

The Cliometric Society

July 1989 Vol. 4 No. 3

Spain Host to Second World Congress

SANTANDER, SPAIN - The weather was perfect, the meals incredible, and our hosts very gracious as close to 100 Cliometricians from 14 countries gathered in Santander for The Second World Congress of Cliometrics, three-and-a-half days of meetings and socializing.

Santander is a resort and port city of approximately 150,000 on Spain's north Atlantic coast. The impression one got was of a boom town with construction going on in many places; new roads, buildings, and expansion at our host school, the Universidad de Cantabria. We enjoyed it all, even the scenic but very slow road to the airport at Bilbao.

We pushed ourselves to the limit with 38 papers. Even with a page limit of 20 pages each, there was a large amount of preparatory reading. For the first time we had simultaneous sessions where 13 papergivers each spent three minutes presenting a synopsis of their papers and then we divided into three groups for 15-minute discussions of a subset of papers. I think this worked better than the poster sessions of the First Congress.

On a lighter side, on Monday afternoon we had a body surfing and sand castle building contest. The judges had a difficult time: it was the only day the waves were not very large and because the sand sculptures were so unique. (See picture of judges Alan Green, Mary McInnis, Enid Fogel, and Clara Nuñez conferring on the beach.) That evening Alan Green

entertained us as he awarded first prize in each division of both contests - where the number of divisions equaled the number of participants. From fun contests and conference T-shirts to humorous naming of conference sessions, the intent is that while we take our work seriously with lively and insightful discussions, we do not take ourselves too seriously.

Any conference such as this one takes a lot of work by many people. There are three people who deserve special thanks: George Grantham who chaired the program selection committee, Lois Nelson who handled the correspondence, travel arrangements, and compilation of the conference book, and Leandro Prados who organized local arrangements, raised the money for the tremendous meals, superb hotel accommodations, and the buses to carry us between them.

by Samuel H. Williamson
(Miami University)

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The Serious Side – The Papers of the Second World Congress

by John Lyons
(Miami University)

The following is a summary of discussion; abstracts of the papers are provided in Section II. We suggest you write to the authors for copies of individual papers.

On Friday evening participants attended a reception, complete with a variety of *tapas*, at the Gran Casino, where we were welcomed by the Vice-Mayor of Santander. On Saturday morning at the new Inter-facultativo building, we were welcomed by the President of the Universidad de Cantabria.

Scholarly proceedings of the Congress opened with a paper by David Weir and François Velde on French government finance in the late 18th century. Discussants were curious about the reported interest rates paid by the government on both perpetual bonds and on various issues of life annuities. Was there a confusion between expected and realized rates of return in the paper; were the reported rates biased by a few wild outlying quotations; could these rates be compared to returns on other assets, such as land? [Response from other participants:

despite the availability of notarial land records for this period, most land transactions were not for cash, and reported land values were “nominal.”] Why was there such dominant participation in the annuity market by foreigners, especially Genevan bankers; why did such apparently risky assets not sell initially below par? The authors replied that they themselves were still puzzled by some elements of the financing schemes: although it appears that the government’s borrowing costs were reflected in the secondary market, they were unsure of the rationale for single-price issues of annuities — perhaps because of a short time horizon and the willingness of lenders to allow the government to shift costs to later years. However, it did seem to be clear that the government was well aware of the discipline of the market and, after the crises of the early 1760s and 1770s, was able to consolidate much short-term debt into instruments of longer maturity.

Barbara Sands (with co-author Loren Brandt in absentia) introduced her paper on the Chinese rural economy with a story of neuropsychiatric experiments demonstrating mismatches between human behavior and the perceived reasons for such behavior, as background to the question of how to explain the relationship between social unrest and growing commercialization and specialization in Republican China. In the paper, evidence on the transactions behavior of each household in two Chinese villages in 1937 is presented, as a way of illustrating specialization or diversification in the two village economies, and also to illustrate the informational inputs to the villagers’ perceptions. Discussion focussed on two major points: first, economic change and social disruption. Both the debate about the degree of commercialization of late 18th-century New England farming and the story of the Populist revolt a century later were suggested as germane to the Chinese case, with the latter as a case of possibly “irrational response” to economic change. Several comments were directed to a need for a more explicit

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The Cliometric Society Newsletter is published three times a year.

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story of the links between growing commercialization, specialization, and social disruption, and for more detailed exposition of the actual degrees of social disruption to be found in the two villages. Second, many questions were raised about how to interpret the household transactions matrices: the data are only a snapshot of each of the villages for 1937; although in the paper these matrices are used to reflect flows of information, there are many other avenues of information flow aside from commerce. Finally, although the matrices may well illustrate degrees of economic specialization of households, or even depersonalization, they do not reflect differential access to power or social influence.

The second session was devoted to Stefano Fenoaltea's paper on "Europe in the African Mirror." Fenoaltea highlighted his attempt to explain some elements of the human costs of slavery, along with the political fragmentation of the participant regions; he stressed the extent of the trans-Saharan and earlier trans-European slave trades, in addition to the more usually discussed trans-Atlantic trade. The two major points of discussion concerned labor productivity in sending and receiving regions in conjunction with high transport costs, and the issue of political fragmentation and tribute in people rather than goods. Several questions were raised about relative labor productivities in slave exporting and importing regions, and why certain regions with high labor productivities should export people rather than goods or technology. Fenoaltea explained that, given imports of luxury goods by local elites, there was a balance of payments problem to be solved. Given high transport costs, people, not products, were exported, because of their much higher present value to weight ratio, despite the possibility of higher labor productivity within the exporting region, and despite the appalling mortality of slave trading. This led to questions about political fragmentation and the costs of establishing property rights in slaves. It was noted that slave capture was cheap, and conquest and tribute rather more expensive, but that tribute was paid, perhaps as a price of remaining, to some degree, independent.

It was also suggested that the model's causal flow from absence of exportable goods to slave trade to political fragmentation associated with slave capture might be reversed. A rapid series of comments and queries was made in the closing minutes of the period [an initiation of a common occurrence throughout the Congress] concerning the timing of observed precious metals flows, the influence of Christianizing forces in Europe, the imposition of a new economic and social system in halting a pre-existing slave trade (Saxon to Norman England), and the influence of drought or a disease environment dictating low population densities. In an omnibus response, Fenoaltea noted that Europe did in fact have balance of payments problems before the era noted in the comment, and that we continue to face the problem of conscious whitewashing of our [European] ancestors by our [professional] predecessors.

The Saturday afternoon session, entitled *Cliolio*,¹ was held at the Magdalena Palace, former summer home of Spanish royalty, and now the site of Universidad Internacional Menéndez Pelayo, one of the Congress's sponsors in Santander. The first period of the afternoon was given over to brief summaries of all papers in this session; following a short break, three simultaneous sessions were held.

In group A the papers discussed were by Alcalá & Sudria, della Paolera, Federico & Tena, and Kohl. We plan to provide a report of this session in the next newsletter.

The B session began with consideration of J. M. Chevet's paper on the political economy of French wheat prices in the late 19th century. Since discussion was in both French and English, only a few questions could be entertained. What was the politics of protecting wheat in the 1890s, if France had no class similar to the Junkers of Prussia? Chevet

¹ "Cliolio" [Clio, n., the Greek muse of history; olio, n. (modif. of Sp. olla, stewpot), a miscellaneous collection, as of literary or musical selections. To the best of my knowledge, the word is used in English only in solving crossword puzzles.]

argued that a class interpretation is not correct; indeed, farmers were among the last to support protectionist policies. Another commentator thought that the use of a single national French wheat price might be concealing the degree to which France was integrated into the international wheat market; what of regional wheat prices? Could people, Frenchmen or outsiders, speculate in French wheat and did they? On a related point, the importance of trans-Atlantic freight cost reductions in influencing French wheat prices before 1891 was questioned, given the perhaps even more dramatic decline in internal freight costs of wheat exporters.

Turning from wheat to meat, participants discussed Gary Libecap's paper on the first Federal meat inspection laws in the U. S. Questions were raised regarding the extent of consumer pressure for meat inspection in the years around 1890 [GL: minimal], but the discussion concentrated on interrelationships among various segments of the meat industry: large, Chicago-based meat packers, local packers and butchers, and regional groups of livestock producers. Various groups in favor of inspection at this time did raise health issues, but the ultimate passage of the 1891 legislation resolved the question of who was to inspect, and where. Was there a conflict between canners of pork products and local suppliers of fresh-killed beef? Were local livestock producers at the mercy of the large packers' employees who graded the beef? Were large packers actually in favor of inspection, but only at Federal level? Libecap responded that the major conflict was associated with the interstate supply of refrigerated dressed beef by Chicago firms, and the related attempt by local interests to prevent such entry *via* mandated local inspection (struck down by the Supreme Court in 1890). The Federal inspection requirement was aimed both at overcoming European import restrictions, and at requiring slaughterhouse inspection of meat, directed at the large packers engaged in international and interstate trade. The large packers seem to have had an interest in a limited amount of Federal inspection, since it both allowed them to enter local dressed-beef markets and also tended to restrict further entry into the interstate meat market.

Marvin McInnis was then questioned on his view of the role of Canadian timber in the British market. Discussants were doubtful of the argument that there was indeed a world market for timber products, or that Canada was the residual, perfectly-elastic, supplier to the British timber market in the late 19th century, citing the rather weak econometric results reported in the paper. McInnis responded by noting some anomalies in the existing price data which he anticipates can be resolved: a curious decline of the Swedish/Canadian price ratio for deal boards, absence of a distinction between sawn and hewn timber, and problems of grading the products. Suggestions were made that he look also at local prices in Canada and Scandinavia as well as international prices, and that he reconsider his view that the U. S. market (taking only 1/3 of Canadian timber output) set the "world price" for timber.

