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Economic History Association Annual Meeting 2012

By Shawn Michael Adrian, Steve Bannister, Fan Fei, Mary Eschelbach Hansen, Roy Mill, and Marlous van Waijenburg

The 72nd annual meeting of the Economic History Association convened from September 21-23, 2012, at the Sheraton Wall Centre Hotel in Vancouver. EHA President **Jeremy Atack**, the program committee (**Robert Margo**, **Ran Abramitzky**, **Leah Boustan**, and **Eugene White**) and the local arrangements committee (**Angela Redish**, **David Jacks**, **Mauricio Drelichman**, **Morten Jerven**, and **Catherine Douglas**) provided an outstanding weekend of lovely accommodations and stimulating sessions. This article summarizes the sessions at which original papers were presented.

Session 1 covered the historical evolution of trade and transport costs. **Brandon Dupont** (Western Washington Univ.), **Drew Keeling** (Univ. of Zurich), and **Thomas Weiss** (Univ. of Kansas) kicked off the conference with a paper on tourism history. This early look at “Passenger Fares for Ocean Travel from 1826 to 1916” focused on the relationship between trends in advertised fares and revenues and trends in cargo and passenger rates. Discussant **Simone Wegge** (College of Staten Island) praised the authors’ data collection efforts. She encouraged them to display more moments of the data and to consider the discrete breaks in the trends that might be attributable to technological change.

Kris Inwood (Univ. of Guelph) and **Ian Keay** (Queen’s Univ.) presented “Reaffirming the Importance of Transport Costs: Evidence from the Trans-Atlantic Iron Trade, 1870-1913.” Despite declining transport costs over this period, exports of iron from Britain to North America also declined. Inwood and Keay argue, however, that changes in the total effective cost of moving iron (including overland transport, wharfage fees, and other often-neglected costs) did have an impact on exports. Discussant **Noam Yuchtman** (UC-Berkeley) appreciated the authors’ efforts to capture total shipping costs but doubted the paper’s generalizability. In particular, he wanted to know whether the routes observed were the best ones to study in order to understand the role of transport costs in international trade.

Adrian Leonard (Cambridge) presented the final paper of the session—with perfect English diction. His early exploration of “The Pricing Revolution in Marine Insurance” uses new data to explain how London companies became the leading insurers of maritime trade in the 17th century. Discussant **Eric Hilt** (Wellesley) encouraged Leonard to focus on asymmetries of information (moral hazard and adverse selection) in the complex insurance market.

The theme of Session 2 was “Cities in Economic History.” **Jim Sidola** (UC-Irvine) presented “Razing San Francisco: The 1906 Disaster and the Legacy of Urban Land Use” to an almost full room. The disastrous “experiment” allows Sidola to study whether land developers are hampered by prior development by comparing residential density in non-affected areas to density in destroyed areas. Sidola’s unique data source is a data set of building permits. He finds that residential density in razed blocks increased significantly compared to non-razed blocks. He concludes that the durable capital in existing structures significantly constrains potential development.

Discussant **Rick Hornbeck** (Harvard) questioned the utility of the residential density ratios in identifying rigidities. He suggested using a Bellman (dynamic programming) equation incorporating land and building values to detect whether values converge or increase in the long run in the razed area.

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Theresa Gutberlet (Arizona) led off the questions from the floor by asking whether the land changed from residential to commercial use. **Bob Margo** (Boston Univ.) suggested consulting the literature on cumulative density gradients. **Michael Haines** (Colgate) noted that the Chicago fire created huge changes in architecture, and he wondered whether Sidola's method was generalizable. **Molly Ball** (UCLA) followed up on this theme, asking whether it was possible that re-zoning could explain the results.

William Sundstrom (Santa Clara) was scheduled to present a co-authored paper in this session. The attendees appreciated the irony that, for this conference on the "Transportation Revolution," Sundstrom's flight was cancelled. We know, however, from the abstract in the conference booklet that the paper uses "an event-study framework to examine the impact of libraries on local economic development. Consistent with libraries catalyzing growth, our preliminary findings show that Carnegie's library grants are associated with significant increases in grantee cities' population." **Trevon Logan** (Ohio State) commented despite Sundstrom's inability to defend himself. Logan had the audience laughing early—he assumed that everyone had read the paper! Logan's comments included questions about the difference-in-difference approach, an admonition not to surrender to the "Cambridge exogeneity fairies," and a caution about IV monotonicity problems. Logan encouraged Sundstrom to take a GIS approach to his question.


The graduate student poster sessions. Photo by Taylor Jaworski

Molly Ball valiantly fought through an extremely hoarse voice to present "Real Wage Evolution in Sao Paulo, Brazil, 1891-1930." The paper uses new data to explore the nature of inequality during early industrial growth. Ball constructs wage series using firm-level records from a railway company, an urban transport company, a textile manufacturing company, and a retail store. She uses a food price index to estimate real wages: they decreased steadily during the period. She estimates that the skill premium increased through the period, implying growing wage inequality.

Discussant Robert Margo neatly summarized the importance of Ball's work. Margo attributed this profound quote to Arnold Schoenberg, the 20th century atonal composer: "There is still much good music that can be written in C major." Margo said that Ball writes in C major—work clearly fundamental to economic history. The audience laughed at this opening in appreciation of Margo musical comparisons. Questions from the floor were led off by **Carl Mosk** (Univ. of Victoria) who asked if any of the firms in the study offered non-monetary benefits. **Michael Huberman** (Montreal) wondered if World War I was part of the story or if those years should be removed.

The authors in Session 3 considered central banks "for liquidity and other purposes" from the early 19th century to the 1970s. **Vincent Bignon** (Bank of France) and **Clemens Jobst** (Austrian National Bank) considered whether firms with access to refinancing from the French central bank were able to avoid bankruptcy. They show that among districts affected by an exogenous shock to agricultural productivity, districts with a Bank of France branch had lower bankruptcy rates than districts without a branch. Discussant **Phillip Hoffman** (CalTech) worried that the opening of a Bank of France branch might be endogenous to the severity of the shock or the expected rate of bankruptcy.

The second paper was about American bankruptcy and central bank liquidity during the Great Depression. **Mary Hansen** (American Univ.) presented new evidence from court case records showing that among bankrupts, those who were more exposed to the St. Louis Fed's no-bailout policy during the early Depression were less leveraged than those who lived or had more creditors in the bailout-friendly Atlanta Fed's District. She interpreted this evidence as indicating that the Atlanta Fed's provided enough liquidity to allow many to put off bankruptcy or to avoid it altogether. Discussant **Hugh Rockoff** (Rutgers) appreciated the additional evidence in favor of Friedman and Schwartz's argument that a lender of last resort could have moderated the Depression, though he cautioned that Hansen's conclusions were, at present, based on a small number of observations.

The third paper took the session attendees back to France for its "golden age of growth." **Eric Monnet** (Paris School of Economics) presented his analysis of the active French interventions in the financial sector from 1954 through 1974. He finds that extending medium and long term credit was positively correlated with sectoral returns, which supports the view that interventionist policy enhanced growth. Discussant **Daniel Fetter** (Wellesley) suggested that Monnet attempt an analysis of the impact of state lending on the marginal productivity of capital rather than on average returns. He suggested that it might be possible to use an exogenous event such as the trade liberalization of the late 1950s as a quasi-experiment.

Catherine Schenk (Univ. of Glasgow) presented her joint work with **Robert McCauley** (Bank for International Settlements) that asks: "How is the Substitute Account Doing?" Efforts to create a reserve currency that is not also a national currency date back to the 1960s. In the 1970s it was proposed that a Substitution Account (SA) could facilitate the use of the special drawing right (SDR) as a reserve currency. The authors use recently discovered notes about the plan for the SA to imagine how well it might have worked. They are not optimistic about either the hypothetical past of the SA or the future of any similar scheme. Discussant **Gianni Toniolo** (Duke) appreciated Schenk and McCauley's riff on the recurrent theme of "currency wars," and encouraged the authors to try to account for the fact that different constituencies had different hopes for SDRs and SAs.

Session 4, on railroads and economic development, was especially dear to the heart of EHA President Jeremy Atack, who had chosen the theme "Revisiting the Transportation Revolution" for the meetings. Chaired by **Barry Eichengreen** (UC-Berkeley), the session started with Richard Hornbeck (Harvard) presenting his joint work with **Dave Donaldson** (Harvard) titled, "Railroads and American Economic Growth, A 'Market Access' Approach." The paper revisits Fogel's social saving question and estimates the aggregate economic impact of the railroad network from the perspective of market access. The authors use ArcGIS to calculate the lowest-cost county-to-county freight routes; they then estimate that changes in market access are capitalized in agricultural land value with an elasticity of about 1.5. By their calculations, removing all railroads in 1890 would have decreased the total value of agricultural land in the U.S. by 73 percent and GNP by 6.3 percent. They note that this is more than double what Fogel estimated. Replacing railroads by canals only mitigates a small proportion of the losses because railroads mainly connected non-navigable parts of the country.

