

Economics C23-1

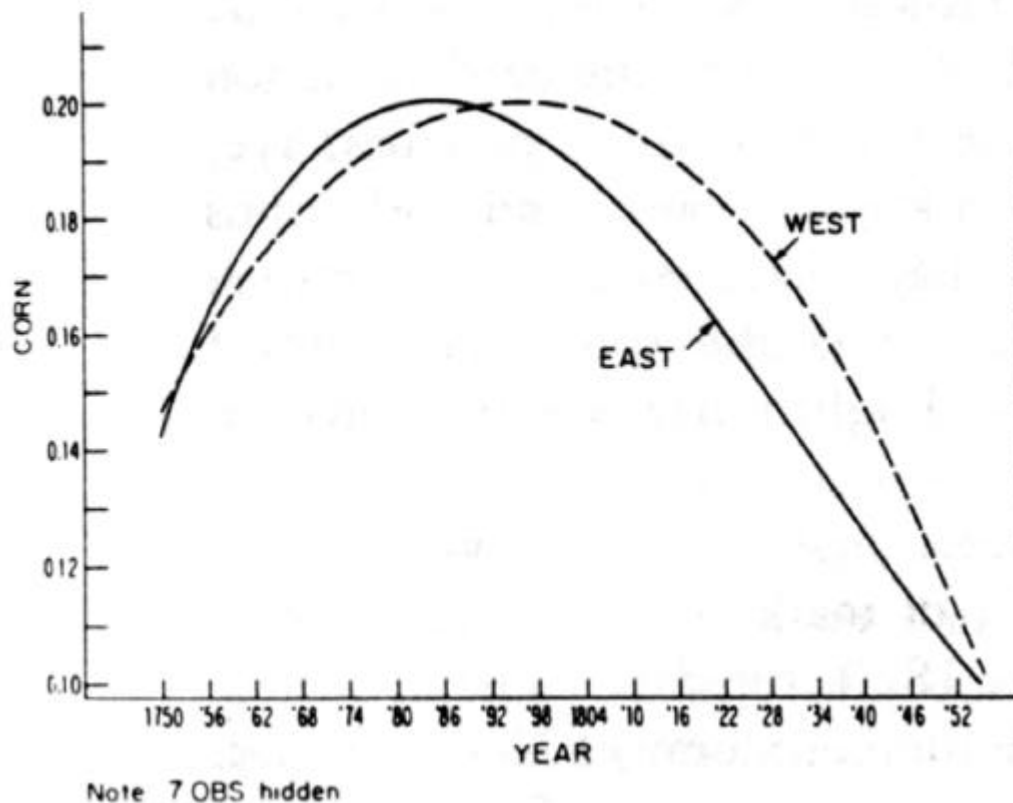
Lecture 6

I. Integration of Product Markets

two questions at the outset:

1. “What do we mean by a ‘market’”
2. “How can we define ‘integration’”?

A. Evidence for rural Massachusetts



B. Evidence at the regional level

TABLE 7.3

**DIFFERENCE BETWEEN WHOLESALE COMMODITY PRICES
IN CINCINNATI AND NEW YORK**

Period	Lard (\$/lb.)	Pork (\$/barrel)	Flour (\$/barrel)	Corn (\$/barrel)
1816-20	.048	9.53	2.48	.48
1821-25	.031	4.46	2.81	.39
1826-30	.026	4.18	1.78	.36
1831-35	.025	3.48	1.43	.38
1836-40	.020	3.11	1.02	.42
1841-45	.011	2.25	1.37	.30
1846-50	.010	1.06	1.68	.36
1851-55	.007	1.56	1.36	.31
1856-60	.004	1.18	.28	.27
1851-60 difference as a % of 1816-20 difference	11%	14%	33%	60%

Source: Thomas Berry, *Western Prices Before 1861* (Harvard, 1943) cited in Douglass North, *Economic Growth of the United States 1790-1860* (Norton, 1966), p. 261.

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II. Integration of the Labor Market

A. Any differences from product markets?

B. Evidence:

Monthly Farm Wages with Board, 1818–1860

	1818	1826	1830	1850	1860
New England					
Maine	\$12.43	\$12.43	\$12.43	\$13.12	\$14.34
New Hampshire	10.16	10.16	11.66	12.12	14.34
Vermont	10.00	10.00	10.00	13.00	14.14
Massachusetts	13.50	13.50	12.00	13.55	15.34
Rhode Island	11.93	11.93	11.93	13.52	16.04
Connecticut	13.11	11.61	11.61	12.72	15.11
Middle Atlantic					
New York	10.00	8.00	8.00	11.50	13.19
New Jersey	8.50	8.50	8.50	10.18	11.91
Pennsylvania	11.00	9.00	9.50	10.82	12.24
North-Central					
Ohio	9.00	9.00	9.00	11.10	13.11
Indiana	9.00	9.00	9.00	10.50	13.71
Illinois	12.00	10.00	10.00	12.55	13.72
Michigan				12.00	15.27
Wisconsin				12.69	13.69
Minnesota				17.00	14.10
Iowa				11.80	13.18

Source: Stanley Lebergott, *Manpower in Economic Growth* (New York: McGraw-Hill, 1964): 539, Table A-23.