Finally, crossing the Channel to return to French subjects, John Nye was taxed with a variety of questions on the 1860 Anglo-French Treaty. Most of the discussion focussed on the structure of economic costs and benefits resulting from the treaty, and on the related structure of political power in the Second Empire. One remark noted the breadth of interests and agents discussed in the general exposition, but questioned the narrow focus on terms of trade in testing the model; another suggested the model was much too specific, and did not provide an adequate account of the general impetus for trade liberalization. In response, Nye said that he was not attempting ultimately to provide an explanation of the treaty: he argued that there was a stable political coalition in favor of trade liberalization, in part because Napoleon III was very "modern" in his attempt to compensate for welfare losses, that the debate on the treaty was conscious of the issue of net gains to France, and that the timing of the treaty was based on the small and declining benefits of the earlier protectionist regime.

In Group C (notes contributed by Dan Raff), the first paper was by Lee Alston and Joe Ferrie on the "agricultural ladder" in the U. S. South. It was

(Continued on Page 13)

Parker Retirement Conference

by Gavin Wright
(Stanford University)

NEW HAVEN —The career of the man known as the “oldest new economic historian” was celebrated in day-long festivities at Yale on May 13, 1989. William N. Parker will retire from teaching at the end of this academic year and to mark the occasion, dozens of former students, colleagues and friends gathered for a day of papers and discussions on themes inspired by Bill’s teaching and research. Though there was much serious intellectual exchange, it was evident that the main motive of participants was to express their appreciation and affection for all that Bill has done and stood for over the years.

The main conference organizers were David Weiman and David Weir of the Yale Economics Department, assisted by their chairman, Richard Levin (also a former Parker student). Each of four major sessions combined two former Parker students, a Yale colleague, and an economic historian from Parker’s generation. Some speakers presented original research papers, while others offered methodological discussions on economic history and the discipline; still others reminisced on the highlights of Bill’s career.

The first session, on “Agricultural Origins of Modern Industry,” was chaired by Gus Ranis, and included Robert Gallman, Robert Evenson, Jan de Vries and George Grantham. Gallman reviewed the history of the Parker-Gallman sample of southern farms from the 1860 manuscript census, calling attention to the wide influence of this research and the many subsequent projects it inspired. Evenson argued that many aspects of agricultural development now receiving major emphasis in the development field had long been stressed by Parker and other economic historians: for example, the role of geography, historically-rooted institutions, infrastructure and the public sector, and equity issues. Grantham and de Vries reviewed emerging evidence on productivity change in European agriculture, both emphasizing interactions between rural



Professor Parker with Edible “Grand Schema”

areas and urban development. Perhaps hoping to coin a new buzzword for the 1990s, de Vries proposed that an “industrious revolution” in the countryside had long preceded the better-known industrial revolution in the towns.

Next came “Markets, Science, and Technological Change,” chaired by J. Merton Peck, who displayed not only a copy of Parker’s 524-page dissertation on coal, iron, and steel, but historic samples of some of the coal itself. Each of the four speakers surveyed their own recent research on technology. Nathan Rosenberg argued that contrary to widely-held conceptions, scientific progress over the past two centuries has been heavily shaped and directed by economic pressures. Richard Levin reviewed recent research on links between organizational forms and technology, while Joel Mokyr presented an analysis of technological change as a source of long-term economic growth. Perhaps the most Parkeresque presentation was by Ross Thomson, who advanced the concept of the machinery sector as an “invention industry” in 19th century America. Thomson described the sector as a communications network, facilitating “cross-over” inventions from one industry to another, eventually producing firms with names like the “Enterprise Manufacturing Company,” whose specialty was a generalized technical skill.

The first afternoon session was on “State Policy and Regional Development,” chaired by Gerald Jaynes.

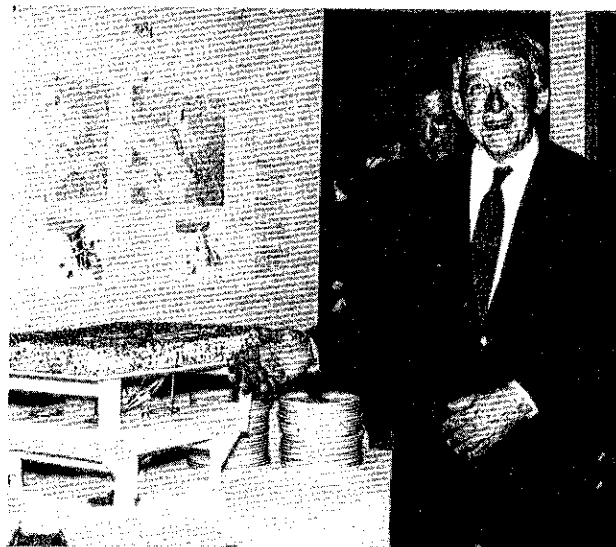
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Expanding on Evenson's earlier remarks, both Albert Fishlow and Willem Buiter argued that the sort of historical economics that Bill has long championed was only now coming into a central place in fields concerned with policy, such as development or macroeconomics. In an interesting counterpoint, the two economic historians on the panel, Carol Heim and Michael Bernstein, each presented historical analyses of policy episodes: Bernstein on U.S. measures during the Great Depression of the 1930s, Heim on British New Town building during the 1950s.

The final session on "The World Economy" was chaired by Michael Montias. Lance Davis spoke on international capital and labor flows before World War I, while T.N. Srinivasan warned against current tendencies toward protectionism. Gavin Wright gave a paper on American world leadership, subtitled "Parker versus Parker." He argued that a resource-based interpretation of the rise of U.S. industry was implicit in much of Parker's writing and consistent with the evidence. But this position of resource abundance was historically developed rather than geologically endowed, a proposition which is also consistent with other parts of Parker's work. The final presentation was by Barry Eichen-green, who offered an interpretation of global prosperity after World War II, complete with a Parker-style flow chart indicating the major dynamic forces and accommodating adjustments.

The day was peppered from beginning to end with recollections, anecdotes, favorite quotations and warm emotions. A highlight was the after-lunch talk by Douglass North, recalling the early days of the new economic history, when North and Parker served as controversial co-editors of the *Journal of Economic History* from 1961 to 1966. Doug observed that though they had had many strong disagreements and though Bill had been a relentless critic of Doug's work, they had always maintained a friendly relationship through it all. Indeed, he went on, he had now come around to views about economic history similar to those Parker had held all

along. Bill was moved to quote Kipling: "Though I've belted you an' flayed you, By the livin' Gawd that made you, You're a better man than I am, Gunga Din."

Also much in the air and frequently mentioned was Parker's recent involvement in Yale campus politics. He has led faculty protest to last Fall's drastic reorganization of the School of Management by Yale President Benno Schmidt. SOM's Sid Winter paid particular tribute to Parker's efforts in one of the many toasts offered that evening after dinner.

The dinner was held appropriately at the Eli Whitney Museum, followed by toasts and cake. The cake itself was in the shape of Parker's three-dimensional "grand schema" depicting individuals, groups, society and economy in generational and historical time. True to form, when it came his time to speak, Bill could not pass up the chance to explain the diagram to his wayward students one more time, despite his rueful observation that though he has "gotten much comfort and guidance from these diagrams. . . I have never had a student who let me feel he or she bought the whole package."

Your reporter concludes by quoting his own toast: "The mixture of kindness, friendship, loyalty, affection, tolerance and understanding even when we aren't quite able to buy the whole package, accounts for the esteem and devotion that Bill's students will always feel. . . Henry Adams wrote: 'A teacher affects eternity; he can never tell where his influence stops.' Just as Bill dedicated his book to both his teacher and his students —

To Abbott Payson Usher, my teacher and friend, and to all those students of mine to whom I have tried to pass along his ideas, friendship, and affection — mingled with my own.

-- so we toast his health and well-being tonight, with a resolve to pass along these gifts to future generations."

Mini-Conference on Macroeconomic History

by

Christina Romer

(University of California, Berkeley)

Donna Zerwitz

(National Bureau of Economic Research)

CAMBRIDGE, MA - On June 2, 1989, the National Bureau of Economic Research held a mini-conference on macroeconomic history, organized by N. Gregory Mankiw (Harvard) and Christina Romer (UC-Berkeley).

In "The Midas Touch: The Spread of the Great Depression" Peter Temin (MIT) argued that the depth of the Great Depression was caused by the unyielding commitment to the gold standard on the part of fiscal and monetary authorities in the large industrial countries. They attempted to deflate their economies to restore international equilibrium, but they succeeded only in the first of these aims. The downturn became the Great Depression as a result of the continuation of deflationary policies long after the decline was under way. The paper was discussed by Kathryn Dominquez (Harvard).

Eugene White (Rutgers) analyzes the causes of the boom and bust of the stock market in the 1920s in "When the Ticker Ran Late: The Stock Market Boom and Crash of 1929." White surveys the various explanations offered for the rise of stock prices in the late 1920s and finds that easy credit played no role in the stock market boom. Instead, the market drew its strength from the long economic expansion of the 1920s, which produced higher earnings and dividends. The rise in stock prices eventually outstripped these fundamentals and was the product of structural changes in the economy, accompanied by a shift in corporate finance. White also surveys a number of explanations for the Great Crash of 1929 and concludes that it was the combined effects of a recession and very tight credit that brought the stock market boom to an end. The paper was discussed by Robert Barsky (Chicago).

Bennett McCallum (Carnegie Mellon) investigates the effects of a monetary rule under which the monetary base is set to keep nominal GNP growing

smoothly at a noninflationary rate in his paper "Could a Monetary Base Rule Have Prevented the Great Depression?" He uses quarterly US GNP data for 1922-31 to conduct counterfactual historical simulations with the rule and to estimate a small model of nominal GNP determination. McCallum's results indicate that nominal GNP would have been kept reasonably close to a steady three percent growth path from 1923-41 if the rule had been in effect. In that case, it is highly unlikely that real output and employment could have collapsed as they did during the 1930s. The discussant was Frederic Mishkin (Columbia).

In a session on new historical macroeconomic data, David Weir (Yale) presented his series of government bond yields in France from 1752-93. Susan Carter (Smith) and Richard Sutch (UC-Berkeley) talked about micro level labor market data they have derived from reports of state bureaus of labor statistics. Jeffrey Miron (Michigan) and Christina Romer described a new monthly index of industrial production for 1884-1940 that they have developed.