Atack himself served as discussant. He first revisited the two measures of social savings used by Fogel in *Railroads and American Economic Growth* and argued that the capitalized land-value measure that Donaldson and Hornbeck use is more comparable to Fogel's beta measure of social saving than to his alpha measure. So Donaldson and Hornbeck result is not two, but four, times larger than Fogel's. Atack also suggested that it might be useful to see the regional variations in the results because railroads likely had different intensive margins in Northeast relative to the Midwest. In the general discussion, Theresa Gutberlet echoed Atack's point on regional differences. Other participants wanted to know the consequences of fixing freight rates in the calculations.

Secondly, **Latika Chaudhary** (Scripps College) presented her joint work with **Dan Bogart** (UC-Irvine) that estimates total factor productivity (TFP) growth in Indian railways from 1874 to 1912. They show that there is more growth in the railroad sector (an average of 2 percent per year!) than almost any sector of the economy in that era. This, if accurate, is surprising because the traditional wisdom is that railroad route selection in India was influenced by political fractions and local interests and that the management of railroads was not efficient. Discussant **Saumitra Jha** (Stanford) thought that the findings were "big potatoes" but argued that the TFP estimates hinged on assumptions about intermediate inputs. He wanted to know whether the assumptions were reasonable. A number of participants pointed out that the new findings lead to a new puzzle: Why didn't the transportation revolution bring tangible economic growth to India?

Lastly, **Marta Felis-Rota** (Universidad Autonoma de Madrid) presented joint work with Jordi Hennenberg and **Laia Mojica** (both Universitat de Lleida) on the evolution of the railway network and population density in England and Wales from 1850s. The project is in the huge European collaboration constructing historical GIS resources across Europe. The paper is still in a preliminary stage, but it uncovers an inverted U-shaped relationship between total population and total railroad mileage or total number of railroad stations. Michael Haines discussed the paper. He applauded the development of the HGISe (Historical GIS Europe). He was not surprised to see that many railroad sections and stations were abandoned after World War II; he suspected that the density of railroad network in Britain was probably inefficiently high at its peak.

Births and deaths were the subject of Session 5. **Melinda Miller** (U.S. Naval Academy) presented "The Validity of the Boas Cherokee Height Data." The paper compares Franz Boas' famous sample to the Cherokee population by matching it to the Indian and U.S. censuses. She concludes that the Boas sample is conditionally representative. She positions these findings in the debate about the heights and living standards of Native Americans. The optimist view, based on the Boas data, maintains that Native American men were not only tall relative to Europeans and Euro-American soldiers, but also that Plains Indians were the tallest in the world. The pessimist view, however, based on data from Indian scouts, acknowledges that Native American men were tall relative to some Europeans and Euro-American soldiers, but that on average they were short considering their location. Discussant **Roy Mill** (Stanford) considered it "cool project." He pointed out that a comparison between two different societies confounds differences in genetics (nature) and economics (nurture). He further asked about the sources of bias in the Boas sample.

In his allotted 15 minutes, **Daniel Aroson** (Federal Reserve Bank of Chicago) successfully presented a 30-minute version of "Fertility Transitions along the Extensive and Intensive Margins," which is co-authored with **Fabian Lange** (Yale) and **Bhashkar Mazumder** (Federal Reserve Bank of Chicago). The authors augment the conceptual framework of a quality-quantity (Q-Q) trade-off with an extensive margin, arguing that the Q-Q framework ignores a key third dimension of fertility: the decision of people to have children in the first place. They test the model using data on two generations of black women affected by the Rosenwald School movement. The authors find evidence that a simple augmentation of the Q-Q model does a good job predicting fertility changes along both the extensive and the intensive margin in the American South in the early 20th century. **Melissa Thomasson** (Miami Univ.) congratulated the authors for doing a "tight, convincing job" that will become "a significant contribution to the literature." She suggested that the authors take public health and hygiene initiatives in this period into consideration, and she encouraged the authors to do further robustness checks by looking at county time trends.

Francesco Cinnirella (IFO Institute and CESifo Munich) presented "Malthus in the Bedroom: Birth Spacing as a Preventive Check Mechanism in England, 1540-1870," which is co-authored with **Marc Klemp** and **Jacob Weisdorf** (both Univ. of Copenhagen). In the paper, the authors challenge the conventional perception that birth limitation practically did not exist before the fertility transition in the 19th century. They looking at a large sample of Anglican parish data and find a statistically significant relationship between living standards and birth spacing among both poor and affluent families. **Rick Steckel** (Ohio State) liked that the authors brought in "the choice part." He wanted the authors to better explain the importance of their findings, and he wanted them to offer evidence on how women accomplished the observed spacing. **Gregory Clark** (UC-Davis) suggested that it might be possible to isolate the mechanism by thinking about differences in the signals that various socio-economic groups receive from trends in the real wage.

Martin Saavedra (Pitt) presented "Early Life Conditions and Adult Outcomes: Evidence from Japanese-American Internment." The paper uses records from the War Relocation Authority and the Social Security death index to explore how the life-expectancy of male internees was affected by childhood internment. Using a difference-in-differences approach in which Japanese Hawaiians who were not interned serve as a control group, the author finds that internment reduced life-expectancy by about two years. Additionally, the author shows that the effect is primarily driven by internees who belonged to low socio-economic families. Carl Mosk commented. He wondered whether the Japanese Hawaiians are a good control group, as they would have had a different diet than Japanese Americans. He also asked whether the effects of internment on infant and child mortality may be underestimated.

The papers in Session 6 claimed a decisive role for bond markets in economic history. **David Chambers** (Cambridge) initiated the session by presenting "Geography and Capital: Global Finance and the U.S. Railroad Industry," co-authored with **Sergei Sarkissian** (McGill) and **Michael Schill** (Virginia). The authors investigate the globalization of capital markets from 1870 to 1913 by examining listings of American railroad companies on foreign exchanges. Foreign listings rose dramatically. The authors ask: Which railroads were most likely to list overseas? What determined the choice of foreign listing venue—listing requirements, diversification gains, or investor familiarity with the country of listing? Did foreign listing ease financial constraints? The authors find that railroads farther West were more likely to list abroad than railroads closer to the capital markets of New England and New York. Similarly, railroads in regions with high levels of immigration tended to list overseas more frequently. Thus, geography and cultural ties to the listing country were more important than listing requirements in determining if and where a company chose to list abroad. The authors conclude that foreign listing did ease capital constraints for the railroads that chose to list overseas.

Larry Neal (Illinois) read comments from discussant **Mark Weidenmier** (Claremont McKenna). Weidenmier suggested using a multinomial logit regression and including a number of firm-level controls (for example, the domestic interest rate on firms' bonds as a measure of risk). He noted that the data may suffer from selection bias and wondered which Western railroads chose not to list on European markets. In the general discussion, **Naomi Lamoreaux** (Yale) asserted that it may also be important to know which European banking houses the American firms chose to list through. **Angela Redish** (UBC) noted that after 1900 the number of American listings in London declined while those in Amsterdam rose; she wondered how to interpret these trends.

The session continued with **Kim Oosterlinck** (Université libre de Bruxelles) presenting "Waterloo: A Godsend for French Finance?" written with **Loredana Ureche-Rangauand** and **Jacques Marie-Vaslin** (both *Université de Picardie Jules Verne*). Oosterlinck quipped that the authors' main goal is to convince readers that the question mark in the


Be careful! EHA attendees enjoy a walking tour of the Vancouver environs before the meetings begin. Photo by Yannay Spitzer.

title should be removed—they want to demonstrate that the outcome of the Battle of Waterloo was good for French public finance because it improved French institutions. The paper investigates the three-fold increase in French public debt between 1815 and 1825, a debt maintained cheaply despite the daunting war indemnities that needed to be paid to the victors of Waterloo. The authors analyze the increase in French public debt and the declining spreads between British and French bonds (from 400 basis points in 1815 to 100 in 1825) by studying structural breaks throughout the period linked to indemnity payments, British troop withdrawals, and governmental reforms. The authors conclude that improvements in French institutions were responsible for the dramatic decrease in yields.

Discussant Angela Redish liked the question. She agreed that the most important factor in the decline of French yields was improved French institutions. Nevertheless, she highlighted three problems. First, the decline in yields didn't occur only at the structural breaks but throughout the trend. Second, the period under investigation was already skewed in favor of lower yields. Third, she asked for more analysis on French political economy, including why the French should have attempted to pay the war reparations at all. When the floor was opened for questions, Eugene White (Rutgers) commented that the paper should be retitled "Wellington: A Godsend for French Finance," since it was the Duke of Wellington who largely coordinated and administered the French occupation and repayment of war indemnities. **George Grantham**

(McGill) recommended that the authors say more about the French constitution. Larry Neal mentioned that the large number of wealthy immigrants from Latin America during this period brought a great deal of capital to France, which contributed to decreasing French yields.

