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DOCTORAL RESEARCH

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The focus of this edition is on examination of interrelationships, many of them having international impacts or implications. We commence with consideration of the medium of exchange and its role in portraying economic events. A basic accounting principle holds that the financial effects of economic transactions must be recorded in monetary units. Consequently it is often assumed that nonmonetary transactions, such as barters, can be translated into monetary exchanges, for accounting purposes, through analysis of the underlying economic events. Gerriets evaluates and refutes this supposition in her examination of the role of money in the eighth-century Irish economy. At that time, most economic transactions took the form of barters and determinations of the amounts and types of goods and services exchanged were heavily influenced by factors other than relative economic values. For example, a lesser noble was obliged to give up valuable commodities or services to his lord in return for protection. In deciding how much tribute to offer, assuming he had a choice, the noble would be less concerned with matching the fair market value of protection services to be received than with the power of his overlord to extract payment. The overlord would, likewise, have been more interested in extracting what each subserviant noble could pay rather than attempt to set "fair" prices. Therefore, recording the values of exchanged services in that type of environment was more of a conceptual than a practical proposition.

Jumping over a continent and a millenium, we turn to Smiley's description of trade, including barter transactions, in nineteenth-century rural America. Given the agricultural setting, it could have been expected that bartering would be an accepted, mutually-beneficial, approach to exchanging goods and services in the upstate New York of the last century. Perhaps surprisingly, however, Smiley shows that this was true for the nation as a whole, with barter levels on the increase as the years went by.

The American Civil War forms the focus of Nye's work which assesses its impact on international trade and on the British money market in particular. The drying up of American raw cotton supplies which brought about the closure of the Lancashire cotton mills, which were famous for their role in the industrial revolution, forced Britain to look to the East. Thus began new or enhanced trade relationships with Egypt and India.

While Britain was looking to the East for trade expansion, the Ottoman Empire was attracted to the West. Following the Crimean and American Civil Wars, the United States and industrialized European countries constituted a world trade center which attracted the then developing nations. Pamuk's dissertation demonstrates how the twin factors of exportable agricultural products and reliance on foreign investment helped in the process which integrated the Empire into the expanding world economy of pre-World War I days.

The importance of foreign investment as a way of opening up foreign trade for developing countries is echoed in Odofin's examination of the impact of investments by multinational oil companies in Nigeria. As in the case of the Ottoman Empire, where foreign-financed railroads developed the interior, Odofin concluded that foreign oil investments contributed significantly to Nigerian economic growth during the past two decades.

Bait-Elmal is also concerned about stimulating capital investments in a developing nation, namely Libya. He, however, looked into the possibilities for internal stimulation rather than external investment. His study of the economic incentives available to U.S. business through the investment tax credit and accelerated depreciation allowances led him to suggest that these features be incorporated into the Libyan tax legislation.

The last study concerns yet another developing nation, the Philippines. Sarmago's concern, common to the third world, is with the primary agricultural product, the evolving financial infrastructure, and how these institutions grew in symbiotic relationship.

Money and Clientship in the Ancient Irish Laws (University of Toronto, Canada, 1978; 40/2, pp. 992-3-A)[1] by Marilyn Eleanor Gerriets. This thesis examines the role of money in the social, political, and economic environment of eighth-century Ireland: the significance of the Irish experience lying in the fact that it was untouched by the rise and fall of the Roman Empire. Drawing on

[1]*Dissertation Abstracts International*, volume and page references.

early eighth-century law tracts, the author examined the hierarchies of clientship ties which then permeated society. Descending from the kings down through the lesser nobility, exchanges of goods delineated economic and social bonds. As was later evidenced in Norman Britain, the higher social classes provided protection and cattle grants to their subserviants in return for military service and victuals. These exchanges were based on status and power, rather than economic considerations. Thus, money did not serve as a basic exchange mechanism or common denominator of value. Money was put to use however. Fines and certain social obligations were required by law to be paid in money, one obvious consideration being the exact specified amounts which could be transferred. Thus, money and exchange were concepts serving social, political, and economic purposes rather than specialized institutions lending themselves to economic analysis.

The Use of Accounting Records of the Harden General Store 1860-1900 to Study Price Fluctuations, Barter and Changes in Consumption (Purdue University, 1978; 40/1, pp. 379-80-A) by Bobby Eugene Smiley. The Harden store's accounting records for the period 1860-1900 provided the data for a dissertation which compared price fluctuations, barter, and changes in consumption for the small and isolated farming community of Rexville, New York, where the store was located, with the nation as a whole. These records are contained in the rare books collection of the Purdue University Krannert Library.