In "The Evolution of the Gold Standard in England," Angela Redish (British Columbia) argues that the introduction of steam engines and the assistance of the Bank of England allowed England in the 19th century to establish a stable token coinage, which was a prerequisite for the success of the gold standard. In 1816, England officially abandoned bimetallicism and made silver coins into tokens that were only limited legal tender. Redish believes that earlier monetary authorities lacked the ability to introduce a token coinage which was a necessary complement to the monometallic gold standard. A successful token coinage must be costly to counterfeit and must be credibly backed to ensure that the tokens do not depreciate to their intrinsic value. The paper was discussed by J. Bradford DeLong (Harvard).

Michael Bordo (Rutgers) and Finn Kydland (Carnegie Mellon) show that the monetary rule followed before 1914 by a number of key countries, especially England and to a lesser extent the US, was consistent with commitment to a long-run policy in their paper "The Gold Standard as a Rule." Moreover, the experience of those major countries suggests that the gold standard was intended as a contingent rule, whereas the experiences of other countries suggests that it was often viewed more as a desirable goal than as an operational constraint. The paper was discussed by Barry Eichengreen (UC-Berkeley).

Society Business

TRUSTEES APPROVE AN ASSOCIATE EDITOR FOR THE NEWSLETTER

At their recent meeting, the Trustees gave their hearty approval to the appointment of John Lyons as the Associate Editor of The Cliometric Society Newsletter. In this capacity John will do much of the editing of articles and reports as well as writing some of them himself. His first contribution is the extensive write-up of The Second World Congress that appears in this issue.

In other business, it was agreed to the plan of having the 1990 Cliometric Conference at the University of Illinois, and the 1991 Conference at Indiana University.

MEMBERSHIP DRIVE

This Fall we will launch our first concerted membership drive. We will be placing ads and announcements in various journals and do a mailing to the members of the EHA. Elyce Rotella is coordinating the drive. One enticement will be our new Membership Directory that will be out in February 1990. If you know someone who should be a member and is not, have him/her contact our office.

FILESERVER UPDATE

The Cliomets Fileserver is currently being modified into a LISTSERV system. This will provide you with easier access for both BITNET and other network users (CROSSNET, e.g.), a direct command syntax, and a comprehensive on-line help function. Unfortunately, this will require approximately two months to complete and have running. Therefore, for those who have been accessing the fileserver, it now is not available. However, you may still send mail to us via CLIOMETS@MIAMIU and a response will be forwarded within 24 hours. The October Newsletter will contain an article and a list of commands for the new LISTSERV system. Thank you for your patience.

Clio Sessions at the ASSA Meetings

Dan Raff and Susan Carter have diligently assembled three sessions that the Society will sponsor at the ASSA meetings in Atlanta, December 28-30. All will be in the usual Clio style and the schedule and summaries of the selected papers will be included in your October Newsletter, to be read in advance. We hope to see lots of our members at our annual cocktail party, as well.

25th Anniversary Meetings Conference on the Application of Quantitative Methods in Canadian Economic History - 10 - 11 March 1989

by *Don Paterson*
(University of British Columbia)

TRINITY COLLEGE, TORONTO - On its 25th anniversary, our group returned to the University of Toronto where the first meetings had been held. The local arrangements chair was Ian Drummond. At the annual banquet, Ed Safarian and Mac Urquhart reminded us all of an earlier and gentler age when grants were easier to get, when there was less formality, but when there were no PCs, few microfilm collections, and many hours were spent in dusty archives.

The programme from our inaugural meeting is presented below. It represents an enormously high quality of scholarship and although the papers are few by the standards of modern meetings, the intellectual antecedents are apparent. The Canadian conference has origins in the NBER approach of the day, the newly arrived but not yet named new economic history, and its own tradition of the staple seen in Buckley's work. Jim Rae, who attended the first meetings, reports that he was the first person to deliver impromptu remarks. They were, referring to his recent Purdue Ph.D. thesis on Great Lakes trade in the 19th century, "I have 10,000 observations in search of an hypothesis." The conference plans to publish a book with selections of papers from past conferences, some of which have not been previously published.

This year's programme was arranged by Alan Green (Queen's). Its theme was "Human Capital and Canadian Economic Development" and about half of the sessions were devoted to theme subjects such as: unemployment relief, worker's standard-of-living, occupational segregation and females in the labour market, demographic responses to changes in the labour market, and the human capital value of immigration. The papers given under the main theme were:

Mary MacKinnon (Queen's) "Relief in the 1930s"
Morris Altman (Saskatchewan) & Louise Lamontagne (York) "Aspects of Female Employment in Canadian Manufacturing, 1900-1930"

Tanis Day (Queen's) "Historical Causes of Occupational Segregation"

Marvin McInnis (Queen's) "Delayed Marriage Fertility Control and Labour Market Participation: Canadian Women in the Late 19th Century"

Wayne Lewchuk (McMaster) "Industrialization and Changes in Occupational Mortality"

Trevor Dick (Lethbridge) "The Worker's Standard of Living. Industrial Change in Canada, 1870-1914"

Frank Lewis (Queen's) "Research in Progress: Age of Retirement"

Nancy South (Victoria) "Methods of Remuneration in BC Mining During the Inter-War Period"

John Buttrick (York) "Research in Progress: Emigration from Canada to the US in the 1970s"

Bill Marr & Peter Sinclair (Wilfrid Laurier) "Farm Fertility in the Ottawa Valley 1870"

A. Green (Queen's) and D. Green (Stanford) "Immigration and Regional Growth: A Comparison of the Canadian and US Experience"

Don De Voretz and R. Coulson (Simon Fraser) "Human Capital Content of Canadian Immigration, 1963-87"

Most sessions gave rise to a healthy exchange of views. Particularly important, the conference thought, was the compilation of new data on unemployment by Mary MacKinnon, whose work using the CPR employment records promises a robust set of estimates for the 1930s. As usual, there were concerns expressed about the models used in some papers; all the stuff of good academic debate.

Apart from theme sessions, the conference attempts to reflect the priorities of researchers in the topics that they themselves propose. The non-theme papers of the conference reflected some traditional concerns of Canadian economic history, agricultural policy history, and some newer concerns in business history. The non-theme papers were:

G. P. Marchildon (LSE) "Merger Movement in Canada, 1870-1910"

R. Szostak & M. Percy (Alberta) "The Abolition of Seigneurial Tenure in 1854"

Pascal Saint-Amour (McGill graduate student) "Early Modern Grain Markets, A Dynamic Pricing Model"

Livio Di Matteo (McMaster) "Wealthholding in Wentworth County, 1872-92"

M. C. Urquhart (Queen's) "New Estimates of GNP in Canada, 1870 to 1926 along with Official Estimates, 1926 to 1985: Some Implications for Canadian Development"

Peter Wylie (Trent) "Canadian Economic Development, 1900-1914: Counterfactual Analysis in a Williamson General Equilibrium Simulation Model"

Alan McNeil (Queen's) "Farming and the Acadian Legend"

Ruth Dupre & Chantal Malo (Montreal) "Agricultural Policy in Quebec from Confederation to the 1930s: Trying to Stop the Hemorrhage"

A. J. Ward (Brock) "Agricultural Prices at the Extensive Margin"

Ronald A. Shearer and Donald G. Paterson (UBC) "Bootstrap Financing: Canada's First International Railway"

Gordon Boyce (Acadia) "The Rise of Trans-Atlantic Shipping Groups"

The organization of the conference was by Don Paterson and was generously funded by grants from the University of Toronto and the Social Sciences and Humanities Research Council of Canada. We were pleased to welcome guests Lee Alston and Larry Neal (Illinois) and Carol Heim (Massachusetts). There were 52 participants, of which 12 were

graduate students. The next meeting of the conference will be at Queen's University in the autumn of 1990 with Mary MacKinnon as programme chair.

PROGRAMME

Conference on Quantitative Research in Canadian Economic History
October 21-22, 1965

Thursday, October 21

- 9:30 a.m. Official Welcome
Introduction - J.H. Dales
- 10:30 a.m. The Staple Theory of Economic Growth: An Empirical Measurement
- E.J. Chambers & D.F. Gordon
- Lunch
- 2:00 p.m. The Contribution of Education to Economic Growth, 1911-1961: Canada and the United States
- G. Bertram
- 3:30 p.m. Regional Aspects of Canada's Economic Growth, 1890-1929
- A. Green

Friday, October 22

- 9:00 a.m. On the Estimation of National Income in Canada Prior to 1900
- K. Buckley
- 10:30 a.m. Historical Statistics: Possibilities and Priorities - M. Urquhart
- 11:30 a.m. A Programme of Historical Research
- E. Safarian
- Lunch
- 2:00 p.m. Executive Meeting - Informal discussions among participants

List of Participants

Bertram, G. W. (Washington), Buckley, K.W. (Saskatchewan), Chambers, E. J. (Washington), Dales, J. H. (Toronto), Faucher, A. (Laval), Gordon, D. (Washington), Green, A. (Queen's), Lithwick, H. (Carleton), McDougall, D. (Carleton), McInnis, M. (Queen's), Olley, R. E. (Saskatchewan), Rae, J. (UBC), Raynauld, A. (Montreal), Safarian, A. E. (Saskatchewan), Studness, C.M. (Federal Reserve Bank of N.Y.), Urquhart M.C. (Queen's), Walsh, W. (Western Ontario)

Various faculty members and graduate students from the University of Toronto, York University, and Ryerson Institute of Technology also attended.

The World Economy, 1870-1989: International and Comparative Perspectives

April 28-30, 1989

by Peter Lindert
(University of California, Davis)

LA JOLLA - The All-University of California Group in Economic History presented their spring conference, co-sponsored by UC San Diego, on the theme of "The World Economy, 1870-1989: International and Comparative Perspectives." Nearly 70 scholars from all eight UC campuses, Stanford, Caltech, and 14 other institutions attended the three day conference, held at the Summer House Inn overlooking the Pacific Ocean.

