

# The NEWSLETTER

of

THE  
CLIO  
METRICS  
SOCIETY

June 1988 Vol. 3 No. 3

## The 28th Cliometric Conference Held May 13-15 at Miami University.

*By Samuel H. Williamson*

OXFORD, OHIO - Fifty five Cliometricians came from across North America to meet this May. Participants from the West arrived on Thursday night while the rest came on Friday morning. The weather was as usual for May in the Midwest - very pleasant, except for a Friday evening thunderstorm which forced the move of the planned picnic, featuring chicken barbequed by Richard Sutch using his now-famous barbeque sauce (see page # for his recipe). The activities were moved to my house where everything went according to the contingency plan. We haven't seen a thunderstorm since.

On Saturday, after a hard day of papers, the annual "Awards Banquet" was held at a rustic lodge on the edge of campus. As usual, a variety of humorous awards were given with Lou Cain and Richard Sutch acting as co-Masters of Ceremonies. The annual Clio Award of the mounted olive oil can went to Roger Ransom. Unfortunately, Roger had to leave to attend his daughter's graduation and we were unable to get a picture of him receiving the award. Richard and Roger presented me with a framed enlargement of Roger's license plate (pictured in the last issue of the Newsletter) which was signed by all who attended. I have proudly placed it on the wall above my office desk.

The Mullah Award, which has quickly become a favorite of the group, was presented again this year for "The Best Proverb at the Conference." As you can see on page 5, the Mullah's deliberations were written up his faithful and obsequious servant. On a more serious note, the Trustees presented a crystal vase to Lois Nelson, who has been the irreplaceable assistant to the Society's Secretary/Treasurer for the past three years and was Conference Secretary.

The party continued with singing accompanied on guitar by Don McCloskey and Joan Hannon and by the very talented clarinet performance of John Latham. A few of the participants were a bit worse for wear the next morning; others, however, were up for a five mile jog before breakfast, led by Gary Walton.

By Sunday afternoon most of the participants were packed off to the airport and we had survived with only a sprained ankle by yours truly and an injured Achilles tendon by David Feeny. I wish to note, as I broke my foot at last year's conference, that I have no intention of making this an annual part of the conference. I am fine now -- I have not heard from David yet.

## Discussion of the Papers

The abstracts of the papers are in Section II of the Newsletter. The address of the authors is on the abstract and if you want a copy of the complete paper you should write to them. For the Conference all the papers were reproduced, bound, and circulated. If you would like a copy of this document, we will send you one for our cost of \$11.00. This write-up was prepared with the assistance of Bill Hutchinson, Louis Johnston, and John Lyons.

The conference led off with Ken Snowden's comparison of the return on various financial assets in the US from 1872-1925. Although the return on long-term debt declined around the turn of the century, he concludes that yields on stocks increased in terms of both mean and variance. There were several questions about Snowden's contentions that yield volatility was due to stock price sensitivity to the news conveyed in current dividend announcements.

Some of the other discussion focused on the potential bias of using the CPI to compute real returns. In offering possible explanations for

Snowden's observations, it was suggested that foreign ownership of assets and growth of regulation may have had a changing impact on railroads and other industrials. It was also suggested that the higher volatility after 1900 may have been because the era contained World War I. Finally, it was asked if the change from a deflationary to an inflationary period may have had an effect on expectations and the real rate of return? Snowden emphasized that he thought the most interesting result of this paper was the new light it shed on the "Morganization" of the RRs: "I think this is the most interesting aspect [of the paper]."

Gerry Dwyer gave the second paper which hypothesized that bank failures during the free banking era were contagious; i.e., *ceteris paribus*, a bank was more likely to fail if another bank in the same county had recently failed. Statistical results were presented testing whether bank closings were explained by distance to redemption center, bond prices, and other bank failures within the county.

The discussion asked what was the origin of the contagion hypothesis; was this historical or theoretical research? In questioning the specification of the model it was asked if the distance to the redemption center variable might not be a proxy for population density? The point most often raised was that there should be an independent variable that measures the county's economic condition. For example, many banks in an area might fail if there was a drought that caused a number of farmers to default at the same time. It was questioned why the states did not create a lender of last resort, and the suggestion that the model should differentiate between runs and failures.

The next session gave us two papers on cartels. Dan Barbezat reported on how the price of German cartel-produced steel during the 1925-1939 period has been overstated because large organized steel consumers received a rebate on production of export-bound manufactured goods. His new price series shows the producers were hurt more by the depression than had earlier been thought.

In the discussion, it was asked why consumers didn't receive the rebate on steel to be used in the domestic market. A suggested answer was that revenue from the tariff on steel imports was used to stimulate industry growth by paying subsidies

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*The Newsletter of The Cliometrics Society*  
is published three times a year.

