



UCLA Center for Economic History Newsletter

Because the past is still with us – in our laws and institutions and in our people and their experiences.

Understanding Long-Run Economic Growth: A Conference Honoring the Contributions of Kenneth Sokoloff



The Economic History Center, the National Bureau of Economic Research, the All-UC Economic History Group, and UCLA jointly sponsored “Understanding Long-Run Economic Growth: A Conference Honoring the Contributions of Kenneth Sokoloff” on November 7 and 8 at UCLA. Dora L.

Costa and Naomi R. Lamoreaux of the Economic History Center were the co-organizers of this memorial tribute to Sokoloff, who died in May 2007 at the age of 54. He had been a professor of economics at UCLA for decades.

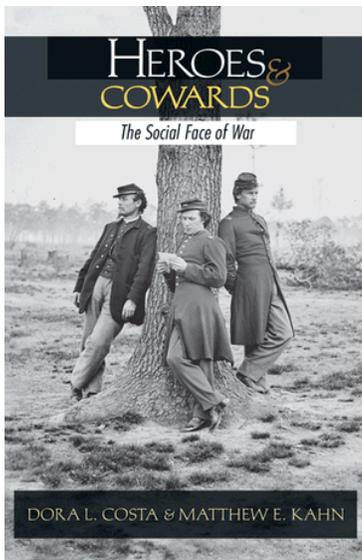
More than 150 scholars and graduate students attended the conference with participants coming from five different continents. The formal academic program focused on topics close to Sokoloff’s research. Scholars discussed why some countries have experienced sustained economic growth while others have not, focusing on the role of political institutions. Scholars also examined U.S. and British technological history to understand why and where inventive activity occurs and they studied the effects of inequality and of large, competitive markets on market participation.

In addition to the formal academic program, Douglass C. North, co-winner of the 1993 Nobel Prize in economics, gave an after-dinner address that was an

impassioned brief for the importance of studying economic history and, in particular, the history of economic institutions. Robert W. Fogel, who shared the Nobel prize with North, gave a paper at a session immediately preceding the dinner on the development of growth theory and predicted that by 2030 China and Southeast Asia combined would have a total GDP that exceeds that of the United States and the five large European economies combined. Nevertheless, he argued that U.S. per capita income in 2030 very likely will still be several times greater than that of China.

Heroes and Cowards: The Social Face of War

Dora L. Costa of the Economic History Center discusses her new book.



When are men willing to sacrifice for the common good? What are the benefits to men of friendship? How do communities deal with betrayal? And what are the costs and benefits of being in a diverse community? Matthew Kahn and I

answer these questions in an interdisciplinary book, *Heroes and Cowards: The Social Face of War* (Princeton University Press, 2008). We weave a single narrative from the life histories of 41,000 Union Army soldiers, diaries and letters, and government documents.

One summer we both read Robert Putnam's thought-provoking book *Bowling Alone* (2000). We were fascinated by Putnam's account of the decline in American civic engagement over time. Putnam emphasized the growing popularity of television as a pivotal cause of the decline in community participation, but we wondered whether an unintended consequence of the rise of women working in the paid labor market was that PTAs and neighborhood associations lost their "volunteer army." We started to write a paper testing whether the rise in women's labor force participation explained the decline in residential community participation. To our surprise, we found little evidence supporting this claim. Instead, our analysis of long-run trends in volunteering, joining groups, and trust suggested that, all else equal, people who live in cities with more income inequality were less likely to be civically engaged. These results contributed to a growing literature in economics documenting the disturbing fact that people are less likely to be "good citizens" when they live in more diverse communities.

Our early work on community participation attracted academic and popular media attention. Although we were flattered, we were aware that our measures of "civic engagement"

bordered on “small potatoes.” We were examining low stakes outcome measures such as entertaining in the household, joining neighborhood associations, and volunteering for local clubs.

In the summer of 2001, we realized that the American Civil War, 1861-1865, provided the ideal “laboratory.” The setting was high stakes – roughly one out of every 6 Union Army soldiers died during the war. Unlike people in civilian life today, Union Army soldiers could not pick and choose their communities. Even when they signed up with friends, some men ended up in homogenous units and others in heterogeneous units and they could not leave their units unless they deserted. Their “communities” were the roughly one hundred men in their units – men they lived with 24 hours a day.

We answer the question of when men are willing to sacrifice for the common good by examining why men fought in the Civil War. During this war most soldiers stood by their comrades even though a rational soldier would have deserted. Punishments were too rare and insufficiently severe to deter men from deserting. What then motivated these men to stand their ground? Was it their commitment to the cause, having the “right stuff,” high morale, officers, or comrades? We examine all of these explanations and find that loyalty to comrades trumped cause, morale, and leadership. But loyalty to comrades extended only to men like themselves – in ethnicity, social status, and age.