The final presentation of the session was **Kirsten Wandschneider** (Occidental College) on "*Landschaften* as Credit Purveyors—The Example of East Prussia." The paper considers an early form of mortgage securitization provided by the *Landschaften* in 19th century Prussia. The *Landschaften* acted as intermediaries between the large landholders of Prussia and their creditors by issuing covered bearer bonds called *Pfandbriefe*. The *Landschaften* also administered interest payments and acted as regulators for the Pfandbriefe market. They relied upon joint liability, local monitoring, and forced membership to combat moral hazard and adverse selection problems, and were effective in providing credit to the Junker class. As such, they were important for the long-term economic growth of Prussia and later Germany.

In his comments, discussant **Richard Sylla** (NYU) noted that the Landschaften solved the problem of how those who owned the land could get credit in Prussia and that they were successful at avoiding adverse selection through their policies of mandatory membership. He noted that even in present-day Germany, *Pfandbriefe* are the third largest component of German capital markets. As a form of mortgage securitization that actually works, Sylla asserted that the *Landschaften* are a promising subject for further study. From the floor, George Grantham was curious on how the Junkers actually used the credit obtained via *Pfandbriefe* issues.

The papers in Session 7 addressed the causes and consequences of market access and trade. The session was chaired by Michael Huberman and started with Theresa Gutberlet presenting on the role of black coal and the railroad network in German decisions about industrial location between 1846 and 1882. In a discrete choice framework and using GIS techniques, she compares the importance of market access (the proximity to consumer markets) and natural resources (in this case black coal mines) in the geographical concentration of manufacturing. Access to black coal was more important than access to consumer markets in determining the location of employment in metal production and textiles. The machine tool industry was tied to coal mining during the industrial take-off between 1846 and 1861, but consumer markets became more important between 1875 and 1882. Discussant Dan Bogart complimented the implementation of GIS and the instrumental variable selection. Bogart asked for more on the rationale of the counterfactual (an increase in unit transportation cost by 100 *Pfennig*) that the author proposed. Second, he noted that it was Prussia's policy choice to set artificially low freight rate on coal to facilitate the development of manufacturing. He wondered how the policy was taken into account when interpreting the results.

In an ambitious and ongoing project, presenter **Florian Ploeckl** (Oxford) uses German postal data and a Krugman-style new economic geography model to explain the population distribution of Germany in late 19th century. His first step is to use many postal service measures (the number of telegrams, value packets, collection on delivery items, and the total volume of money orders) to estimate business mail volume. Then he fits the business mail estimates into a gravity-type equation to back out locality-specific market access index. He defines the residual in a new economic geography model to be local amenity index. Finally, he estimates the relative magnitudes of geographical, institutional, and cultural determinants of these measures. Discussant **Elizabeth Perlman** (Boston Univ.) suggested that the current paper be divided to multiple papers. She questioned the author's method of decomposing business and private mail, and she wondered about the interpretation of local amenity index given the increasing labor market integration during that period.

Lastly, **Carol Shiue** (UC-Boulder) presented joint work with **Wolfgang Keller** (also UC- Boulder) and **Ben Li** (Boston College) on Shanghai's trade and Chinese economic growth. The key finding is that Shanghai's current level of trade with major trade partners like the U.S., the U.K., and Japan are not high compared to the 19th century. They point out that Shanghai's trade seems to capture the relationship between trade and growth in China. Michael Huberman, a "replacement ref", raised concerns about the use of the gravity model here. The gravity model emphasized continuity by its nature, and it would favor the authors' conclusion. Secondly, he felt the determinants of FDI and trade in goods should be treated more differently. Thirdly, he wanted to see comparisons on more margins such as the number of trading partners and types of goods.

Session 8 covered internal and international migration. **Raphael Frank** (*Bar-Ilan*) opened the session with "The Cultural Diffusion of the Fertility Transition: Internal Migrations in 19th c. France." The paper, co-authored with **Guillaume Daudin** (*Paris Dauphine/ Sciences Po*) and **Hillel Rapoport** (*Bar-Ilan*), aims to explain why fertility rates in France were the first among other Western European countries to decline in the late 19th century. The paper documents how fertility was both declining overall and converging geographically: women in different departments had increasingly similar fertility rates over time. The paper proposes internal migration to Paris and other urban centers as the leading transmitter of the fertility norm. The authors use transport cost as an instrumental variable for migration flows. **Isabelle Sin** (Motu Economic and Policy Research) wondered whether the instrumental variable could identify the effect of migration separately from other effects brought by a reduction of travelling costs. She raised the possibility that railway construction may have reduced travelling costs between urban centers that were already similar in culture. She suggested that the authors use transportation of freight rather than people as a possibly better IV.

Catherine Massey (UC-Boulder) presented her analysis of immigration restrictions in 1921. She asks: to what extent did the restriction affect the skill level of entering migrants? Using ship manifests and Seattle immigration records, Massey compares immigrants born in quota-restricted countries to migrants born in the Americas, Japan, and Canada. She finds that trends in occupation prestige scores and measures of skill are similar before the immigration quotas, but migrants are more skilled than the control group after the quotas. Discussant **David Green** (UBC) praised the paper as important and suggested several ways to improve it further. He wondered about the other ports outside the Northwest and he wondered whether the quotas could explain the big differences in skill after 1924. He challenged Massey to explain why this particular policy might change selection within the source country.

Jason Long (Wheaton College) and **Joseph Ferrie** (Northwestern) presented a paper that extends their previous work on intergenerational mobility. When they studied mobility in the U.K. and in U.S. separately, they omitted those who move between the countries. Here they ask: What kind of mobility did U.K.-to-U.S. migrants experience? They find that migrants are more occupationally mobile than those who stay in the U.K. Compared to the native U.S. population—who were themselves very mobile at the time—international migrants are even more mobile. The comments by **Laura Salisbury** (Boston Univ.) stressed biases introduced by (a) the ever-present problem in immigration studies that there is no observation of the counterfactual of staying, and (b) different rates of false linkages in the construction of the linked data set. Other attendees pressed the authors to address the importance of different rates of mobility in the understanding of the development of the U.S. economy.

The authors of the papers presented in Session 9 contributed to our knowledge of financial crises in the United States. **Christopher Hanes** (Binghamton Univ.) started the session presenting "Harvests and Financial Crises in Gold-Standard America," a paper he co-authored with **Paul Rhode** (Michigan). The paper reviews the five financial crises of the American gold-standard era (1884, 1890, 1893, 1896, and 1907) and asks "who pulled the trigger to cause these crises?" The authors claim that the 1890 and 1907 crises were caused by sudden stops of European flows to the U.S., possibly caused in 1907 by insurance payments for the 1906 San Francisco earthquake and fire. They further claim that the 1884, 1893, and 1897 crises were caused by poor cotton harvests in 1883, 1892, and 1896. The mechanism was a drop in export revenues leading to withdrawals, declining stock prices, and recession. The paper concludes that the recessions could have been avoided with an interventionist U.S. central bank. Discussant **Jon Moen** (Univ. of Mississippi) noted that to William Stanley Jevons's sunspot theory of commercial crises, Hanes-Rhode had now added fuzzy cotton balls. He found the story credible and suggested looking at cotton export revenues.

Mary Tone Rodgers (SUNY – Oswego) enthusiastically presented "An Overlooked Central Bank Rescue: How the Bank of France Ended the American Panic of 1907," which is co-authored with **James Payne** (Univ. of South Florida). The paper claims that equity markets did not turn around in response to J. Pierpont Morgan's attempts to staunch the crisis of 1907, but responded instead to international flows into the money market. Equity market analysis shows no evidence of a Morgan effect, but a GARCH event model shows that two events have statistically significant effects on daily changes in the equity market: runs on shadow banks had a negative effect and the Bank of France's discounting

Call for Papers
7th World Congress of Cliometrics
Honolulu, Hawai‘i, USA
June 18-21, 2013

The 7th World Congress of Cliometrics will be held in Honolulu, Hawai‘i, USA from June 18-21, 2013. The Congress will be hosted and supported by the University of Hawai‘i-Mānoa. All sessions will be held at the Imin Conference Center on the campus of the East-West Center (adjacent to the University of Hawai‘i-Mānoa campus). All are invited to attend.

Paper submission at http://eh.net/clio/conferences/prop11.html or through the Congress website: https://sites.google.com/site/7worldcliocongress/ Submissions will be accepted until December 16th. Those wishing to present a paper should provide an abstract and a 3-5 page summary of the proposed paper. Presenters will be notified no later than January 20th. Twenty-page papers must be submitted no later than March 15th. Individuals who presented papers at recent Cliometric Conferences are eligible to present at the World Congress. There is no restriction based on recent presentations.