Brad Lee (Naval War College) kicked off the Friday afternoon session, chaired by Roger Ransom (UC Riverside) with "The Onset of Three Recoveries from the Great Depression: New Twists to Old Stories about Britain, France, and the United States in the 1930s," a new version of a paper originally written in 1982-83, which takes into account some of the new work by economists on issues relevant to the Great Depression, particularly the paths of recovery. Lee approaches this issue more as a political historian than as an economist, drawing on historical knowledge about policies, institutions and expectations, and taking for granted that policy had something to do with all three recoveries. The comparative view of recoveries finds them largely fortuitous, except that a clearly positive role should be assigned to devaluations.

On the same theme of recovery from the Great Depression, Peter Temin (MIT) and Barrie Wigmore (Goldman Sachs) presented their paper on "The End of One Big Deflation." Their explanation of recovery applies Sargent's (1983) model of changes in policy regimes. A dramatic shift in policy regime had dramatic effects on the economy. Their paper suggests that if the U.S. had devalued in 1931, it might have been decidedly more prosperous by 1935, and might have avoided the bottom of the Depression entirely. They conclude that the depth of the Depression was due to a continuation of mis-

taken policies, not the structural instability of the interwar economy.

Temin and Wigmore were followed by "Does Monetary Policy Matter? A New Test in the Spirit of Friedman and Schwartz," a paper by Christina Romer and David Romer (UC Berkeley) using historical records to isolate episodes of large monetary disturbances not caused by output fluctuations and to test whether these monetary changes have important real effects. The Romers identify six episodes in which the Federal Reserve attempted to create a recession to reduce inflation. Their findings include: 1) a shift to anti-inflationary policy led, on average, to a rise in the unemployment rate of 2 percentage points; 2) real effects of these monetary disturbances are highly persistent; 3) the six shocks studied account for a considerable fraction of postwar economic fluctuations; 4) interwar evidence, like postwar evidence, suggests that monetary disturbances had large real effects; and 5) in the interwar era demand disturbances were quicker to take effect and quicker to die out than in the postwar era.

The last paper in the Friday session, "Price Flexibility, Credit Availability, and Economy Fluctuations: Evidence from the United States: 1894-1909" by Charles Calomiris (Northwestern) and R. Glenn Hubbard (Columbia), examined the role of credit channels in explaining cyclical fluctuations in a regime of flexible prices, departing from the frequent emphasis on price fixity as a catalyst in the conversion of financial and nominal-demand shocks into real disturbances. The paper offers an alternative explanation that connects financial markets and real activity through disturbances to the availability of credit, testing it with VAR models on monthly data.

The Saturday session, chaired by James Rauch (UC San Diego), started off with "What is Keynesian

about Deficit Financing? The Case of Interwar Germany” by Harold James (Princeton). James argues that interwar Germany’s resort to deficit finance was driven by politics much more than by economic theories. The same disruptive conditions that forced the resort to ostensibly Keynesian conditions also promoted the revolution in economic theory, but without contemporaneous policy impact. The paper also offers contrasts to the interplay of economic theory and policy in the postwar Adenauer-Erhard era.

Sule Ozler (UCLA) gave a pair of papers: “The Evolution of Commercial Bank Lending to Developing Countries” and “Have Commercial Banks Ignored History?” She empirically investigates the evolution of credit terms for developing country borrowers during the expansion stage of the Eurocurrency market over the 1968-81 period, finding that the accumulation of experience level with a borrower lowers interest spreads (premia) down to a benchmark rate predicted by default risk considerations. Her findings could support the view that information imperfections played a significant role during the expansion of the market.

Mary Yeager (UCLA) next presented her “Protected Development: The Iron and Steel Industries of Brazil and Mexico 1900-1980,” which explores the interrelated roles of markets and politics in shaping development patterns. The paper uses the visions of Gerschenkron, Lane, and North to weave together a “commodity approach” to the history of government protection in a single industry in two developing countries across time.

“Cornering the Market: State Intervention in Comparative Perspective - Brazilian Coffee and Mexican Henequin” by Steven Topik (UC Irvine) explores why and how the Brazilian state was the first to “corner the market” on a world commodity and why it was successful. Topik compares the Brazilian case with other primary commodity producers, especially Mexican henequin, to explain why Brazil, and why coffee.

Steve Haber’s (Stanford) essay “Assessing the Obstacles to Industrialization: The Mexican Economy,

1830-1940,” seeks the best summary of why Latin America lagged so far behind Western Europe and the United States in the Industrial Revolution. He uses the experience of Mexico from 1830-1940 to examine this phenomenon, and argues that two different types of constraints prevailed during different periods of Mexico’s industrialization. During 1830-1880 the obstacles to industrialization were largely external to firms — insecure property rights, low per capita income growth, lack of a national market. During the period 1880-1940 the obstacles were largely internal to firms — inability to realize scale economies, high fixed capital costs and low labor productivity. From 1910 to 1940 these internal constraints combined with new external constraints to slow the rate of industrial growth.

Cheryl Schonhardt (UCLA) opened the Sunday session (chaired by W. Douglas Morgan, UC Santa Barbara) with her paper on “Specific Factors, Capital Markets, Portfolio Diversification, and Free Trade: Domestic Determinants of the Repeal of the Corn Laws” which has a twofold scope. First, it alters two key assumptions of the specific factors model by introducing the concepts of diversification and capital investment flows into the framework of factor specificity in the short-run. Secondly, it extends the political implications of diversification, as presented in the economic history literature, to the realm of policy making. Probit regression tests partially explained patterns in the probability of voting in favor of free trade.

The offering by Carl-Ludwig Holtfrerich (Free University of Berlin), “The Grown-up in Infant’s Clothing: The U.S. Protectionist Relapse in the Interwar Period,” contends that in the interwar period the U.S. acted more like a developing country than a world leader in its protectionist tariff policies, shaped by a partial, rather than a global perception of its effects, and that this protective principle, on which the Republican Party had based its international trade policies, was fully discredited by the realities of developments during the Great Depression.

Bernard Elbaum (UC Santa Cruz), in “The Persistence of Apprenticeship in Britain and its Decline in

the United States" argues that apprenticeship endured in Britain because of efficiency advantages and because of customs, inherited from the guilds, that favored training certification for entry into skilled jobs. In the U.S., by contrast, guild traditions were weaker, occupational certification was seldom required and as a result, indenture obligations were hard to enforce.

Finally, Gregory Clark (Stanford and Michigan) presented his paper on "Development in the Age of Imperialism: Britain and India, 1870-1930" which explores the reasons why India in the colonial period failed to develop economically. Clark argues that the inefficiencies of labor in the cotton textile center can be found in other industries in India, and that labor inefficiency as a general phenomenon would lead to a concentration of labor in agriculture in India despite its apparently meagre endowment of land per capita. Labor inefficiencies can also explain the puzzling use of the most up-to-date and labor-saving technologies in the modern sector. He concluded that we can only understand the slow development of countries like India from 1870 to 1947 if we look at the constraints internal to firms in the industrial sector on achieving the efficiency level of the advanced countries.

(World Congress Papers Continued)

suggested that the estimated coefficients were related to family life cycles, and the authors were questioned about the share of farm workers who were in fact laborers, and how long they remained so, suggesting a comparison of their data with those collected by Williamson and Hatton. Was the sample in some way censored by rural-urban migration and the reverse? Was the principal-agent perspective a correct one, or did it undermine the possibility of looking at the agricultural labor market as an internal one? Finally, the authors were urged to look further into family connections using mortgage data.

Next came consideration of Morris Altman's paper on average plant size in Canadian manufacturing; the author was peppered with questions about why the U. S. and Canadian plant-size and productivity experiences seem so different; was there a possibility of sample-selection bias by using the averages reported? What is the broader context of Canadian economic history within which the plant-size question becomes interesting? Is number of employees alone the relevant measure of plant size?

Akira Motomura was questioned about his paper on early-modern Spanish coinage. Were there ever rents to the Crown's reputation? If so, a way of measuring them was suggested. Was the depreciation of only the (copper) domestic coinage in Spain unique to that country, or was it similar to actions elsewhere; if unique, was that significant? Did Spanish sovereigns have cause to worry about revolution? (The consensus of historians, Motomura replied, is that they did not.)

The opening series of questions addressed to Rick Szostak (co-author Michael Percy not present) about his paper on abolition of seigneurial tenure in Canada East brought clarification of the terms of the tenurial agreements in question, and that seigneurial rents were well below market rental values. Then would the English agricultural system have differed from the French? No; the two systems were divided only on ethnic grounds, and productivities were the same. A commentator remarked that cliometricians have revealed yet again the inconsequentiality of anti-feudal ideology: commutation of tithes, enclosure, abolition of feudal tenure, and so forth had little to do with enhancing efficiency. How, another discussant responded, do we then explain the fact of, say, the French Revolution? The reply was that static efficiency was not a central issue — perhaps some more dynamic influences were. In closing, the group was enlightened with a brief colloquy about Canadian sociology and politics.

The final paper of this session was by Warren Whatley on black strikebreakers in the U. S. labor movement. What was the influence of churches on black labor organization? Another discussant

warned that one cannot understand the integration of blacks into the industrial labor market by using a demand-driven model with perfectly elastic supply. The low explanatory power of the statistical results on strike failures was noted, and it was suggested that improvements could be obtained by developing a suitable measure of compromise settlements. How did black strikebreaking fit into the phenomenon in general? Finally, a broader and different set of proxy variables was called for.

Before the dinner session on Saturday, June 24th, the group was taken by bus to the medieval village of Santillana del Mar to observe the stone and half-timbered buildings, listen to street buskers playing the Iberian variety of Celtic music, buy postcards, take photographs, pet cats, and to avoid the cows being herded home through narrow streets.

