First Cliometrics Sessions at the ASSA Meetings to be held in Chicago this December

Breaking out in a new direction, the Cliometrics Society will sponsor four sessions at this year's annual meetings of the Allied Social Science Association. Many excellent papers were received and read by the Program Committee and the number of sessions could easily have been doubled. However, in the interests of not spreading ourselves too thin, we are offering three sessions selected from the papers submitted and a fourth whose papers were culled from the Conference on Interwar Unemployment (see report starting on page 6).

In a format similar to our annual conferences, we plan to allot at least half of each session for discussion. So be sure to read the Summaries in Section II and come prepared to dissect and argue, as paper givers and discussants will have 10 minutes each and the rest of us 20. Feel free to make copies for your colleagues and encourage them to come as well.

We are also planning a Social Gathering on the 29th, beginning after 8:30. It will be held at a suite in the Hyatt Regency, but will not be announced in the Program. The location will be announced at our first two sessions. Or, ask around.

Here is the schedule for the Clio sessions; see you there.

CONTRIBUTIONS OF HISTORICAL DATA
Monday, December 28 at 2:30 p.m.
Richard H. Steckel, Ohio State University -- Poverty and Prosperity: A Longitudinal Study of Wealth Accumulation, 1850-1860
P. Fishback, University of Georgia and Sumner J. La Croix, University of Hawaii -- Firm-Specific Evidence of Racial Wage Differentials and Workforce Segregation in Hawaii's Sugar Industry
M. Haines, Wayne State University -- Consumer Behavior and Immigrant Assimilation: A Comparison of the United States, Britain, and Germany, 1889/90.

THE USE OF THEORY TO ANSWER HISTORICAL QUESTIONS
Tuesday, December 29 at 2:30 p.m.
Donald Cox, Boston College and John V.C. Nye, Washington University -- Male-Female Wage Discrimination in Nineteenth-Century France
Barbara Sands, University of Arizona -- Agricultural Decisionmaking Under Uncertainty: The Case of the Shanxi Farmers, 1931-1936
Christopher Grandy, Barnard College -- Evolution of State Control over Large Private Companies: New Jersey and the Railroads, 1870-1910

CONTINUED ON THE NEXT PAGE
EVOLUTION OF AMERICAN LABOR MARKETS
Wednesday, Dec. 30th at 8 a.m.

Susan B. Carter, Smith College -- The Changing Importance of Lifetime Jobs in the US Economy: 1892 to 1978
R. Whaples & D. Buffam, University of Pennsylvania -- Employee-Based Discrimination in the Michigan Furniture Industry, 1889
Daniel Raff, Harvard University -- Efficiency Wage Theory, the Inter- and Intra-Industry Structure of Wages, and Heterogeneity in Production Processes

INTERWAR UNEMPLOYMENT IN INTERNATIONAL PERSPECTIVE
Wednesday, December 30 at 10:15 a.m.

Robert Margo, Colgate University -- Interwar Unemployment in the United States: Evidence from the 1940 Census Sample
Allan Green, Queens University and Mary MacKinnon, Australian National University -- Unemployment and Relief in Canada
Mark Thomas, University of Virginia -- Unemployment in Interwar Britain: Character and Consequences

THE CLIOMETRICS SOCIETY
% Department of Economics
Miami University
Oxford, Ohio 45056 USA

ELECTED TRUSTEES
C. Knick Harley
Elizabeth Hoffman
Donald N. McCloskey
Richard Sutch
G. N. Von Tunzelman

EX OFFICIO TRUSTEES
Larry Neal, Editor Explorations in Economic History
Samuel H. Williamson, Secretary/Treasurer Cliometric Society

Copyright © 1987 by the Cliometrics Society, Inc.

Cliometricski 1987

by Allan Olmstead
University of California, Davis

A "glasnost brigade" of 12 American economic historians visited the USSR for 10 days in June 1987. The delegation attended a conference on "US-Russian Quantitative Agrarian History" held in Tallinn, Estonia, and travelled to Leningrad and Moscow for other cultural and scholarly exchanges.