Long-run price fluctuations were measured by selecting items and years from these accounting records and calculating price indices for the items for the period 1860-1900, with 1860 as the base year. For the short run, the same procedure was followed except that the time period selected was 1869-1875. The price changes of each selected commodity, as well as the selected commodities as a whole, from the community's experience, and in both the short and long term, were compared with national data. To evaluate the significance of barter transactions, the author computed the store's ratio of barter sales to total sales for selected years. The changes in percentages of barter sales over selected time periods were then compared with changes in the U.S. consumer price index over these same periods. The nature of changes in the goods consumed locally was tested by preparing classified lists of all goods sold in the store in the following years: 1860, 1870, 1880, 1885, and 1900. These were then compared to evaluate buying patterns at ten-year intervals.

The results of the study suggested that the economic life of Rexville was a reflection of the national picture. Both in the long run and short run, there was a similarity between price changes at the local and national levels. Barter levels varied greatly from 9 percent in 1860 to 28 percent in 1900. From 1860 to 1885, barter level changes varied directly with general price changes, while 1885-1900, the variation was inverse. As for patterns of consumption, the mix of goods changed in an appreciable fashion over the period studied.

The Impact of the American Civil War on the Pattern of International Trade and on the British Money Market (Stanford University, 1979; 40/2, p. 993-A) by William Wesley Nye. This thesis describes international commercial activities during the period 1850-1866 and speculates about the impact of the American Civil War on both world trade relationships and the British money market. The study commences with a survey of major trading activities in the pre-Civil War era. British trade faced both West and East. The young American nation badly needed manufactured commodities and these she received from England in exchange for raw cotton. While building up mutually beneficial commerce with her erstwhile colony in the West, Britain was also bolstering commercial ties with her rapidly growing interests to the East. Heavy investments were made in Indian railroads and British political intervention promoted the opium trade in China.

With the onset of the Civil War and the Union blockade, Britain was forced to look elsewhere, to Egypt and India, for her raw cotton needs. In the meantime, however, the famous Lancashire cotton mills were forced to shut down which brought about a very high interest rate and a severe crisis in the London money market in 1866.

The behavior of the London money market during this sixteen-year period is examined through a three-equation simultaneous econometric model. Using monthly data, this model relates the behavior of market discount rate, the Bank of England reserves, and the Bank of England discount rate, with respect to several explanatory variables. It was found that an important determinant of the London market discount rate may have been loans to the London money market from the agricultural districts. The results of F-tests also suggest that the structure of the model shifted between the two periods 1850-1861 and 1862-1866. A possible explanation could be that as a result of changing levels of business confidence during the cotton famine, the Bank of England and private lenders altered their usual patterns of relationships between reserves and interest rates.

Foreign Trade, Foreign Capital and the Peripheralization of the Ottoman Empire, 1830-1913 (University of California, Berkeley, 1978; 40/1, p. 388-A) by Sevket Pamuk. This study examines a number of aspects of the Ottoman Empire's commercial integration into the capitalist world economy. Specific topics of interest were circulation and exchange, long-term trends in Ottoman foreign trade and in the Ottoman terms of trade with respect to the center of world-economy, defined as industrialized Europe and the United States, and finally patterns of foreign capital in the Empire.

The period reviewed ran from 1830 to 1913 during which time Ottoman trade with the world-economy center increased from two-thirds to four-fifths of its total foreign trade. This increased trade, especially marked during the period 1840-1873, followed the signing of free trade treaties with various European countries. Two major impacts were discernible: (1) Ottoman foreign trade was strongly affected by economic activities at the center; and (2) areas within the Empire which were close to port facilities switched from production of domestic products, such as consumer crops, to export items. Specialization in exportable primary products stepped up as prices of primary products remained fairly stable in the face of declining prices for manufactured goods.

The roots of the Empire's fiscal crisis of 1875-76 lay in the budget deficits of the Crimean War. The State was forced into external borrowing but the net inflows of funds were obtained on very unfavorable terms. Foreign debt grew rapidly while, at the same time, the Government was unable to increase its revenues. After the European financial crisis of 1873, the Empire defaulted on its obligations and in 1881 the state revenues came under European financial control.

During 1873-1896, the rates of growth of Ottoman trade with the center slowed, consonent with the slowdown in the center's growth rates, and there was a rapid decline in general price levels until 1896. During this same period, the terms of trade for the Empire substantially deteriorated, unfavorably affecting both the economy and the state's finances. Large sums of money had to be transferred abroad to service existing debt, in the face of declines in general price levels, thus limiting possibilities for additional foreign loans. Given this situation, the Government was more receptive than might otherwise have been the case to foreign capital investment, by way of railroad construction, during the period 1888-1896. This opened up the interior, facilitating integration into the expanding world economy of the period 1896-1913 because of significant reductions in transportation costs. These now accessible areas became increasingly important for their agricultural exportables, particularly as the competition from European imports destroyed the Empire's manufacturing activities. The dissertation ends with an interpretation of how these variables affected the peripheralization process. Detailed appendices of the data used are provided.

