech Children." According to the authors, height increased in all age categories during the 20th century. The peak of the growth spurt occurred at lowered ages, and the age of sexual maturity declined as well. The patterns of the BMI centile curves also changed over time, including a greater gap between the 10th and the 90th centile during the past 50 years.

In "Mechanization, Opposition to Economic Modernization and Human Biology in Nineteenth-Century Western France: A Comparative Study on Textile Workers and Seafarers," **Jean-Louis Lenhof** (Universite de Caen) utilizes military surveys in the archives of the towns of Alencon and Dunkerque to examine the BSL of three generations of seafaring people up to the emergence of the steamer. He asks the question: could the coastal navigation made by sailing ships maintain the BSL of seafaring people? Lenhof finds an increase in height during the second half of the 19th century and compares this result with the data on food consumption. Bassino wanted Lenhof to use a t-test and a regression with real wages, as well as calculating food consumption in actual quantity measures instead of percentages.

Veronique Schultz (University Marc Bloch) spoke on the "Standard of Living in Strasbourg during the 19th century." Using conscription data, she constructed a malnutrition variable and shows that conscripts born in prerevolutionary times, between 1785 and 1789, had a lower percentage of malnutrition than those born between 1789 and 1809. For those born between 1809 and 1848, the BSL increased almost continually. The position of workmen was even better in Strasbourg than in the Alsatian countryside, which suggests that Strasbourg experienced a rather particular way of development compared to other cities during industrialization. Baten asked if the age of examination was always the same during the First Empire. Schultz answered that she corrected height for age in her calculation.

Next, **Jean-Pascal Bassino** and **Jean-Pierre Dormois** (University Marc Bloch) presented their work on the regional convergence of living standards in France between 1845 and 1913. They use cross-sectional data on wages and stature to provide new estimates of PPP adjusted wages. Their findings modify the previous results of David Weir. According to Bassino and Dormois, there was a regional convergence in education and a convergence in welfare between 1875 and 1896 but not so much in terms of stature. Finally, PPP adjusted wages do not explain regional differences in stature, but nominal wages do, which suggests that health better explains inequality in terms of stature than nutrition. One suggestion was made to the authors to include in their food basket other items, such as fruit, in addition to milk.

Moramay Lopez-Alonso (Rice) began the "Latin American Welfare and Inequality" session with "Institutions and Living Standard: Unequal Welfare Provision among the Working Classes in Mexico, 1870-1940." Lopez-Alonso examines the inequalities of BSL among the "popular classes" in urban and rural areas during a period when industrialization, public sanitation, and revolution occurred at the same time. She determines that the urban poor had a better BSL than their rural counterparts, in spite of the fact that cities were unhealthy places to live. This could be explained by the fact that welfare and public health policies were targeted to those with whom it was convenient to establish political allegiances – the urban working classes. The suggestion was made to use the Gini coefficient and the coefficient of variation of height in addition to comparing the height of skilled and unskilled workers.

Roca Adolfo Enrique Meisel (Banca de Colombia) presented "The Stature of Colombia's Elite before the Onset of Industrialization, 1870-1919." He uses passport data on the height of men and women of the Colombian elite born between 1870 and 1919 and sees no trend except a stagnation of height between these two groups. He compares these results to data from the ID cards of elites born between 1909 and 1919, who were 8 cm taller (women) and 5 cm taller (men). Lopez-Alonso inquired if domestic servants (females) might be included in the passport sample, as in the Mexican case. Enrique Meisel replied that there were no domestic servants to his knowledge, just a very few skilled laborers. Komlos asked why the national average height increased in the 20th century but not that of the elites. The author responded that good distribution of income created by coffee exports explained the decrease in inequality. A participant wanted to know if the percentage of people having a passport increased during the 20th century, which might explain the stagnation of height observed in the passport sample. Meisel said that, yes, that was the case.

The session on Latin America was closed out by a contingent of Brazilian scholars. **Luiz Noguerol** (Universidade Federal do Rio Grande do Sul), **Claudio Shikida** (EG-FJP-IBMECl), and **Leonardo Monasterio** (Universidade Federal de Pelotas) presented "Growth and Inequality of Height in Brazil (1939-1981)." According to the Pesquisa de Orcamentos Familiares, among the adults, only 3.8 million (4%) Brazilians have a weight deficiency. If accurate, this suggests that malnourishment in Brazil has ended. To test the accuracy of this result, the authors analyze data on 40,000 males between the ages of 21 and 65. According to the authors, the increase in height between 1940 and 1982, adjusted for age, was three to four centimeters. Moreover, both GDP per capita and height stagnated during the presidency of Goulart and the military dictatorship (1961-1967), but during the "Brazilian miracle" (after 1967), there was a strong upward trend in GDP, although not for height. Furthermore, there was no convergence of the regional inequality. Race was not a good predicator of height. A suggestion was made to the authors to explain the inequality of height by relative prices (e. g., meat/sugar, food/no food) in order to see the effect of consumption habits.

Marco Sunder (Ludwig Maximilians Universitat) presented "Evidence on the Biological Standard of Living from the Lives and Deaths of 19th-Century Bavarian Men," written with **Klaus Schuster**. They analyze 19th-century mortality data from the death registers of the Miesbach court district, a rural region in Southern Bavaria. They find an association between morbidity and height and marriage and height, which corroborates John Murray's results; however, they could not find any relation between height and mortality and, thus, could not support the laws of Mt. Waaler. The authors emphasize that more work on the historical link between early life conditions, height, and mortality on the basis of larger samples is required to understand environmental and genetic contributions. Stanley Ulijaszek (Oxford) recommended that in their conceptual framework, the preference for genotype explanation could be lowered.

John Komlos closed the conference by thanking Hau for his leadership in providing a welcoming reception and an excellent conference. He noted that the field is expanding quickly but that many unresolved issues remain on which work is continuing, including studies of spatial convergence in height. He mentioned that anthropometric research often presents us with new puzzles, such as why Americans, who were the tallest in the world for two centuries prior to World War II, stopped growing by the 1960s birth cohorts. Western and Northern European populations not only caught up in height but surpassed the Americans. Today, the Dutch are the tallest in the world. He also mentioned that the *Economics and Human Biology Journal* is doing very well and thanked the participants for their continued support of the journal.

Call for Papers

Economic History Association Meetings

Austin, Texas

September 6-9, 2007

The annual Economic History Association Meetings will be held September 6-9, 2007 at the Austin Marriott at the Capitol in Austin, Texas. The Program Committee welcome proposals for individual papers and for entire sessions. As is the rule, papers on all subjects in economic history are welcome, but a number of sessions will be devoted to the theme of "Space and Place in Economic History." The Committee invites papers and sessions on location and land use, spatial networks, geographic influences on economic development, settlement patterns and urban systems, diffusion, and generally with flows of people, goods, capital, ideas, and techniques. Work in the New Economic Geography or using such techniques as GIS is encouraged.

Papers and session proposals should be submitted online to: http://eh.net/eha/meetings/prop_07.html. Paper authors should submit a 3-5 page précis and a 150-word abstract suitable for publication in the *Journal of Economic History*. **The due date is January 31, 2007.**

The dissertation session presents six dissertations completed during the 2006-2007 academic year. **The due date is June 1, 2007.** The Gerschenkron and Nevins prizes will be awarded to the best dissertation on non-North American and North American topics.

Graduate students are encouraged to attend and the Association offers subsidies for travel, hotel, registration, and meals, including a special dinner. A poster session welcomes work from dissertations in progress. For further information, go to www.ehameeting.com, or contact Meetings Coordinator Carolyn Tuttle at tuttle@lfc.edu.

