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### **1. Historical Political Futures Markets: An International Perspective**

Date: 2008-10

By: Paul W. Rhode

Koleman Strumpf

URL: <http://d.repec.org/n?u=RePEc:nbr:nberwo:14377&r=his>

Political future markets, in which investors bet on election outcomes, are often thought a recent invention. Such markets in fact have a long history in many Western countries. This paper traces the operation of political futures markets back to 16th Century Italy, 18th Century Britain, and 19th Century United States. In the United States, election betting was a common part of political campaigns in the antebellum period, but became increasingly concentrated in the organized futures markets in New York City over the postbellum period.

JEL: G10 N12 N14 P16

### **2. Money, prices, wages, and 'profit inflation' in Spain, the Southern Netherlands, and England during the Price Revolution era, ca. 1520 - ca. 1650**

Date: 2008-07

By: Munro, John H.

URL: <http://d.repec.org/n?u=RePEc:pra:mprapa:10849&r=his>

This article re-examines Earl Hamilton's famous 1929 thesis on 'Profit Inflation' and the 'birth of modern industrial capitalism': namely, that the inflationary forces of the Price Revolution era produced a widening gap between prices and wages, thus providing industrial entrepreneurs with windfall profits, which they reinvested in larger-scale, more capital intensive forms of industry. Hamilton's

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analyses of price and wage data for 16th- and 17th-century Spain, France, and England led him to conclude that: Spain had enjoyed virtually no 'profit inflation', since wages had generally kept pace with prices; and that early-modern England had experienced the greatest degree of such 'profit inflation'. Such a contrast in their national economic experiences helps to explain, in Hamilton's view, why Spain subsequently 'declined', while England became the homeland of the modern Industrial Revolution. A major reason for the significance and fame of the Hamilton thesis was its enthusiastic endorsement by John Maynard Keynes, in his *Treatise of Money*, published the following year, in 1930. Subsequently, the Hamilton 'profit inflation' thesis was subjected to severe attacks: by John Nef (1936-37) and David Felix (1956). But they had to rely on the same dubious and indeed often untrustworthy price and wage data for England and France (and of course on Hamilton's data for Spain, which was of much higher quality). Both rightly noted that the proper comparison had to be made between industrial wages and industrial prices, not the price level in general. Since industrial prices generally rose less than did the overall price level (heavily weighted with foodstuffs), they found much less evidence for 'profit inflation' than had Hamilton. Nef developed a counter thesis to argue that sharply rising raw material costs, especially for wood and charcoal, forced industrialists to devise new furnace technologies to burn coal instead of wood or charcoal: changes that not only reduced such costs but resulted in much larger-scale, more capital-intensive forms of industry. In this revised paper, I offer new data to demonstrate that neither the 'energy' nor the new furnace technologies took place until after the 1640s. This study is based on newer sets of price and wage indices that appeared after their publications: those by Phelps Brown and Hopkins for England (which I have modified, after using their data sheets in the LSE Archives), and for this version, additional price data for England. For the southern Netherlands, I have utilized Herman Van der Wee Consumer Price Index. My analyses of both industrial prices and industrial wages suggest that, for England, there is more evidence for potential 'profit inflation', in some industries, than Nef or Felix had been willing to concede. But the major discovery was that the Antwerp region continuously experienced, over the 16th and 17th centuries, the contrary phenomenon: what Keynes had called 'Profit Deflation' (for him, a truly negative force), in that industrial wages rose faster than industrial prices. And yet indisputably the southern Netherlands had a much more industrialized and more rapidly growing economy than did England, at least until the Revolt of the Netherlands (1568-1609). The concept of 'profit inflation' is not, therefore, a useful analytical tool, if based only on labour costs. This study concludes with a brief examination of the effects on inflation on two other factor costs: land, in terms of real rents, and capital, in terms of real

interest rates, which did fall with inflation. In all likelihood both such costs did lag behind industrial prices in early-modern England and the Low Countries (and contrary to Eric Kerridge's 1953 assertions on English rents), though real interest rates lagged more than did real rents. While disputing the Nef thesis, I do analyse the forms and nature of other new, larger-scale industries in this era (mining, metallurgy shipbuilding). I also provide a new appendix on the role of coinage debasements, as an another important monetary factor in determining regional differences in inflation rates; and this contradicts the almost universal assumption that debasements were irrelevant.