The Impacts of the Multinational Oil Corporations on Nigeria's Economic Growth: Theoretical and Empirical Explorations (The American University, 1979; 40/2, p. 984-A) by Christian 'Dare Odofin. This study presents a detailed examination of the activities of multinational oil companies operating in Nigeria during the period 1963 to 1975. Its objective was to evaluate the impacts of these firms on Nigerian domestic savings, economic growth, and balance of payments, using the Haavelmo, or Decapitalization, thesis and related hypotheses. A partial equilibrium model of the Keynesian-type foreign trade multiplier was specified in order to estimate the direct impact on Nigeria's national income of investment by the multinational oil corporations. The basic and overall concepts of balance-of-payments accounting were used to calculate the direct impacts on Nigeria's external balance of foreign oil capital inflows. A modified version of the Chenery Two-gap model econometrically tested the Haavelmo and related hypotheses. The induced employment effect of the oil sector was tested by a separate model which related petro-revenues to the rate of growth of public sector employment. Additional clarification of the detailed impact of foreign oil capital inflows was obtained by analyzing the dynamics of industrial growth through the use of an import-input/output dependency index.

The statistical results showed positive and significant relationships: (1) between the rate of growth of domestic output, imports of intermediate and capital goods, and domestic savings, and net foreign oil capital inflows; and (2) between petro-revenues and the rate of growth of public sector employment. The hypothesis that domestic savings and economic growth are negatively affected by foreign investment were not, therefore, supported. The study's major conclusion is that the growth of the Nigerian economy during the period 1963-1975 was significantly induced by foreign oil capital.

The Role of Investment Tax Credit and Accelerated Depreciation in Stimulating More Investment: The U.S.A. Case and Its Implications to the Libyan Income Tax System (University of Kentucky, 1978; 40/2, p. 924-A) by Mohamed Abdalla Bait-Elmal. The purpose of this dissertation was to measure the effectiveness of the U.S. investment tax credit and accelerated depreciation provisions in stimulating capital investments in order to evaluate their possible application in Libya. As a developing nation, Libya could benefit from increases in capital inflows to the private sector. Yet, little tax incentives have been offered during the twenty-five year history of its tax legislation, other than loss carry-back and carry-forward provisions.

The study commenced with a review of the effects of accumulated depreciation on cash flow. The author then proceeded to test the following null hypotheses:

(1) The relationship between investment tax credit and capital expenditure increases is insignificant.
(2) The relationship between net income under investment tax credit provision and capital expenditure is insignificant.
(3) The relationship between net income under no investment tax credit provision and capital expenditure is insignificant.
(4) The relationship between net income under investment tax provision and capital expenditure is insignificantly different from the relationship between net income under no investment tax credit and capital expenditure.

Net income and capital expenditure data for twenty companies in four industries were obtained from Compustat tapes for the period commencing five years prior to the enactment of the investment tax credit and ending ten years later. This information was examined using regression and correlation analysis. With respect to the depreciation allowance, inflation effects were adjusted for with hypothetical data.

The general conclusions of the study were: (1) that because of swift recovery of capital, accelerated depreciation methods encourage increased investment; and (2) rejection of the null hypotheses. As a result, the author made the following recommendations with respect to tax provisions in Libya: (1) that accelerated depreciation methods be permitted rather than the mandatory straight-line, historical cost-based approach now being followed; and (2) that all industries be granted an investment tax credit provision.

An Analysis of the Rural Banking System in the Philippines (Michigan State University, 1978; 40/2, p. 982-A) by C. S. Sarmago. Using data gathered from various primary and secondary sources, the author studied the evolution of rural banking in the Philippines and its role in financing agriculture. While the Central Bank supplied financial data, information about the characteristics of management and the capital structure of bank equity was obtained from mailed questionnaires and interviews. Census returns provided economic data concerning the communities which the banks served. The data were analyzed, using the following three different methods: portfolio analysis, mean differences, and regression analysis.

A Hester-Zoellner type model was employed to analyze the portfolio of sample banks. For the years 1971 to 1976, equations were estimated relating balance sheet asset and liability items to net operating profit. Coefficients of determination and significance levels resulting from equations for the years 1973 to 1976 were less satisfactory than those for the years 1971 and 1972. The author attributes this to certain unusual events in the later years, such as: martial law and change in government, petroleum price increases, and the floods of 1972. Expected relationships with changes in monetary policy were supported by analysis of mean differences. After the rediscounting rate to rural banks had been lowered, for example, the mean for the total rediscounting variable reflected a significant difference between 1973 and 1974. Although the results were not conclusive, several implications could be drawn: (1) rural banks required improved management assistance; and (2) market incentives and monetary policy changes influence rural banks given the existence of obvious incentives.