BOOK PREVIEW

Origins of American Health Insurance:A History of Industrial Sickness Funds

By John E. Murray

Note: The following is an abridged version of Chapter One of ***Origins of American Health Insurance*** *by John E. Murray, forthcoming from Yale University Press in 2006.*

In the years before paid sick leave and group health insurance became common, what happened to a worker who became sick and was unable to work? The potential for financial as well as physical distress was considerable. Take, for example, the D. family who lived in the Kensington section of Philadelphia in spring 1918. The family, consisting of mother, father, and four children, was described by a visitor as "comfortably off." Mr. D. earned $18 per week as a fireman, to which the oldest child added $6 per week from his job in a textile mill. After contracting erysipelas (a bacterial infection), Mr. D. spent three months hospitalized and unable to work. Although Mr. D.'s coworkers took up a collection to aid him, within two months the family had spent its savings and sought help from charities. The case of the D. family illustrates three sources that families in distress due to illness could call upon: their savings, the generosity of coworkers, and organized charity. Those were not the only possibilities.

George Himes worked for the W. F. Stewart Co. of Flint, Michigan, a supplier of auto bodies and parts to local auto manufacturers. In 1901, Stewart and other local firms, some of which were later to form General Motors, established the Flint Vehicle Factories Mutual Benefit Association, to which Himes – and many other Flint manufacturing workers – belonged. After Himes fell ill with appendicitis in the spring of 1912 and was unable to work, the benefit association paid him six dollars each week. Single and 26 years old, Himes had no family to support, but he did owe rent to the landlady of his boarding house. Unfortunately for him, medical complications ensued, and he remained incapacitated beyond the maximum of 13 weeks for which the benefit association would provide sick pay. Fortunately, there was a backup. At that point, his case fell under the purview of a longer term insurance program sponsored by the Manufacturers' Association of Flint, which paid him sick benefits for another two months. This situation might have continued for as long as two years, except that by the end of July, Himes had recovered sufficiently to return to work. He informed the Manufacturers' Association that "he was very thankful for the help" they had provided, and so the Association ceased their payments.

Which example was more representative of Progressive Era workers in ill health? The case of the D. family actually was typical of one aspect of Progressive America. The D.'s experience may or may not have resembled that of working families in general, but their trials were classic examples of anecdotes provided by Progressive reformers who debated one of the great issues of the day: government organized income and medical insurance for workers. Progressives worked hard to emphasize the deep inadequacies of the shambolic network of insurance arrangements for the working class. A few prudent (or credulous) workers might be able to join sickness benefit funds, but whether the funds themselves would act as safety nets was, according to the Progressive literature, doubtful. Reformers argued that the one entity that could be relied upon to provide that safety net was government. Thus, Progressive efforts to create sickness insurance at the state level gained urgency in the years 1915-1920. In the end, however, the Progressives were unable to generate much political support in any state they campaigned in, creating in the process the first of many failures to broaden American health insurance coverage through governmental action. Upon later reflection, Progressives attributed these failures to the incompetence of workers' sickness funds, underhanded political efforts of employers and insurers, and the general backwardness of the working class. Many historians who have examined these institutions during this period have concurred with this assessment.

In this book, I call that assessment into question. I propose that the sickness insurance funds that workers and their employers organized were stable and capable institutions. Workers like George Himes, who wisely insured themselves against the financial consequences of illness, were more common than Progressives supposed. While such prudence may have characterized only a minority of workers, I also argue that many workers who did not insure also acted out of prudence. Young workers recognized the high cost of insurance relative to their good health, and older workers knew the importance of saving in advance of declining health as they aged. In fact, industrial sickness funds provided more or less the services that workers most desired, i.e., paid sick leave, and skimped on provision of medical care that was ineffective at best and at worst a cover for coercing workers to return to their posts before they had regained their health. It was the success, not the incompetence, of the sickness funds that led to Progressive reform failure.

Sickness funds were sufficiently competent and fair in their delivery of financial and, to a lesser extent, medical assistance that they continued to perform their duties until well into the 1930s. In fact, their existence alone indicates the need to revise the standard history of workplace-provided health insurance that begins around World War II with tax breaks for Blue Cross type insurance. Their end as important components of the national network (or patchwork) of health insurance was not due to the Great Depression. Instead, technological advances in actuarial methods, which were not developed until around 1930, enabled group health insurers to offer cheaper, more valuable, and sounder insurance from that time onwards. The sickness funds that thwarted Progressive insurance reform proposals were actually very capable financial institutions. This book tells their story.

The institution I examine is the "industrial sickness fund," which provided its members with a form of health insurance well-suited to the conditions of late 19th- and early 20th-century America. This is a synthesized term that does not generally appear in the literature of the Progressive Era. Industrial sickness funds were insurance funds operating under the auspices of a particular company for, and often by, its employees and insurance funds operated by labor unions for their members. These two types of funds formed the basis of the American system of associating health insurance benefits with the workplace. From such institutions, Americans began to connect health insurance with their employer.

The term "health insurance" is not an anachronism but a formulation that became common currency during the Progressive Era. The previous term, "sickness insurance," referred to the same sort of contract. To Progressives who were sensitive to the impressions their reform proposals made on the masses, sickness insurance sounded too similar to the German *Krankenversicherung* to be politically viable during the Great War. As the term used in the 1911 law in the United Kingdom, health insurance sounded more reassuringly British, and so that is how reformers christened their proposals. Both sickness and health insurance referred to a contract in which workers paid regular premiums to the sickness fund in exchange for the fund's promise of a cash payment. The benefit was contingent upon a physician or fund committee determining that the worker was unable to work due to ill health. Some funds paid for that physician attendance, as described below. We know from our own vocabulary that Progressive efforts paid off in determining the terms of discourse so that references to health insurance rather than sickness insurance became the standard. Both terms will be used interchangeably here.

The persons who benefited from sickness fund membership were workers, who were mostly men. Membership in some funds was comprised of a substantial share of women, but very few funds offered benefits to the wives or children of members. Restricting membership to workers, and excluding the unemployed, the elderly, and women not in the labor force followed in part from the goals of such funds. While these exclusions may strike the present-day observer as unfair or sexist, they were consistent with the goal of most funds. When a member was unable to work and thus earn any income, the fund stepped in and provided a small share of that income. The intention was hardly to leave the worker and his family whole after a severe financial shock, which was far too grand an aim to be feasible given the simplicity of fund management techniques. The intention was to keep the worker's family out of the poorhouse, no more and no less. By that limited standard, industrial sickness funds succeeded. Employment-based sickness insurance had two advantages in its favor. First, by tapping pay packets or union dues payments for premiums, the cost of operating the fund fell considerably relative to sending collectors door-to-door as industrial sickness insurers did. Second, pooling by workplace reduced the ability of a disproportionate number of sick workers to buy insurance directly, since they first needed to gain employment at an establishment or through a union with a sickness fund, just as healthy workers did. This made sickness funds more financially stable than they would have been otherwise.

The way sickness funds worked was not very complicated. First, a worker applied to his fund for admission. By early in the 20th century, relatively few funds imposed restrictions on prospective members that followed from prejudices of the day, such as racial bars. However, many imposed prudential restrictions, hoping to exclude, through age limits, workers who were too old, to rule out those who were already sick through required medical examinations, and to discourage those who believed they might become sick by waiting periods weeks long between hiring and admission. The goal in each case was consistent with the principle of insurance: to protect the insured from the shock of an unexpected adverse event. These three restrictions aimed to exclude those who had already experienced an adverse event of ill health or who expected to experience sickness soon.