After a splendid meal, we welcomed Bill Parker for literally a midnight talk on "Econometric History: The View from Here." He supplied us with some of his inimitable Parker charts to illustrate his view that the work of Cliometricians should continue to expand its horizons. He remarked that his admonition had been anticipated by some of the papers on the Congress program, and asked that our work try to encompass the broader perceptual, social, cultural, and environmental influences impinging on individual and group economic activity. The framework shown on his diagrams may provide a way of dealing with regional issues, such as the impending economic integration of the E.C. in 1992, which can be seen as an experiment in state making, but which might be understood only in the context of a perhaps Northian model, where the existence of the state must be linked to culture. Likewise, this framework might apply to another area of his continuing interest, the eastern Midwest of the U. S. This then provided Parker with a small-town metaphor for the Cliometric Society itself, some of whose members were assigned to social or cultural roles: George Grantham, the Storekeeper, on whose front porch sit Bill Parker and Doug North, the Real Estate Man, observing the activities of the town's other inhabitants. Sam Williamson is the Mayor, Don McCloskey is (sig-

nificantly) the Schoolmaster, and the Insurance Man, Richard Sutch, not only purveys tontines but also has been elected President of the Chamber of Commerce. The role of Preacher is reserved to the speaker [who may be retiring, but who, in keeping with his role, and as the evening and the Congress's deliberations showed, is by no means shy.]

Day two began with Jeff Williamson introducing his paper, written with Tim Hatton (not present), on U. S. rural-urban wage gaps by noting that an equilibrium model of the Todaro type is not quite right, so the present paper uses a disequilibrium approach. Much of the discussion was devoted to data quality: specifically, the current estimates of (urban) unemployment in the 1890s, the apparently omitted impact of public employment in the 1930s, absence of estimates of farm income-in-kind, and the relatively poor data on consumer prices, especially housing costs. Similarly, the paper was faulted for ignoring sources of wage-income gaps deriving from gender and race differences and their compositional impact on the rural-urban gap. While agreeing that getting the numbers right was crucial, Williamson also pointed out the strong trend in the data already used, and the authors' intent to acquire better data on urban and rural relief payments and public employment in the 1930s. Finally, the assumption of general wage determination by the urban wage and employment situation was questioned, with the response that rural wages had indeed been as flexible as the model requires.

The group turned next to Josh Rosenbloom's paper on regional labor market integration in the U. S. To begin, Rosenbloom stressed that regional labor supplies did respond to wage differentials, but that regional wage gaps were maintained even as other markets, especially for capital, became more integrated during the late 19th century, implying a need for a study of the dynamic of both demand and supply changes. The persistence of the reported wage gaps was questioned on several grounds: whether the existing cost of living indices are suitable, whether average wages for occupational groups were the appropriate measure, and whether the scope of the

relevant markets for various types of labor differed substantially. Rosenbloom replied that he had found some large housing cost differentials for a slightly later period, which, however, were inadequate to eliminate the gaps, said he would look into a suggested supplementary source for family budget data, and stressed his effort to ensure he was comparing like with like. The broader question of standards of comparison was raised: "How far [from integrated markets] is far?" — the reported wage gaps appeared to be akin to having \$200 bills littering the sidewalks. A later comment from the floor suggested that labor demand conditions in the high-wage regions might have been like having such funds falling to the earth faster than they could be picked up.

The second session of the day opened as Thierry Magnac stated his intent, with co-authors J. T. Bompard (not present) and Gilles Postal-Vinay, to explore a transition from an ancient system of labor supply to a more modern one in this paper on seasonal labour supply in France in the 1860s. Discussion revolved around three points: patterns of summer industrial shut-down by industry and location, general seasonal labor supplies, and the impact of complementary inputs. Responding to a question about the absence of geographical variables in the model, the authors remarked on their astonishment that industrial location was not influenced by locational wage variations. When asked how much of the total summer shut-down phenomenon was due just to textiles, apparel, and food, they noted that splitting the sample was technically difficult, and that an attempt at defining broad regional effects had yielded no meaningful results. Were there seasonal labor supply shortages by industry, which seem to have been assumed out of the model, or was there a seasonal rural to urban labor supply? Although both were possible, neither can be observed using these data. Finally, questions were raised about whether industrial shutdowns were caused by seasonal scarcities of non-labor inputs, such as water power (for which data are available), or foodstuffs for processing? Magnac replied that

known purely technical constraints could be taken into account, but that this would introduce selection bias into the procedure.

Bill Sundstrom, in his opening remarks about price and quantity adjustments in the Cincinnati labor market, indicated his concerns that the data might be a bit weak, that no consensus exists about variations in real wages over the business cycle, and pointed out the behavioral distinctions between firms employing only men and those employing women and men, and those paying by the piece rather than by time. As usual, there were many queries about data quality and the questions they could effectively answer: piece rates might not have changed, while earnings did, or labor intensity might have varied greatly as total employment was adjusted. Other studies, for example, had shown that lower-paid workers were laid off while those remaining worked harder during business downturns. Similar surveys had been conducted in the period and were perhaps of better quality than the Ohio survey. Questions were also raised about the observed patterns of layoffs and/or wage cuts by industry, which may have been influenced, variously, by absence of data on metal-making or metal fabricating industries, differences in power supply and/or capital intensity, and whether various types of workers (female/male, skilled/unskilled) were complementary or substitutable for a given production process. Finally, the literature on implicit contracts and/or efficiency wages, insiders and outsiders, exit, and voice were appealed to as organizing schemas.

At the beginning of the next session, Leonid I. Borodkin, participant from the USSR, presented a report on the activities of cliometricians in the Soviet Union, and on his research into the operation of the NEP (New Economic Policy) in the 1920s. An abbreviated version of his text appears in Section II.

Much of the discussion of Mary MacKinnon's paper on internal labour markets at the Canadian Pacific Railway concerned the composition of the initial sample, and techniques which could clarify the results. The sample should encompass more work-

ers than those chosen from the CPR maintenance division, since there is much less firm-specific human capital in this than in the operating divisions. Further, discussants wished to know about wage and promotion patterns by job tenure (rather than by age alone), by education, by skill level and the like, and suggested that specific cohorts of workers be followed through their careers. MacKinnon replied that further sampling of the employee pension records can solve the first and other data problems, but that educational experience of workers was not recorded. Other participants cautioned the author to look into ethnic discrimination by the CPR, to be a bit suspicious of the rather low turnover rates reported, and to consider whether the CPR was using different labor market strategies for its different divisions.

The paper by Robert Whaples on "The Problem of Old Age" had not convinced some discussants that the retirement decision was adequately represented by the model employed. First, why are we interested in knowing that older men are actually "working" or not? Response: although retirement is a relatively modern notion, it was both gaining currency and also being promoted by government at the end of the 19th century. However, as several discussants noted, the decision to "retire" and exit the market labor force is not well defined: it can be influenced by personal capital accumulation (particularly of housing), by co-residence patterns with and the employment patterns of one's offspring, and by the fact that, for example, entering petty retail trade in an area related to previous employment skills may be a form of retirement which nonetheless appears as employment in the data. Aside from these problems, others suggested that the single-equation approach be modified to take into account a variety of retirement models, and that the use only of cross-sectional data might be too limiting. Whaples replied in general that earlier evidence suggests a decline in employment mobility/opportunity over the later 19th century, within both the market and household economies, and that "retirement" in the modern sense is indeed worthy of study at the opening of the 20th century.

At the afternoon session, Kevin O'Rourke opened the discussion of his paper on the great Irish famine by arguing, *contra* Crotty, that the famine did matter, but in ways unrelated to an adjustment process by Irish agriculture to changing relative output prices. He stated his broader conclusion that later Irish emigration was caused more by the pull of exogenous wage shocks than by the Famine and its aftermath. Aside from a few comments skeptical of the idea that one sector of the Irish economy could be modeled in a general equilibrium context, most of the discussion revolved around the real and postulated characteristics of post-famine Irish agriculture, and on the history of Irish emigration and wage determination. The idea that Irish tillage (and associated labor demand) would have expanded in the later 19th century was challenged: if European livestock husbandry became progressively more reliant on imported feed (maize, oil cake) than on locally-grown fodder crops, why not Ireland? The roles of the price of potatoes and of the potato wage were questioned, as was the absence of a link between agricultural and non-agricultural markets for both capital and labor in the economy. Further, the fact of extensive pre-famine emigration to England, Scotland, and North America seemed not to be taken into account in the model's current formulation.

Virtually all the discussion of James Foreman-Peck's paper on international migration policy was given to the author's treatment of the apparently anomalous case of U. S. policy towards immigrants. There was a plea for the author to expand his purview well beyond the largely economic boundaries of his current approach, to take into account the early and long-standing nativist movements in the U. S. (some of which were, oddly, supported by recent immigrants), the political divisions among the foreign born themselves, extended disputes about the form labor organizations should take, and the timing and types of effective union power. Above all, more explicit consideration of the issues of class and region was urged, as was the influence of such ideological movements as the rise of scientific racism and the decay of *laissez faire*.

After dinner on Sunday, June 25th, Doug North, spoke about "Cliometrics and Institutional History." While the conditions were less than ideal, Doug's delivery was adequate to silence all those present, barring washers of silverware. Your rapporteur believes he heard Doug say that he felt his 70 years had encompassed about 140 of economic historiography; in a similar compression of perception into reality, the ensuing 20-minute talk was concluded in 10. [An abbreviated text appears with the Abstracts.]

Monday morning began bright and early with a paper on French agricultural productivity by Phil Hoffman, who reported that further work had altered his result to a simple stagnation rather than a decline in his productivity index after 1600. A discussion developed immediately about how to interpret the index: was it truly a measure of total factor productivity or a measure of returns to land, and why were factor shares assumed constant? Hoffman illustrated the output/input relationship built into the measure, and argued that sharecropping contracts and other evidence suggested stability of factor shares over the period. The use of the price dual for the quantity measure of TFP was then advocated as a superior and simpler measure. Discussion turned to whether the lease data had been adjusted for tenant-financed capital improvements (they had), to the effects of tenant turnover or tenant scarcity on rents, to knowledge of the availability and/or influence of local price variations, and whether it was possible to compare results of this method with another for which physical measures were more accurately known (not impossible, but difficult).