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to expand local producers' markets. It came out that the politics of the situation was to preserve market power at home and dump abroad. It was asked why the rebate was not renegotiated when conditions got worse; Barbezat's answer was that the cartel created a "stickiness" in the size of the rebate until 1932, and by then it was too late.

The second paper on cartels reported on perhaps the first use of experimental economics in economic history. Betsy Hoffman and Gary Libecap presented a report on how they tested the hypothesis that different size firms have different incentives to comply with output restrictions. In a classroom experiment they conducted, 12 student volunteers sold a fictitious commodity in 50 trading periods. Based on a general knowledge quiz, two of the students receive a larger endowment of the commodity to sell. They found that the two students were somewhat less likely to cheat on the cartel price than the others, the same as the real world observations from the Texas and Oklahoma oil fields in the 1920s and 30s.

Not surprisingly, the discussion centered on methodological questions. Can experiments raise questions that can be used to look at history in new ways, or are they a technique to retest a theory that has been used to explain a historical event? There appeared to be agreement that it is acceptable to use historical events to test theories, revise, and then test again; however, experimental economics essentially offers an additional avenue for testing. Other comments questioned the ability to create the same initial conditions in the classroom that existed historically (the authors stated they had), that there were other theories for dealing with heterogeneous producers, and that size is not the only characteristic of heterogeneity.

Saturday morning began with another first for Clio, when Doug Puffert presented a computer demonstration of his model that simulates how railroads converged to a standardized track gauge. As in many other examples of where two or more competing technologies exist, there are costs for some users to switch; however, there are economies of scale to society when all adopt the same technology. Historically for the railroads, network externalities were usually sufficient to override considerations of technical optimality. During the discussion there were questions about how to apply this model to other examples. Also, why should society allow this costly competition to go on and, on the other hand, what is to prevent the long-run inefficient technology from being chosen prematurely?

The paper by Jean-Laurent Rosenthal dealt with the question of why marshes in France were more likely to be drained before rather than after the Revolution. There appear to be no changes in technology or costs and, in fact, the author's computations show large potential returns to draining throughout the period from 1700 to 1848. He concludes that the Revolution reduced the overlapping property rights and thus the litigation that had previously slowed development. The group was clearly convinced that the large returns were correctly computed. The discussion added that Rosenthal should also consider that other changes were taking place as well, such as in land and grain prices. There was general concern about capital availability and whether the selected interest rates were too low.

Tim Guinnane followed with a paper that analyzed the out-migration from Ireland at the turn of the century and reported that though the number of male and female emigrants were about the same, the average age of the male was older. He explained the difference was that men find out their economic position later in life than women. Early on, women know if there will be a dowry sufficient for them to marry well, and if not, they are off to England or the US to try to do better. Even if the man learns early that he will not receive the family farm, he may still be in line to inherit a bachelor uncle's estate, and so he waits.

The discussion asked about what was happening at the other end - the pull factor, and whether this emigration pattern was unique for this period and this country (some believed it was). Others asked if a model based on income differentials

can explain marriage opportunities, and what was the underlying inheritance structure.

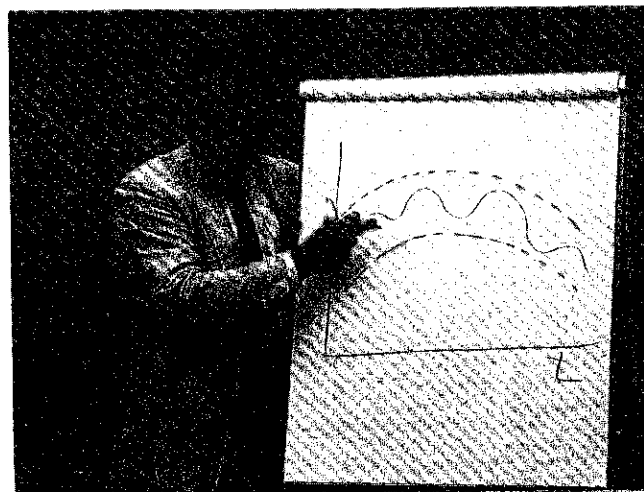
The afternoon session began with a work in progress on the impact of protective legislation in the 1890s by Jeremy Atack and Fred Bateman. Did protective legislation aimed at reducing hours of work for women and children result in lower opportunities for women to work, or did it result in a spillover effect that reduced hours for men as well? By using samples at the firm level, they hope to come up with more definitive results than those achieved by other researchers using more aggregated data.

In the discussion, questions were raised regarding regression results if the data set excluded firms that did not employ women and/or children, as well as the results from clarifying if wages were for piece work or an hourly or day wage. There were questions about how much variation in weekly and monthly employment took place and what effect the legislation would have had on this; and finally, how reliable firm surveys were if there may have been an incentive to lie.

