

## Introduction

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### The economics of historical economics

*Theodore W. Schultz*

I am strongly committed to McCloskey's solution to the scattered-plots puzzle, to Galenson's labor market analysis of the value of time of slaves and also of indentured servants, and to Butler, Heckman, and Payner's approach to the complex institutional and governmental changes that contribute to lessening of racial discrimination. I feel less qualified to assess Davis and Huttenback's study – not that I am uncomfortable with the results, having been much influenced by Viner on this issue.

I could elaborate on the merits of these essays, but to do so would be to forgo the opportunity afforded by the session that gave rise to this book to examine, however briefly, the decline of this part of economics in faculty appointments and graduate instruction. It is an important issue that entails changes in both the demand and supply of talent to work in this part of economics. In featuring my approach to this issue I am calling it "The Economics of Historical Economics."

It follows that the phrase "In Search of Historical Economics" in the title of the session pleases me. The expression "historical economics" has advantages. Unlike the label "economic history," it does not connote that it is economics to edify scholars of history. To call our specialization "historical economics" denotes cogently and clearly that it is a part of economics, as are international economics, producer or consumer economics, labor or agricultural economics, and for that matter theoretical economics. Work in each of the many parts of economics entails analysis that implies that analysis is not the private property of those who specialize in theoretical economics. On the contrary, analysis is what all parts of economics have in common. There is no license for loose thinking in the analytical work of economics, no matter what part of it is being pursued. Theoretical economics occasionally has a grand analytical moment; so do other parts, including historical economics.

If most professional economists were as comprehensive in their knowledge of historical economics as Simon Kuznets, Joseph Schum-

Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

Edited by David W. Galenson

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peter, or Adam Smith, my story about the decline in the demand for historical economics would be pointless. If a competent young individual who like Smith had been concentrating on philosophy and moral issues, or if he or she were someone like Kuznets concerned about concepts that could be measured, I doubt that the peer group in our major graduate departments of economics would appoint him or her. A brilliant young Schumpeter would probably fare better.

Why is historical economics being left out of doctoral instruction in economics? Surely there would be agreement on the fact that what is required to make an economist changes over time. Traditional inputs become obsolete as new and better inputs become available. Such is the price of progress. In the United States, foreign languages are no longer necessary, because English has become the international language of economics. Philosophy is too exotic or soft. With some exceptions politics is out. In the United States, general history has long been deemed to be too soft for graduate instruction. The new time-intensive requirement is to learn the mathematical language of those economists who either specialize in producing models or in devising econometric techniques.

At the high table at which appointments are decided, the results of empirical work are generally held in low esteem because such results are deemed to be ever so transitory. Those at the table hold fast to the belief that the permanent component of economics is in its models, techniques, and theory. Accordingly, they do not appoint a candidate to do historical economics who is not first and foremost qualified to do the permanent stuff. By this test both the demand and supply of candidates dwindle. Those who are bent on doing the right stuff are neither motivated nor qualified to do historical economics. Those who have a yen to do historical economics find the so-called permanent component of economics to be far from adequate, for example, in analyzing modern economic growth. They take comfort from a remark by John Hicks in the preface of *Capital and Growth* where he states, "I do not think that there is such a theory. I much doubt if there can be. The phenomena that are presented by a developing (changing) economy are immensely complex; any theory about them is bound to simplify. . . . There is no known approach which is not based on omissions, omissions that can easily prove to be of critical importance."

For reasons of such omissions, appointments and research agendas that satisfy the existing theoretical economics can be the death of creativity in historical economics. The main task of historical economics is to discover important economic events and behavior that theory omits. To bring such discoveries to term as a rule requires strong evidence and logical rigor.

Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

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An exception to this rule was that of Ernst Engel, a low-keyed statistician, who examined family budgets and discovered that the proportion of a consumer's budget spent on food declines as the consumer's income goes up. We now call it Engel's Law! That the income elasticity of demand for food is less than one was not a hypothesis derived from theory. As an observable regularity, it is one of the truly important empirical entities in analyzing modern economic growth.