The exchange was part of the Agreement in Quantitative History of the American Council of Learned Societies and the Soviet Academy of Sciences. Carol Leonard (Russian Research Center, Harvard University) and Alan L. Olmstead (Institute of Governmental Affairs, UC-Davis) organized the US side of the conference and headed the US delegation. Funding for the delegation was provided by the International Research and Exchanges Board, the Institute of Governmental Affairs, and by a gift from Mr. James Dieterich, Jr. The Soviet delegation consisted of about 40 scholars and was headed by Professor I.V. Koval’chenko (Moscow State University and Corresponding Member of the Soviet Academy of Sciences). The conference was hosted by Professors U. Kahk and R. Pullat of the Estonian Academy of Sciences.

The US papers that will be published in the Summer 1988 issue of Agricultural History include:

William N. Parker "Quantification in American Agricultural History, 1850-1910: A Re-examination"

Alan L. Olmstead & Paul Rhode "An Overview of California Agricultural Mechanization, 1870-1930",

Gavin Wright "American Agriculture and the Labor Market: What Happened to Proletarianization?",

Roger Ransom & Richard Sutch "Land, Slaves, and Wealth: The Impact of Emancipation on the Plantation Economy of the South",

Morton Rothstein "Farmer Movements and Organizations: Numbers, Gains, Losses",

Peter Lindert "American Farmland Prices Since Colonial Times", and

CONTINUED ON PAGE 4
SAN LEANDRO, CA - Having created a stir last spring by hosting a conference on poverty at the Surf 'n Sand Hotel in Laguna Beach, the All-University of California Group in Economic History decided to go one step better by staging a conference on "Pre-Industrial Developments in Peasant Economies" at the Huntington Library in San Leandro on May 22-24. The conference was jointly sponsored by the University of California and the California Institute of Technology. Over 70 scholars presented and discussed 15 papers related to peasant agriculture and the transition to economic growth.

The first day featured the presentation of papers which put forward bold hypotheses based on sweeping generalizations. In the morning session, Bob Brenner argued that the crucial element in the structural changes that led to economic growth in the late medieval world were changing property rights -- more specifically, the establishment of private property rights. Jack Goldstone echoed the importance of property rights by linking them to ecological conditions while arguing that improvements in productivity were related to specific combinations of soil type and property rights. Jan De Vries pointed out that Brenner's thesis had interesting parts of the North-Thomas model of institutional change and the Braudel notion of capitalism as a continuum rather than a discrete form of social organization. Others questioned the empirical details of both Brenner's and Goldstone's models. The outcome of what was a very spirited debate might be described as inconclusive. Neither author gave ground and neither succeeded in swaying his critics.

Roger Schofield and David Levine followed in the afternoon with a pair of papers centering on population and the role of family relations. Schofield reported on his findings that suggest an early appearance of "capitalism" and the rise of a "preventive check" to population in England. This met with little resistance from discussants. Observers were somewhat more skeptical of David Levine's generalized model of Elizabethan England where political economy was drive by population pressures. Levine's analysis, it was felt, took too narrow a view of the art of "state-building" in the early modern period.

The second day opened with a session scrutinizing yields in medieval England. Bruce Campbell argued that even "at its best," medieval desmense agriculture was "only about half as productive as that of the 18th century." Campbell's findings were not challenged, though one observer noted that his yields were so low as to be poor even by comparison with pre-conquest Mexican agriculture. The wide variation in yields suggest caution to those who would generalize in this area. Bob Allen summarized three papers dealing with the rise of productivity in a later period of analysis. Convinced that yields at least doubled, Allen was not as convincing in explaining why. His argument, which stressed the improvements in seed and husbandry, downplayed the importance of the enclosures. George Grantham was skeptical of this, and noted that the role of commercialization and a larger capital commitment to large farms might account for what appears to be an increase in labor productivity. Several commentators compared the English experience to other countries - noting the relationship of market and farm size.

The issue of markets and agricultural change became the focus of discussion in the afternoon session. Marjorie MacIntosh and Phil Hoffman presented papers on agricultural change in England and France. MacIntosh placed heavy stress on the role of "market penetration" in stimulating productivity of small as well as large farms in England; Hoffman placed less emphasis on market commercialization per se and more on the role of externalities provided by the French state which encouraged larger (and more productive) units. Again, debate was spirited, with discussion ranging from rather technical comments on measuring yields and productivity to the larger vistas of political economy and the relative power of the state in the two countries. We were unable to conclude which form of government was more conducive to change: the English model (where a weak government kept out of the way) or the French
model (where a strong government offered public goods to assist growth).