The paper that followed also dealt with women in the work place, this time in 18th century Britain. Ane Quade presented her hypothesis that enclosures were an important factor in reducing women's income from dairying, thus providing a cheap supply of labor to the wool spinning industry. During the period of open fields, cottagers might cultivate small strips and graze livestock on the common ground. For the women, having a cow on the Commons allowed her to produce milk and cheese for her family and sell the surplus in the market; the enclosures ended all that.

The discussion raised the issue that women's employment was affected by additional factors; e.g., rising grain prices and a growing scale of operation in agriculture, both of which increased the relative wages of men. There was discussion about which areas of Britain were being affected by the enclosures, and if Quade's data reflected those areas adequately.

The final paper on Saturday dealt with balance of payments adjustments under the gold standard. Trevor Dick and John Floyd hypothesized that the price-specie-flow mechanism does not explain the 1871-1913 Canadian experience as well as the monetary approach. The question is, does the flow of gold respond to a trade deficit caused by relative price changes (the classical approach) or



does gold flow to replenish bank reserves when an increase in aggregate demand has raised the demand for money (the monetary approach)?

The discussion started with a question of why lags were not included in the regressions, thus forcing the adjustment to take place in one year and biasing the results against the classical case. The authors had tried lags with no results, though there were still questions of long versus short run measurements. Another point suggested that the model was misspecified by assuming that markets for non-traded goods are always in equilibrium. It was also suggested that the argument could be strengthened by use of the Bernanche/Sims structural VAR technique.

In a reverse of the schedule, Sunday's session led off with the paper by Jeffrey Williamson which asked if - by use of a general equilibrium model - it can be determined who really bore the cost of the Corn Laws in Britain during the first half of the 19th century. Historians have often pointed to the fact that in the post-corn law period there was no flood of cheap grain into Britain, nor a dramatic fall in wheat production; thus the laws were of little consequence. Others have responded by saying that other factors became important in the post-corn law era so that this lack of change is not a true test. The Corn Laws should have positively affected land values and thus landlords' incomes, but what about incomes of labor, both agricultural and other, what about industrial profits, and what about the price of food?

By using his technique, Williamson concludes that the corn laws did increase nominal wages slightly, but had a larger effect on the cost of living and thus lowered real wages. The outcome of some of the analysis depends on the assump-

tion of whether Britain's economy was large or small. Either way, an early repeal of the Corn Laws would have reduced rents for grain agriculture over 40% and increased real unskilled wages by 12 to 23%. Other changes are quite sensitive to the assumed elasticity of export and import demand.

In the discussion several alternative assumptions were suggested. Grains and non-grains would have common inputs and at the difference in tariff rates, both might change the results. Should spinning output be treated as a non-traded good? Others asked if he had looked at the voting behavior of MP's from grain and non-grain areas.



The final paper was by Greg Clark, who offered a new explanation of why steam power changed work organization for factory workers from where each set their own pace to where everyone needed to be precisely on time. The traditional explanation is that the new capital created a need to coordinate workers' activities in order to use it in the most efficient manner. Clark contends that with small modifications, the pre-steam method of undisciplined work could have been maintained without large additional costs. His alternative explanation is that workers willingly accepted factory discipline in return for higher wages. The higher wages were possible because the more intense work pace combined with more capital per worker created more output per worker.

The discussion focused on issues of how various costs were measured. Had he taken into account the increased cost of monitoring under the discipline system? What about the externalities of working together? Since the technologies of hand and power weaving were so different, were the comparisons compatible? Some questions arose on exactly how he concluded steam costs per worker would be so low even if only one or two workers showed up to work. And finally, how did he explain why firms preferred docile women and children if workers were "requesting" discipline in order to achieve higher productivity?

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### Experimental Pathology! More or Less

*After receiving many positive comments on last year's "Mullah's Model of Worms," the editor appealed to the Mullah's agent to write another report this year and a few days ago it arrived. As an explanation to our non-American readers, I should explain that the NCAA basketball championship that was held in Kansas City this Spring is one of the most widely followed sporting events in the United States. University teams (which all have nicknames) compete, with the Jayhawks from the University of Kansas being the winner this year.*

Mullah Nasra Din had been most anxious to return to the annual rites of the clioms, for he knew that there he would encounter numerous platitudes filled with the wit and wisdom that make life worthwhile. Moreover, the Conference would provide a respite from the trying times he had had recently puzzling over the utterances emanating from the Sony box. He could safely put aside the phrase that had been repeated over and over on the road to Kansas City.

"Follow the yellow brick road; follow the yellow brick road; follow, follow, follow, follow; follow the yellow brick road."