In her studies of farm families, Margaret Reid discovered what is now known as the permanent and transitory income components. Milton Friedman is most generous in his consumption function book, stating that "she pressed me to write up the underlying theory. . . . This book is the result." Dorothy Brady's "unrivaled knowledge of the empirical evidence from the family budget data" is also gratefully acknowledged. In his Nobel lecture, Franco Modigliani notes that he too built a basic part of his analysis on the discovery of Margaret Reid.

In the search to account for the unexplained "Residual," Human Capital was discovered.

Contrary to the implications of Ricardo's land-rent theory as population growth occurs, we have discovered that the share of national income accounted for by agricultural land rent declines as modern economic growth occurs.

In the economics of fertility, it has been discovered that quality is substituted for quantity in having children as the family income and the value of the time of mothers increase. Becker and Lewis have made the necessary extension of theory.

To what extent can economics explain the decline of the extended family? Dorothy Brady's evidence on the undoubling of U.S. families would seem to be a strong clue.

Going beyond Schumpeter's innovating entrepreneurs, in view of strong evidence that disequilibria are inevitable as modern economic growth occurs, to what extent can economics identify and explain the equilibrating function of entrepreneurs?

In my part of the Hoselitz festschrift I stated,

The endeavor of adding to the stock of economic knowledge is beset by unsettled issues. Standard theory tends to confine economists to what is essentially a closed analytical system, whereas societies are open-ended both now and in times past. What this statement implies is that useful contributions to economics are not necessarily confined to testing the implications of received theory against historical evidence. To develop useful extensions of theory may appropriately be the ultimate goal, but it frequently is not the objective that motivates creative thinking.

Cambridge University Press  
978-0-521-35987-0 - Markets in History Economic Studies of the Past  
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It could be that the first three brief chapters of *The Wealth of Nations* on the division of labor limited by the extent of the market are the most fruitful historical economics on record.

Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

Edited by David W. Galenson

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## 1

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## The open fields of England: rent, risk, and the rate of interest, 1300–1815

Donald N. McCloskey

### What needs to be explained: the scattering of strips

The peculiar feature of farming in England until the nineteenth century was the scattering of strips. Instead of holding his twenty-four acres of land in a neat little farm, a tenant at Laxton, Nottinghamshire, in 1635 such as John Chapell held it in twenty-three separate strips, here and there, down toward the Westwood Common, in close to the village, over by the mill. So did his neighbors. The fields of Laxton were fragmented into thousands of strips, a chaotic quilt of holdings.

It is difficult to count the average number of strips nationwide, but an estimate is worth venturing, to bring definition to the chaos:

The essay is a reshaping of work done since 1972, and looks toward a fuller version, in a book forthcoming from Princeton University Press. The list of people who have contributed to my thinking would fill a telephone book. But even here I must single out my collaborator and friend John Nash and my adversary and friend Stefano Fenoaltea. The pieces drawn on include “The Enclosure of Open Fields: Preface to a Study of Its Impact on the Efficiency of English Agriculture in the Eighteenth Century,” *Journal of Economic History* 32 (March 1972): 15–35; “Persistence of English Common Fields,” in E. L. Jones and William Parker, eds., *European Peasants and Their Markets: Essays in Agrarian Economic History* (Princeton, N.J.: Princeton University Press, 1975), pp. 73–119; “The Economics of Enclosure: A Market Analysis,” in Jones and Parker, eds., pp. 123–60; “English Open Fields as Behavior towards Risk,” *Research in Economic History* 1 (Fall 1976): 124–70; “Risk and Open Fields: A Reply to Fenoaltea,” *Explorations in Economic History* 14 (October 1977): 402–404; “Explaining Open Fields: An Exchange of Letters with Charles Wilson,” *Journal of European Economic History* 8 (Spring 1979): 203–207; “Another Way of Observing Open Fields: A Reply to A. R. H. Baker,” *Journal of Historical Geography* 5 (October 1979): 426–29; “Theses on Enclosure,” in *Agricultural History: Papers Presented to the Economic History Society Conference at Canterbury, April 1983* (Agricultural History Society), pp. 56–72; [with John Nash] “Corn at Interest: The Cost and Extent of Grain Storage in Medieval England,” *American Economic Review* 74 (March 1984): 174–87; “Scattering and Open Fields: A Comment on Michael Mazur’s Article,” *Journal of European Economic History* 9 (Spring 1980): 209–14; “Open Field System,” in *The New Palgrave: A Dictionary of Economic Thought and Doctrine* (London: Macmillan, 1988).