Wrapping up the second day, Carol Leonard and Robert Bates talked about a couple of less well-known national experiences: Tsarist Russia and colonial Kenya. Leonard presented the rather interesting finding that estate management in late-19th century Russia was carried out by communally elected leaders rather than managers. Leonard's careful collection of data from archives in the Soviet Union was praised; however, some in the audience were skeptical of her claim that no manager was present in over 80% of the estates in her sample. The effects of commercialization also crept into the discussion, inasmuch as Leonard's estates were in a relatively urban area of Russia. Bates' analysis of the political economy of Kenya and the origins of the Mau Mau revolt again brought forward the role of the state in shaping agricultural conditions favoring one group of owners over another. The revolt, in his analysis, was a case where "losers" rebelled against institutional changes which favored large landowners.

The papers on Sunday morning moved far outside the western European pattern. James Lee discussed his finding that life expectancy among a sample of 12,000 Chinese peasants who lived in four Han villages between 1774 to 1873 was higher than he expected. This may explain the rise in Chinese population between 1700 and 1900. Jon Gjerde and Anita Tien followed with an ambitious comparison of family structure in three populations: the US (Wisconsin), Sweden, and China. Discussion of both of these presentations was limited by the audience's unfamiliarity with the data sets which formed the core of their analysis. A third paper, presented by Bin Wong, made some tentative comparisons between the development of rural industry in China and Western Europe. The nearest thing to a simple generalization reached on these papers is that it appears that China was different, both in its family structure and in the relations of land and labor in agriculture.

The final session of the conference featured papers by Eric Van Young, Simon Miller, and Jeffrey Bortz dealing with labor and living standards in Mexico. The central theme of the papers was the changing position of labor, and much of the discussion centered on the impact of price changes on real wages and income. The presenters reminded us that here, as in the other areas touched on in the conference, "property rights" (to use the economists' jargon) with respect to land was a dominating factor in the course of economic development and change.

What does all this tell us? I suspect that the conferencists left agape with a variety of messages stimulated by the papers and the discussion. Peter Lindert at one point reminded us all that "In the beginning there was grass..." while Joel Mokyr concluded that part of our problem as modern economists is that we fail to remember that "peasants will live like peasants." Without denying these truths, I nonetheless thought that Bob Brenner put his finger on the crux of the matter as well as anyone. In the conclusion of his paper on opening day, Brenner made two "overriding speculations: 1) that pre-capitalist economies have an internal logic and solidity which should not be underestimated, and 2) that capitalistic economic development was perhaps an historically more limited, surprising and peculiar phenomenon than is often appreciated." (Abstracts of some of the papers are in Section II)

**Cliometricski (cont. from page 2)**

Jeremy Atack "Tenants and Yeomen in the Nineteenth Century: The Problem of Rising Tenancy."

Other members of the delegation were Daniel Field and George Grantham. Yvonne Parker, Diane Grantham and Connie Ransom accompanied the delegation. All members of the US delegation were impressed by the recent advances in Soviet scholarship in agrarian history and by the friendly reception they received.

This conference was part of a larger group of activities planned by Leonard and Olmstead that are designed to facilitate the exchange between the USSR and the USA of scholars, ideas and data relevant to agricultural history. In addition to the conference, Jeremy Atack spent two weeks lecturing in Moscow and Novosibirsk, and presented the Soviets with a computer tape containing a copy of the Bateman-Foust manuscript census data. Sutch, Parker and
Wright gave lectures at the Institute for Source Study at Moscow University. Planning is underway for the development of parallel research projects and for other faculty and graduate student exchanges.

The next major US-USSR conference is planned for California in 1990. The conference theme will be Rural to Urban Transfers and will be hosted by the Agricultural History Center and the Institute of Governmental Affairs (UC-Davis) and the University of California Inter-campus Group in Economic History.

---

**NBER/DAE Summer Institute of Cliometrics**

*by Richard Sutch*

(University of California, Berkeley)

CAMBRIDGE, MA -- In July, for the first time, Cliometrics was included as part of the National Bureau of Economic Research's Summer Institute Program. The first Summer Institute lasted for two working weeks, July 13 through July 24. Participants were housed at the Charles Hotel in Cambridge and some were provided with apartments located in the vicinity of Harvard University, where the meetings were held.