No matter how many times he said it, he could not tease any sense out of it, and certainly could not understand the pull it had on thousands of people. He was familiar with the fable, and could imagine the enchantment the phrase had for Dorothy who had arrived at the road's beginning quite by accident. But even for her, it presented too simple a slogan as she was often forced to choose one path over another, some wider than

others. More confusing was why tribes such as the "sooners," "blue devils," and "wildcats" would want to go down that path to meet the "jayhawks." Clearly a contagion of fear had spread throughout the country, and people went bravely where wildcats roamed in order to convert greenbacks into ducats. Not all tribes and people were so foolhardy, the hoyas and hawkeyes were nowhere in sight, and the white knight of the hoosiers was content to remain at home to speak out on the issues. Little did the Mullah realize that such ruminations would place him on the frontiers of knowledge for the next few days.

The Mullah was most delighted when informed that the prize for the best proverb would be given again this year. This was all the more fortunate because he had gone to no small trouble to locate a small but rare collection of his own parables. That volume would be the prize awarded each year, and the winning proverbialist's name would be inscribed on the inside cover for all generations to revere. (*The volume is now on display at the Society's Office*) The proverb would be recorded as well so that all might cogitate on the marvelous saying.

Of course, there was a deep concern that last year's winning proverb - "never open a can of worms larger than the universe" - was so original and insightful that nothing uttered this year would seem a worthy successor. The Mullah was all the more dismayed to learn that the scholar from the great desert of the Southwest would not be there to participate in the competition. She did have some chance of winning anyway because of the wisdom revealed at the Christmas gala. There she made clear that clioms liked models of all sorts, because "when they are good, they are very good; and when they are bad, they are even better!" There is still some disagreement whether she was paraphrasing Hugh Hefner or Mae West, but the imaginative use of the phrase was appreciated by all.

Offsetting these negative feelings was the fact that many of those who had written the great stories to be discussed at the meetings had already incorporated some wisdom therein. Some of the pithy phrases were placed at the very beginning of the piece in a blatant attempt to win the prize. While the Mullah considered these phrases, such as "left and right alternately is consonant with history," he felt that they were not in conformity with the spirit of the contest that looked for such

wise mottoes to be emitted as a by-product of the true work of the scholars.

By the time of the award ceremony the Mullah realized that his misgivings were ill-founded. While no single saying stood so far above the rest that it was the obvious winner, there were certainly a goodly number of worthy expressions. In his modesty he accepted that it was not his place to judge whether this year's proverb was the equal of last year's, and in so doing realized the value of a bit of wisdom he had devised centuries ago, - "only time will tell!"

In order to sort out the phrases the Mullah had to remind himself 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, "Gauge is not a matter of great current relevance" has appeal, but its very essence suggests that it cannot be true at all times. Presumably it was a matter of relevance at some other time, and perhaps could become one again if the white knight of the hoosiers should bring it up. Or, the idea that "you need a new data set" may seem like it could be true for all times, but if so then it would be meaningless, for why would anyone want one in the first place.

The winning proverb should also benefit society, and often the uttered wisdom is a two-edged sword that makes it unworthy of winning. The phrase "is this model as simple as you can get, or is it simpler?" is intriguing, and with its obvious quantitative implications would be a wholesome choice as proverb for the funnily-named tribe. But the Mullah realized that the tribespersons would spend much time trying to devise tests to determine the level of simplicity, and to distinguish one level from another. Since they had not yet resolved the perennial issue of "large versus small," or made clear the difference between significance and "significance," he felt they were not yet ready to become addicted to another path of inquiry.

Other sayings were simple too personal. "I'm having trouble with romance and unrequited love," "women are desperate to marry anything that moves," and "I'm not worried about men," are true all too often. But it is not certain that they can all be true for all time. The Mullah would be unable to decide which one might be true for all time, and was also unable to determine

whether one was significantly more true than the others.

After long thought and much discussion with senior members of the tribe, the Mullah narrowed his choices to five. From the scholar who seeks the correct spelling of ripen came the phrase "abstinence was not the cause of industrial growth." Not only does this shed much light on whether it was the rise in the birth rate or the decline in the death rate, it may very well have been true. He who studied the potato at great length was in attendance again this year, primarily in order to pass on the can which fits beneath the seats of the silver birds, and shared the thought that "in the universe there is [sic] lots of data." The wicked witch from the north, soon to be from the southwest, chided us to "remember that small profits each trading period add up over time." She did not specify how long it took, but at least the idea has more appeal than that which says to lose a little on each transaction but make it up on volume. The phrase "there is more than chewing gum between Canada and the rest of the world" was the Mullah's favorite, because it was reminiscent of the inaugural winner. It is an aphorism so succinct and truthful that there is no need for any data set to investigate its empirical validity. It was quite fitting that this was uttered by the great hawkeye rhetorician. The final entry came from the monetary scholar who is no friend of wildcats. His wisdom has such subtlety that it is not obvious, although it apparently had popular appeal. "In different episodes, different variables are more or less important." The universality of this truth seems well assured, its significance has yet to be determined, but of course awaits a resolution of the meaning of that word. Some may think the phrase to be trivial or tautological, offering little to puzzle over. But the beauty of the expression is precisely that what seems transparent is not. How, for example, does one decide which episodes are different? Now we can only wonder whether the same truth holds along different paths.