Once admitted, a worker paid an initiation fee and then dues every pay period. Early in the 20th century, the entrance fee averaged about $1 upon joining, and dues typically cost $5 per year, that is, around a dime a week. Given weekly earnings of about $10 for manufacturing workers in 1909, a typical premium cost a worker around 1% of his pay packet. When the worker fell ill, he notified his fund, which typically sent out a visiting committee to assess his ability to work. These men usually took their duties seriously, and they bore a serious burden on behalf of their fund. It must not have been easy to balance their charge to cheer up an isolated coworker while giving him the third degree to determine how sick he really was. If the committee agreed with the claimant that he could not work, he received benefits, and if not, he had to return to work in order to receive any income.

Rather than requiring members who may have been friends of the potential beneficiary to judge claims, some funds assigned that duty to a physician. Some funds required that workers be examined by a physician chosen and paid for by the fund or that the decision by one's personal physician be approved by a fund-employed physician. After examining the claimant, the doctor made a diagnosis and, if applicable, prescribed a course of therapy. If one of the doctors diagnosed a venereal disease, an illness that predated the worker's admission to the fund, or an injury due to fighting or drunkenness, most funds denied the claim. To keep claimants from making things worse, many funds required them to stick close to home (and, in particular, to avoid saloons) while receiving benefits. A typical, if detailed, example of behavioral restrictions came from a mutual association in Camden, New Jersey: "A sick member drawing benefits is not permitted to leave his house in rainy or unpleasant weather, or after 8 o'clock in the evening, except upon the written advice of his physician or the consent of at least two members of the relief committee." Some historians interpret such conditions as Victorian moral hypersensitivity, but to the extent that these illnesses were avoidable or chronic, such denial represented prudence or recognition of the insurance principle. In any case, the conditions that the fund would not cover were publicized and well-known.

Further prudence appeared in sickness funds' unwillingness to underwrite brief, transient conditions. Funds typically imposed a one-week waiting period before issuing benefits, which began when they were notified of the worker's condition or after they received confirmation of the claimant's condition from the visiting committee or physician. If the claim was approved, the worker received sick pay of about five dollars per week. Relative to the average income of $10 for workers, this represented about half the worker's usual pay. This was not enough to justify extended absences but enough to keep one's family out of the poorhouse, the modest goal of the typical sickness fund.

To deal with other problems facing their working class members, some funds offered additional benefits, such as death or unemployment benefits. Unemployment benefits were more common among funds administered by national unions rather than local, and to all union funds, they offered a perplexing incentive for unemployed members to present themselves as ill in order to increase their benefit payments. The death benefit was typically a modest $100 or so and often less. Around 1907, over three-fourths of local union benefit funds paid a benefit upon the death of a member, as did over nine-tenths of establishment funds. The death benefit was a critical part of the whole benefit package offered by funds. This was a highly competitive market, with industrial life insurance available to many workers, and the number of employers offering group life as a fringe benefit was growing steadily. Well-informed observers at that time and since have attributed much of the failure of Progressive efforts to their insistence on including a death benefit in their reform proposals.

Many types of businesses and unions sponsored sickness funds, which were organized in a variety of ways. The diversity of such arrangements indicates the flexibility of sickness funds to meet local needs. Both local and national unions operated sickness funds, and so did many railroads and manufacturers. Early in the 20th century, there were particular funds for hospital expenses (similar to later Blue Cross plans), and a small number of establishment funds offered pension or long-term disability benefits. Certain independent benefit societies emerged in particular industries or were organized by workers of particular ethnicities. The sickness funds that enrolled the largest number of members were those operated by fraternal societies. Since fraternal sickness funds offered the great advantage of continuity in membership when a worker changed jobs, they had an important similarity to labor union funds. Although members of fraternal sickness funds also enter into the discussion later in the book, fraternal society funds themselves will not be discussed in any detail. Unlike industrial sickness funds, they have already been the subject of careful scholarly study recently and do not really need another examination.

At this point, it may still seem strange to devote an entire book to a collection of rather small and previously unheralded financial institutions, industrial sickness funds. The simple response is that these societies have been misrepresented in the literature, both contemporary and in the present-day, and that judgment has led to a misinterpretation by many, but by no means all, historians who have struggled with the question of America's lack of government health insurance. Industrial sickness funds faced deep problems that inhere in all insurance contracts and managed them carefully. They were widespread geographically, and membership was growing. They provided benefits that workers wanted and by and large did not offer benefits that workers were less interested in. Their sensitivity to the demand for their services followed directly from the characteristic that a few Progressives identified as worth emulating: their small size and personal knowledge of members by fund managers.

Progressive reformers and historians in the present have attributed the failure of the Progressive health insurance agenda in no small part to the presence of industrial sickness funds. At the same time, they have criticized these funds for incompetence. Although the funds were too few, too small, and too unstable, they still managed to thwart what had seemed to be the inevitable creation of a universal, government health insurance program. Perhaps it was their strengths that appealed to sufficiently many workers to weaken Progressive health insurance efforts. Given the availability of industrial sickness funds, many workers may have found government insurance unnecessary. The context of industrial sickness funds in the Progressive Era requires a short excursus into the economics of insurance and a review of the claims made by Progressives, their opponents, and historians.

Sickness funds provided a particular type of insurance. Insurance is a kind of contract in which the insured pays the insurer a small amount of money (the premium) in exchange for a promise to be paid back a larger amount of money (the benefit) if a certain event occurs. Who paid the benefit was a conundrum for proponents and opponents of government health insurance. Compelling all workers to pay some percentage of their pay (Progressives guessed as little as 2%; their opponents warned as high as 5%) for sickness insurance would have had the same effect as any tax. The economic answer to the question of tax incidence involves some relatively technical considerations of supply and demand elasticities that we need not consider here in detail. Simply put, after the imposition of a health insurance tax, wages would have fallen by less than the amount of the tax. If labor was as mobile as economic historians who have studied the period have estimated, then that tax burden would have fallen more on the employers than the workers. The magnitude of the change is open to interpretation, but that both employers and workers would have paid for social insurance is certain.

This should provide some skepticism for interpreting claims made at the time. Progressives advertised government health insurance as costless. John Lapp argued that since health insurance was a moral imperative, its cost should not even be discussed, and even at that, it was costless. Since state sickness insurance collected premiums and payout benefits, on net it "does not cost money, it distributes cost already in existence, and it does it without doing harm." This common argument omitted administrative costs of redistribution, not to mention responses to the incentives created by the provision of benefits. A corollary was that state insurance would operate more cheaply since it did not need to budget for profits. The Progressives' opponents raised the threat of a substantial loss in pay for the taxed workers. Both ignored or exaggerated how the process would work out in contemporary labor markets, and we should be aware of these misrepresentations for the present analysis.

A standard insurance contract produces several complications. First, chronologically the insured pays the premium before the event occurs, which allows for strategic behavior by the insurer. That is, with benefit in pocket, the insurer can refuse to pay the benefit. The insured may have only expensive legal remedies to enable him to recover the benefit and, as a result, may let the denial stand. According to Progressives, this possibility occurred far too often. Second, it was not always possible to precisely define the event against which the person was insured. In the case of sickness, disposition of cases that might have seemed obvious at first glance could ultimately have depended on whether the illness began before the claimant had joined the fund, whether it stemmed from a workplace accident (and was thus covered by workmen's compensation, if available), or if the claim had been properly certified by a physician. Third, the insured sometimes acted with information that was unavailable to the insurer, a condition known as asymmetric information. This advantage of insured workers will be examined in more detail later, but some discussion of the phenomenon now will clarify why this potential problem mattered so much at that time. Two further difficulties, moral hazard and adverse selection, followed from asymmetric information. Attempts to mitigate these problems resulted in principal-agent conflicts. Finally, pooling health risks by workplace can theoretically keep workers immobilized in an inferior job in order to remain insured. Such concerns existed in the Progressive Era as well.

