Abstracts of Posters Presented at the Annual Meeting

A Cooperative Crisis? A Functional Analysis of the Structure and Performance of the Dutch Credit Cooperative Sector During the 1920s Dutch Banking Crisis

This paper examines the causes of the distress experienced by the Dutch cooperative banking sector during the early 1920s. It uses a newly created bank-level data set constructed from the business archives of the Dutch cooperative movement's present-day successor institutions and the Dutch central bank. Due to the heterogeneous nature of the cooperative sector, the Netherlands in the 1920s presents a natural experiment setting in which to determine the institutional attributes that best ensure success in the face of a large common exogenous price shock. This paper seeks to explain why the most successful cooperatives appear to have been those that exclusively serviced rural agricultural customers, had more unlimited liability structures, were members of a cooperative network with national coverage, and were less aligned to a single socioreligious group.

CHRISTOPHER LOUIS COLVIN, *London School of Economics*

Free Bank Failures: A Bank-Level Examination

By augmenting Warren Weber's antebellum bank collections, I have created a bank-level database for examining balance sheet positions, bond price variation, and other variables on bank failure for the Free Banking Era (1837–1862). Using probit regressions, I find that free banks were only 5 percent more likely to fail than their contemporaries. Interestingly, declines in the prices of collateral bonds are unable to account for this instability and seem to have affected charter banks more than free ones during most years. Instead, the data indicates that the final key to understanding bank failures lies in the mix of assets and liabilities.

MATTHEW JAREMSKI, *Vanderbilt University*

Compulsory Schooling Laws, Education, and Fertility in the United States (1900–1920)

Recent research has suggested that the key to understanding the onset of modern growth is the demographic transition. In particular, the literature stresses the feedback effects between fast technological growth, increasing education, and lower fertility. This paper evaluates the role of a particular government intervention, which increased education and facilitated the demographic transition. I use quasi-experimental data from the enactment of Compulsory Schooling Legislation (CSL) in the United States in order to assess the effect on education, fertility, and child labor. The identification strategy relies on the comparability of individuals living close to the borders between the states that enacted the laws and those that did not. The paper also relates to an existing literature on the effectiveness of schooling and child-labor legislation in the United States.

JUAN MANUEL PUERTA, *Universitat Pompeu Fabra*

The Impact of Hospital Integration on Black-White Differences in Mortality: A Case Study of Motor Vehicle Accident Death Rates

Prior to the Civil Rights era, hospitals in the American South could, and routinely did, refuse medical care to black patients even in emergency situations. When in need of medical care, a sick or injured African American would have to find a "blacks-only" facility, or face very limited accommodations in "whites-only" institutions. This situation changed, however, in the mid-1960s when hospitals became racially integrated. This paper studies the impact of hospital integration on racial differences in deaths from motor vehicle accidents. We use detailed microdata from the U.S. Vital Statistics matched with hospital survey information from 1959–1978. The analysis is conducted first using state-level data and then at the county levels for the state of Mississippi. We document that there was a sharp increase in the black motor vehicle accident death rate in the South in the mid-1960s. After analyzing state-level data, we investigate the role of minority medical care access in Mississippi using unique and previously unexploited county-level data. Using GIS methods, we compute a race-specific measure of distance to the nearest hospital before and after integration, which occurred in 1965. We find that, on average, distance to the nearest hospital fell by 50 miles for blacks after integration. We also show that distance and accident mortality were positively correlated: increases in distance to the nearest hospital were associated with higher mortality. Combining the treatment effects of distance with integration, we find that hospital integration reduced African American mortality from car accidents by 20 percent.

CHAO ZHOU, *Boston University*, and
HAOCHI ZHENG, *University of Minnesota*

Why Did Creditors Lend Money to Brazil in 1898–1914?

The research appraises Brazil's 1898–1914 sovereign borrowing based on two approaches that synthesize the literature on sovereign debt. The first approach proposes that creditors grant loans when world liquidity and commodity prices are high, whilst the second asserts that countries are creditworthy when they commit to contract, perform responsible borrowing, and implement orthodox policymaking. Based on material from the Rothschild Archive, Brazilian officials' correspondence, English contemporary periodicals, and quantitative data, the research concludes that: (1) the approaches only partially explain the borrowing; and (2) path dependency and reputation played an important role during crises.