Gunnar Persson opened discussion about his paper on medieval urbanization and agricultural productivity by arguing that his indirect approach was a way of using very limited data on the medieval economy to illuminate possibilities of agricultural progress. The general approach was immediately attacked: there is no evidence on who consumed the surplus, or in what form; there is little justification for assuming that non-food consumption was there-

fore urban consumption; and the approach ignores the fact of considerable non-agricultural production in rural areas and some agricultural output in urban settings. Further, while agricultural trade is taken into account, the storage nature of medieval agrarian society is ignored, as is the role of the elite in both appropriating and consuming agricultural output. With an occasional few words from the author himself being allowed by the assemblage, others defended the approach as a useful way of making conjectures about the limits of agricultural productivity change, and as possibly providing a baseline from which more detailed work could be undertaken. Yet others argued that the approach should be tested against known outcomes (it had been, for 18th & 19th century England), and that the case for specifying any productivity change must rest on a detailed knowledge of the relevant agricultural systems. Finally, the postulated relationship between urbanization and agricultural productivity change need not always move as specified, as in the case of the 17th-century Dutch economy, where agricultural improvement was associated with a rising rural share of population.

The second session of the morning began by considering Pedro Lains's paper on 19th-century Portuguese economic growth. Discussants questioned the author's presumption that a different economic structure for Portugal would have been more growth-enhancing than the actual, heavily-protected, structure. Was Portugal not so resource-poor that its trade potential would have been small in any case? Alternatively, would Portugal not have benefited from a more liberal trade regime even without international agreements? Lains replied that even the limited resource base was not properly exploited, and that policy was simply too parochial to allow for unilateral action. Another discussant suggested that measuring Portugal's openness to the international economy should include capital as well as commodities. Further, why was the cotton textile industry so directed to serving a tiny home market, and not apparently interested in exports?

The possibility of excessively high protection of the farm sector was mentioned, and the author was encouraged to look again at his data for farm output, since it seemed inadequate to have supported the calorie requirements of the population.

Two basic issues were raised in the discussion of Francesca Antolín's paper on Spanish electric power: the source and exploitation of monopoly power in electricity supply, and the rate of adoption of industrial uses of electricity. On the former, several people suggested comparison of the Spanish case with regulated and unregulated electricity supply in the Western U. S., other countries in Europe, and the case of Quebec. Also, limits would be set on monopoly power of hydroelectric suppliers by the costs of introducing isolated thermal plants, which raised the question of the degree of protection of Spanish coal suppliers. On the second issue, the author was urged to look more closely into the incentives for industrial firms to adopt electricity-using technologies, to compare full costs of alternative sources of motive power, and to consider whether electrical equipment in Spain, as well as electrical power, was costly for some reason.

An extended session of three papers opened with Angus Maddison's on economic growth in the 20th century. Discussants queried the accuracy of reported results, being concerned with the impact of income-in-kind and/or the "underground economy," how the author dealt with the relatively poor data for some countries, and whether or not the results were too imprecise to make subtle distinctions, rather than the large distinctions noted among groups of countries in the paper. Maddison replied that in some cases estimates rely on U.N. benchmark data from recent years, with a degree of back-casting for a few Asian countries; he stressed that improved data are being sought and in some cases are already available, and will be incorporated into future work. The other major point discussed was the role of educational attainment and investment in economic growth: education is not simply an investment good; did certain countries over- or under-invest in education; education has an impact not only on

economic but also on population growth; there exist various trade-offs between educational and other forms of investment.

Two major issues were raised about Tom Weiss's revised conjectures on U. S. economic growth before 1840: the nature of the revised labor force series, and its productivity implications. Responding to several questions on the former point, Weiss noted that his figures are more accurate than Lebergott's series because coverage of the data was much broader than in the Lebergott sample, allowing for a more appropriate sectoral assignment of "laborers" not otherwise specified, women and children, and the free and slave populations of the South; he said that further improvements in the series can be made. A major question was on the implication of the revised labor force series for our understanding of productivity developments in the antebellum era. Agricultural output in the U.S. before 1840 is simply unknown. Suggested remedies included use of data on household diets and budgets, sampling from farm record books, use of the price dual productivity measure (farm rents are available), and attention to possibly wide agricultural productivity variations between settled and frontier regions.

Mac Urquardt opened discussion of his work on phases of Canadian economic development by emphasizing the enormous changes in the Canadian economy in the recent period, since World War II. It was suggested that earlier sluggish Canadian performance was sectoral, not national, in that Canada may have happened to specialize in sectors with low world-wide productivity performance. On the contrary, Urquardt replied: prairie grain farming was highly progressive, owing to improved transport, new techniques of dry farming, and the use of wheat strains well-adapted to Canadian prairie conditions. Rather, the capital formation data for the early 20th century may reflect excessive *ex ante* enthusiasm, with wasteful outcomes *ex post*. Also queried was the apparently anomalous effect of World War I on the development of, say, the chemical and engineering sectors, which should have benefited from war production.

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Mac Urquardt opened discussion of his work on phases of Canadian economic development by emphasizing the enormous changes in the Canadian economy in the recent period, since World War II. It was suggested that earlier sluggish Canadian performance was sectoral, not national, in that Canada may have happened to specialize in sectors with low world-wide productivity performance. On the contrary, Urquardt replied: prairie grain farming was highly progressive, owing to improved transport, new techniques of dry farming, and the use of wheat strains well-adapted to Canadian prairie conditions. Rather, the capital formation data for the early 20th century may reflect excessive *ex ante* enthusiasm, with wasteful outcomes *ex post*. Also queried was the apparently anomalous effect of World War I on the development of, say, the chemical and engineering sectors, which should have benefited from war production.

The afternoon session began with consideration of Alan Green's paper on North American immigration and regional growth (co-author David Green not present). The author opened the discussion by asking the previously unexamined question: which of the numerous late 19th-century migrants to Canada did not go to the prairie. Results show that Canadian immigration patterns were rather different from the multi-stage pattern in the U. S. in the same period, that most immigrants to Canada went to the east, and suggest that choice of actual destination had been made before arrival in North America. The initial comment was that the paper's conclusions rested on the dubious assumption that people actually went where they had said they would go. Reply: the census distributions of population stocks by origin were consistent with the reported intended flows of the sample group. Further, the flows were largely to the eastern parts of Canada despite heavy government promotion of prairie settlement and legislation in 1895 intended to discourage settlement in the east. Several comments were made about improving the econometric testing: further disaggregation of both stock and flow variables, use of information on ethnic population clusters, and the impact of the Asian exclusionary legislation of the 1880s.

Deliberations continued on a paper about entrepreneurship in 19th-century New Bedford whaling ventures, by Lance Davis, Bob Gallman (both present) and Teresa Hutchins (not). Most of the discussion was devoted to just what the econometric results were actually measuring, with particular attention to the variables used as proxies for agents' experience and for the quality of ship captains. Was the captain's share in the voyage an "efficiency" share or a reward for intensity as well as risk-taking and perhaps experience? Could other information on captains have been used? (No, since individual captains are almost impossible to identify.) Similarly, were there not some substitutes for the experience of agents, as measured now by number of voyages organized? A look at the literature on agricultural share tenancy was suggested to help interpret the figures on captains' shares, and one

commentator lamented that he would hate to see American whaling put just to this use.

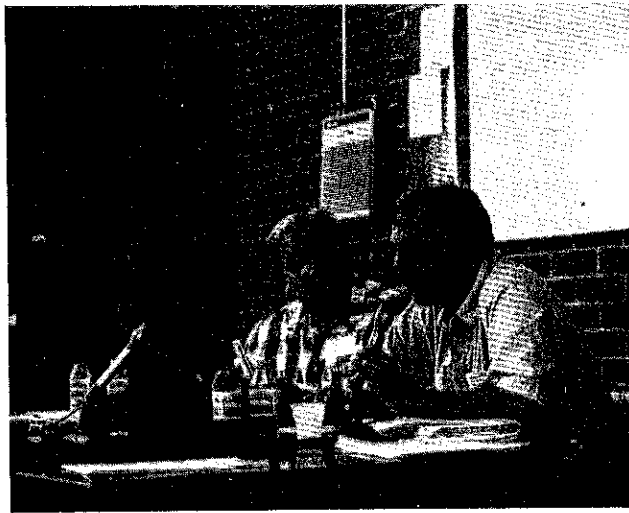
Preceding dinner on Monday, the group was taken by ferry on a brief tour of the Bay and Port of Santander, and disembarked at the quay of the Pedreña Golf Club, whose Clubhouse was devoted to supplying an excellent meal and providing a forum for what has become a traditional awards ceremony, orchestrated by the Society's sole International Master of Ceremonies to date, Lou Cain. After awards for the Cliometrics seaside contests, the Mullah's award for the most telling utterance of general truth (see that report in white centerfold), and various awards of World Congress T-shirts and barbecue aprons, it was time for Roger Ransom, recipient of last year's CLIO award, to "pass the can" to this year's recipient, Tom Weiss.²

The final day began as Alan Olmstead introduced Bob Fogel's paper on the European escape from hunger. Perhaps spurred by the diminutive stature of the chairman,³ Fogel remarked at the outset that in 1850 about three-quarters of Dutch males were less than 66" (167.6 cm.) tall, whereas at present the figure is only 3%. In reference to Fogel's view that annual total European food supplies were more than adequate in the early modern period, the assumptions of a stable demand for food and constant carry-over stocks were questioned, in light of the fact that the grain market was also an asset market. Fogel responded that, even including variable carry-overs,

2 The CLIO award, initiated at the First World Congress of Cliometrics in 1985 at Evanston, is a handsome (empty) one-gallon can of Clio olive oil, mounted on a hardwood base. The can itself is given in consideration of one who has contributed to the progress of Cliometrics, but this year may also have served as retribution for past pains. Ransom related his difficulties with Spanish customs in explaining just what this thing was, and we heard later that this year's holder found the Swiss not amused by its entry to Geneva, although the Germans at Frankfurt seem to have seen the point. We have no word on the attitude of the U. S. Customs representative.