We particularly encourage paper proposals from graduate students conducting research in economic history. A grant from the National Science Foundation will substantially defray the costs of registration, accommodation and travel for graduate students on the program at the World Congress.

The World Congress is designed to provide extensive discussion of new and innovative research in economic history in all regions and time periods. We expect 80 to 90 papers to be selected for presentation and discussion in concurrent sessions. These are sent out to all conference participants 6 weeks in advance. Each paper is devoted a session, in which authors have 5 minutes to make an opening statement and the rest of the session is devoted to discussion among all conference participants. Conference participants are expected to read the papers for the sessions that they attend.

Information on Conference Registration, Events, and Hotels Reservations is available at the Congress website: https://sites.google.com/site/7worldcliocongress/.

World Congress Headquarters Hotel
The New Otani Kaimana Beach Hotel (Waikiki in Kapiolani Park)

Questions? Please contact Professor Sumner La Croix at the University of Hawai‘i at clioconf@hawaii.edu.

of U.S. paper had a positive effect. Discussant **John James** (Virginia) approved of the great historical details ("new stuff") and the paper's focus on resolving the financial crisis instead of what caused it. James offered several ideas for further research in event timing.

Carola Frydman (Boston Univ.) presented "Runs on Early 'Shadow Banks': Trust Companies and the Economic Effects of the Panic of 1907," which she co-authored with Eric Hilt and **Lily Zhou** (Federal Reserve Bank of New York). The paper asserts that the damaged reputations of trust company bankers who sat on boards of large companies caused a loss of loan lines for those businesses, thereby causing contraction in the real economy. A case study of the Knickerbocker Trust and United Copper and econometric evidence were both offered. Discussant **David Wheelock** (Federal Reserve Bank of St. Louis) admired the paper's polish and persuasiveness, as well as its focus on the depth and duration of the effect of financial crises on the real economy. Wheelock asked for stories from other trust companies besides Knickerbocker and for direct evidence of board interlocks affecting lending relationships

Session 10 covered slavery and serfdom. **Jeremiah Dittmar** (American Univ.) presented "Contested Property: Fugitive Slaves in the Antebellum U.S. South," which is co-authored with **Suresh Naidu** (Columbia). The paper is about slave resistance. The authors use more than 20,000 newspaper advertisements on runaway slaves and show that, unlike previously assumed, slave escapes were quite common. They find that runaways were more frequent at more productive plantations and that higher rewards were advertised for their return. **Allison Shertzer** (Pitt) commented. She applauded the authors for the ambitious new contribution. She wondered about sample selection; specifically, she asked whether a plantation nearer to a newspaper would be more likely to report a runaway slave. If so, then slave owners far from newspapers had property rights that were harder to enforce.

James Fenske (Oxford) presented "Climate, Ecosystem Resilience, and the Slave Trade," which is co-authored with **Namrata Kala** (Yale). The paper shows that more slaves were exported by African societies in colder years; lower temperatures reduced mortality and hence reduced the costs of supplying slaves. They find that this mechanism is mainly present in dry ecosystems and not in the forest regions.

Nicholas Ziebarth presents at the Dissertation Sessions. Photo by Yannay Spitzer.

The authors embed their results in the discussion about the long-term legacy of slave trading on economic performance. Comments were provided by **Warren Whatley** (Michigan). He pointed to an alternative explanation: the effect of heat on the prevalence of the tse-tse fly.

To complete the session, **Steven Nafziger** (Williams College) presented "Serfdom, Land Inequality, and Economic Development in Tsarist Russia." The paper ties economic development in pre-revolutionary Russia to earlier patterns of serfdom and compares Russian serfdom to other forms of slavery. The paper documents district-level variation in the proportion of serfs and types of serfdom, and it shows correlations between the characteristics of serfdom and indicators of economic development such as urbanization and school enrollment. A major channel between serfdom and development is land inequality: In 1905 former serfs own 50 percent less land than other peasants. **Christian Dippel** (UCLA) encouraged Nafziger to further explore what determined the type and breadth of serfdom in a district. He worried that controlling for geographic determinants may be confounded with being close to Moscow.

The papers in Session 11 provided new evidence on household and firm behavior in U.S. economic history. **Petra Moser** (Stanford) started off the session presenting "Do Patent Pools Encourage Innovation?

Evidence from 20 Industries in the 1930s." This joint work with **Ryan Lampe** (DePaul Univ.) examines 20 patent pools formed in the 1930s. The number of patent pools in this decade is unusually high because of a change in US antitrust policy. The authors use a difference-in-differences strategy to show that the formation of a pool decreased patenting activity. Discussant Naomi Lamoreaux noted that the change in policy didn't seem to encourage patent pools: pools formed through the whole decade and not just during the period of lax antitrust enforcement. She also noted that we mostly know about the pools that wound up in litigation, which might bias the results. Finally, she wondered if firms built up stocks of research waiting for a pool to end. **Xavier Duran** (Northwestern) continued this last line of comments from the floor: he wondered if there were research consortiums during the 1930s.

The next paper was "Income Taxation and Business Incorporation: Evidence from the Early 20th Century" by **Li Liu** (Oxford). The paper uses variation in the state level corporate and individual income taxes (which are not highly correlated) to examine firm level decisions to incorporate as measured in the censuses of manufactures. A 10 percent rise in the corporate tax rate led to about a 15 percent decline in incorporation. Discussant **John Wallis** (Maryland) proposed that a difference in the underlying distribution of firm size could generate the same result. He also wondered what was correlated with the tax rates themselves.

Carlos Villareal (Illinois-Chicago) presented the first part of "Inter-Urban Health Disparities: Survival in the Wards of 19th Century American Cities," and **Louis Cain** (Loyola and Northwestern) presented the second part of this massive data collection that is joint with **Sok Chul Hong** (Sogang Univ.). The goal of the project is to measure the effect of water and sewer systems on the life expectancies of union veterans living in cities. The project reconstructs the boundaries of wards over time and gathers data on the layout and timing of construction of water and sewer facilities at the block level. Boston, New York, Chicago, and Philadelphia have been mapped thusfar. Veterans' age at death was not much affected by their living in "good" or "bad" wards of cities in 1860, but place of residence in 1900 mattered. Discussant **Greg Niemesh** (Vanderbilt) was impressed with the work that the project involves. He wondered, though, about confounding geographic and personal factors. From the floor, **Susan Wolcott** (Binghamton) asked if there were data on the environment in which the veterans grew up. **Nicola Tynan** (Dickinson) asked about death rates in intuitions, and **Evan Roberts** (Minnesota) wanted to know if there was spatial correlation between wards.

Session 12 addressed the role of the state in war and in growth. **Hans-Joachim Voth** (UPF) kicked off the session by presenting "State Capacity and Military Conflict," which he co-authored with **Nicola Gennaioli** (also UPF). The paper cites the vast differences in state capacity today, especially citing Greece (where, Voth claims, the tax code is fictional). What explains the differences? Do they matter? There is a positive correlation between tax rates and GDP per capita. The authors assert that the states with greatest capacity have a history of military conflict: the threat of war incentivizes infrastructure-building. Discussant Larry Neal suggested that the authors consider the role of the finance of war, which he asserted led to systems of taxation. Neal claimed that the omission of finance caused him to be sufficiently upset that he could not finish the paper.

Mark Dincecco (IMT-Lucca Institute for Advanced Studies) presented "State Capacity and Long-Run Performance," which is co-authored with **Gabriel Katz** (also IMT-Lucca Institute for Advanced Studies). The paper asks how advanced economies first established the types of modern fiscal systems that are not found in developing economies. The framework compares a strong centralized taxing authority to fiscal fragmentation and compares strong parliaments to ruler-controlled spending. The focus is on whether effective states improve economic performance, hypothesizing that if the state collects revenues, non-military spending increases, and GDP per capita rises. Discussant **Tuan-Hwe Sng** (National Univ. of Singapore) questioned the methodology, suggesting that a GMM approach would be less biased than the panel model.

The final paper in the session was by **Gregg Huff** (Oxford) and **Shinobu Majima** (Gakushuin Univ.), who document the transfer of as much as one third of Indochina's annual GDP to Japan as a result of its World War II occupation. The paper also shows that Japan's control of the money supply was inflationary, but did not produce hyperinflation.