To mitigate the problems of moral hazard and adverse selection, sickness funds imposed a variety of tests, such as waiting periods for applicants and claimants. One important screening procedure was the certification by a physician of a member's claim. If the physician was paid by the claimant, directly or indirectly, with an indemnity from the insurance fund, his perspective was bound to differ from that of a physician who worked for the fund on salary or capitation payments. Here was a classic principal-agent conflict. One contemporary textbook described it as "a very difficult problem; the doctor has no personal relation with nor interest in the insurance company, but the claimant (his patient) is one of the community in which the doctor earns his income and human nature asserting itself, the doctor resolves all doubts in favor of his patient, and prepares his certificate accordingly."

Under government insurance, some system of monitoring those personal physicians might be needed to discourage overly generous benefit payments. Progressive opponents raised the lurid specter of government insurance officials conducting "espionage" on ordinary doctors and their patients and complained that Progressive proposals to limit physician autonomy had assumed that these old family friends were untrustworthy from the start. Although these criticisms sound implausible now, similar dissatisfaction among German physicians in 1903-1904 led to a series of strikes. Reports of these events did not go unnoticed by Americans opposed to government insurance at home.

Finally, the association of sickness insurance and the workplace was in part simply a historical artifact, if a useful one. The first benefit societies were organized by trade unions through workplaces, and the first group health insurance policies were bought by large firms for their employees. The association with work made sense since the sickness benefit was intended to replace, if only partially, the worker's income when he was ill. By the late 19th century, providing such insurance through the employer or union had become a long-standing custom in some industries and regions. Another advantage of workplace-based insurance was little appreciated at the time but is clearer now and that was its tendency to mitigate adverse selection. Since most people chose employers for reasons other than access to insurance, a given firm's employees contained a mixture of high and low risks, enhancing the sickness fund's stability. This, however, came at a cost. If the insurer has specified that benefits will be granted only for conditions that develop after the insurance is in force, then workers who suffer from chronic conditions may only be able to move at the cost of losing their insurance. This type of clause is well-known as a "preexisting condition" requirement, and the resulting inability to change jobs while maintaining insurance coverage is sometimes called "job-lock."

In the early 20th century, fraternal and labor union sickness funds offered their members coverage that was portable from job to job, but establishment funds generally did not. Progressives and labor union officials who favored government insurance criticized company operated sickness funds for this reason. However, the supply of labor in turn-of-the-century America was extremely fluid, and there is no evidence that many workers at that time suffered from job-lock. In addition, a few clever sickness funds solved the problem on their own. The Flint Vehicle Factories Mutual Benefit Association was distinguished by the portability of its benefits, which followed members as they moved among member firms in Flint. By 1908, ten firms belonged, including Buick Motor Company, and membership in the benefit association numbered around 2,000. About 70% of member firm employees joined the benefit association. The Flint association showed that with some cooperation among industrialists and workers, job-lock did not need to be a consequence of providing sickness benefits. The American Association for Labor Legislation, the most important group in favor of government insurance, claimed that the Flint association was unique, but at least one similar benefit association emerged in another town with a prominent industry, interestingly enough, the Carriage Makers' Mutual Relief Association of Watertown, New York.

Progressive activists who worked to create government-sponsored health insurance in various states promoted their proposals in contemporary publications. Their opponents did the same, and many times they addressed each other's claims on particular points. To understand the place of industrial sickness funds in Progressive Era America, those claims will be examined in light of the most reliable data available from the historical record.

Second Conference on German Cliometrics

By Kirsten Labuske (Eberhard Karls Universitat Tubingen), Sonja Rabus (Eberhard Karls Universitat Tubingen), and Martin Uebele (Humboldt University)

(Tubingen) The Second Conference on German Cliometrics, sponsored by the German Science Foundation, took place at Hohentubingen Castle in the medieval town of Tubingen from June 7-10, 2006. The conference was organized by Jorg Baten (Tubingen) and Albrecht Ritschl (Humboldt University) and managed by Kirsten Labuske (Tubingen).

After a warm welcome from Baten, **Gary Richardson** presented his joint work with **Michael McBride** (both UC-Irvine) about the economic and religious functions of guilds in late medieval England. The authors claim that the threat of purgatory helped guilds reach their economic aims, namely cooperation among craftsmen and expansion of commerce and manufacturing. Their analysis results in a new explanation of organizational change in the late middle ages and early modern times. The Reformation led to the disappearance of the doctrine of purgatory, thereby weakening the power of guilds. James Foreman-Peck (Cardiff) argued that their theory could be the result of a *post hoc, ergo propter hoc* fallacy. He considered the change of the land-labor ratio to be a better explanation for the development of new organizations, while Hans-Joachim Voth (Pompeu Fabra) remarked that the theory about the link between mortality and discount rates would only hold for risk-averse agents.

Next, **Max-Stephan Schulze** (LSE) delivered a paper on the Habsburg Reich's dissolution after World War I, written with **Nikolaus Wolf** (Free University of Berlin). The authors use price data mainly for grains and controlling for distance, finding signs of market disintegration within the Habsburg Empire along later evolving national borders in the late 19th century. To do so, they investigated ethnic and linguistic patterns within Austria-Hungary. Douglas Puffert (Leeds) proposed using cointegration analysis instead of a gravity model in order to show market disintegration. Voth could not see why linguistic differences should be reason enough for unexploited arbitrage opportunities. Baten suggested including evidence from other countries.

The conference continued with a session on FDI and innovations in Germany. **Kirsten Labuske** and **Jorg Baten** spoke on "Foreign Direct Investment of German Companies during Globalization and 'Deglobalization' Periods from 1873 to 1927," written with **Gerhard Kling** (Utrecht). They ask which firm characteristics caused FDI and which were the strongest determinants. Their research shows that unused economies of scale hindered companies from engaging in FDI, whereas higher profitability seemed to make it more likely. Market size and similarity of the respective host country triggered horizontal FDI, while wage gaps and differences in human capital stimulated vertical FDI flows. Scott Eddie (Toronto) wondered whether differences in firm size could explain differences in type of FDI. Taking up this recommendation, Foreman-Peck felt that it was possible that FDI increased firm size.

After this lively discussion, **Jochen Streb** (Hohenheim) continued with "Technological and Geographical Knowledge Spillover in the German Empire 1877-1918," written with **Jorg Baten** and **Shuxi Yin** (Shantou). The authors use a data set of 39,343 high value patents granted between 1877 and 1918 to demonstrate that technological progress during German industrialization occurred in at least four different technological waves. They present evidence that technological change affected the geographical distribution of innovative regions, thus showing that knowledge spillovers between technologically, economically, and geographically related industries were a major source of innovative activities during German industrialization. One concern raised by Martin Uebele (Humboldt University) was that only those innovations that were easy to copy might have been patented; innovations which were only presented at exhibitions did not find entry into the analysis. Carsten Burhop (Munster) brought up the interesting point that, according to German patent law, the economic value of each patent needed to be proven within four years of its registration. He therefore proposed that the authors include all patents with a lifespan of at least five years in their study.

Anna Spadavecchia (Reading) talked about "Clusters, Externalities, and Innovation: New Evidence from German Firms, 1878 to 1913," written with **Jorg Baten**, **Shuxi Yin**, and **Jochen Streb**. The authors assess the impact of various determinants of innovation in the German state of Baden from 1878 to 1913. They show that both intra-industry and cross-industry knowledge spillovers had positive effects on the innovative activity of small and large firms. In contrast, regional human capital formation was important only for small firms, a result rich in policy implications. Voth suggested using later citations of the patents as an additional explanatory variable to identify a patent's value.