The program was organized by Lance Davis, Robert Fogel, and Clayne Pope and focused on the work of the "Development of the American Economy (DAE)" initiative. The DAE program is an NBER group working in a loosely coordinated way to apply cliometric techniques and recent advances in economic theory to understanding the growth and development of the American economy in the 19th and early 20th centuries.

Sessions were organized in workshop fashion and lasted from 9 a.m. to 2 p.m. each Monday through Friday, with breaks for mid-morning coffee and a buffet lunch. Each evening, dinner groups were formed which allowed the continuation of discussions begun during the sessions. Among the cliometricians who presented reports on their current research were:

Lance Davis (California Institute of Technology) on technological change in American whaling;

Barry Eichengreen (Berkeley) on the international causes of the Great Depression;

Roderick Floud (Birkbeck College) on physical stature as an index of nutritional standards;

Claudia Goldin (University of Pennsylvania) on female labor force participation;

Jim Heckman (Chicago) on racial discrimination;

James Kearl (BYU) on wealth holdings on the frontier;

John Legler (Georgia), Richard Sylla (UNC), and John Wallis (Maryland/College Park) on trends in state and local finance;

Robert Margo (Colgate) on wage trends;

Clayne Pope (BYU) on mortality trends;

Hugh Rockoff (Rutgers) on the growth of the federal bureaucracy;

Ken Sokoloff (UCLA) on early American patents;

Richard Steckel (Ohio State) on migration;

Richard Sutch (Berkeley) on life cycle saving;

Peter Temin (MIT) on technological integration in cotton textile production; and

Tom Weiss (Kansas) on revisions of the labor force statistics.

Some participants prepared papers for the workshops, others circulated previously available papers or manuscripts of book chapters in progress, and still others presented seminars on work so preliminary that written papers had yet to be completed. If you are interested in learning more about the above topics, write directly to the authors.

Although funding is not yet secure, planning is already underway for the second Cliometrics Summer Institute to be held in July 1988. Cliometrics Society members interested in being kept informed of developments, or who have suggestions to offer, or who might wish to participate are invited to direct inquiries to: Lance Davis, Division of Humanities and Social Sciences, California Institute of Technology, Pasadena, CA 91125.
INTERWAR UNEMPLOYMENT IN INTERNATIONAL PERSPECTIVE

by

Barry Eichengreen  
(University of California, Berkeley)

Tim Hatton  
(University of Essex)

CAMBRIDGE, MA - The world-wide rise in unemployment in the last decade has rekindled the interest of economists and historians in the Great Depression of the 1930s. The experience of the thirties is often seen as a watershed, a traumatic experience which influenced social and economic policy for more than a generation. The sudden and unexpected emergence of mass unemployment; its uneven incidence across industries, occupations and individuals; the rise of an underclass composed of the long-term unemployed; and the belated and partial responses of public authorities are the building blocks of the mythology of the 1930s. Yet all too often such caricatures are based on an inadequate understanding of exactly how, why and by whom the burden of unemployment was shared.

During the 1930s, just as today, unemployment rose worldwide, though the experience of different countries varied. Much of the renewed interest in the 1930s has focused on the functioning of labour markets, which may offer the key to understanding depression and recovery. This emphasis has raised new questions concerning the operation of these markets. Analysis of the UK and US labour markets at a macroeconomic level has proved particularly controversial and has already stimulated a large and growing literature. Yet many other equally important aspects of interwar labour markets remain unexplored. The labour market experiences of Continental Europe, Canada and Australia, for example, have been almost entirely neglected. In the absence of an international perspective, there is a temptation to describe each country's experience in terms of specific national circumstances; in consequence, the more fundamental characteristics of interwar unemployment can easily be overlooked.

These concerns provided the motivation for a recent conference on 'Interwar Unemployment in International Perspective,' held at the Center for International Affairs, Harvard University, on 7-8 May, 1987. The conference heard eleven papers, two providing a comparative analysis and nine focusing on the unemployment experience of individual countries. The conference was attended by economists, historians and sociologists from nearly a dozen countries. The conference was organized by Research Fellows Barry Eichengreen (University of California, Berkeley) and Tim Hatton (University of Essex), with the assistance of the Centre for Economic Policy Research and the Center for International Affairs. Financial support was provided by the Center for International Affairs, NATO and the Harvard/Mellon Economic History Center.