LEONARDO WELLER, *London School of Economics*

Welfare Spending and Mortality Rates for the Elderly Before the Social Security Era

We analyze the impact of the original means-tested Old Age Assistance (OAA) programs on the health of the elderly prior to the first Social Security pension payments. Before 1935 a number of states had enacted their own OAA laws. After 1935 the federal government began offering matching grants and thus stimulated the adoption of OAA programs by the states. We develop a panel data set of 75 cities for each year between 1929 and 1938 that combines mortality rates for older age groups with three measures of the OAA programs, spending on non-age-specific relief, and a rich set of correlates. We estimate a set of specifications that includes difference-in-difference-in-difference and instrumental variables to examine the impact of the program. Our results suggest that Old Age Assistance in the 1930s did not reduce the mortality rates of the elderly.

ADRIAN STOIAN, *University of Arizona*, and
PRICE FISHBACK, *University of Arizona*

Health in the Nineteenth Century through the Lens of Geographically Weighted Regression

This paper investigates the "Antebellum Puzzle" by using geographically weighted regression to understand spatial variation in mortality rates and heights during the middle of the nineteenth century. The technique estimates spatially varying coefficients, and is probably new to the field and certainly to this particular research problem. Empirical estimates are based on data kindly provided by Michael R. Haines for his paper with Lee A. Craig and Thomas Weiss in this JOURNAL (2003) on "The Short and the Dead." The regression results support the hypothesis that the force driving the puzzle in rural areas was commercial farming. Access to water transportation increased crude death rates in food exporting areas of the Midwest, but decreased crude death rates in food importing areas of New England. The spatial patterns of coefficients for food surpluses are consistent with the idea that the transportation revolution changed the strategies of Midwestern farmers from self-sufficiency to production for export, but with adverse nutritional consequences. Commercial farming increased Midwestern farmers' income, but also seems to have contributed to deterioration in the diets of children. Adding a control in the regressions for the estimated risk of malaria sharpens the empirical results.

DONGWOO YOO, *Ohio State University*

Schumpeterian German Firms Before and After World War I: Were Large Firms Innovative or Did Innovative Firms Grow Large?

In my research project, I investigate the relationship between size and innovativeness of firms in the long-term perspective. Because of insufficient data or a too short period of observations, the Schumpeterian hypothesis is neither confirmed nor declined to this day. My analysis is based on a completely new data set containing every long-lived patent in the German Empire and the Weimar Republic (1877–1932). The data set contains 66,500 entries concerning economically relevant observations. Firm size is measured by employment, revenue, and capital. Controlling for both regional and sectoral factors, a highly significant positive impact of firm size on innovativeness was found. Those results, based on more than 10,000 observations, seem to support the hypothesis that large firms would have a general advantage in creating innovations in comparison to firms facing full competition. In the next stage, I will find out the direction of Granger causality between firm size and innovativeness. This will make it possible to answer the question of whether large firms are innovative or innovative firms grow large.

HARALD DEGNER, *University of Hohenheim*

Great Depression, National Recovery Administration, Technological Innovation, and Total Factor Productivity: 1919–1939

To aid the economy during the depression, the Roosevelt administration established the National Recovery Administration (NRA) in 1933. The NRA had two loosely related purposes: halting an epidemic of business failures, and improving conditions for workers by simultaneously raising prices and wages, while limiting working hours (Barbara J. Alexander 1997). This paper empirically investigates the effects of the NRA and other major changes in the economy on measures of total factor productivity in a variety of industries. I perform the research in two stages. First, I estimate total factor productivity measures using panel of state-level data over the period 1919–1939 for nine key industries, following a cost function approach. The TFP estimates can also help resolve the conflicting pictures of TFP during the 1930s offered by Lee Ohanian (2001) and Alexander J. Field (2003). Second, I combine quantitative and narrative evidence to describe how the details of the code, the prior levels of concentration and collusion in the 1920s, technological changes during the 1920s and 1930s and the depression influenced the changes in total factor productivity.

SONAM GUPTA, *University of Arizona*

Causes and Effects of Child Labor in the Early-Twentieth-Century United States: An Analysis of School Quality in the by Race

This research examines the causes and effects of child labor in the early-twentieth-century United States. I show that the amount of resources allocated to public schools varied inversely with factors associated with child labor. These factors include the share of residents who were African American, initial factor endowments, local economic activity, capital intensity, and labor mobility. The findings are pronounced for black public schools in the Deep South, where child labor was more prevalent. These results suggest that economic incentives can underlie the development (or lack thereof) of such growth-enhancing institutions as schools. In this context, the proposed mechanism can shed light on the slower conditional convergence of the South to the rest of the United States, in addition to the timing of African American upward mobility. Moreover, the analysis suggests that technology rather than standards of living is an important first-order determinant of child labor and local investments in public education.