After a refreshing lunch break, **James Foreman-Peck** shed light on "Trade Wars and the Slump," joint work with **Andrew Hughes Hallett** (Vanderbilt) and **Yue Ma** (Lingnan University). Two world wars and the Great Depression interrupted what otherwise looks like exponential growth. Against this background, the authors simulate optimum tariff policies of the main participants in the tariff wars and slump of the period in France, Germany, the US, and the UK to achieve plausible government objectives. For the largest players (US and UK), benefits from foreign cooperation were small and possibly negative, while the weakest of the major players simulated (Germany) would have been the principal beneficiary of international cooperative policies. The ensuing debate revolved around whether lack of cooperation in monetary policies had a more important impact on the economic developments of the period than lack of cooperation in tariffs.

Jochen Streb presented his joint work with **Lutz Budraß** (Bochum) and **Jonas Scherner** (Mannheim) on the armament industry in Nazi Germany. The common story is that in 1941 the German armament minister Albert Speer caused a boom in German industrial production. However, the authors show that the main points of Speer's efficiency program were implemented long before he came to office. Moreover, they provide evidence that a large fraction of output growth was due to increased inputs and that the remaining productivity growth can be explained by learning-by-doing effects. Schulze and Ritschl were among the many listeners interested in total factory productivity for the German armament industry. Several others, including Voth and Mark Spoerer (Hohenheim), were curious about the impact of slave labor on productivity.

Hans-Joachim Voth spoke on the effect close ties with the NSDAP had on the stock price of listed firms in 1932-33, work written with **Thomas Ferguson** (Massachusetts). They consider links between the National Socialists, executives, and supervisory board members. One implication of the study is that more than half of the listed companies on the Berlin stock exchange had substantive links to the NSDAP. Stock market investors recognized the value of these links, sending the share price of connected firms up as the new regime became firmly established. While the market as a whole rose after Hitler's accession to power, firms with board members known to favor the party outperformed the market by 5-10% between January and May 1933. During the discussion, questions arose about how speculators knew how well connected a firm was and why only stock price return and not total return was examined. Richardson added that it would be valuable to control for the connection of firms to other parties. Furthermore, Baten wanted to know whether there were any comparable cases which showed similar results.

Lars Borner (Humboldt University) reported on "Medieval Market Making." The questions he looks at are how did potential buyers meet local sellers, as well as foreign merchants, on medieval markets, and how did medieval markets clear. To find the answers, he analyzes market rules of the main fair cycles and large markets of Western Europe from the 13th to the 16th century. The interests of market makers, sellers, and buyers were implemented using a social choice rule. The market maker was interested in creating a welfare maximizing outcome compatible with the strategic interaction of selling merchants. Richardson argued that externalities such as butcher's waste might have driven regulations for grouping. In general, the audience did not doubt Borner's argument but questioned whether his statements were clear enough to be falsifiable.

Mark Spoerer continued with "The Laspeyres-Paradox: Tax Overshifting in 19th-Century Prussia." Following the work of Etienne Laspeyres, he examines the incidence of the Prussian milling and slaughter tax before its repeal in 1875 and recalculates Laspeyres' results for 157 Prussian cities using prices from July 1873 to June 1874, actual tax amounts, and input prices. Today's theoretical approaches for overshifting do not confirm the shifting of the milling and slaughter tax observed by Laspeyres. The tax remained basically unchanged for over half a century because the urban bourgeoisie successfully prevented its repeal. Baten asked whether inequality was higher in Prussia than in other German states and suggested Prussia's decision-making system as a possible explanation. Uebele thought that the rejection of income tax by the millers could not be used as a proxy for perfect competition. Whether they made profits or not, they would have rejected the tax.

Sibylle Lehmann (Dublin) was next with a new attempt to interpret Imperial Germany's turn from free trade to protection policy around 1877 and 1878. Two elections for those years were crucial for Germany's turn away from free trade policies. Lehmann hypothesizes that systematic gerrymandering and fraud had a strong impact on the outcome of these elections. Applying King's algorithm to a new data set, she finds a strong correlation between votes for protectionism and conditions favorable to electoral fraud. If agricultural laborers had the chance to vote freely, they voted for free trade; otherwise, they voted for protectionism. Schulze wanted the author to use land values as an additional explanatory variable. Voth asked for more convincing evidence of implausible voting behavior. Ritschl suggested exploiting regional variations and expected there would be large differences between Brandenburg and East-Elbia in particular.

The following day commenced with two parallel sessions. **Carsten Burhop** began with "Corporate Governance and Incentive Contracts," written with **Christian Bayer** (Dortmund). Generally, the separation of ownership and management is a classical example of a principal-agent relationship between shareholders (principals) and managers (agents). The authors use the major reform of Germany's corporate governance codex in 1884 to differentiate between equilibrium and incentive components of the pay-performance correlation. By doing so, they find that only incentive contracts were affected by the 1884 reform.

A somewhat unusual presentation followed, as **Albrecht Ritschl** stood in for his absent opponent, Peter Temin (MIT). According to Temin, it was failed monetary policy, not bank mistakes, which led to the Great Depression in Germany. Temin failed to present new data or a new line of argument but scrutinized views that opposed his point. Taking off Temin's hat, Ritschl then presented his own views on the subject as expressed in joint work with **Samad Sarferaz** (Humboldt University). Ritschl and Sarferaz constructed a dynamic factor model that studies the relationship between monetary, real, and banking variables in the United States and Germany. They maintain that it was external credit constraints that tied the hands of the German government. Monetary policy was only a transmission channel, not the cause of the crisis. In the discussion that followed, Schulze argued that the analysis should start in 1925, as this might influence the estimated coefficients of the model. Foreman-Peck believed the Weimar government might be responsible for the heavy borrowing during the 1920s.

In a parallel session on biological standards of living, **Francesco Cinnirella** (Munich) began by presenting his findings on the standard of living and marital status in Saxony. In order to learn about living standards in the early phase of German industrialization, he analyzes physical statures and the marital status of 70,000 recruits. According to Cinnirella, the quality of nutrition declined substantially after the 1770s until the middle of the 19th century. This connection was corroborated by the estimates of the probabilities of being married. He feels that both indicators are strongly influenced by overall declining real wages. Moreover, a rising population size, relative prices of food, and income inequality mirrored by occupational height differentials played a conclusive role in shaping Saxony's standard of living. The discussion centered on the effect marriage laws had on the results. Baten remarked that those who could not afford to marry were prohibited from doing so. Furthermore, Michela Coppola (Munich Graduate School of Economics) asked whether there was a known alteration of the law governing admittance of recruits. In conclusion, Schwekendiek inquired about cross-checking the results with female height.

Michela Coppola continued with "The Biological Standard of Living in Germany before Unification." By examining height measures of soldiers who voluntarily enrolled to fight under the British flag in the Crimean War, the author identifies a time trend in height: those soldiers born after the Napoleonic Wars were almost 2 cm taller than their younger colleagues. Moreover, Coppola shows that those soldiers originating from North German states were generally taller than those from southern parts – a trend which is still observable today. Baten noted that most individuals in the sample came from industrial or service sectors. Others proposed comparing the results with findings based on other sources.

Frank Ruhli spoke on the "Economic Development and Biological Standard of Living in Switzerland, 1880-1950," written with **Ulrich Woitek** (both Zurich). Analyzing the average height of Swiss conscripts born 1865-1872, the authors identify determinants of the biological standard of living at the district level. Economic development and human capital accumulation play important roles in explaining human stature, while, surprisingly, medical care does not. In terms of efficiency, the French-speaking cantons were more successful than the rest of the regions, while the Alpine regions were less so. Several members of the audience wondered whether Ruhli had accounted for the fact that Switzerland was in the middle of its transition from a predominantly milk-consuming country to an industrialized nation during this period. Others wanted him to investigate the effects of public health measures and of religious affiliation on human stature.