In their introductory paper, "International Perspective on Interwar Unemployment," Barry Eichengreen and Tim Hatton provided an overview and comparative perspective on some of the key issues of the conference. Above all, perceptions of the severity, incidence, and character of unemployment are influenced by the limited statistics available for the interwar period. These arise primarily from the operation of trade union and unemployment insurance funds and usually focus exclusively on the industrial sector. For most countries (the US and Canada serving as notable exceptions), such data indicate much higher unemployment rates than population censuses and labour force surveys. Other evidence of this discrepancy can be found in regression estimates of "Okun's Law" for the interwar period, relating changes in output to changes in unemployment: these regressions imply implausibly large elasticities of unemployment with respect to output. It would be dangerous to conclude, however, that differences across countries reflect only the peculiarities of the data gathered during the 1930s. Looking across countries, the slump and recovery in output within the manufacturing sector were accompanied by very different patterns of unemployment. In some countries, such as the United States and Italy, work-sharing was a common response to the slump, giving rise to a permanent decline in hours worked per employee; in other countries, such as Australia, workers tended to be laid off, with relatively little adjustment in the length of the working week for the employed. As a result, productivity per worker behaved very differently across countries, slumping badly where work-sharing was the rule.
Labour supply responses are more difficult to identify. The issue is important, in view of the controversial claims that the 1930s were characterized by a substantial rise in hidden unemployment. Current labour supply behaviour provides little guidance in interpreting the interwar period; responses then may have differed from those of the postwar years because of changes in alternative income sources (either from the state or from secondary employment), in demographic composition and in family structure. This presumption is consistent with a number of other distinctive characteristics of interwar unemployment. Evidence from the US and UK suggests that turnover among the unemployed was higher than in the postwar period. At the same time, however, a growing proportion of the 1930s unemployed had been jobless for long periods and faced a very low probability of re-employment. Unemployment rates also show a distinctive age pattern in the 1930s: while recorded rates of youth unemployment were low in several countries, the age profile of adult unemployment was 'U'-shaped - falling with age until the 35- to 45-year age bracket, rising thereafter. Convincing explanations of this have not yet been discovered. Despite the declining income and morale of many of the unemployed in the 1930s, the effects of unemployment on individual health, family structure, social attitudes and institutions are by no means well understood.

The discussion which followed focused on definitions of unemployment and on comparability across countries. Mark Thomas (University of Virginia) pointed out that the statistics available from unemployment insurance systems are a political and administrative artifact and do not necessarily correspond with postwar definitions. Gianni Toniolo (University of Venice) and Robert Salais (Institut National de la Statistique et des Etudes Economiques (INSEE), Paris) argued that in many countries there was no clear definition of an "unemployed" individual; imposing contemporary definitions may distort our understanding of interwar labour markets. It is still not clear how regional and industrial differences in unemployment incidence should be interpreted. Did "structural mismatch" exacerbate interwar problems or merely reflect the concentration of the depression in certain sectors?

There has been a growing consensus that in most countries the rise in unemployment in the 1930s was due partly to the sluggish behaviour of nominal wages. The rapid price deflation of the early 1930s, coupled with nominal wage inertia, led to a sharp rise in the real wage which priced workers out of jobs. In their paper, "The Macroeconomics of the Interwar Years: International Comparisons," Andrew Newell (University of Sussex) and Jim Symons (University College, London) argued that the behaviour of real wages and real interest rates was the proximate determinant of both the depression and the recovery. Newell and Symons estimated a set of equations designed to explain the time-series behaviour of employment, the real wage and price changes, using the data for 14 countries. They found that the real wage and real interest rate had strong negative effects on employment. (Their estimates suggested that the long-run elasticity of employment was -0.7 with respect to the real wage and -1.3 with respect to the real interest rate.) Surprisingly, in view of the attention paid to these effects in the UK and US in earlier literature, the results were weakest for these countries. The real wage equations in turn revealed that changes in the price level had powerful effects on the real wage, confirming a substantial degree of nominal wage inertia. Unemployment, in contrast, had only a weak effect on real wages. Price changes in Newell and Symons's model were determined by world prices (adjusted for the effective rate of protection) and world trade. For individual countries, Newell and Symons argued, the contraction in world wealth and world trade led to the fall in the price level and the increase in real wages and real interest rates which brought about the decline in employment. At the world level, the dominant causal factor in their model was a contraction of aggregate demand, due to the fall in the value of assets and wealth, and disturbances in the monetary sector, which arose from banking failures in the US.