3 For those who have not met the session chair, his height is about 198 cm.

total grain demand does appear to have been highly price inelastic, despite the high estimated elasticity of the poor, who suffered the most during crises of food availability. Further, another discussant pointed out that costs of carry-over stocks were declining in the early modern period. Questions were directed also to alternative sources of declining mortality: crisis mortality peaks may have prevented excessive population growth; what of the relationship between famines and disease? Fogel replied that even though such crises became less common, their effect on the average mortality decline was slight — most of the declining mortality, at least through the middle of the nineteenth century, was associated with improved nutritional levels for the general population, as reflected in data on heights and body mass indices for various European populations. (The very large mortality differential between the French and British, for example, at the end of the eighteenth century is consistent with height/weight data available.)



Presenter Bob Fogel with Session Chair Alan Olmstead

Issues of imperial magnitude were discussed in the following session, beginning with Martin Spechler's views on the economic advantages of subordinate status. Many comments were addressed to clarifying the argument: how does one measure the concepts of subordination, hegemony, and control; how general or particularistic is the idea that benefits from subordinate status exist at certain

stages of development; how does one take into account the varying levels of development of different components of a large empire such as the Russian; how strong is the reliance on discussing "national" units? Further, in aid of specifying the approach more formally, a look at the experience of British North America in the 19th century was suggested, given "Canadian" concern with playing off the U. K. against the U. S. Spechler responded that his measure of subordination was essentially qualitative, based on legal relationships and structures. Conceptually, the model is to modify the standard international trade theory view: the imperial power is placed at the center of concentric rings, surrounded by the empire, in turn surrounded by the rest of the world; the center then performs a mercantilistic nation-building function. Other commentators raised the possibilities of reverse exploitation of center by periphery, the Hobsonian question of the role of metropolitan elites aiding the periphery for their own ends, and supported the case by citing Jawaharlal Nehru's view that the British left India too late, but only by a decade.

To the opening question about his paper on ethnic income distributions in Korea and Taiwan in the 1930s, Mitsuhiro Kimura responded that while the Japanese colonizers received about 10 times as much income per Korean, and about 7 times as much per Taiwanese at the beginning of the 1930s, the ratios had declined over the decade. Discussion turned to the broad literature on imperialism, which suggests, by and large, that colonies were net burdens to the colonial power; does this apply in these cases? Kimura stated that Korea was definitely a burden; there was a cost of protecting Taiwanese rice and sugar growers, which someone suggested was paid by Japanese consumers. Another discussant argued that since a good deal of the discussion (and the paper) had concentrated on the welfare effects of colonization, it might be useful to go beyond income distribution towards such measures as basic needs indicators employed now by the World Bank, especially since Taiwanese demographic data are of such high quality.

THE JOURNAL OF ECONOMIC HISTORY

 Cambridge
Journals

Published for the Economic History Association
in cooperation with the Rensselaer Polytechnic Institute

EDITORS:

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Selected papers

Ocean Freight Rates and Productivity, 1740-1913,
C. Knick Harley

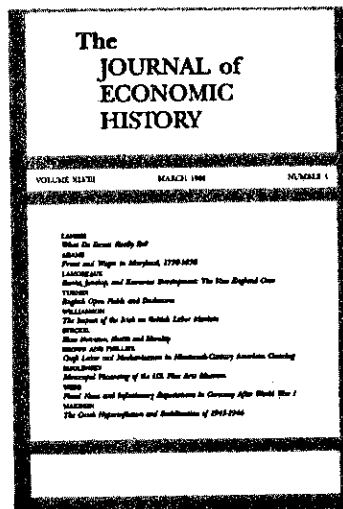
Strike Success and Union Ideology: The U.S. and
France, *Gerald Friedman*

The Growth of Wages in Antebellum America: New
Evidence, *Robert A. Margo and Georgia C. Villaflor*

U.S. City Finances and the Growth of Government, 1850-
1902, *John B. Legler, Richard Sylla, and John J. Wallis*

The Journal of Economic History (ISSN 0022-0507) is published quarterly. Subscription to Volume 49, 1989 (US and Canada only): \$50.00 for institutions. Individual membership (including a subscription) \$30.00 available from Prof. William Becker, The Economic History Association, Dept. of History, George Washington University, Washington, DC 20052

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The concluding session began with discussion of Avner Greif's paper on non-market economic institutions in medieval trade. Greif's initial replies corrected some misapprehensions about the nature of the trading groups discussed: the Maghreb traders based in Cairo formed coalitions which went well beyond kin groups, but which were small subsets of the larger Jewish community. Such coalitions could indeed employ the social and religious sanctions available to the whole Jewish population, but largely used the reputation-related economic sanctions developed within the group of traders. When questioned about the extent of recourse to either the Jewish or Muslim legal system, Greif observed that either legal system could be used, that judgements therein were enforceable, but that the agency relationships were very often without any formal contract. Several discussants asked how the coalitions were formed and maintained (by endogamy, whether there were effective controls on the growth of the group, and other conditions of entry and exit), and suggested that lack of access to land may have constrained the traders to act as they did. Greif replied that sources other than the *geniza* documents could be used to address the former questions, and concluded with a statement that while there were many alternative occupations available to the traders, it appears that substantial economic returns accrued to the trading coalitions as they had organized themselves.

The final paper considered was by John Treble on wage arbitration in the British coal industry. Several questions were asked about wage levels for coal miners — relationships both to changes in the price of coal and to wages elsewhere in the economy — and concerning the attitudes of unions to the conciliation/arbitration system. Treble noted that there were well-defined links between wage and coal-price changes under this system, and that, while some additional information might be exploited by workers or firms while the formal delay mechanism was in force, the major uncertainty was about timing rather than degree; further, informational advantages were offset by the deliberate inscrutability of the arbitrators. Likewise, there were no strikes

related to issues under arbitration during this period, and employment adjustment by firms was by short-time rather than by layoff. Finally, Treble emphasized that detailed information on the "rules of the game" was specified in the constitutional provisions of the system. The current paper is focussed on the "game" of wage negotiations; later he can look into the process by which "constitutional" negotiations altered the system.

The Congress then adjourned. On behalf of all participants, I express thanks and appreciation for the excellent organization, facilities, and support provided in Santander by Leandro Prados and his colleagues, the University of Cantabria, and the following, who provided additional financial or physical resources: Universidad Internacional Menendez Pelayo, the Ministry of Education and Science, Banco Bilbao Vizcaya, the Government of Santander, the Port of Santander (Ministry of Public Utilities), and the Regional Government of Cantabria.

Thar She Blows

As visions of sangria, cerveza, and tapas danced in his head, Mullah Nasra Din stepped off the great silver bird to attend the annual Spring rites of the funnily named tribe of Cliometricians. He felt so good about this year's meeting taking place in his part of the world that he unconsciously hummed "The March of the Toreadors." For the next few days the clioms would be the most stylish and aggressive of bullfighters in all of Spain. He felt, too, that the legend of the great Don Quixote tilting at windmills augured well for the clan's discussions.

Passeporte control and customs proved as amiable as he expected, although he imagined that the bearer of the special box that fits under the seat of the silver bird might have some difficulty explaining the box's contents in Spanish. Luckily, the box bearer from the



Tom Weiss receiving the "Clio Can" (out of sight) from Roger Ransom.

Riverside tribe had a talent for extricating himself (and his partner in crime) from difficult situations and parking violations. As it turned out, however, his oral and language skills met their match, and it was necessary for his wife to blind the customs agent temporarily so they could escape with the coveted can.

The Mullah was anxious again this year for the annual rites to begin so that he might supplement his age old wisdom with the numerous platitudes he was

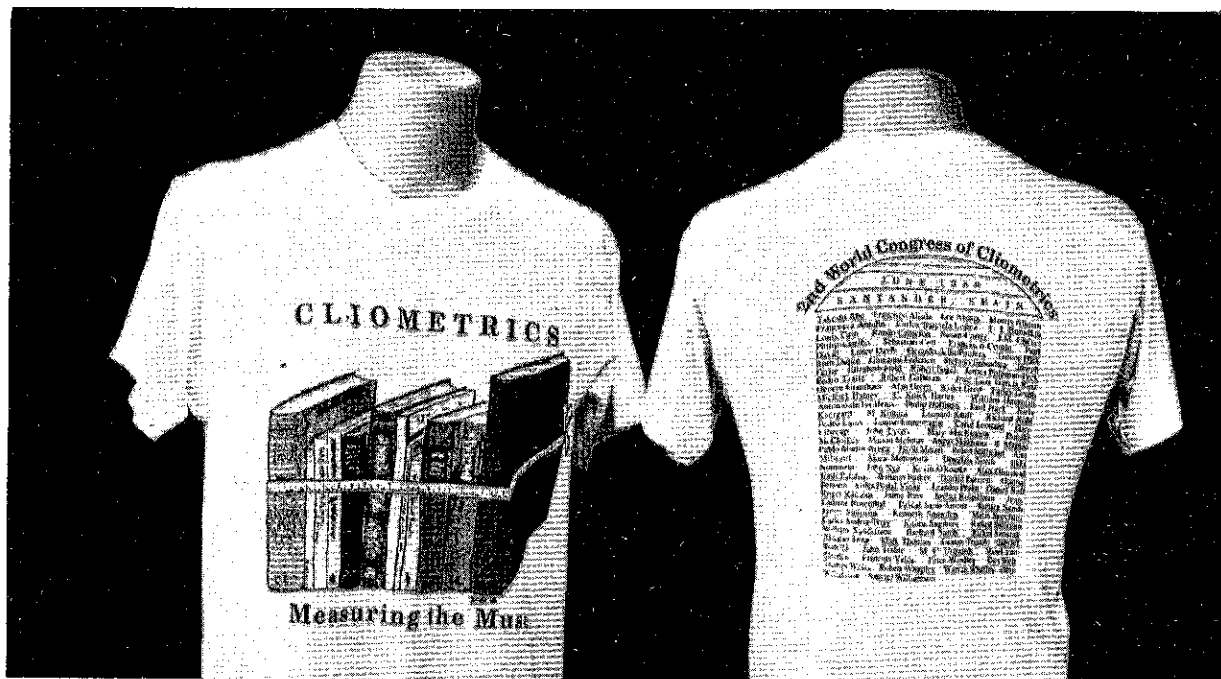
sure would be forthcoming. And he relished the prospect of selecting the winner of the Mullah Award, given each year for that pithy saying uttered in the heat of discussion, but which contained wisdom beyond its immediate use in the cliometric debate.