Sacrifices for the common good are costly. Standing by their comrades raised men’s chances of dying. What

then are the benefits to men of friendship? We can reply by looking at who survived the extreme conditions of Civil War POW camps. We can see the effects of age, social status, rank, camp population, and the presence of own officers on survival. We can also see that the fellowship of their comrades helped soldiers survive POW camps and the deeper the strength of ties between men, the higher their probability of survival. Ties between kin and ties between comrades of the same ethnicity were stronger than ties between other men from the same company.

If loyalty toward your own kind is admirable, how do communities deal with betrayal? In the Civil War companies were raised locally and hometowns were well aware of who was a “coward” and who was a “hero” during the war. Some towns were pro-war and others anti-war. Men who betrayed their pro-war neighbors by deserting moved away, driven out by shame and ostracism. Community codes of conduct are re-enforced not just by loyalty but also by punishments.

By examining men’s lives during the war we saw that more diverse communities are less cohesive. Their members are less willing to sacrifice and derive fewer benefits from being part of the community. Are there then any benefits to being in a diverse community? When we look at the lives of black soldiers after the Civil War we can understand the tensions between the short-run costs of diversity and its long-run benefits. Men did not like to serve with those who were different from them, so much so that they were more

likely to desert, but in the long-run the ex-slaves who joined the Union Army learned the most from being in units with men who were different from themselves.

Whether diversity fosters understanding or distrust is a long standing question in the social sciences that has become particularly timely with rising immigration and growing income inequality. We find that the same types of social network variables that determined who deserted from the Union Army and who survived POW camps predict commitment to organizations in civilian life today. Organizational membership is lower in metropolitan areas with greater racial and ethnic diversity and higher income inequality; support for income redistribution is higher when the aid recipients are from the same racial and ethnic group; and laboratory games show that trust is higher when the players look like each other.

Our work emphasized the importance of ethnicity, state of birth, occupation, age, and kinship for the formation of social ties in the past. We are not claiming these were the only factors that influenced the formation of social ties among Union Army soldiers. Nor are we claiming that these factors are as important now as they were in the past. Race and ethnicity no longer predetermine friendships and marriages. Although racial and ethnic diversity still affect community participation, they have become less important relative to income.

Although people want to be friends with others they can relate to, they may learn

the most from those who are different. In recent Supreme Court cases a brief filed by eight universities emphasized that students educate each other, that cross-racial learning takes place, and that this learning is valued by students and by the labor market. Nevertheless, few large-scale studies actually measure the benefits of diversity in either a university or an employment setting and campus newspaper accounts suggest large amounts of racial self-segregation.

Like college students, Civil War soldiers preferred to interact with others who looked like them. For white Union Army soldiers, similar men were those of the same ethnicity, occupation, and age group. For black soldiers, similar men were those from the same state or even plantation and from the same slave or free background. But, in the long run (and studies of college roommates have never been able to examine the long run), Union Army soldiers benefited from their interactions with men who were different. Freeman taught the former slaves to write and helped them forge a freeman's identity. Both slaves and freemen first learned of new cities and states from their comrades who had come from those places.

There is increasing interest in building "good" communities today. The World Bank, on its social capital Web site, writes "Increasing evidence shows that social cohesion – social capital – is critical for poverty alleviation and sustainable human and economic development"

(<http://web.worldbank.org>). This social capital has both positive and negative consequences. Union Army deserters were never re-integrated into their communities, not because of legal

punishments, but because of shame and ostracism.

We have highlighted the tensions between cohesion and diversity. A community of similar people is likely to be cohesive and its members are likely to sacrifice time, effort, and even their lives for each other. But in a diverse community members can learn from one another.

Student News

Two graduate students associated with the Center for Economic History received their doctorates in economics in June and have taken jobs at prestigious foreign universities. Martine Mariotti is currently Research Fellow and Lecturer at Australian National University. Her dissertation explored the dynamics of the labor market in South Africa during the apartheid era. Despite the regime's commitment to apartheid, large numbers of manufacturing jobs opened to blacks during these years and average black wages in manufacturing rose relative to white wages. Martine explains these patterns by showing that discriminatory educational policies reduced the amount of direct labor market competition between black and white workers, creating a situation where educated white workers actually benefited from

increasing the number of manufacturing jobs open to blacks. The second student, Se Yan, is now an assistant professor at the Guanghua School of Management at Peking University. For his dissertation, Se compiled the first comprehensive real wage series for different skill levels of workers in China from the mid-nineteenth century to the 1930s. He shows that the growth of trade and industrialization initially caused the premium earned by skilled workers over unskilled workers to rise, but that the differential began to decline in the early twentieth century. Se presents evidence suggesting that the decline owed to the rapid expansion of primary and secondary education in China. University education lagged in the early twentieth century, and the premium on jobs that required college or professional training continued to rise.

One of our advanced economics graduate students, Peter Zeitz, is currently in China on Fullbright and NSF fellowships collecting data for his dissertation on management practice and industrial productivity in twentieth-century China. Molly Ball, an advanced graduate student in history, has just left for Brazil on a Fullbright-Hayes Fellowship. She is researching her dissertation on wages and industrialization in São Paulo in the late nineteenth and early twentieth centuries.