Session 13 continued the theme of growth, but considered it from a global colonial perspective. **Saumitra Jha** (Stanford) began the session by presenting his paper co-authored with **Alberto Diaz-Cayeros** (UC-San Diego), and entitled "Global Trade, Contract Failure, and Ethnic Assimilation: Cochineal in Mexico." The paper examines the long-term effects on indigenous communities of production of cochineal, a highly-prized dye extracted from a native insect during the Spanish colonial period. Outcomes of regional poverty and ethno-linguistic assimilation in Mexico in the year 2000 are regressed on a dummy variable for cochineal production in the colonial period and controls for geographic and climactic variation and distance to pre-colonial population centers. Regions that produced cochineal in the colonial period had less poverty in 2000 and were also more Hispanicized than regions that did not produce cochineal. The paper also addresses contract failure in the colonial period, demonstrating that indigenous cochineal producers often reneged on their contractual obligations when prices were high. Discussant **William Collins** (Vanderbilt) was generally satisfied that Diaz-Cayeros and Jha had demonstrated a correlation between regional cochineal production in the colonial period and lower poverty and greater ethno-linguistic assimilation in each region in 2000, but he doubted that the link was causal. He wanted a mechanism to explain why these effects would persist through time and suggested that the authors run regressions on earlier outcomes. This strategy might help link the conditions of the distant past to the present.

Stephen Broadberry (London School of Economics) and **Bishnupriya Gupta** (Warwick) presented "India and the Great Divergence: An Anglo-Indian Comparison of GDP per Capita, 1600-1871." The authors' new estimates of Indian GDP per capita augment earlier studies of the "great divergence" of living standards between northwestern Europe and Asia based upon real wage comparisons. They find that India was relatively prosperous around 1600, at the height of the Mughal Empire, but that Indian GDP per capita declined throughout the 17th and 18th centuries. Compared with English GDP per capita, this demonstrates that the Great Divergence was well underway during the early-modern era.

Though quick to point out his doubts about the mainstream view of English GDP growth, discussant Greg Clark confined most of his comments to the new estimates of Indian GDP per capita. Clark noted the thin evidence used to construct these estimates, most taken from a single government account book from the Mughal period (the *Ain-i-Akbari*). He further noted that the data were predominantly from northern India and therefore not representative of the Indian subcontinent as a whole. He joked that this would be like estimating living standards in Europe based upon data from Sweden. From the floor, Carol Shiue wanted an accounting of income distribution, not simply GDP per capita.

To close the session, Susan Wolcott presented "Evidence of Labor Bargaining Power among Indian Industrial Workers in the Early 20th Century." The paper examines the reasons for the absence of productivity growth in India between 1900 and 1938. Wolcott rejects earlier explanations. Her explanation is that workers in India displayed a surprising level of collective resistance against productivity increases. Poor workers in this diverse economy had a social cohesion that gave them collective strength. The caste network extended bonds of kinship and made workers more likely to band together and look out for their collective rights. These strong bonds among workers might even help explain the productivity gains at TISCO, a company case study, as one of TISCO's great managerial innovations was rewarding efficient workers by hiring members of their extended families.

Peter Lindert's (UC-Davis) discussion of Wolcott's paper praised it as solid contribution to the literature on Indian productivity, although he still felt a fully satisfying answer to why Indian productivity was so low in this period remained unanswered. He was not content with Wolcott's collective resistance explanation; such collective resistance did not seem to be present in the non-industrial sectors of the Indian economy. In the general discussion, Greg Clark suggested that Wolcott examine recent work on Indian productivity in the railroad industry.

The papers in Session 14 connected innovations and institutions. The session opened with **Regina Grafe** (Northwestern) presenting "Distant Tyranny: Why Spain Fell Behind in the Early Modern Period." The paper explores why Spain was no longer a major economic power by 1800. Its goal is to combat what Grafe refers to as the "myth of the predatory state," that is, the idea that the Spanish crown kept interest rates so high that it prevented investment in Spain. Instead, the paper asserts that local governments stifled innovation through rent-seeking. To show this, Grafe uses data on the price of cod, which was an imported good for which the price at its origin is known. Grafe finds little correlation between prices in different towns, but finds strong town fixed effects which seem to be independent of other policies. Discussant Jordi-**Vidal Robert** (Warwick) wondered about the role of trade routes and internal customs borders in explaining the results. More generally, he wanted to know why Spanish towns didn't build roads.

Next, **Timothy Guinnane** (Yale) presented "Adapting Law to Fit the Facts: The GmbH, the SARL, and the Organization of Small Firms in Germany and France, 1892-1930," which is joint work with **Jean-Laurent Rosenthal** (CalTech). The paper is part of a larger project that is attempting to understand the organization of small firms in many different countries. The GmbH, which is German, and the SARL, which is French, are both private limited liability incorporation structures that are often thought of as equivalent; however, the SARL was far more popular in France than the GmbH was in Germany. The difference is in the way that control is handled: In a GmbH the control of the business ultimately rests with the owner of capital, whereas in a SARL control is passed along with the people in the business, like a partnership. This difference has significant implications for corporate organization. **Gary Libecap** (UC-Santa Barbara) noted that the paper was at a early stage and wondered about a larger question: Did the different incorporation types have an impact on macroeconomic performance? He also wondered what influenced the writing of the different laws.

Peter B. Meyer (Bureau of Labor Statistics) presented "Open Technology and the Early Airplane Industry," which described the distributed method by which innovations in early aeronautics occurred. In the early development of the airplane, there was little protection of intellectual property; rather, the best engineers shared their work, held public exhibitions, and copied each other's designs. This changed quickly when it seemed as if the airplane was going to be the foundation of a viable industry. Discussant **Alex Field** (UC-Santa Clara) also wondered about the larger question: what sort of technologies are amenable for different sorts of innovation strategies? The open source strategy is ex-post wasteful, because many duplicate resources are needed, but perhaps if the goal is to make progress on something ill-defined it is necessary because no manger could lay out a plan for that innovation.

The final session reprised the conference theme of "Transportation Revolution" for a last look at markets and market integration. **Ahmed Rahman** (U.S. Naval Academy) was the first presenter of the session. His paper, joint with **Darrell Glaser** (also U.S. Naval Acadamy), explores whether Kindleberger's hegemonic stability theory holds in the context of the late 19th and early 20th century naval arms race. They use simultaneous equations to model the arms race and use gravity models to see the relationship between navy power and trade. They show that both the English and American navies were positive forces for global commerce. The French navy, on the other hand, bolstered its own trade at the expense of other nations' trade. The first question that discussant **Claudia Rei** (Vanderbilt) raised was about reverse causality: the authors should test the reverse hypothesis of more trade and a stronger economic performance leading to more navy expansion. Secondly, she argued that the paper did not yet pin down the casual relationship. Lastly, she wondered whether the naval investment was optimal. **Tim Leunig** (LSE) raised questions about the huge quality difference in French versus British ships and wondered whether what the simultaneous equation model really picked up was just the time trend.

The second paper presented was by **Philip Slavin** (McGill). He studies the institutional causes of market failure in the famine in England and Wales from 1315 to 1317. He shows huge wheat price fluctuations and price divergence during those years, which, combined with anecdotes, are evidence of market segmentation, preferential trade, and speculative hoarding behavior. Discussant **Anne McCants** (MIT) raised concerns about the quality of the price data (only 15percent of the data points were monthly). She also pointed out that the calculations should take into account animal consumption and seeds. Moreover, she suggested that a comparison with non-famine years would be helpful. **Eric Schneider** (Oxford) pointed out that the price would only be recorded if there was a transaction, but doubted the existence of any functioning market at that time, market "failure" nothwithstanding.

Lastly, **Edmund Cannon** (Bristol) presented his study with **Liam Brunt** (HEC-Lausanne) on integration in the English wheat market from 1770 to 1820. They use weekly wheat price data published on the London Gazettes to study the pattern of prices in 40 counties in 50 years. The key finding is that pattern of price convergence measured by half-lives (of price differences) appears differently depending on the data frequency used and number of lags put in the model. The discussant, **Paul Sharp** (Southern Denmark) doubted the quality of the weekly data questioned the validity of the "half life" measure. ■

Schedule of 2013 Clio and EHA Sessions at ASSA

Cliometric Society Sessions

Public Goods and the the State
January 4, 2013, 10:15 am, Manchester Grand Hyatt, Emma C
Organizer: Marianne Wanamaker (Tennessee)
Chair: Ahmed Rahman, United States Naval Academy
Discussants: John Wallis (University of Maryland), Mark Dincecco (IMT Lucca Institute for Advanced Studies), Se Yan (Peking University), John Parman (College of William & Mary)

"A Glorious Transition: The Politics of Market Access in the Aftermath of Britain's Glorious Revolution," Dan Bogart (UC Irvine) and Robert Oandasan (Compass Lexicon)
"Who Benefits from Redistribution? Fiscal Centralization and Government Expenditure in Spanish America," Luz Marina Arias (CEACS, Juan March Institute)
"Taxation and Public Goods Provision in China and Japan before 1850," Tuan-Hwee Sng (Princeton and National University of Singapore) and Chiaki Moriguchi (Hitotsubashi)
"Coal, Smoke, and Death," Karen Clay (Carnegie Mellon) and Alan Barreca (Tulane) and Joel Tarr (Carnegie Mellon)