Marco Sunder followed up by presenting his joint work with **Klaus Schuster** (both Munich) on the biological standard of living in 19th-century Bavaria. The authors examine biological and demographic evidence of male conscripts born 1813-1842 in the Miesbach court district, a rural region in southern Bavaria. As conscription was almost universal, the data are likely to be

German Clio participants gather in Tubingen representative of young adult men. Approximately 1,000 of the 3,000 conscript records collected could be augmented by information from death registers with follow-up to the 1920s. While the authors find an association between morbidity and height, as well as marriage and height, they are not able to detect a mortality effect from being tall. Discussants suggested that Sunder and Schuster construct a control group or conduct a similar exercise in other regions. Other remarks included inquiries about the impact of child height after the mother's/father's death.

Markus Baltzer (European Central Bank) and **Jacek Wallusch** (Poznan) related their findings on inflation, interest rate, and innovations in pre-WWI Germany. The leading question of their research was why deflation and rapid technological development coexisted in the late 19^{th} century. The authors try to show that Knut Wicksell's theory helped to find the answer. Wicksell predicted increasing prices through the channel of increased investment demand. The authors observe positive inflation responses to technology shocks from 1878 to 1913. However, they do not fully subscribe to Wicksell's view, since it includes an important role for interest rates. According to Baltzer and Walluseh, interest rates did not matter. Foreman-Peck asked if it was appropriate to use the same variable for retail prices and investment good prices. Ritschl was also concerned about the model, which he felt was nonstandard. In particular, he wanted an explanation of the deviations from the neoclassical model, the sources of frictions, and how expectations were formed.

Alexander Rathke (Zurich) and **Ulrich Woitek** presented "Social Capital in Switzerland, 1848-1913." Inspired by the work of Putnam, they are interested in the development of Swiss regions in the second half of the 19^{th} century as well as the interplay between economic and social development variables. Using regression analysis and controlling for regional autocorrelation, their results show that the number of newspapers, recruits tested, and industrial labor share were of crucial importance for the development of a region. Baten was curious whether the social capital variable – the number of newspapers – could be distinguished from human capital. Spoerer thought that the variables might discriminate against less densely populated regions.

The third contribution to this session was **Carsten Burhop** and **Stephen Broadberry** (Warwick) with work on comparative productivity in British and German manufacturing before World War II. The authors provide a new comparative productivity benchmark for 1907 and experiment with alternative 1935 benchmarks of the level of industrial production. Although Germany led in heavy industries and Britain led in light industries before World War II, overall productivity was comparable. The discussion started with a question from Jean-Pierre Dormois (Strasbourg), who wondered whether the price indices used might have been distorted by German tariffs. Ritschl, who had worked on the topic before, said that in his most recent research, he found that Germany had a lead of 112%, rather than the 160% lead they had in 1907.

Pooyan Amir Ahmadi (Humboldt University) kicked off the next session with "Real Economic Activity and the Effects of Monetary Policy during the Great Depression: A German Perspective." Amir assesses the causes of the Great Depression in Germany by collecting a large set of monthly time series data for the 1920s and 1930s. Using vector autoregression, impulse response analysis shows that monetary policy had no or only a small impact on real economic activity. While Voth was interested in why prices collapsed if not due to deflationary policy, Burhop was concerned with methodological issues. Since the model had roughly the same size in both the time and cross-section dimension, he thought a panel approach more appropriate. Amir replied that the independency of the degrees of freedom was a particularly strong element of the model he used.

Scott Eddie astonished the audience with his findings on industrial enterprises on agricultural estates in East Elbian Germany from 1882 to 1907. Against the background of the common belief that the Industrial Revolution in Germany was mostly a West German affair, Eddie shows that East Germany was in fact not devoid of industry. A mostly overlooked feature of the 19th-century economy in Eastern Germany was the significant role that industrial production played on agricultural estates. Eddie examines the extent of such industry in the seven East Elbian provinces of Prussia. He finds that a surprisingly dense network of industrial enterprises existed on landed estates. He noted a decline of at least 15% in the number of such enterprises from 1882 to 1907. This decline turned out to be disproportionately large if the estate was 200-1,000 hectares in size and the owner belonged to the bourgeois class. Ritschl wondered how the results would be modified if only fast growing industries were considered, while Richardson pointed to the tremendous cooperation costs of comparable industries in the United States. He asked whether Eddie's study could be regarded as evidence of "the backwardness of Germany" at the time.

Economic activity in a broader sense was the subject of **Albrecht Ritschl** and **Martin Uebele's** presentation on stock markets and business cycles in Germany before World War I. The aim of their research is to provide evidence of Germany's business activity from stock market data. They look at four estimates of net national product and conclude that Hoffmann's NNP estimate seems to be best. They find that a nominal series is a better indicator of real economic activity than a deflated series. Voth asked if their results might have been distorted by the fact that series with a higher variance yield higher correlation coefficients. Burhop was curious about the quality of the benchmark they used. How efficient, he asked, were the German stock markets already before WWI, and to what extent did they represent the German economy?

Julia Casutt-Schneeberger (Zurich) presented "Business Cycles and Strike Activity in Austria, Germany, and Switzerland 1901-2004." The aim of her study is to identify stylized facts of the interrelationship between business cycles and strike activity. She claims that labor disputes might serve as indicators of socioeconomic development and finds that short business cycles were dominant during the last century in all three states. In contrast to the interwar period, the three- to five-year business cycles had an impact during the postwar period on strike activity in Austria and Germany but only to a lesser extent in Switzerland. Foreman-Peck began a discussion on proper methodology. Richardson suggested a Poisson regression on the number of strikes per year.

Claude Diebolt (Strasbourg) reported on the time series dynamics of the German higher education system before 1945. His study, with **Olivier Darne** (Banque de France), looks at the strategy used by students in their career choice. If long-term development of higher education in Germany was caused by such extraordinary shocks as wars, political measures, and institutional changes, educational development could probably not be explained as a systematic endogenous process. The authors discover that infrequent, large, permanent and transitory shocks resulted essentially from the major economic and political events formed by the two World Wars in the 20th century. Baten was interested in variations that occurred at the time of large socioeconomic shifts such as the Prussian-Austrian War, when more students of literature were enrolled. Puffert felt the present outlier analysis could be used as a prescreening tool but was not sufficient for the final analysis of the data.

Nikolaus Wolf (Free University of Berlin) brought the last session of the conference to a close with "Multiple Equilibria in Industrial Location: Evidence from German Airports," written with **Stephen Redding** (LSE), and **Daniel Sturm** (Munich). They explore the combination of the division of Germany after World War II and the reunification of East and West Germany in 1990 as a natural experiment to provide empirical evidence for multiple equilibria in the location of airport hubs. The division after WWII led to a shift in the German air hub from Berlin to Frankfurt with no evidence of a return of the air hub to Berlin after reunification. Frankfurt's dominance arose not accidentally but was directly related to its role as a hub for transit passengers. Uebele suggested taking the large population of the Rhine-Main area into consideration as an argument for Frankfurt as a rational choice for an international hub. Voth thought that multiple equilibria were popular in the literature because they allow for a certain degree of irrationality. The case of Frankfurt, however, was clearly a rational decision.

On Saturday the conferees visited the magnificent monastery of Bebenhausen. In the afternoon, a plenary session was held there, where proposals for future developments in German Cliometric research were brought forward and discussed. Dwelling on all the positive experiences and insights gained during the conference, we can say with certainty: We are looking forward to the Third Conference on German Cliometrics already!