The Mullah graciously allowed the members attending the nightly ritual to decide which of the five would be chosen. While this provided the Mullah with some insight into the workings of democracy, he has lost much sleep wondering whether he has made his first mistake. From the broad and long historical perspective he brings to these sorts of sayings, he was confident that the hawkeye entry would win, but the unruly mob

surprised him by voting overwhelmingly for the last entry. It would be easy to blame the measuring device which was being used for the first time, and was perhaps oiled too heavily. As had been suggested, the use of the immobile scales of justice might have produced fairer results. The Mullah, however, does not cry long over spilled camel milk, and realizes that lessons can be learned. In this case, it appears that the old adage "you can fool some of the people all of the time, and all of the people some of the time" should conclude (as P.T. Barnum no doubt realized) "but you only need to fool enough of the people part of the time." Moreover, he now has a better understanding of how Barabbas was freed centuries ago.

The sessions were as lively and stimulating as last year's, and certainly the equal of any camel ride the Mullah has ever taken. In addition to the adages that were spewed forth in the heat of discussion, the Mullah also gained a finer appreciation of a long-standing maxim. To wit, "do as I say, not as I do." How else can one explain why a scholar who shows up hours late for his talk would have the audacity to tell his audience that factory workers beg for discipline. The Mullah was also alarmed by the trend in ankle injuries that occur each year. Perhaps this group has become so focused on sophisticated measurements that they have lost sight of the power of compounding. A doubling every year means that at the meetings five years hence everyone in attendance will suffer an injury.



Comparisons with last year's event were inevitable, although the Mullah tried to stay above these mundane matters. For his part, he missed the statuary and mosquitoes of the Illini sanctuary



but liked the principle that this year's meeting would be held near a central business district. Apparently, some clioms also prefer the food in Ohio, although one Illini (perhaps an Oxfordian in drag) in the bunch was taken aback by this. This resulted in the suggestion that an experiment be run to determine which food is preferred and thus to confirm the historical fact that Oxford, Ohio does exist. Some of the participants next year should be endowed with a stock of food from the other sites, and then be allowed to exchange with others. The more deserving members, those who can answer the simple questions, would be given larger initial endowments. Cheating and lying would be allowed so long as it was dutifully reported.



During one of our breaks, the 19 first-time attendees at a Clio Conference gathered for this photo. From the left: S. Wolcott, J. Latham, R. Grossman, R. Kohl, S. Headlee, T. Guinnane, J. Wahl, G. Dwyer, A. Quade, L. Johnston, I. Marcotte, D. Barbezat, A. Motomura, M. Hayes, J. Rosenthal, D. Puffert, M. Toma, A. Peden. Absent when the picture was taken: N. Bertaux.

The prediction is that all participants will end up eating off the same size plate, but the specific size will not be known until the Macintosh clan gets back from the royal casino.

*Submitted humbly by the faithful and obsequious servant of the Mullah*

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## Clio Plans Five Sessions at December ASSA Meetings

The program committee of Hank Gemery and Gary Libecap went over the submissions and have put together three sessions of Clio-type papers for the December meetings in New York. In addition there will be two panel sessions, one co-sponsored with the AEA on the parallels of the '29 and '87 stock market crashes. The October Newsletter will have the complete program with the eight-page summaries of the papers. Plan on joining us at the sessions and cocktail party.

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## Cliometrics Sauce for Significant Chicken

*By Richard Sutch*

*Ed.'s note. It is well known among many Cliometricians that one of Richard's many talents is that he is an excellent cook. When Richard arrived at this year's Conference he had an extra suitcase just to carry his wonderful sauce. I am sure that all those who ate the chicken at the Friday barbeque will agree that the recipe is worth sharing. In a pun too bad to pass up, I include it here to help "spice" up the Newsletter.*

Drop three large peeled garlic cloves down the feed tube of a food processor while it is spinning its steel blade. After it is mooch, turn off the machine and add a large onion, peeled and quartered. Pulse the machine on and off until the onion is finely chopped. Saute the onion mixture in two tablespoons of butter for four to five



minutes until the onion is softened. Reinstall the steel blade into the food processor (no need to wash it out) and put:

- one-third cup of brown sugar
- one small-sized can of frozen tangerine juice concentrate (or orange juice, if you prefer)
- one entire bottle of catsup
- one-fourth cup of Pick-a-Pepper Sauce from Jamaica (you can substitute steak sauce spiked with a healthy dose of Tabasco sauce)
- one tablespoon of chili powder
- one teaspoon of ground cumin seed
- one teaspoon of celery seed
- one-half teaspoon oregano

into the machine and process the mixture until it is well blended and the sugar has dissolved. Add the mixture to the cooked onions. Blend the ingredients and then taste the mixture. If needed, adjust the recipe by adding catsup (for mildness), sugar (for sweetness), vinegar (for tartness), and/or Tabasco sauce (for hotness) until things are just right. If you are not cooking the chicken over a charcoal or wood fire, you might wish to add a few drops of liquid smoke for a smokey flavor.

Coat raw chicken pieces with the sauce and let stand for an hour or more outside of the refrigerator. Chicken should be at room temperature before cooking. When the fire is hot, grill chicken until done, turning frequently and basting with the sauce as needed to prevent burning. Chicken pieces should take about 20 minutes to cook (less if the fire is very hot). Whole chicken should take about 35 minutes (the fire should not be super hot, if you are cooking the chicken whole). When chicken is cooked, liberally coat it with more sauce and serve it up. This is best eaten with the fingers (which you can lick as you go).

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## Trustees Report

The trustees of The Cliometrics Society met during the recent Conference at Miami University and considered the following agenda:

The Treasurer's report and budget were discussed and approved. The size of the board was discussed and it was decided that in order to expand the board's size, from now on we will have two members nominated each year for four-year terms. The term of office of our most recently elected trustee, Elyce Rotella, will be a

four-year term; thus Elyce and Knick Harley will both rotate off the Board in 1991.

There was some discussion about dropping the *s* from our name and call ourselves *The Cliometric Society*. We will make a decision as soon as the old stationery runs out.

The Society's sessions at the ASSA meetings in December were discussed. It was agreed that we would accept an invitation from the Manhattan Institute to host a cocktail party for Cliometricians attending the meetings.

The World Congress dates and plans were discussed at length, as were future sites for future Clio Conferences.

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## New Directions in Business History is Theme of Spring '88 All U.C. Economic History Conference

by Kyle K. Wyatt  
*University of California, Davis*

SANTA CRUZ - The most recent conference of the U.C. Intercampus Group in Economic History was hosted by the University of California at Santa Cruz and held in the Dream Inn on the beach, with all its advantages (enjoyable setting) and disadvantages (distracting setting). The topic was "New Directions in Business History: Industrial Performance and Enterprise," with participants from as far away as Japan, Spain and France.

Each session opened with two discussants presenting brief summaries of the papers, circulated in advance, along with their own comments. This was followed by an open discussion period with questions and comments from the floor directed at both the authors and the discussants, and concluded with comments/defenses by the authors. The format worked well, moving the program along and maximizing the time for discussion, although three papers in a session did crowd things.

The first session, "What Made Japan Different?" had Earl H. Kinmonth (U.C. Davis) and Michael Gerlach (U.C. Berkeley) as discussants. "Railroads and Scientific Management in Japan, 1900-1930" by Eisuke Daito (University of Tokyo), described the changes and developments

in shop organization of the Japanese National Railway and the practices they used for manufacturing equipment and maintaining it. Comments were generally supportive, questions chiefly sought clarifications. The second paper, by Mark Fruin (California State University, Hayward) on "The Toshiba Corporation and the Yanagicho Works, A Development Factory," discussed both routine production work and separate research and development in the same facility. This paper produced more controversy, with Gerlach generally supportive but Kinmonth questioning some of Fruin's assumptions and his reliance on official company histories, which gloss over transitional difficulties in development. A lively discussion followed, aimed at authors and discussants alike. This exchange set the pattern for all the sessions that followed.

Discussants Oliver Williamson (U.C. Berkeley) and Alexander J. Field (Santa Clara University) opened the second session, titled "Why Vertical Integration?" First was William Lazonick (Barnard College, Columbia University) on "The Causes and Consequences of the Modern Corporation: Innovation and Adaptation in the Theory of the Firm," which took off from Williamson's recent book *The Economic Institutions of Capitalism*. It examined the consequences of a firm's choice between innovation (confronting uncertainty), and adaptation (avoiding uncertainty). The second paper, by Kevin James (U.C. Los Angeles), on "Risk, Uncertainty, and the Visible Hand," presented a "theory of managerial coordination (independent of transaction costs), covering what managerial coordination is for, and the circumstances under which it is superior to market coordination." Then Susan Helper's (Boston University) paper on "Strategy and Irreversibility in Supplier Relations: The Case of the U.S. Automobile Industry," looked at the causes and results of the changing relationships between automobile manufacturers and parts suppliers. The first two papers stimulated much discussion and debate, much of it turning on conflicting interpretations of Chandler's works. Commenters agreed that Helper's paper, on the other hand, made a valuable contribution, with fresh empirical data, which informed the discussions of the Lazonick and James papers.