Keywords: gold and silver bullion; money; coinage; Price Revolution; prices; consumer price indices; nominal and real wages; building craftsmen; masons; industrial products; profit-inflation; deflation; Spain; France; England; Netherlands

JEL: O42 E31 J30 N14 O14 N33 B20 O52 E20

### **3. Turning Trade Marks into Brands: how Advertising Agencies Created Brands in the Global Market Place, 1900-1930**

Date: 2008-08

By: Stefan Schwarzkopf

URL: <http://d.repec.org/n?u=RePEc:cgs:wpaper:18&r=his>

While historians and management students are familiar with the lore of how an internal memo at Procter & Gamble 'invented' brand management in 1931 (Fullerton, Low 1994; Dyer et al. 2004), little is known about how advertising agencies conceptualised and practiced branding during the early parts of the twentieth century. This paper presents evidence that by the 1920s advertising agencies drew on shared forms of implicit knowledge about consumer psychology which anticipated post-1950s debates about brand image, brand personality, brand identity, lifestyle brands and the global brand. I argue that large-scale, international advertising agencies discovered the symbolic and emotional capacities of brands in building consumer loyalty and in forming certain consumer identities much earlier than usually acknowledged. American and British agencies developed the field of tacit knowledge about the brand-consumer relationship as a source of competitive advantage in the competition for clients which increasingly sought consumers in overseas markets.

Keywords: brands, marketing, advertising, advertising agencies, business history

JEL: M31 M37 N84

#### **4. The Evolution of Bulgarian Banks' Efficiency During the Twenties: A Dea Approach**

Date: 2008-07

By: Nikolay Nenovsky (Bulgarian National Bank, University of Orleans and ICER)

Martin Ivanov (Institute of History, Sofia)

Gergana Mihaylova (Agency for Economic Analysis and Forecasting, Sofia)

URL: <http://d.repec.org/n?u=RePEc:bog:wpaper:82&r=his>

This paper studies the dynamics of the bank efficiency in Bulgaria in the years 1923 and 1928. In the course of research several interdependencies were detected, related mainly to the reaction of different types of banks to the financial crisis and the financial stabilization. Official bank balance sheets were used as well as the profit and loss statements of 50 Bulgarian credit institutions. After their classification into subgroups different variations of DEA (data envelopment analysis), in particular the intermediation approach, were applied to the banks' financial positions. The DEA overcomes several deficiencies in the traditional accounting measurement of bank efficiency, which has made it very popular in latest literature. To our knowledge this method has not been applied so far to historical data.

Keywords: Bulgarian monetary history; Banking system; Banking efficiency; DEA modelling.

JEL: N24 G21

#### **5. The age of Professor Narmadeshwar Jha**

Date: 2008-09-28

By: Mishra, SK

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URL: <http://d.repec.org/n?u=RePEc:pra:mprapa:10821&r=his>

Professor Narmadeshwar Jha was a noted scholar on History of Economic Thought that took its shape under the influence of Alfred Marshall. His widely referred book - The Age of Marshall: Aspects of British Economic Thought, 1890-1915 – was written under the supervision of Professor A.J. Brown of Leeds (UK) and published with a commendatory foreword written by Sir Dennis H. Robertson. Professor Jha devised a methodology to conduct research in the history of economic ideas. This brief paper presents Professor Jha as a teacher, economist and scholar.