The History of Economic History: The Location of the EHA Meetings

By Michael Haupert, UW-La Crosse

At the annual September meeting of the Economic History Association, meetings coordinator Carolyn Tuttle announced that the EHA would gather in New Haven, CT in the fall of 2008 for their 68th annual meeting (only the 67th time they will actually have met, however, since the 1945 meetings were cancelled due to wartime travel restrictions). It will be the first time the EHA has met in New Haven since 1965, a time when the society still held its meetings on campuses and lodged participants in university housing. The 43 years between visits to New Haven is the second longest stretch between visits to a site, behind only New Brunswick. It will be the third time the EHA will have met in New Haven, a total exceeded by only two other sites (Princeton and Philadelphia) and equaled by five others.

While regional distribution of the meeting sites has varied in recent years, it is still weighted toward the Northeast. There was a heavy reliance on the East Coast as a meeting site in the early years because that is where most of the members were. In 1941, just

Longest Duration between Meetings at a Site

Years	Site	First Year	Latest Year
48	New Brunswick	1949	1997
43	New Haven	1965	2008
37	New Orleans	1940	1977
36	Baltimore	1946	1982

under 60% of EHA members hailed from the Northeast, while only 9% were from the West. It wasn't until 1952 that the meetings first left the East Coast, although in 1940, the year before the EHA started their own annual meetings, they did host sessions at the AEA meetings in New Orleans. The first time the meetings proper moved off the East Coast, they met at Oberlin College in tiny (pop. 8195) Oberlin, OH.

Oberlin was not the smallest venue the EHA has ever chosen. According to the 2000 census, two sites were smaller. Williamstown, MA (pop. 4754) hosted the meetings in 1942 and 1957 and Bryn Mawr (pop. 4382) in 1953.

The current membership, while still weighted toward the Northeast, is more balanced than it was when the Association was originally formed. Thirty-four percent of the current American EHA members reside in the Northeast, with the remaining two-thirds divided nearly evenly between the Midwest, South, and West. Members from the US represent 67% of all EHA members, so it is not surprising that the EHA has never met outside of North America. In fact, they have ventured outside of the US on only four occasions: Toronto three times and Montreal for the 50th anniversary meetings in 1990. This certainly seems reasonable given that 71% of its members hail from North America.

Eleven percent of the total EHA membership comes from Massachusetts and New York (17.5% of the US membership). California is home to the largest state contingent with 14% of the US membership and 9.3% of the total. Harvard (1.8% of the US membership and 1.2% of the total) and Stanford (1.3% of the US membership and .9% of the total) are the largest single membership institutions. At the time of the first meetings in 1941, 25% of all EHA members were located in New York alone, while all of the western states combined held less than 10% of the membership.

Last September, when the EHA met in Pittsburgh, it marked the fourth time in the past decade the meetings were held in the Northeast, which is in accordance with current EHA meetings policy. During that decade, the meetings met once each in Canada and the South and twice each in the West and Midwest. This is a much more balanced regional distribution than has been held historically. Since the organizational meeting of the then named Economic History Society in Philadelphia in 1939, the meetings

Recent EHA Meetings

Meeting #	Year	Site	Population	President
57	1997	New Brunswick, NJ	48,573	Deirdre McCloskey
58	1998	Durham, NC	187,035	Gavin Wright
59	1999	Baltimore, MD	651,154	Larry Neal
60	2000	Los Angeles, CA	3,694,820	Claudia Goldin
61	2001	Philadelphia, PA	1,517,550	Richard Sylla
62	2002	St. Louis, MO	348,189	Peter Lindert
63	2003	Nashville, TN	545,524	Tom Weiss
64	2004	San Jose, CA	894,943	Joel Mokyr
65	2005	Toronto, ON	676,000	Roger Ransom
66	2006	Pittsburgh, PA	334,563	Gary Libecap

have been held in the Northeast 57% of the time compared to 18.5% of the time in the Midwest, 11% in the South, 8.5% in the West, and 5% of the time in Canada.

The site of the annual meetings moved as far west as Champagne-Urbana in 1956 and crossed the Mississippi for the first time in 1970 when they went to Dallas. It wasn't until 1987 that the meetings finally made it to the West Coast. This was despite the fact that eastern membership took a dip in the 1950s and 1960s, making up only one quarter of all members during those years. From 1954 to 1974, the western states claimed between 34% and 37% of the membership but never hosted a meeting west of the Mississippi until the Dallas meetings. At that time, about 15% of the membership was from the South, a share that had held steady for 30 years. The West has made up for lost time, however. Since their first appearance in San Francisco in 1987, the meetings were held out West six times during the next 18 years, the most recent being in San Jose in 2004.

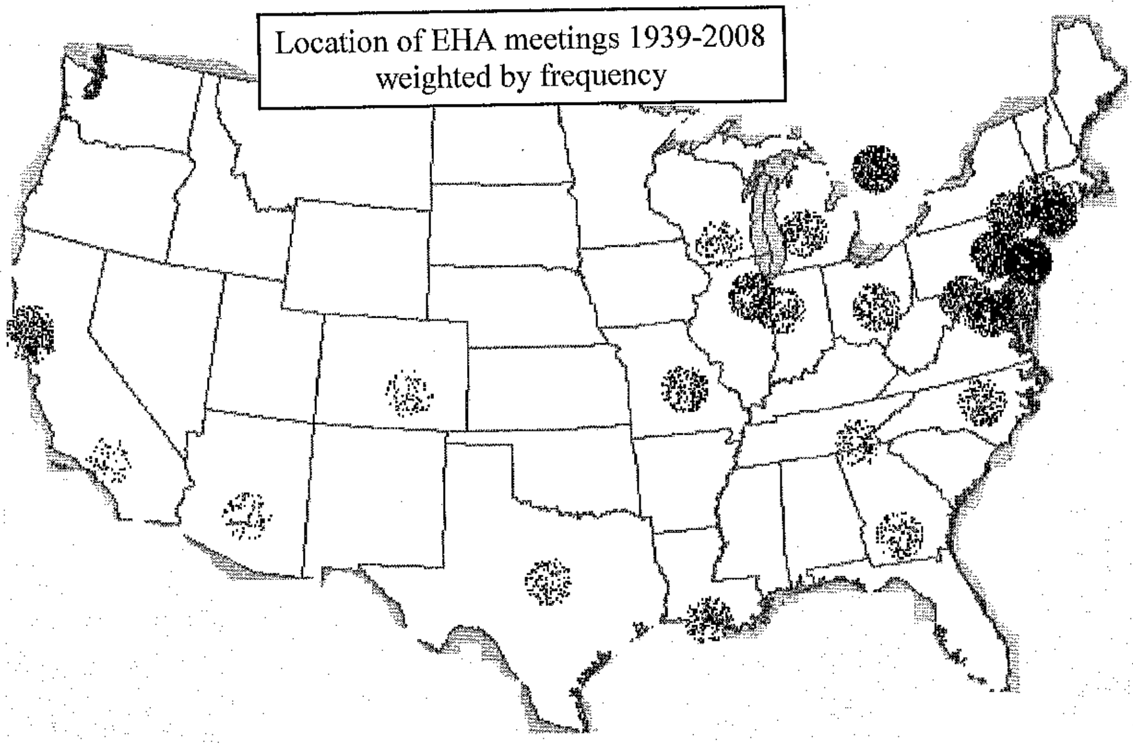
The recent tendency has been to hold the meetings in large metropolitan areas, but that was not always the case, as they used to focus on campus sites. The EHA has met in 16 of the largest 50 cities in the United States. Houston, at number four, is the largest city not yet visited. Also in the top ten are Phoenix, San Antonio, and San Diego. The last time the EHA met in a city smaller than New Haven (pop. 123,626) was New Brunswick (pop. 48,573) in 1997.