Gavin Wright (Stanford University) and Bernard Elbaum (U.C. Santa Cruz) then led the discussion of "Labor in Corporate Enterprise." Daniel

Raff's (Harvard University) paper, "Efficiency Wage Theory, the Intra- and Inter- Industry Structure of Earnings, and the Structure of the Production Process, or, Making Cars and Making Money in the 1920's," built on his article in the June 1988 issue of the *Journal of Economic History*, and examined worker earnings in the American automobile industry subsequent to Ford's 1914 introduction of the five-dollar day. His revision of the five-dollar day as buying labor peace put many past analyses in question. "Continuous Process Technologies and The Gender Gap in Manufacturing Wages," by Susan B. Carter (Smith College) and Peter Philips (University of Utah), related the stability in the gender-based wage gap after 1920 to the advent of high throughput, continuous-process production methods. Commenters questioned the role of patriarchy, bureaucratization, and statistical bias in measuring differences due to lumping high and low wage industries. In "Enterprise Management and the Control of Labor: Collective Bargaining and Labor Management in Ford Motor Company (Britain), 1937-1987," Steven Tolliday looked at change and continuity in Ford's labor relations strategies, comparing Ford to other British car makers and challenging traditional views of Ford's efficiency and competitiveness. All three papers presented new data and were well received by participants. Both discussants accepted the hypotheses, but raised questions about the methods and results.

Session four was "The Modern Corporation Abroad" with discussants Steven Topik (U.C. Irvine) and Peter Lindert (U.C. Davis). Mira Wilkins' (Florida International University) paper, "European and North American Multinationals, 1870-1914: Comparisons and Contrasts," looked at different (often nationally identified) models of foreign operation, distinguishing between multinational enterprises and direct foreign investment. Wilkins scrutinized reasons for investments, conduits used, influence of governments, and results produced in different combinations of patterns. "The Economics of Intervention: American Overseas Investments and Relations with Underdeveloped Areas, 1890-1950," by Jeffrey A. Frieden (U.C. Los Angeles), examined the evolution of American political-economic policy in less developed countries. While intended as a case study, not a general theory, his framework can apply to the European colonial experience. An active discus-

sion clarified and refined the ideas presented in both papers.

Joel Pratt (University of Houston) and John Zysman (U.C. Berkeley) were discussants for "Business, Politics, and Policy." Otis Graham (University of North Carolina, Chapel Hill), in "Industrial Policy, History, and Historians," discussed the role of historians in the ongoing "industrial planning" debates, raising questions that need further study and advancing a helpful quadrant framework divided along public-private and macro-micro economic lines. Part of Graham's intent is to prod historians into greater participation in the debate, and he intentionally asked more questions than he answered. David Vogel's (U.C. Berkeley) "Business and the Reagan Administration, 1980- 1987," from a forthcoming book, traced business-government relations in both tax policy and regulatory policy during the Reagan administration. Commenters questioned the monolithic portrayal of the business community, and about what business actually received under Reagan. "The Thrift Debacle," by Ned Eichler (U.C. Berkeley), looked at the background of the thrift institutions, and the Reagan administration's contributions to their present critical situation. Comments and questions considered nationalizations of similar industries in other countries and the impact of rapid regulatory change, drawing parallels between Reagan and Andrew Jackson. Overall, these papers produced a lively discussion, both for what they had to say historically and as current topical subjects.

Peter Temin (Massachusetts Institute of Technology) and Richard Sutch (U.C. Berkeley) led discussion in the last session on "Changing Market Structures and Technology." "The Economics of Gateway Technologies and Network Evolution: Lessons from Electrical Supply History," by Paul A. David and Julie Ann Bunn (Stanford University), was a case study of the rotary converter's role in development of electrical networks. Its example as a gateway technology in developing compatibility standardization in emerging network industries led them to consider long-term results in standardization of new technological developments. Commenters accepted the general conclusions, but raised specific questions about the case. William Maas's (University of Connecticut at Hartford) "Mechanical and Organizational Innovation: The Case of the Draper Loom" studied an innovative

firm in an industry not usually associated with progressive development. A lively discussion ensued on several issues after Temin used a cliometric approach to question the paper and Maas challenged the cliometric analysis for his case. In "The Case of the Missing Market Share: U.S. Steel, 1901-1935," Thomas K. McCraw argued that intentional policies to avoid an antitrust breakup played a major part in U.S. Steel's declining position in the steel industry, and demonstrated how politics affected business decisions. Commenters raised several questions, but McCraw was unable to attend and could not respond.

