CONFERENCE REPORTS

Historical Dimensions of Social and Political Economy: A Report on the 1976 Meetings of the Economic History Association

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Government has always been part of the economic historian's *dramatis personae*. At the 1976 meetings of the Economic History Association in Princeton, New Jersey, it was promoted from its usual role as *deus ex machina* to the main character. In addition, a less familiar actor, cultural heritage, had a part to play.

The theme of the conference was « Historical Dimensions of Social and Political Economy ». The conference included sessions on « War and State Finance », « Slavery, the Family, and the Labor Force », « The Impact of Politics on Economic Activity , and « Comparative Labor Systems ». There was also a session devoted to the presentation of recent doctoral dissertations, as well as workshops on research in progress and the Presidential address of Robert Gallmann.

The session on « War and State Finance » assessed the efficiency of governments in acquiring resources for war. Earl Hamilton of the University of Chicago surveyed the role of war in modern inflation. He found the connection between wars and inflation to be weak between 1600 and 1776, but since the end of the XVIIIth Century wars and revolutions have been the principal causes of hyperinflation in industrial countries. Hamilton contended that governments use inflation to pay for war because it prevents people from perceiving its true cost. He argued that direct taxation should be used to finance wars because it is less disruptive and « spares economic agents the burden of thinking in both real and nominal terms ».

Larry Neal of the University of Illinois examined the relationship between power, in particular, military strength, and prosperity in Britain during the Seven Years War. Whereas previous writers had found the war beneficial

to Britain's economic growth because of its expansionary impact on aggregate demand or because of the commercial gains of colonial empire, Neal thought that a careful examination of the costs of the war might result in a less sanguine assessment. He considered as his starting point how much the costs of obtaining men and credit for the navy rose during the war. Although there appear to have been significant increases in the costs of obtaining men from domestic sources, through recruitment and impressment, only half of the navy's increase in manpower was obtained domestically. Neal speculated that much of the remainder came from abroad at a lower cost. Although interest rates on Naval Bills roses substantially, this appears to have been because of uncertainties involved in their funding. The credit demands of the navy did not put general pressure on British financial markets. Neal attributed this to the presence of foreign lenders, especially the Dutch. He concluded that if the Seven Years war was not incompatible with British prosperity it was because of the ready availability of foreign resources.

John Morrow of the University of Tennessee evaluated the effectiveness of the Prussian Army in increasing the military output of the German aircraft industry during World War I. From the beginning of the war the industry was hampered by the loss of skilled workers to the army and a profit squeeze caused by price controls on aircraft and large increases in raw material costs. In response to these problems the army granted service exemptions to essential workers and examined account books to see if price rises were justified. At a later point, the army encouraged the entry of new firms by awarding them special contracts and loans. To raise productivity, the army raised wages and distributed unpublished patents. Materials procurement was centralized to reduce the problem of shortages. Although the industry did not always meet the army's demand for airplanes, Morrow concluded that the army's policies were successful. The industry supplied 42,000 planes to the army over the course of the war. The profits of leading firms increased and capital flowed into the industry. In his comment, Rolf Dumke of Wilfred Laurier University contended that the British and American policy of direct government control of the armaments industry was much more effective than the German policy of limited intervention.

The three papers on the « Impact of Politics on Economic Activity » shared a common theme — the unintended consequences of government activity.

Kozo Yamamura of the University of Washington provided a new view of the role of war in Japanese economic growth between 1868 and 1911. He argued that war industries were instrumental in the adoption and diffusion of Western technology in Japan. Wars during this period led to the establishment of arsenals which supplied much of the machinery for the Japanese textile, mining, and railroad industries. Furthermore, Japan's war efforts provided the demand which was responsible for the survival of Japanese shipbuilding and machine industries. Military demand also

caused the expansion of Japan's iron and steel industry. Japanese war industries imparted skills to labour which were later used in other sectors of the economy. Yamamura argued that because of this contribution to technological advance, a reassessment is in order as to whether war was a hindrance to Japanese growth.

Anita Baker of the University of Utah described the evolution of Russian agricultural credit organizations between 1861 and 1917. Government policy was characterized by disagreement between the Interior and Finance Ministries. The Interior Ministry wanted close government control of credit institutions to maintain order and political stability. The Finance Ministry wanted to use credit to modernize agriculture as well as to minimize the financial commitment of the State Bank by attracting private capital into agriculture. The credit cooperatives sponsored by the Finance Ministry emerged as a more viable form of organization than the Interior Ministry's Estate Bank. The credit cooperative had the advantage of communal interest in its financial soundness, and was able to overcome the problem of collecting overdue loans where communal property was prevalent. The cooperative was able to attract private capital from many sectors of the economy instead of being restricted to a peasant credit base, as was the Estate Bank The credit cooperative drew ideological support from those who saw it as a means of regenerating a traditional feeling of peasant community and brotherhood. It aided agricultural development by providing small short-term loans for such purposes as the purchase of livestock and land rental. In sum Baker found that the credit cooperative provided a way to improve agriculture, preserve peasant traditions, and maintain the soundness of the State Bank. The credit cooperative was able to accommodate the diverse ends of government credit policy by aiming at limited, incremental changes, that is by « muddling through ».

In their paper, Edward Ames and Richard Rapp of the State University of New York at Stoney Brook attempted to provide a theoretical framework for understanding the formation of tax systems in western Europe between 1200 and 1800.

Using a model set forth earlier by Frederic Lane, taxes are seen as the prices governments charge for the protection services they provide. Once a tax system is established it persists as long as the system of government which imposes it remains in existence. If some group in the country has access to competing suppliers of protection they can lower their tax obligation to the central government. The authors illustrated their argument with examples from England, France, Spain and Venice.