This year he was more optimistic than ever, but his initial enthusiasm was cut short, in part by silver bird lag, but also by a slight delay in starting because the Great Conjecturer had gone down a different path, freeing the ceremony from its dependence on his paper. Still, he had high hopes that the phrase which had addicted him to these meetings - "never open a can of worms larger than the universe" - would meet its match. His optimism was fueled by the fact that the scholar from the great desert of the Southwest would be there to participate in the competition, and would set the tone of discussion early in the proceedings.

The inaugural winner tried her hardest, but a certain lassitude among the tribespersons, surely reflecting the silver bird lag which many of them were experiencing for the first time, seemed to hold her in check. Her best effort, "I don't know what democracy is, but we need more of it," would ordinarily have been a leading contender for the best quote, but two things worked against it. The quote, as she admitted, was not original, having come from one of the beleaguered



Congress socializing at the Palacio de la Magdalena



Logo Contest Has a Winner! Designer T-Shirts Available

Tom Weiss, chair of the Clio Logo Task Force, announced in Santander that the winning design was submitted by Don Paterson and was selected because "...it captures both the artistry and quantification of cliometrics, and at the same time addresses McClosky's concern about identifying things that are important, and not merely statistically significant." See the photo above for confirmation. The logo was silk-screened onto T-shirts for morale-building at the World Congress, with the names of all participants printed on the back. They were a smashing success and supplies were quickly sold out. In the face of such demand, the Society is willing to take orders from cliometricians who could not make it to Spain.

What the photo can't show is the six-color print on an ecru shirt, which has significant bearing on our next sub-contest: Name That Book/Journal. The key is printed (upside-down & in tiny type) at the end of this section.

To order your shirt(s), write, call or Fax us before **September 30th**. Orders MUST BE PRE-PAID. Checks or VISA/MC are acceptable (include expira-

tion date). Sizes available are M, L & XL; with or without the names on the back.

Price is \$13.50 to US and Canadian addresses; \$15 overseas. We'll try to mail them the 2nd week of October.

Name the Books Being Measured:

- From left to right -
1. NBER, Trends in the American Economy in the 19th Century Vol. 24
 2. North, Growth and Welfare in the American Past
 3. Froud & McCloskey, The Economic History of Britain, Vol. 1: 1700-1860
 4. Fogel, Railroads and American Economic Growth
 5. McCloskey, ed. Essays on a Mature Economy
 6. Hughes, American Economic History
 7. Journal of Economic History
 8. Explorations in Economic History
 9. Temin, ed. The New Economic History
 10. Uselding, ed. Research in Economic History
 11. Marr & Paterson, Canada, An Economic History
 12. Fogel & Engerman, The Reinvention of American Economic History

Chinese students she had interviewed. Indeed, the phrase could likely be traced back further to someone (perhaps many) who said "I don't know what art is, but I know what I like." More damaging to her cause was the fact that the Mullah had learned firsthand at last year's meetings that more democracy is not always desirable. Having given the clioms a say in choosing last year's winner, he was not sure that they had made the right choice. Perhaps had she said "a little democracy was a dangerous thing" she might have fared better.

For some time thereafter the mullah had grave misgivings that the clioms would live up to his expectations. Some of the tribal elders shared his concern, and there was much speculation whether the lack of pithiness was due to silver bird lag, the unaccustomed hours of dining, the absence of the scholar who studied the potato at great depth, or the Spanish warmth, hospitality, and friendliness. He was afraid that he might have to conclude, in the ancient words uttered by the keepers of that alternative tribal newspaper, that "while there were many that were praiseworthy, none were prizeworthy."

Luckily, the stirrings of wit and wisdom persisted. In some instances, the speakers were quoting others, as when the phrase "you can get a lot done if you don't take credit for it" was ascribed to the eldest member of the tribe present. Surely that won fame and award when spoken originally, but did not meet the standard for extemporaneousness to merit the Mullah Award. Others spoke wisely, and perhaps accurately, but with 1992 almost upon us it seemed that "The French were not irrational, just greedy" or "Italians were the deviants" would be inappropriate winners. In any event, by the time of the award ceremony the Mullah had a respectable number of sayings from which to choose.

Once again, the Mullah had to remind himself and the elders with whom he consulted that the best proverb was that which contained wisdom for all times and places. It is this universality, or lack of it, which explains why many excellent sayings were not chosen. For example, "I bitch, therefore I am" may be true for some, but for others, perhaps the passive

argument is more convincing. "Don't get stuck as a Cincinnati historian" seems like very good advice, but is too specific to qualify as universal truth. And, if one is interested in the history of betting on baseball, the aphorism would be untrue.

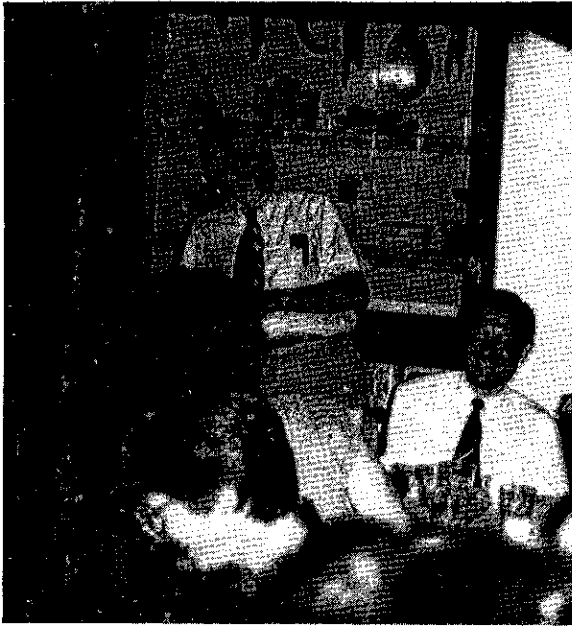
There were three phrases which seemed to meet all the criteria; they were uttered in the heat of battle, they were universal in nature, and they could benefit society.



Bill Parker being thanked for his "View(s) from Here" at the Restaurante El Molino, Santillana del Mar.

The scholar who had great difficulty hearing the discussions reminded us quietly that "runaway freight trains should be stopped before they hit anything of value." This was clearly a case of wisdom being uttered in the heat of battle, and seemed extremely appropriate because it harkened back to the great railroad debates which hold prominence of place in the cliom archives. Unfortunately it does not advise how far in advance the train should be stopped, and flounders on the fundamental cliometric issue of significance and importance. The use of "value" smacks of trying to dodge that perennial clio conundrum.

The scholar who sparked the great railroad debate, and who is now wondering whether height is influenced by the time of day at which you eat, suggested that "when you turn 62, your productivity falls by 50 percent." Unfortunately, he left unspecified the form of the decline, in particular whether a scholar above that age utters only half as many sentences, all of



Doug North holding forth at the Bodega El Riojano.

which are true, or continues to produce the same quantity of output, but is right only half the time. Since there is reason to think that the scholar recently joined Club 62, we cannot be sure that his statement is always true, so it cannot receive the Mullah Award.

The winning entry was provided by the cliom who gets his name from being trapped indoors by winter storms. The saying "if you struggle with pigs, don't tackle whales" has that ring of originality and boldness that the Mullah likes. It is reminiscent of the inaugural winner, and of the Mullah's favorite from last year: "there is more than chewing gum between Canada and the rest of the world." All three share succinctness, clarity, and a truthfulness so obvious that there is no need for any data set to investigate their empirical validity. None of these great aphorisms will get bogged down in the cliometric swamp of methodological perils.

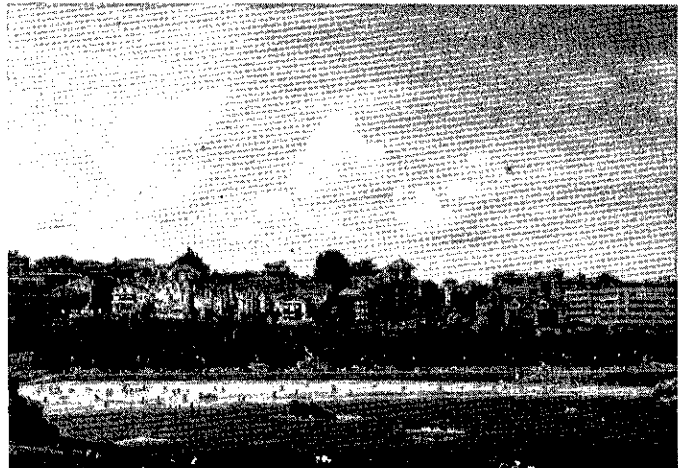
In addition to the proverbs the Mullah took many other valuable memories and memorabilia from the meetings. The T-shirts, for example, will be an unending reminder of the wonderful time he had, and a continual source of entertainment. Whenever worn the Mullah encounters envious glances from everyone who passes by, and discovers over and over again, that as much as they might care to ask about the

shirt few people dare try to pronounce the name of the funnily named tribe. More strangely, the strains of Carmen have been replaced in his mind by music from West Side Story, and he reflects on the idea that there is a sound which if said loudly is like music playing, but said softly is almost like praying.

Submitted humbly by the faithful and obsequious servant of the Mullah



Judges deliberating on sand castle competition. L to R: Alan Green, Mary McInnis, Enid Fogel, Clara Nuñez



Santander, Spain - Site of the 2nd World Congress