In his comments, Robert Gordon (Northwestern University and CEPR) argued that Newell and Symons's model involved an asymmetry. The labour demand function was based on a model of optimizing behaviour while the labour supply (wage) equation was not. He suggested that the price terms in the labour demand model were acting as proxies for aggregate demand and that the model could be interpreted as a disequilibrium model driven by variations in output demand. Stephen Nickell (Institute of Economics and Statistics, Oxford, and CEPR) argued that the
alternative disequilibrium model was largely tautological because output and employment were linked through the production function. Newell and Symons replied that their model was not an attempt to test competing theories; insofar as rival interpretations implied different sets of restrictions on the estimated coefficients of the model, theirs were satisfied by the data. Stefano Fenoaltea (Princeton University) and Brad DeLong (Massachusetts Institute of Technology) wondered whether the model provided a useful interpretation of the global causes of the depression. The financial collapse was important, but why were its repercussions so much more severe than those of other international crises?

Most of the debate on the causes and consequences of high unemployment in the 1930s has focused on the US and UK and has used annual time-series data at an aggregate level: microeconomic evidence has been relatively neglected. Such aggregate analyses have, however, left the puzzles of interwar unemployment largely unsolved. The remaining papers presented at the conference compared results already obtained for the UK and UK with those for other countries: Canada, Australia, Germany, Italy, France and Belgium. The papers emphasized in particular the impact of the responses to unemployment at the microeconomic level; previous analyses had tended to neglect responses at the level of the industry and region and at the level of the firm and household.

In his paper on the US labour market, entitled "Interwar Unemployment in the United States: Evidence from the 1940 Census Sample," Robert Margo (Colgate University) provided the first analysis of unemployment based on the public use sample' of 100,000 individuals drawn from the 1940 census. Margo contrasted the personal, regional and industrial characteristics of three groups of household heads: the employed, the unemployed and persons on 'New Deal' relief projects. His data revealed that, compared with the employed, the unemployed tended to be older, foreign-born, 'single, urban, less geographically mobile and more likely to be living in the Northeast or the West. Michael Darby has argued that US unemployment in the 1930s is exaggerated by labour force statistics which treat those working on relief projects as unemployed: relief work was equivalent to employment, Darby claims. Margo's analysis suggests this view is incorrect: it is hard to reconcile the Census evidence with the view that individuals were indifferent between relief work and regular employment. Those working on relief projects differed from the unemployed: they were more likely to be under 45, married and owner-occupiers, but less likely to be either white or foreign-born. While Margo's analysis indicated that higher levels of schooling and geographical mobility lessened the risk of unemployment, he also found that they lowered the chances of working on relief projects when unemployed. Those on relief work tended to experience very long spells without regular work, indicating that for many, relief work was virtually a permanent occupation. Overall, Margo's results suggest that relief work was not equivalent to regular employment and that the conditions and characteristics of relief workers were substantially different from the wholly unemployed.

Martin Baily (The Brookings Institute) suggested that the regression analysis of the incidence of unemployment was largely a descriptive exercise and was not capable of discriminating between alternative hypotheses about the macroeconomic causes of persistent unemployment. A number of participants questioned the interpretation of Margo's results. Even if those employed for long periods on relief projects had characteristics different from the wholly unemployed, their incomes were only about half of those in regular employment. Since relief workers also had to work, their incentive to seek real employment would not necessarily differ from that of the totally unemployed. John Wallis (University of Maryland) emphasized the variety of work relief schemes and argued that the characteristics of the workers employed and the instability of employment reflect in part the nature of the projects and the process of selecting workers for employment on them.

The next session featured two papers on the character and consequences of unemployment in interwar Britain. Mark Thomas, in his paper "Labour Market Structure and the Nature of Unemployment in Interwar Britain," examined measures of labour turnover and unemployment duration using data from the records of the labour exchanges. Thomas's analysis emphasized the flows of individuals into and out of unemployment, in contrast to previous studies focusing on 'stock' analysis of the employed and