JEFFREY GREENBAUM, *University of California, Berkeley*

Poverty and Women's Work in Interwar Britain

This paper investigates the effect of poverty on female labor supply at a time when women's labor force participation rates, especially those of married women, were still relatively low. I use a large sample of working-class households from the 1929–1931 New Survey of London Life and Labour to examine the determinants of women's participation and hours-of-work decisions and how these varied by household income level and poverty status. Maryke Dessing (2002) posits an "S-shaped" household labor supply curve with potentially negative own-wage elasticity for secondary workers in poor households, and I assess how well this model describes patterns of female labor supply in interwar London. I also examine the role of female earnings in the household economy and how effective female labor appears to have been as a poverty alleviation strategy, especially in the context of the interwar social security system.

JESSICA BEAN, *Cornell University*

The Influence of "Governmental Participation" on the Concentration of the Coal Producing Companies in the European Coal and Steel Community (ECSC) Between 1952 and 1967

After World War II, there was a tendency in Western Europe to create a new economic system. Together with the theoretical framework that was provided by J. M. Keynes, this led to the new concept of the "mixed economy," in which the central paradigm was that only an "intervention from the state" could reinstate the economic demand and reduce the unemployment rate to a "socially acceptable" level. According to the extent of "governmental participation" in the economy, three variants of the "mixed economy" could be discerned, i.e., the "neo-collective," "neo-liberal," and "central consultation" variants. We discuss which of these variants of "governmental participation" in the coal producing companies was more dominant and how this influenced the concentration of the coal producing companies in each of the six (Western) European countries that founded the ECSC (West Germany, France, Italy, Belgium, The Netherlands, and Luxembourg).

ELINE POELMANS, *Catholic University of Leuven*

Endowments and Fiscal Federalism: Consequences of the Brazilian 1891 Constitution on Regional Inequality

In Brazil, there is steep inequality in income and marked differences in GDP per capita across states. Although previous literature argues that much of this inequality is a consequence of colonization, this project analyzes the causes of the decentralizing 1891 Brazilian Constitution, and its consequences on regional inequality during the first republican period (1890–1930). First, I provide a fiscal bargaining model to illustrate why Brazil decentralized by the end of the nineteenth century. The second part of my work shows the differentiated access of states to fiscal resources and international capital markets. Finally, the last part explores the provision of state public goods. The conclusion is that those states with better commodities endowments could develop a richer export sector. Moreover, evidence shows that more intensive exporter states collected more state public revenue, faced cheaper cost of capital, and invested more in key public goods for development.

ANDRÉ MARTÍNEZ FRITSCHER, *Boston University*

Preliminary Results of Tontine Life Insurance

This poster will depict the rate of return on differed dividends for policyholders of Tontine Life Insurance from 1890–1900. Tontine Life Insurance was the most widely popularized form of insurance in the late-nineteenth-century United States. It featured the standard mutual life insurance policy combined with a savings and investment feature. During the life of the policy, annual dividends were deferred and reinvested by the insurance company. At the end of the policy length, these dividends were significant, potentially influencing precautionary savings during the late nineteenth century. The growth of precautionary savings features of life insurance contributed to the tremendous growth of the industry.

TONY YANG, *University of California, Riverside*

Inequality in Republican Latin America: Assessing the Impact of Factor Endowments and Trade

This paper presents new evidence on inequality in Latin America for the nineteenth century and studies the effects of factor endowments and trade on inequality. Recent research has highlighted the link between colonial inequality origins and its persistence in Latin America. We find that inequality varied substantially throughout the century and within the region. We identify and quantify the impact of changing factor endowments and trade on inequality using a theoretical model of intertemporal inequality transmission based on asset ownership in an open economy subject to shocks. The results indicate that inequality in the Southern Cone rose during the globalization era, while it decreased in Mexico and Venezuela. The rise in inequality in Argentina and Uruguay is explained by favorable terms of trade and international migration; however, the impact was dampened by significant land annexation. On the other hand, the decline in Mexican and Venezuelan inequality is related to decreasing terms of trade amplified by the expansion of available arable land.

A. LETICIA ARROYO ABAD, *University of California, Davis*