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978-0-521-35987-0 - Markets in History Economic Studies of the Past

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BOSWELL: Sir Alexander Dick tells me, that he remembers having a thousand people in a year to dine at his house. . . .

JOHNSON: That, Sir, is about three a day.

BOSWELL: How your statement lessens the idea.

JOHNSON: That, Sir, is the good of counting. It brings every thing to a certainty, which before floated in the mind indefinitely.

Any account will have features of a fairy tale, but the best tales go something like this. Most people in England before the nineteenth century were villagers, living in roughly 8,500 clusters around a church. The typical village before the nineteenth century was two square miles or so, 1,300 acres, say, of which about 900 acres, the area of Central Park, would constitute the plowed land subject to scattering. The plowed land was divided into three (sometimes two) great fields subject to a communal rotation, called open fields because none of the holdings within them were enclosed by fences. Each great field had a different crop in the rotation wheat–barley–fallow. Not all villages scattered their strips in the open fields, and not all indeed had open fields, but in the Middle Ages the heavily populated lowlands away from the spine of west Britain, and the valleys even of the West, did have them and did scatter their strips.

Consider first the average acreage held. Perhaps eighty families lived in the village, some two or three hundred souls. The majority of the souls at the height of the system were tenants of the lord (such tenancies made them serfs, officially speaking), though freeholding was not rare. According to M. M. Postan's survey of 104 thirteenth- and late-twelfth-century manors, 45 percent of the holdings were minute, averaging 3 acres or so, on which a family could not have subsisted.<sup>1</sup> (The smallholders worked for larger landholders; half the adult population had no land at all: England had a rural proletariat well before modern times.) The smallholders occupied only 11 percent of the land of the village – a point about smallholders worth bearing in mind for later use. For present purposes the smallholders can be ignored. The share of the land they held was so small that they had little voice in the layout of the fields.

The bulk of the plowed land was held in virgates or half-virgates, traditional measures of land, plowable four or five times a year by a full team or by a half-team. Full virgates (at 27 acres, say, on average;

<sup>1</sup> M. M. Postan, "Medieval Agrarian Society in Its Prime: England," in M. M. Postan, ed., *The Cambridge Economic History of Europe*, vol. 1, 2d ed. (Cambridge: Cambridge University Press, 1966), p. 619; cf. E. A. Kosminsky, *Studies in the Agrarian History of England in the Thirteenth Century*, trans. R. Kisch, ed. R. H. Hilton (Oxford: Blackwell Publisher, 1956; published in Russian 1935 and 1947), p. 216.

Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

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Kosminsky suggests 30 acres) were 22 percent of the tenants in Postan's survey, and half-virgates (at 13.5 acres on average) were 33 percent of the tenants. (Kosminsky's calculations from a royal survey of twenty-two thousand holdings in 1279 give similar results: The virgates of serfs and freemen were 22 percent, half-virgates 31 percent.) The average size of a tenancy above subsistence was therefore about 19 acres. This is the figure sought: The typical medieval tenant relying on his land for his bread would hold roughly 19 acres.<sup>2</sup>

Consider next the average number of strips per acre, to estimate how many strips the 19-acre average holding contained. The records are voluminous. In his pioneering work *English Field Systems*, for example, H. L. Gray extracted evidence from surveys of manors, church ("glebe") holdings, and grants of land from six hundred villages from the twelfth to the nineteenth century.<sup>3</sup> He extracted it to detect crop rotations (the two-, three-, or *N*-field system). But a fifth of his evidence mentions the number of strips. For instance, at Claydon St. Botolph, Buckinghamshire, in the reign of Henry VIII an account of a 26½-acre holding mentions that in the three fields of the village the land was arranged into 15, 11, and 15 legal strips.<sup>4</sup> Trimming away the cases outside the chief scattered-strip areas and the cases later than the seventeenth century gives ninety-six cases averaging 1.42 strips per acre. So: There were perhaps 1.4 strips per acre on 19 acres, or 27 strips on the average holding.