Keywords: History of Economic Thought; Bhagalpur University; Bihar; India; Alfred Marshall; Institutional Economics; Will to economize; Rabindranath Tagore; Dennis H. Robertson; A. J. Brown; University of Leeds (UK)

JEL: B31 A23 B13 B32

## **6. How Similar to South-Eastern Europe were the Islands of Cyprus and Malta in terms of Agricultural Output and Credit? Evidence during the Interwar Period.**

Date: 2008-07

By: Alexander Apostolides (London School of Economics and Political Science)

URL: <http://d.repec.org/n?u=RePEc:bog:wpaper:80&r=his>

The islands of Cyprus and Malta have been considered as similar economically to other South-Eastern European states, despite the lack of historical evidence to prove it. The paper uses recently compiled primary sector output estimates for the interwar period (1921 – 1938) to evaluate that the economic structure of the islands was different from each other, as well as from other South-Eastern European states. The agricultural sector of the islands failed to keep up with the other states due to growth constraints. Due to the lack of a healthy system, rural credit was particularly problematic as it prevented a shift to products for which the islands held a comparative advantage.

Keywords: Cyprus; Malta; Depression; Rural credit; Historical national accounts; Southeastern Europe.

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JEL: N14 N34 N54 E01 E23

## **7. Corporate Brand Building at Shell-Mex Ltd in the Interwar Period**

Date: 2008-09

By: Michael Heller

URL: <http://d.repec.org/n?u=RePEc:cgs:wpaper:23&r=his>

This paper is an analysis of corporate brand building at Shell-Mex Ltd in the inter-war period in Britain. While there has been some historical analysis of product brand development in the UK, this has not been the case in corporate or institutional brand building which has remained neglected. This paper outlines this process at Shell-Mex, the distributive arm in Britain for the Shell Transport and Trading Company, part of the larger Royal Dutch Shell Group. The paper argues that Shell consistently and coherently built up its corporate brand in the inter-war period through a series of strategies which included publicity, sponsorship of record breaking flights, links with empire, use of prominent artists, documentaries, road guides and association with the British countryside. This development of its corporate brand had multiple benefits for the group, both internally within its organisation, and externally in relation to its product brands and overall competitiveness.

Keywords: brand building, Shell-Mex

JEL: M31 N84

## **8. The Role of Exports in the Economy of Colonial North America: New Estimates for the Middle Colonies**

Date: 2008-09

By: Peter C. Mancall (University of Southern California)

Joshua L. Rosenbloom (Department of Economics, The University of Kansas)

Thomas Weiss (Department of Economics, The University of Kansas)



URL: <http://d.repec.org/n?u=RePEc:kan:wpaper:200805&r=his>

Economic historians of the eighteenth-century British mainland North American colonies have given considerable weight to the role of exports as a stimulus for economic growth. Yet their analyses have been handicapped by reliance on one or two time series to serve as indicators of broader changes rather than considering the export sector as a whole. Here we construct comprehensive export measures for the middle colonies. We find that aggregate exports did grow quickly but that this expansion failed to keep pace with population growth during much of the period under consideration. We argue this result challenges the export staples model on the role of foreign demand as a stimulus for economic growth. Instead, these results emphasize the impact of resource abundance and labor and capital scarcity as the defining characteristics of colonial economic growth.

## **9. Banking Performance in South-Eastern Europe During the Interwar Period**

Date: 2008-07

By: Zarko Lazarevic (Institute of Contemporary History, Foreign Research Division, Ljubljana, Slovenia)

URL: <http://d.repec.org/n?u=RePEc:bog:wpaper:79&r=his>

In the framework of the broader political and economic development of the individual states on Balkan Peninsula the author has made the comparison between the performance of the banking sector in Yugoslavia, Romania, Greece and Bulgaria. The analysis was carried out on the sample of balance sheets for the most important joint stock banking companies in the respective countries in the years 1928 and 1929 which represent the peak of the activity and performance of banks in region. In the following years the whole region sank in the abyss of the Great Depression of the thirties when the issue of banking performance was considered on the different way. One of the common features of the banks in region is certainly the prevailing role of short-term resources and a huge imbalance in interest incomes and incomes from other bank transactions. This fact does not only testify to high margins and effective interest rates, but also to a limited portfolio in bank services and other

transactions, which was the consequence of the social and economic environment that banks had to operate in.