The session on « Slavery, the Family, and the Labor Force » concerned the effect of external economic influences on slave social organization and the influence of slavery on the economic behaviour of ex-slaves.

Herbert Gutman of the City University of New York argued that slave familial organization was shaped by slave choice and cultural heritage rather

than by masters maximizing profits. As evidence he presented a study of six slave plantations showing that on all plantations there existed both two parent slave households and single mother slave households not caused by forced separation or death of the father. From this Gutman inferred that the observed predominance of two parent households was a result of slave choice. The six plantations also exhibited differences between the familial practices of slaves and masters. These included absence of slave endogamy, slave tolerance of premarital intercourse, slave acceptance of single mothers, absence of slave daughters named from their mothers, and the use of slave surnames different from their master's. From these differences Gutman inferred that slave familial organization was based on an autonomous slave culture. Gutman also found that familial organization was similar on diverse types of plantations. He saw this as evidence for a family structure based on a common slave culture.

In contrast to Gutman, A. J. Russell Wood of Johns Hopkins University found that the distinctive economic features of gold mining in Brazil caused important differences in social organization between slavery in mining areas and on plantations. The faster course of growth and decline in gold mining implied that the slave labor force was augmented by a sudden influx of adult slaves rather than by natural increase as in plantation areas. The declining profitability of older mines implied a high proportion of free blacks in mining areas as manumission was one way to reduce costs. Males outnumbered females 8 to 1 because males were much more productive and because child labour and child rearing did not pay in mining areas. Finally, the subordination of master to slave was weaker than in plantation areas because the mining slave was skilled and hard to replace.

Claudia Goldin of Princeton University contended that the legacy of slavery influenced the postbellum female labor force participation of blacks. She used 1870 and 1880 census data to estimate the parameters of a probit analysis model of female labor force participation. A striking result was that her estimates were very close to those using post 1940 data. She found that even holding constant economic and demographic variables affecting labor force participation, black females had significantly higher participation rates than whites. She concluded that this was due to the effect of slavery in reducing the stigma females attached to work.

The session on « Comparative Labor Systems » treated two quite unrelated topics government policy towards labor unions and the origins of the medieval village. However the papers shared an interest in problems of historical evolution and continuity. Gaston Rimlinger of Rice University undertook a survey of government policies towards labor unions since 1785 in England, France, and the United States. He identified national peculiarities in the common pattern of a shift from suppression to toleration to protection of labor unions. He found two sets of national characteristics. First, in implementing government policy the English used legislative action, the Americans

used the courts, and the French used a mixture of administrative and legislative action. A second set of national characteristics concerned the ends of government policy towards unions. The British government only wanted to insure the right of labour to organize and left it to unions to work out their collective bargaining problems. After the Revolution, the French wanted to protect the right of the individual to work. Unions were closely supervised to ensure this. In the United States the main concern was to correct the perceived imbalance of power between workers and employers. This led to a degree of government intervention midway between the French and the British cases.

Through the use of aerial photography, archeology, and documentary evidence, Frederic Cheyette of Amherst College attempted to establish the discontinuity in the origins of the medieval village. Cheyette viewed the village as a technological innovation causing subsequent medieval economic expansion rather than as a legacy of the Roman Empire. Aerial photographs of fields in Southern Europe reveal the remains of Roman centuriation, fields laid out in square grids. But the Roman grid exists beneath a destruction layer with the spider web pattern of the medieval nucleated village superimposed on top of it. In the North there appears to be regional uniformity in the dating of destruction layers and abandoned farm sites. This indicates that population emptied out of France around 275 A.D. and in Britain around 450 A.D. Similar uniformity in the dating of the earliest medieval contracts and land deeds indicates that expansion of the medieval village started between the seventh and the ninth centuries. Cheyette had some speculations as to how the medieval village began. People may have been collected for evangelical purposes. Monastic or seignorial entrepreneurs may have started settlements for ease of organization and exploitation. Colonists may have been sent out in teams to clear the waste. Population pressure on the land may have caused a shift from semi-nomadic settlement to a more formal village organization. Cheyette concluded that medieval economic expansion was not based on « the rise of the cities » but that the "commercial revolution" of the middle ages reposed upon a rebirth of agriculture. In the discussion period which followed both papers were seen as lacking in analysis of the economic causes of the phenomena under study. With respect to Rimlinger's paper William Sewell of the University of Chicago wanted to know the causal connection between the level of industrialization of an economy and the status of its unions. Ambrose Raftis of the University of Toronto asked for an analytical framework incorporating the role of population pressure and other factors causing the historical patterns Cheyette described.

In his Presidential address, Robert Gallman appealed to economic historians to take note of the "New Social History". He found that both social and economic history are quantitative (asking « how large? how long? how often? how representative? ») and use analytical frameworks to interpret

historical facts. He thought that economic history could benefit from the enthusiasm and different perspective that the "New Social History" brings to issues common to the two fields. He urged social and economic historians to be aware of their common interest in using the social sciences to understand history.

For the second year running the meeting featured workshop sessions on areas of current research. Summaries of research in progress were presented followed by general discussion. In both years the sessions have been well received. In 1976 the topics discussed were « Agricultural Output and Productivity », « Transfer of Technology », « The Demographic Focus in Economic History », « Business and Institutional History », « Legal and Institutional Factors in Economic Development: the United States », and « Labor History ».

The conference left one with the impression that investigating the role of government and culture in economic history is a viable area of research which promises to enrich our knowledge of economic behavior.