Issues in 19th Century Economic Growth
January 4, 2013, 2:30 pm, Manchester Grand Hyatt, Emma C
Organizer: Marianne Wanamaker (Tennessee)
Chair: Melissa Thomasson (Miami University)
Discussants: Saumitra Jha (Stanford), Theresa Gutberlet (University of Arizona), Robert Whaples (Wake Forest University)

"The Long-Term Effects of Christian Activities in China before 1920," Se Yan (Peking)
"It's all in the Mail: Information exchange, Market Access, Amenities and the Spatial Structure of the German Empire," Florian Ploeckl (Oxford)
"Understanding the Sources of Productivity Growth During Industrialization: An Empirical Investigation of the Dynamic Properties of Piece Rate Contracts," Daniel MacDonald (UMass Amherst)
"Of Time and Space: Technological Spillovers among Patents and Unpatented Innovations in the Nineteenth Century," Zorina Khan (Bowdoin)

Housing and Urban Development
January 4, 2013,12:30 pm, Manchester Grand Hyatt, Emma C
Organizer: Marianne Wanamaker (Tennessee)
Chair: Allison Shertzer, (University of Pittsburgh)
Discussants: Daniel Fetter (Wellesley College), Katharine Shester (Washington and Lee University)

"Monetary Intervention Really Did Mitigate Banking Panics During the Early Stages of the Great Depression: Evidence Along the Atlanta Federal Reserve District Border," Andrew Jalil (Occidental College)
"Razing San Francisco: The 1906 Disaster and the Legacy of Urban Land Use," Jim Siodla (UC Irvine)
"The Interwar Housing Cycle in the Light of 2001-2011: A Comparative Historical Approach," Alexander Field (Santa Clara)

Economic History Association Sessions

Migration
January 5, 2013, 2:30 pm, Manchester Grand Hyatt, Emma C
Organizer: Dan Bogart (UC Irvine)
Chair: Mike Haupert (University of Wisconsin – La Crosse)
Discussants: Mike Haupert (University of Wisconsin – La Crosse), Joe Ferrie (Northwestern), Suresh Naidu (Columbia), Latika Chaudhary (Scripps College)

"Taking Power from the People: Immigration and Representative Democracy in American Cities," Allison Shertzer, (Pittsburgh), Werner Troesken (Pittsburgh), and Randall Walsh (Pittsburgh)
"Moving on Up: Immigration and Native Occupational Mobility in the United States, 1870-1930," Rowena Gray (Essex)
"Race and the Great Migration: Understanding Black & White Differences using Linked Census Data," Marianne Wanamaker (Tennessee) and William Collins (Vanderbilt)
"Indenture and Labor Migration in Colonial Assam," Bishnupriya Gupta (Warwick) and Anand Swamy (Williams)

Money, Banking, and Prices
January 5, 2013, 12:30 pm, Manchester Grand Hyatt, Emma C
Organizer: Dan Bogart (UC Irvine)
Chair: Dan Bogart (UC Irvine)
Discussants: Peter Koudris (Stanford), Jean Laurent Rosenthal (Cal Tech), Alejandro Komai (University of California – Irvine)

"Quantifying Political Events Surrounding Slavery and the Civil War," Jonathan Pritchett (Tulane) and Charles Calomiris (Columbia)
"Landschaften as Credit Purveyors – The Example of East Prussia," Kirsten Wandschneider (Occidental)
"Chronic Specie Scarcity and Efficient Barter: The Problem of Maintaining an Outside Money Supply in British Colonial America," Farley Grubb (Delaware) ■

An Interview with Prof. Karl Gunnar Persson

Karl Gunnar Persson is Professor in the Department of Economics at the University of Copenhagen He was born in Gothenburg in Sweden and was educated at Lund University. He has spent most of his academic career in Denmark where he teaches Comparative European Economic History to undergraduates and The Economic History of Globalization to graduate students. He is now working on historical demography and measurement of growth in poorly documented economies and is coordinator of the Zeuthen Lectures and editor of the Zeuthen Lecture Series Books for MIT Press. He has been a visiting academic at London School of Economics, Australian National University, INRA Paris and the European University Institute in Florence. He was the first president of the European Historical Economics Society and the founding editor (with Vera Zamagni and Tim Hatton) of European Review of Economic History. *His textbook,* An Economic History of Europe *was published by Cambridge University Press in 2010 and the book's website hosts a number of materials and data sets at* www.econ.ku.dk/Europe.

This interview was conducted by Paul Sharp (Univ. of Southern Denmark) on September 7, 2011.

Let's start from the beginning. How did you get involved in economic history?

When I began my university studies at Lund University in the mid-'60s, I wanted to go into the social sciences: economics and political science. I drifted into economic history rather early on. At the end of the sixties it became a very dynamic field with lots of students. As an undergraduate I got a job as a teaching assistant. The Lund Economic History Department was a good place to be. Already as undergraduates we were exposed to Cliometrics and "new economic history" through Lennart Jörberg, the price historian, who had come under the influence of Douglass North and Robert Fogel as a Fulbright scholar. Lennart was later instrumental in getting them awarded the Nobel Prize. The Lund department was something of a loner, however. We had very high opinions of ourselves and we were rather isolated from the rest of the Scandinavian economic history circuit, which remained in a more traditional mold.

I had no immediate plans to do research at that time in economic history. I was thinking along the lines of getting a job in the civil service or in journalism. But when I had finished my degree and was looking for jobs, I was offered a PhD scholarship. The scholarship was linked to contemporary immigration studies so I did more sociometrics than Cliometrics. At that time, and later in the 1970s, I was also quite active in left wing politics. I was on the editorial board and finally the editor of a sort of Scandinavian version of the *New Left Review* and it took a lot of my time. We had two small kids and my wife was still at medical school. I also did a lot of journalism in the 1970s for newspapers and Swedish Radio introducing social science themes in programs. So I suppose, all in all, I was a quarter-time economic historian and a quarter-time social historian and a full-time activist/editor/freelance writer. I neglected my research. But it was great fun. I eventually gave up non-academic pursuits and became a narrow-minded academic, but that was not until the early 1980s.

You say economic history became a very dynamic field in the late 1960s—what do you think was the reason for that?

I think it was part of the left-wing students' movement looking in the Marxist way for the economic basis of practically everything. All sorts of people went into economic history because learning about the economy, a.k.a. the base, would help them to understand the world. That was why it was so attractive at that time. I remember I had one of the leading Swedish rock stars in my course and when I met him on the street a year ago he said it was the best time in his life and I could quote him on that. You know, economic history can address the Big Questions and make them understandable to a wide audience by using intuitive economics rather than formalized exercises. I think we succeeded in doing that.

So did Marxism bring you to economic history?

Well, not really. When I arrived at the University I knew next to nothing about Marxism. I was brought up in an intellectual and radical home but it was more Freud than Marx. I had been interested in social issues, that's true, from my high school days. but I was a little put off by the pragmatism and down-to-earth mentality of Swedish social democracy.

The interest in Marxism came later in the late '60s and early '70s. Marxism appealed because it was utopian and not down to earth, rather up in the air. That was my *Sturm und Drang* period, I suppose. The revival of Marxism was a Europe-wide phenomenon, and I still really do not understand the frenzy. Very much of the thinking in the '70s developed into increasingly dogmatic interpretations of Marx and Marxism. But the economics of Marx never attracted me. I could not see the relevance to contemporary problems, and the 'labor theory of value' was just a dead end. In fact I never managed to pass the introductory chapters of *Das Kapital*, and in those days you had to read it in German of course, so that nothing was lost in translation. My introduction to Marxist economics was a shortcut: Paul M. Sweezy's excellent book *The Theory of Capitalist Development*.

But Marx's theory of history, a.k.a. historical materialism, did and still does attract me as a rough outline of social evolution. I should mention one of the very few books written in these years that has aged well and which, to some extent, pushed me to write Pre-industrial Economic Growth, was the book by the Oxford philosopher G.A.(Jerry) Cohen Karl *Marx's Theory of History*. Jerry's book was one of the rare examples of the 1970s Marxist debates which developed and clarified thinking about institutional change. Much of the 'many words' French 'structuralist' debate, for example, was of little value. We used to call it 'Bullshit Marxism.'

How important are your political beliefs now? Do your political beliefs continue to influence your work?

Well, I suppose I am more Rosé than Red these days, but I drink both. Politics matter. I think being on the Left makes you skeptical of people who neglect market failures, frictions and market imperfections. Politics is about correcting market failures. I used to say that the radical right is naïve about markets, while the radical left is naïve about politics. Being Swedish I take the middle way, I suppose. Even though my work is not directly political I have always been interested in charting market efficiency and market failures.