Keywords: South-eastern Europe; Banks; Banking; Balance sheets.

JEL: G21 N24

## **10. Historical Origins of Schooling: The Role of Democracy and Political Decentralization**

Date: 2008

By: Francisco Gallego (Instituto de Economía. Pontificia Universidad Católica de Chile.)

URL: <http://d.repec.org/n?u=RePEc:ioe:doctra:342&r=his>

Why does schooling attainment vary widely across countries? Why are differences in schooling attainment highly persistent? I show that cross-country differences in schooling are related to political institutions, such as democracy and local democracy (political decentralization), which are affected by colonial factors. By using the number of native cultures before colonization as an instrument for political decentralization, I show that, after controlling for the causal effect of income on schooling, the degree of democratization positively affects the development of primary education, whereas political decentralization has a positive and significant impact on more advanced levels of schooling.

Keywords: Schooling, Political Decentralization, Democracy, Institutions, Colonialism, School Decentralization.

JEL: I2 N3 O15

## **11. How can a psychologist inform economics? The strange case of Sidney Siegel**

Date: 2008-07

By: Alessandro Innocenti

URL: <http://d.repec.org/n?u=RePEc:usi:depfid:0808&r=his>

Before Kahneman and Tversky showed how behavioural economics could bring psychology and economics into a unified framework, in the 1950s a social psychologist, Sidney Siegel, entered the realm of economics and laid the foundation of experimental economics. This paper gives an assessment of Siegel's overall contribution and claims that Siegel was not only a pioneer of experimental economics but also of behavioural economics. Had his view on the integration of psychology and economics been more promptly received, it might have triggered a different and more successfully path to the injection of greater realism in economics. When Siegel died, his approach to integrate psychology and economics lost its main advocate. Although his legacy was paramount in the work of the Nobel Prize Vernon Smith, Siegel endorsed a quite different approach to how make interdisciplinary research effective.

Keywords: economics, psychology, behavioural economics, bargaining theory, utility theory.

JEL: B20 B30 C70

## **12. The effect of monetary tightening on local banks**

Date: 2008

By: Rocco Huang

URL: <http://d.repec.org/n?u=RePEc:fip:fedpwp:08-20&r=his>

This study shows that during Paul Volcker's drastic monetary tightening in the early 1980s, local banks operating in only one county reduced loan supply much more sharply than local subsidiaries of multi-county bank holding companies in similar markets, after controlling for bank (and holding company) size, liquidity, capital conditions, and, most important, local credit demand. The study allows cleaner identification by examining 18 U.S. "county-banking states" where a bank's local lending volume at the county level was observable because no one was allowed to branch across county borders. The local nature of lending allows us to approximate and control for the exogenous component of local loan demand using the prediction that counties with a higher share of manufacturing employment exhibit weaker loan demand during tightening (which is consistent with the interest rate channel and the balance-sheet

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channel of monetary policy transmission). The study sheds light on the working of the bank lending channel of monetary policy transmission.

Keywords: Monetary policy

13. Stabilization Policies in Bulgaria and Yugoslavia During Communism's Terminal Years : 1980s Economic Visions in Retrospect  
Date: 2008-07

By: Roumen Avramov (Centre for Liberal Strategies, Sofia)

Dragana Gnjatovic (Megatrend University, Belgrade)

URL: <http://d.repec.org/n?u=RePEc:bog:wpaper:81&r=his>

We adopt a comparative view of the stabilization policies designed and implemented in Bulgaria and Yugoslavia during the fatal economic crises of their regimes in late 1980s. The role of the IMF can be better highlighted by comparing “with (Yugoslavia)-without (Bulgaria)” scenarios in a communist context. The authorities' views are discussed and newly accessible archival evidence is presented in the case of Bulgaria. The ruling elites' vision is confronted by that of critical professionals thus permitting a retrospective assessment of the conceptual readiness of the society for the forthcoming transition to a market economy in the early 1990s.

Keywords: macroeconomic stabilization; inflation; communist economy; Bulgaria; Yugoslavia.

JEL: E63 N10 P24