Consider finally the effective strips per legal strip. Chapell's twenty-three strips at Laxton tended to cluster together, at one place separated from each other by a single neighboring strip twenty yards broad, at another place laid end-to-end across a road. It went this way in the open fields. Christian Coxe in Llancadle, Glamorgan, in 1622 held 39 acres in twenty-seven nominal strips – that is, twenty-seven strips recorded in the field book.<sup>5</sup> When only one foreign half-acre strip separated three of Coxe's, however, the three counted for farming purposes as one, though legally three. If the three strips had been different enough to warrant the bother, Coxe and his neighbor could have traded land to eliminate it. That they did not suggests the difference was small.

The adjustment for effective strips must be to some extent arbitrary.

<sup>2</sup> Kosminsky, *Studies*, pp. 35, 216, 223.

<sup>3</sup> (Cambridge: Harvard University Press, 1915), pp. 23, 140, 307n, 309, 373, 389, 423–29, 549, and Appendix II.

<sup>4</sup> *Ibid.*, p. 455.

<sup>5</sup> M. Davies, "Field Systems of South Wales," in A. H. R. Baker and R. A. Butlin, eds., *Studies of Field Systems in the British Isles* (Cambridge: Cambridge University Press, 1973), pp. 504–505.

Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

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Holder	Acres of field	Legal no. of strips	Effective/legal
Thomas Tailer, Sr.	48	78	0.62
Thomas Hassard	34	73	0.60
Edward Kelsterne	28	45	0.73
Hugh Tailer	25	44	0.70
John Chapell	24	23	0.83
Robert Rosse	14	23	0.61
Average			0.68

*Note:* The acres exclude closes (big pieces of land outside the system) and town land for house, barn, and garden.

*Source:* C. S. Orwin and C. S. Orwin, *The Open Fields* (Oxford: Clarendon Press, 1938), pp. 137–42 and Part III (Survey and Maps).

If one takes a cluster of legal strips to be a single effective one so long as no more than a single foreign strip separated the cluster and no part was outside a radius of, say, 150 yards of the center, then Coxe's twenty-seven legal reduce to twelve or so effective strips. Applying the same criterion to the holdings of six men of Laxton suggests that the effective number was about two-thirds of the legal number (see Table 1.1).

So: The average holding of about 19 acres of plowland would contain  $19 \times 1.42 = 27$  legal strips, or  $19 \times 1.42 \times 0.68 = 18.4$  effective strips. That is to say, the number of effective strips was about the same as the number of acres, that same 19. Therefore in each of the three great fields the typical tenant would hold six or so effective strips, scattered about the field. Keep the six in mind, for the scale: In each of three open fields the six strips on average were scattered over 300 acres, a half square mile, a six-by-six assemblage of Midwestern city blocks, the area of Central Park below the Metropolitan Museum of Art. Each effective strip was about three city blocks from its nearest neighbor in the holding.

The scattering survived for a long time. The earliest origins of the system are obscure, but during the high Middle Ages it prevailed in lowland and Saxon Britain; even in the higher and Celtic lands to the west and north "runrig" was similar and common. Yet the open-field system was not simply a survival of custom lost in primeval mist. Joan Thirsk has noted that in Germany "it is possible to observe the gradual parcelling of rectangular fields into strips as late as the seventeenth and



Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

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even the eighteenth centuries,” and the same may be said of Russia.<sup>6</sup> The English evidence is similar, though new scattering ends earlier. In the thirteenth century the county of Kent and its neighbor Sussex had loose open-field systems. By the sixteenth century, however, Kent was entirely enclosed, with no scattering; yet parts of Sussex had developed a rigid and elaborate system of scattering.

Enclosure was going on in England from the fifteenth century, with or without official sanction. Even at the height of the system a village would have a ring of closes around its open fields. A German case of early enclosure occurred on lands owned by the Abbey of Kempton in Bavaria, on which consolidation, initiated by the peasants themselves, began in the sixteenth century, three centuries before it began in neighboring places.<sup>7</sup> It is not reasonable, in other words, to view the open fields in the way Gonner did seventy-five years ago, as remnants of ancient racial patterns, bound by rules “consecrated by immemorial usage . . . [that] made conscious change well nigh impossible.”<sup>8</sup> On the contrary, conscious change was easily possible, away or toward a system of scattering.