You moved to Denmark in the mid-'70s. Why did you do that?

In part it was because the economic history department in Lund was quite crowded and it was very difficult to get tenure—although there was lots of research money around. I also came to see the Swedish university system as inward-looking and unattractive intellectually. The Swedish university system is composed of local closed shops. Lund does not recruit from Stockholm or the other way around. It still works that way, and I am absolutely shocked that nothing has changed since I was a PhD student in that respect. The advantage with Denmark was tenure, better pay, and more time for research.

I came into an Economics department after a short gig at a liberal arts college just outside Copenhagen. In Copenhagen I started to teach labor economics and social policy and only later began teaching economic history. The local economic historians were a bit hostile to me in the beginning, perhaps because of my Lund background. I do not blame them. I was not recruited to teach economic history.

However, the move to the Danish university world was something I never regretted. Working with economists and econometricians, which I had not done before, made me more disciplined and rigorous. I linked up with a group of young macroeconomists in Copenhagen and we were quite active in the domestic economic policy debate at the time. At the end of the '70s and early eighties the prevailing Keynesian macroeconomic outlook was challenged in Europe, both by economists and economic policymakers. Denmark was in fact the first Scandinavian country to abandon full employment as a policy goal and replace it with inflation targeting. Expansionary fiscal policy became a four letter word but we tried to raise the Keynesian flag. Without much success, I have to say. I could add a long list of lost causes to my CV.

The Department in Copenhagen must have changed a lot over time.

Well, yes, it did. When I came to Copenhagen in 1975, it was a rather typical Scandinavian slightly parochial type of department. Oslo and Stockholm were the leading Scandinavian departments at that time, but they had no economic history at all. What changed the department was the fact that we had a group of very gifted theoretical economists in the Arrow-Debreu tradition. They sort of set the standards—not for the old farts, but for the new arrivals. Not that we were supposed to do general equilibrium economics, thank God, but we were inspired to go to the international arena rather than perform for the local audience. So the Department started a process of catching up to the best schools.

When did that process start?

As you know, Copenhagen is now one of the top departments in Europe, usually ranging in, say, the top ten to fifteen in Europe. The change, I would say, came in the early 1990s. Recruitment policy changed: we introduced pay differences based on publishing records; we got a young dynamic Head of Department; and so on. Basically the culture changed in the Department. At that time I was deputy head of Department, so I participated actively in the process.

And how do you feel about the situation of economic history in the Department at the moment?

Economic history always had an important place in the course program offered to students, I think more so than in most Economics Departments in Europe and North America. But we are in a transition period. I will stop teaching in a couple of years' time, but I will certainly hang around following the activities of the MEHR [Macroeconomics and the Historical Record] group and I am looking forward to getting more time for research. Never before have we had so many PhD students with an interest in economic history, for example. So actually, I'm optimistic both because of what is happening internally in the department and, you know, internationally. I think we are quite respected, at least judging from the recent international referee group assessing the department. But the department lives with its tradition of a heavy bias towards pure theory. I feel that not everyone agrees on what I think Jeff Williamson once said: that economics needs history as much as history needs economics. There are people on both sides of the fence who deny that, but on a sunny day I believe they are not as numerous and powerful as in the past.

Turning now to your research, please tell more about your early work.

As I said, my early work—I mean my PhD and work derived from it—was more sociometric than cliometric. It was about social mobility, working with different social mobility indices and applying them to European data. The first articles I published in the 1970s were in sociology journals.

It was not really until the early 1980s that I turned more directly to economic history in my research. That was when I prepared my first monograph on pre-industrial economic growth. It was published in 1988; writing books is very time consuming. I did part of the work as a visiting fellow at the London School of Economics. The major contribution of that book, I think, is that the conventional Malthusian model was—and still is—misunderstood. Usually we think of equilibrium in the Malthusian model as one with constant per capita income and zero population growth, and that doesn't fit the empirical evidence for the pre-industrial period in Europe at all. So what I did with my collaborator at that time, Peter Skott, who is now at Amherst, was to show that a Malthusian model with permanent technological progress, rather than one-off technological shocks actually has a number of equilibria, where the rate of technological progress balances diminishing returns to labor. Therefore we get a picture which is more in line with what pre-industrial Europe looked like. That is, we have economies with an equilibrium income far above subsistence and sustained population growth, and we can actually have economies which are moving from one equilibrium income to a higher one if the rate of technological progress increases. It was quite easy to understand that equilibrium incomes differed across nations and time in that model. I think that contribution has yet to be fully appreciated even by present-day Malthusians. When I wrote the book, there were no estimates on per capita income in the pre-industrial period, but now the recent work of Steve Broadberry and associates basically supports my results. Enough about that.

What I did here in terms of Cliometrics was to formalize a method of measuring changes in labor productivity from changes in occupational structure or, in another way, changes in consumption patterns, and that's a topic I have returned to in recent years. In fact, what I did was to generalize and formalize a more intuitive method suggested earlier by Tony Wrigley. I became aware of Sir Tony's contribution one day before I was presenting the paper at LSE with him in the audience. This was before the copy and paste days, so I did not have time to include a reference to him, but of course he did not care. We had a good discussion.

And then you turned to working on market integration and globalization. What inspired that?

The market integration book (*Grain Markets in Europe*) actually asked a question which again was sort of linked to Jerry Cohen's work mentioned earlier about the forces behind institutional change. One of the questions addressed was what caused the transition from tightly-regulated grain markets to free, unregulated markets in the 18th and 19th centuries. And the hypothesis I had was that what market integration was doing was what regulation was supposed to do: stabilizing prices of food. [Prices] were very volatile in the past because of segmentation of markets. It's an idea which was developed by the French Enlightenment economists at the end of the 18th century. This is a period I really love, and I think Anglo-Saxons have not understood the pioneering efforts of French economists. The basic message [of the book] was that economists, and, in fact, quite a few economic historians, tend to think of markets as being uniformly efficient over time, but market performance is actually a historical process from imperfection to less imperfection. Markets were far from efficient as late as in the early 19th century, but through the invention of better modes of information transmission they became more so. This has implications for the interpretation of price gaps between markets, which are often routinely used as an indicator of transportation costs. Throughout most of history price gaps are explained by transportation costs and a residual, which is diminishing over time, but that residual includes, for example, different sorts of market imperfections. So that is a very important lesson.

It seems to be a big step moving from pre-industrial growth into market integration.

I have always, I think, been of the opinion that you shouldn't be a one-issue type of man. I have a low–what do you say?–boredom threshold. I think sometimes you don't learn much more or you don't get much further, so I go from one subject to another. I decided a year or so ago that I must stop doing market integration studies, which I had been doing for about fifteen years with numerous papers. So what I am doing right now is thinking about demography: specifically, the relationship between fertility and mortality. That is entirely new for me and has forced me to do a lot of reading of the new literature, but you know, that keeps your mind fresh.

I would like to turn to your important contribution in terms of establishing European economic history. How do you feel about the situation in Europe today?

Just coming back from the Dublin [European Historical Economics Society] makes you very optimistic, I think. I was very impressed by the standard of the presentations and by the fact that so many of the participants

Alexander Field, Rick Steckel, and Price Fishback at the banquet. Rick thanked Alex for his service as Executive Director. Photo by Yannay Spitzer.

were under the age of 35 or 40—about half of them I would guess. So I would say I'm very optimistic. I do not see a risk of recession in European economic history.

And you played a very important role in bringing this about…

As I said, I came from a department which was quite modern by European standards. But in general economic history in Europe was very traditional and old-fashioned, and there were lots of people in Europe dissatisfied with that. In England in the 1980s, there was a group of quantitative economic historians who met regularly, and I participated in some of these meetings at the end of the eighties. On the European level, there was nothing like that. This changed with the World Clio in Spain in 1989, which the Cliometrics Society organized with the help of Leandro Prados. It was a really good conference, well organized, but the Europeans were sort of outsmarted or crowded out by the Americans. You know in the Cliometrics Society they have known each other since the dawn of civilization, and we Europeans were not used to the debating culture typical of American universities. So we came independently to the conclusion that if we were to get Clio-type economic history going in Europe we had to set the agenda ourselves rather than opening a franchise of the Cliometrics Society.

We met, a small group, very informally, at the International Economic History Association Meeting in Leuven, the year after, and that's how the steering group was formed. This group included me, Gianni Toniolo, Jaime Reis, James Foreman-Peck , Rainer Fremdling, and Gilles Postel Vinay, just to mention a few. The aim was to get an organization started and perhaps some sort of regular activities, you know, workshops, summer schools, and conferences. We were all supposed to investigate when we could have the first conference to launch future activities. It turned out I was the first who got sufficient funding for the first conference which took place in Copenhagen in 1991. It mainly attracted Europeans, big shots such as Angus Maddison and Patrick O'Brien, and then the usual suspects. In Copenhagen the most heated exchange came about the name, and we finally agreed on calling ourselves the European Historical Economics Society. There was a long debate about that, and it's sort of a funny story, but I won't enter into any details. But, you know, the curse of being helpful is that you are expected to do even more, so I was elected the first president. But it was a small republic to start with, some 100 names on the mailing list. James Foreman-Peck edited a newsletter.