The EHA Board of Directors has a procedure for choosing the site of the annual meetings, which is selected two years in advance. There is a five-year rotation for meeting sites, with the Northeast appearing twice in each five-year cycle and the South, West, and Midwest once each. The criteria used for picking a city within these regions include accessibility to and from an airport, price of hotel rooms, and most importantly, a viable local arrangements committee willing to host the meetings. Once two or three cities have been chosen, Site Services (an agency that works with meeting coordinators) is hired to put out the meeting for bids. It is then up to the President-elect-elect (who will be president when the meetings are held two years down the road) to choose the specific site. Only twice in the 68-year history of the EHA meetings have they been held in the home city of the then current EHA president. In 1960, during the second year of Thomas Cochrane's (Pennsylvania) term, the meetings were held in Philadelphia. Then, in 1988, when Jacob Price (Michigan) was president, the meetings were held in nearby Detroit. The specific site in the host city is chosen with significant input from the meetings coordinator, who makes a site visit to the chosen city to check out possible venues. After the visit, the meetings coordinator, the Executive Director, and the President

Most Frequent Hosts of EHA meetings

Number	Site	Years
6	Princeton[1]	1941, 1943, 1944, 1945, 1951, 1976
5	Philadelphia[2, 3]	1939, 1960, 1967, 1974, 2001
3	Baltimore[4]	1946, 1982, 1999
3	Chicago	1975, 1984, 1995
3	New York[5]	1940, 1959, 1985
3	Toronto	1958, 1978, 2005
3	Washington DC	1962, 1983, 1989
2	Boston[6]	1980, 1992

[1] Includes 1945 meetings, which were ultimately cancelled
[2] Includes the organizational meeting of the Society in 1939
[3] In addition, the meetings were held at Bryn Mawr in 1953
[4] In addition, the meetings were held at Towson in 1955
[5] Includes 1940 sessions held jointly with AHA
[6] In addition, the meetings were held in Cambridge in 1948 and Waltham in 1969



elect-elect review the bids for a venue and decide on a hotel.

Once a site is chosen, it is then the responsibility of the meetings coordinator to completely plan the meeting: reserve the session rooms, pick the menus for all of the meals, order the AV equipment, and monitor the hotel reservations. For a long time, lodging was held on the campus of the host institute. The first time it moved off campus was in 1967, when the Philadelphia meetings were held at the Bellevue-Stratford Hotel – the same site as the organizational meetings in 1939. The meetings have not been held on a campus site since the 1976 Princeton meetings, and it is unlikely that they will ever return, in part because they have grown so much larger. At the 1939 organizational meetings in Philadelphia, there were only 24 prospective members in attendance, and no papers were delivered. The recent Pittsburgh meetings, in comparison, featured 36 papers delivered in 12 sessions, booked two and sometimes three at a time, with an attendance of 182 economic historians.

The EHA meetings have come a long way since the days when they were merely sessions organized with AEA and AHA meetings. No matter the size or location of the meetings, they still serve as one of the primary gathering places during the year for scholars devoted to the joint study of economics and history. Next year, Texas will fulfill that purpose for the first time in 37 years.

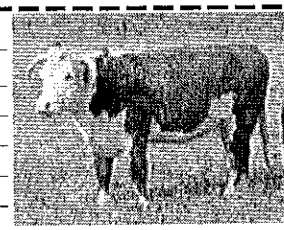
A Letter from the Editor

How to feed a hungry mob. Christ multiplied the loaves and fishes. Emeril relies on the staff at his restaurants. And, Susan Wolcott took matters into her own hands. Traditionally, when a university hosts the annual Clio meetings, the hosts are responsible for lining up funding to feed the participants. This usually requires calling in a marker or blackmailing a dean to cough up some money for a dinner. In the past, pig roasts and riverboat cruises have served as dinner offerings for the ravening masses. In Binghamton this past spring, Susan Wolcott, one of the erstwhile hosts of Clio 2006, invited everyone to her house and fed them herself.

So what do you feed a starving horde of 30 odd cliometricians, fresh off a day of feasting on regressions and counterfactuals? Well, a cow is a pretty good start. And judging from the reaction of the crowd, this was one well-prepared cow. While Susan stopped short of digging a ditch in her backyard and roasting a whole cow in hot coals, you would never know that she didn't go to such an extreme by the enthusiastic response from the crowd. I was inundated with news of the event (of course, it was just my luck to miss the meetings this year) and requests for a new addition to the *Newsletter* – a recipe exchange, with Susan's Whole Beef Brisket Clio Style as the inaugural recipe.

As much as I like to eat, the editorial office here in La Crosse has decided that a recipe exchange will not be added at this time. Nor, for that matter, will a page of comics (another frequently requested item). However, in the interest of satisfying the cravings of the masses, Susan has generously agreed to share her brisket recipe. Note that the recipe calls for a 15-pound chunk of meat. Note also that the brisket is a boneless hunk of meat, so cooking up a meal this size will feed more than your standard family of four; so if you proceed with this recipe, you may want to downsize it, invite over a few dozen of your closest friends, or prepare for a few weeks worth of leftovers. More importantly, let me know what time dinner will be served. I'll bring the Yoo Hoo.

Susan Wolcott's Whole Beef Brisket - Clio Style



1 fatty beef brisket, 10-15 lbs.	1/4 cup Worcestershire sauce
8-10 onions	3 Tbsp. basalmic vinegar
1 head garlic	2 Tbsp. hickory smoke seasoning
1 Tbsp. peppercorns	salt and pepper
1-2 cups ketchup	

Use a brisket which has NOT been trimmed of fat. Slice the 8-10 onions. Separate and peel the cloves of garlic. Put all on the bottom of a roasting pan. Salt and pepper the meat. Sprinkle with peppercorns and Worcestershire sauce. Add a few bay leaves.

Cover, and cook for 10 hours at 275 degrees.

Before serving, refrigerate for a few hours to allow the fat to congeal. Then, remove congealed fat and bay leaves. Pull meat apart, removing remaining slabs of fat and gristle as you go.

Add ketchup, Worcestershire, vinegar and hickory smoke seasoning to pulled meat, onions and roasted garlic.

Serves: LOTS!!!

Call for Papers

Economic & Business Historical Society Conference

Providence, Rhode Island
April 26-28, 2007

The Economic & Business Historical Society welcomes proposals for presentations on all aspects of business and economic history at its 32nd annual conference in Providence, Rhode Island, April 26-28, 2007.

The Society seeks proposals for both individual papers and panel sessions. Proposals for individual papers should include an abstract of no more than 500 words, a brief CV, postal and email addresses, and telephone and fax numbers. Panel proposals should also suggest a title and a panel chair. Graduate students and non-academic affiliates are welcome. Graduate students may qualify for reduced registration fees. Submissions imply that at least one author will register for the conference and be present at the time designated in the conference program.

Papers presented at the conference may be submitted for publication in the Society's peer reviewed journal, *Essays in Economic and Business History*, edited by Lynne Pierson Doti, Chapman University.

The deadline for submission is January 7, 2007, and proposals may be submitted by email to roberto.mazzoleni@hofstra.edu or sent by mail to:

Roberto Mazzoleni
2007 EBHS Conference
Department of Economics & Geography
200 Barnard Hall
Hofstra University
Hempstead, NY 11549

Tel. 516-463-5593
Fax 516-463-6519

Additional information regarding the Conference and Society can be found at: http://www.ebhsoc.orgHempstead, NY 11549