The prevalence of scattering may be judged by what remained in England in 1700 – commercial and progressive England, at the dawn of the industrial age. Much is made of enclosure by act of Parliament, concentrated in a few great waves from 1760 to 1820; and indeed six million acres out of England’s twenty-four million or so acres useful for agriculture were enclosed this way. The six-million figure may be high, because within a nominally “open” village, as was just noted, much land was “anciently” enclosed, though normally the ancient enclosures would not be recorded in the enclosure act.

On another and more important count, however, the six-million figure is too low, because it does not include land enclosed without parliamentary sanction. Gilbert Slater guessed in 1912 that during the eighteenth century some eight million acres beyond the six million had been enclosed by nonparliamentary agreement, and Michael Turner recently guessed seven million.<sup>9</sup> J. D. Chambers reckoned on the basis

<sup>6</sup> Joan Thirsk, “The Common Fields,” *Past and Present* no. 29 (1964): 3–25, p. 3.

<sup>7</sup> Alan Mayhew, *Rural Settlement and Farming in Germany* (New York: Barnes & Noble, 1973), p. 187.

<sup>8</sup> E. C. K. Gonner, *Common Land and Inclosure* (London: Macmillan, 1912), p. 35.

<sup>9</sup> Gilbert Slater, *The English Peasantry and the Enclosure of Common Fields* (London: Constable, 1907), pp. 63–65; Michael Turner, *Enclosures in Britain, 1750–1830* (London: Macmillan, 1984), p. 33.

Cambridge University Press

978-0-521-35987-0 - Markets in History Economic Studies of the Past

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of local evidence that in eighteenth-century Nottinghamshire fully 41 percent of the land was enclosed by private agreement as against only 25 percent by parliamentary act.<sup>10</sup> A figure for all of England would have to come from a random sample of villages studied in similar detail. What looms through the statistical haze is that something over half of the agricultural land of England still needed enclosure in 1700: Out of the twenty-four million total, six million acres were enclosed after 1700 by parliamentary act and perhaps an equal acreage by agreement. The share of land is in any case an underestimate of the more relevant figure, the share of employment, or still better of farming output, because the places of surviving open fields were cultivated rather than grazed. By any measure, much of England remained to be enclosed in 1700. The open fields had survived for centuries.

Enclosure was not so simple as sheep eating men. A hardy fable supposes that the sixteenth century was the great age of enclosure, grazing land absorbing plowlands. The timing in the tale is wrong. Grazing land in the sixteenth century was falling, not rising, since population was rising swiftly and new mouths demanded to be fed. Edwin Gay used official inquiries into the matter to show that under 3 percent of the cultivated land of England was enclosed from the middle of the fifteenth to the end of the sixteenth century; one could accept a higher figure and still forsake the old fable.<sup>11</sup> In the eighty years since he wrote, no persuasive evidence has been offered to the contrary. Enclosures by agreement went on apace, it seems, in the late fourteenth and early fifteenth centuries, then again in the seventeenth century. Far from being the great age of enclosure, the sixteenth century was a lull. To repeat, there was much left to be done by the eighteenth century. English open fields survived into modern times.

The scattering survived in other parts of Europe still later. The classic open field had dominated Northern Europe in a swath from the middle of England across northern France and Germany, with a northern extension into Scandinavia and through the north Slavic lands to the Urals. The breadth of its hold suggests that the peasants approved. Since the English example of the eighteenth century, followed shortly by Sweden and France, one government after another in Northern

<sup>10</sup> J. D. Chambers, *Nottinghamshire in the Eighteenth Century* (London: P. S. King, 1932), p. 149; cf. R. I. Hodgson estimates, quoted in Turner, *Enclosures*, p. 35, that 56 percent of enclosure in County Durham was voluntary.

<sup>11</sup> E. F. Gay, "Inclosures in England in the Sixteenth Century," *Quarterly Journal of Economics* 17 (1902–1903): 576–97.