Catherine Schenk and Tim Leunig share a laugh between sessions. Photo by Taylor Jaworski.

The idea was that after Copenhagen we should have a biannual conference. That didn't happen for different reasons, so it took a long time before we had the next conference, which was in Venice in 1996, organized by Gianni Toniolo. But in the meantime, James Foreman-Peck and myself, and others, managed to get money from the European Union for a number of workshops and summer schools. The purpose was to attract younger researchers. And many of those who are now top European economic historians were actually trained at these conferences, workshops, and summer schools in the 1990's. And so, even though the organization was a bit shaky for the first years, after the Venice conference we got the sort of regularity which we wanted from the start.

What was the reaction of the Cliometrics Society to your organizing your own conferences?

To start with I think there was a fear that the Europeans would go into isolation and keep the U.S. Clio out, but that did not happen. Cooperation has developed on friendly and equal terms, although not without frictions. Cliometrics wanted to continue its international expansion and this caused a conflict. While we prepared the Venice meeting, our second and long-planned conference, Clio announced an International Meeting the same year in Munich. I told Sam Williamson, the then-President of the Cliometrics Society, that we would not cooperate with a Clio International meeting in Europe the same year as our meeting. It might spoil our own efforts, I feared. In the end Clio moved its meeting one year forward. I think Sam and the Clio people were not entirely happy with my veto, but we were, of course, cooperating the next year in Munich. When I came down to the Munich meeting the next year—one day after the opening—Sam complemented me on my suntan, and sniped it was strange that I could not [make] it on time given that I had postponed the meeting one full year. The reason I was late was out of my control, however. I had been out sailing north of Gothenburg when the wind died and I missed the flight.

***You were also involved in the creation of the* European Review of Economic History.**

Yes. I have the habit of getting involved in projects which take my time away from research. We had started to discuss the launching of a yearbook or journal early on to make our research more visible. Given the almost instant success of the European Review of Economic History when it was launched in 199,7 it's worth pointing out that there was a lot of disagreement as to whether it was a good idea. We had a meeting at the International Economic History Association conference in Milan in 1996 where we discussed it. People outside the inner circle were, in fact, more enthusiastic than myself and James Foreman-Peck. I was initially pessimistic about getting enough high-quality papers for a journal at that time. I remember that Jeff Williamson and Tim Hatton were convincing the swing voters, including myself, to go for a new Europe-based journal. So the result of the Milan meeting was that a small group of people (me, Leandro Prados, Tim Hatton and Vera Zamagni) were supposed to investigate whether we could get a new journal started. And we managed. Tim Hatton, I remember very well, said we should not proceed if none of the big publishers were interested, but in the end Cambridge University Press came to us with the best offer. I remember we went from his house in Essex to Cambridge in his little Beetle and finalized the contract. And Tim Hatton was actually a skilled typographer before he went into academia, so he decided everything about typesetting, the cover, and so on. By that time I was no longer president of the Society, but I took on the joint editorship of the *Review*. The editorial office was in Copenhagen and I got generous support from the department, which provided secretarial assistance. The first couple of years were actually quite demanding for the Copenhagen office. We didn't have the sort of editorial help that you have these days with online submission systems. But I was very happy that, even with the first couple of years of publications, we achieved a rather high level of quality. And it has improved since. The editorship almost marked the end of my career as an organizer/editor/chair. You know, I had done a lot of organizing, both for the workshops and for the Society, and I remained Deputy Head of Department and was even a caretaker Head for a year. I do not understand why I have endured all these administrative pains over the years. It must be because of my upbringing as an atheist Protestant!

Another major contribution you have made recently to European economic history is the publication of your textbook* An Economic History of Europe. *How do you feel about the response to that?

It has been a commercial success. It is already in its third printing, and the reviews have been pleasant reading. Even Greg Clark was supportive, sort of. He must have run out of vitriol recently. The publisher has asked me to do an extended and revised edition next year. The textbook resource page (www.econ.ku.dk/europe) has also been used by students and instructors.

One other thing I would like to ask you: If you would have to give advice to a young ambitious economic historian, what would that be? Where do you feel the future of economic history going?

I think that given the fact that economic history is a very small field with limited teaching in most economic faculties, I think economic historians should diversify into some other related general field: trade for example, or labor economics, or econometrics.

What about the relationship between economic history and history? Is there any future in it?

The problem with.. economic history in an economics department is that you risk neglecting the hard work on the historical records, you know, the archives. That is a real problem. It is time-consuming but it is necessary. And everybody can't rely on someone else collecting data. It is a very respectable job, so these types of contributions need to be upgraded, I think. I remember one time I talked to the Head of Department about what we can do with PhD students who will spend one year in the archives. That of course would take their time away from other things that they have to do for their PhD program. And there is really no good solution to that, unfortunately. So, I suppose economic historians just have to work much harder.

Do you see a changing relationship between economics and economic history? Maybe economic history is becoming more prominent again?

I think that what we see in the form of repetitive events, for example, banking crises, makes even hard-boiled theoreticians open to the idea of studying history. I think we are met with more respect and more interest than we were, say ten or fifteen years ago. But it is also because economic history itself is becoming more sophisticated and rigorous. Economic theory has changed in the sense that you can't just mindlessly present models which are mutants of previous ones. Editors even in theory journals ask for some sort of historical or empirical relevance. So in that sense you can say that the distinction between economic history and economics has blurred. But if you look at, say, the *Journal of Political Economy* fifty years ago you would see they were much more interested in historical issues and empirical problems as well, so it's just been sort of a correction. Pure theory is perhaps not as prestigious anymore. But I also feel you should not oversell disciplinary boundaries.

So maybe you could also, in relation to this, talk about unified growth theory because this is one of the things which is making economic history more interesting for lots of macroeconomists.

I am not so impressed by the empirical standards of unified growth theory, I must say. They seem to stick to very crude stylized facts which are more stylized than facts. Economic historians, I feel, are rarely invited to referee these papers, but they should be. Then we would be spared a lot of nonsense.

You are well-known as an anti-Malthusian.

Apparently! Now when my left-wing political excursions are over, I still joke saying I am a card-carrying anti-Malthusian. I think my anti-Malthusian views have probably been triggered by my early formative years. Before entering university I traveled a lot in Europe; I hitch-hiked, mostly [in] France, Germany, and Spain. At that time I was thinking of doing art history and went to museums and Gothic cathedrals. And I was so impressed by what I saw. I was looking at these well-crafted cathedrals, which of course bear witness to great sophistication in both technology and income, but also income inequality. I have always also been interested in art. And the increased perfection you see in art from medieval times to the early modern era, its increasingly secular approach…in my view all this is difficult to reconcile with the traditional Malthusian's gloomy view. That is sort of, I think, a mental picture or imperative which I have had throughout my life. That the pre-industrial economies of Europe could not possibly the sort of bare-bones subsistence economies Malthusians say they were. [T]he interesting thing is to go back to pre-industrial growth and assume that we actually had slow economic growth, and slow growth in income, or at least fairly stable income, well ahead of subsistence. The interesting thing is that more recent estimates being done for all over Europe are basically corroborating these early speculations in my work. I actually think a lot about these Gothic cathedrals, how well-skilled the builders must have been, you know…

On that note, I wish to thank you for giving your time for this interview.

Thank you.

Selected Works by Gunnar Persson

"The Gains from Improved Market Efficiency: Trade before and after the Transatlantic Telegraph," *European Review of Economic History*, 14(3), 2010. (with M. Ejrnæs)

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"Mind the Gap! Transport Costs and Price Convergence in the Atlantic Economy, 1850-1900," *European Review of Economic History*, 8(2), 2004.

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Books

An Economic History of Europe: Knowledge, Institutions and Growth, 600 to the Present (Cambridge University Press, 2010)

*Grain Markets in Europe 1500-1900; Integration and Deregulation. (*Cambridge University Press, 1999).

The Economic History of Denmark and Norway, (editor) (Edward Elgar, 1992).

*Pre-Industrial Economic Growth: Social Organization and Technological Progress in Europe. (*Basil Blackwell, 1988). ■

Eugene White accepts the Hughes Prize at the banquet. Photo by Yannay Spitzer.

Attention ASSA Attendees!

Reception hosted by the Cliometric Society:

Saturday, January 5th, 5:30-7:30 pm
Coronodo Room and Terrace
Westin Gaslamp Quarter

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