## CLASSIFIEDS

The deadline for submissions to the October Newsletter is August 20th.

CLIOMETRIC COMPETITION #2 - It has been two years since we had our last competition to name the period from 1890-1914. (You may remember that the winning entry was *The Age of Guano*.) Recently a second competition to design a LOGO was submitted by a west coast member.

"Clio needs a Logo for use on such things as its letterhead, barbecue aprons, the masthead of the Newsletter, its T-shirts and softball uniforms. Please submit a sketch or artist's rendering of your submission to the Society's office by November 1, 1988. If the symbolic and emotive power of your logo is not self-evident, please include a motivation (if you have one) in prose or poetry. The winning entry will be selected by the Logo Task Force (LTF) chaired by Tom Weiss (Martha Olney and Gary Walton are the members). The LTF will assure there are submissions by employing a variety of techniques to stimulate entries. The winner will receive a complimentary first edition barbecue apron emblazoned with the winning logo, the opportunity to assist at the Cliometrics Barbeque, and world fame through the publication of photographs and testimonials in the Cliometrics Newsletter.

Submit now or the Logo Task Force will be on your case."

ANNOUNCEMENTS -- The joint editors for the next four years of the *Australian Economic History Review* are J.J. Pincus and G.D. Snooks of The Flinders University of South Australia. Pincus and Snooks do not want to make the *AEHR* into the *EEH* of the South, but will be

working hard to raise the international reputation of the Australian journal. They welcome your inquiries.

William Parker and Jeffrey Williamson are invited speakers to the 1988 Australian Economic Congress, to be held in Canberra August 28th through September 2nd. The Congress combines the efforts of Dr. David Pope, for the EHSANZ, with those of Economics, Econometrics and Agricultural Economics Societies.

**CALL FOR PAPERS** -- to be presented to the Agricultural History/Rural History/Peasant Studies sessions at the International Association of Economic History, Tenth Congress, Louvain, Belgium, August 1990, Section B, Theme 2.

The theme of this session will be "Structures and Dynamics of Agricultural Exploitation: Property, Modes of Production, Investment, Credit, and Markets." If you are interested in presenting a paper to the Congress please submit a succinct abstract indicating both the geographical and chronological scope of your research. Papers may be presented in English, French, Dutch, or Russian. The session will be convened by Maurice Aymard, Ecole des Hautes Etudes en Sciences Sociales, Maison des Sciences de l'Homme, 54 Boulevard Raspail, 75270 Paris.

North Americans (except those from St. Pierre and Miquelon) should submit proposals to Richard Sutch, Dept. of Economics, University of California, Berkeley, CA 94720. Other applicants may submit proposals either to Giles Postel-Viney, Institut National de la Recherche Agronomique, 6 Boulevard Henri IV, 75003 Paris; or J. Kahk, Institute of History, Academy of Sciences of Estonia, Estonian Boulevard 7, Tallinn, Estonia USSR 424.31. There is no need to submit the same proposal to more than one of the co-organizers. North American submissions should be made before September 30, 1988. The organization of one or two preliminary meetings in Europe or the United States in 1989 is currently under consideration. To assist in planning, please indicate your interest in attending such a preliminary meeting.

**CALL FOR PAPERS** for a "C Session" also at the International Association of Economic History. Topic: The Role and Function of Economic Theories in Understanding and Explaining the Economic World in Historical Perspective. Those interested in participating should write for an outline and information to: Laszlo Fekete, Central & Eastern European Research Center of the Hungarian Academy of Sciences, 1828 Budapest, P.O. Box 489, Hungary.

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## WORLD CONGRESS IS ON FOR SPAIN - JUNE 24 to 27, 1989

Mark your calendar for next June to attend the Second World Congress of the Cliometrics Society. Tentative plans are to begin the sessions on Saturday, the 24th, followed by a half-day on Sunday and full-day sessions on Monday and perhaps Tuesday. All members of the Cliometrics Society are invited to attend. The format will be similar to the standard Cliometrics Conference, with copies of the papers circulated in advance and limited formal discussion.

Leandro Prados and Pablo Martin-Acena have been working hard to raise funds to support meals and lodging for everyone attending the Congress. They are negotiating with locations in Madrid and Santander.

At this time financial assistance for travel is uncertain. We encourage those planning to attend to seek funding from their own institutions or countries. For U.S. members we should note that the NSF turned down our request for travel support; however, we are looking for funds from other sources to give travel fellowships.

Look for more information on the Congress in the next (October) Newsletter.

### DEADLINES:

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| December 1, 1988 | Paper proposals (3 copies) due at the Society office. (Suggested minimum length should be a 4 to 5 page summary. All submissions should be work in progress) |
| January 30, 1989 | Notification of paper selection.   |
| March 30, 1989   | Completed paper due at the Society office.   |