

Lynne Pierson Doti's Intellectual Contributions to the Fields of Economic and Business History

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In this short essay I will provide a brief overview of Lynne Doti's research and explain why it has been, and will continue to be, important for the fields of business and economic history. I will start by discussing Lynne's research in banking before moving on to her research in real-estate finance. The essay will then contain two short sections on Lynne's work on entrepreneurship and the California Missions before concluding.

I was honored to be asked by officials from Chapman University to write an article about Lynne Doti's research for this Festschrift volume. Lynne is an outstanding economic historian whose work, stretching over four decades, has provided keen insights into the subject matter she has studied. Lynne is a specialist in banking and financial history and has written extensively in these areas. She is the author of a number of academic journal articles, but, unlike most academic economists who limit themselves to such publications, she has also written several books. Lynne's decision (and ability) to write these books likely stems from her position as an economic historian. By this, I mean that her knowledge of the subject matter she engages enables her to support her narrative analysis without the overuse of cliometric analysis that is sometimes used as a crutch by other economic historians in their work. These lengthier contributions have allowed Lynne to explore her chosen topics in great detail and will likely prove to be the centerpieces of her academic legacy.

Banking History

Lynne's research has generally focused on the history of banking and real estate finance. She is especially associated with the specific research area of California's banking history and her work on this topic has established her as an expert (arguably, "the" expert) on the subject. Lynne's first major work in this area began at the University of California, Riverside in the late 1970s when she wrote her doctoral dissertation. Since then, she has revisited the topic many times culminating in several books and

numerous articles on the subject. In the paragraphs below, I selectively highlight some of this research.

In her dissertation, *Banking in California: Some Evidence on Structure 1878-1905*, Lynne studied bank-level data to examine capital mobility in California to determine if actual empirical evidence supported two of the existing major hypotheses about American financial history. Lynne found that California's financial system did not show evidence of significantly increased market integration during the last part of the 19th century, primarily because California's financial system had already been well-integrated by the late 1870s. This finding ran counter to Lance Davis' well-known thesis that financial markets became increasingly integrated during this period as barriers to inter-regional flows of capital decreased (Davis, 1965). Lynne's research also challenged Richard Sylla's argument that regulatory capital requirements resulted in a two-tiered banking system in which the banking industry in urban areas was competitive while it was characterized by less competition and local monopolies in rural areas (Sylla, 1969). Lynne found little evidence that rural banking was typified by monopolies, casting doubt on the Sylla hypothesis. As a testament to the quality of this research, portions of Lynne's dissertation were published in an article in *Essays in Economic and Business History* in 1981. Then in 1995, an updated and revised version of the dissertation was published as *Banking in an Unregulated Environment: California 1879-1905* and then republished in 2014 by Routledge Press.

One specific theme that Lynne explored early in her career and revisited several times in her research is that of branch-banking. Unique among developed nations, the United States imposed restrictions on the ability of banks to open branches until the mid-1990s. These restrictions existed at the national level preventing banks from operating inter-state branches. Most states had similar restrictions as well that limited the operation of intra-state branching networks. In fact, in a number of states branching prohibitions forced banks to be composed as a single-location "unit" bank. As Lynne described in various publications, including her 1984 article "Banking in California: The First Branching Era," California had some of the most lenient (and sometimes even non-existent) branching restrictions in the country. In a number of her publications, Lynne showed how California's relaxed regulatory environment with respect to branching benefited the California banking system.

In 1991, Lynne published the article "Nationwide Branching: Some Lessons from California" in which she extrapolated from California's experiences with a statewide branching system to its potential application nationwide. Lynne's paper predicted that if bank-branching was to be permitted across the United States, that smaller unit banks would likely be acquired by larger banks, but that there would likely not be a large reduction in competition in the banking industry. A test of Lynne's hypotheses was made possible shortly thereafter when the United States passed the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994. As Lynne predicted, there did indeed follow a large merger movement in the banking industry. Evidence also exists to suggest that nationwide banking has not resulted in a less competitive banking sector (e.g., Giedeman, 2004).

In a paper that evaluated other banking regulations, Lynne Doti and Richard Runyon examined the transition of California's banking system from basically that of a

free-banking system to one that was more traditionally regulated with the imposition of reserve and capital requirements. Their 1996 article “The Effect of Regulation on Banking: California 1879-1929” found that increased regulation did not seem to result in greater stability for individual banks, but did seem to result in greater stability for the banking system as a whole.

The first of Lynne’s major books was published in 1991. Written with historian Larry Schweikart, *Banking in the American West: From the Gold Rush to Deregulation* examined the banking systems of the states west of those bordering the Mississippi River (with the notable exception of Texas). The book was received with a great bit of interest, garnering numerous reviews in both academic journals and popular media. One quarter of a century after it was published, it still remains relevant for scholars of western American banking. The book’s overall theme is that state banking systems function better when not overly encumbered by government regulations, especially those that limited banks’ ability to operate branch-banking networks. Although some modern researchers might wish for more statistical analysis to accompany the narrative text, the liveliness of the writing style is still appreciated. Also remaining very much appreciated are the more than four dozen pages of reference notes which provide extensive documentation and direction to source materials.

Following up on *Banking in the American West*, Doti and Schweikart again collaborated to write *California Bankers, 1848-1993* which was published by Simon & Schuster in 1994. This book, supported by the California Bankers Association, was written with a general audience in mind but does have scholarly themes and references. Again, the benefits of California’s branch-banking system were highlighted as were important individuals in California’s banking history. An example illustrating both of these themes is the book’s discussion of the famed A.P. Giannini who benefitted from California’s branch-banking allowances as he founded the Bank of Italy which later became the Bank of America. While not as directly academically important as *Banking in the American West*, *California Bankers* is an interesting book to read and contains enough information for readers to begin to understand the development of banking in California.

Further serving as a testament to her expertise in the area of western banking, Lynne wrote the encyclopedia entry for *Banking in the American West* for the Economic History Association’s well-regarded *Economic and Business History Encyclopedia*. She also wrote ten entries for the Banking and Finance volumes of the *Encyclopedia of American Business History and Biography* as well as two entries concerning banking in Oklahoma for the Oklahoma Historical Society’s *Encyclopedia of Oklahoma History*. Additionally, Lynne co-authored “A Bibliography of Western Banking” for the book, *Banking in the West*.

Real Estate Financing

Related to Lynne’s work on banking history are her studies of the history of real estate financing. Her first major foray into this area examined the way that the postwar housing booms in Phoenix and Los Angeles were financed. In her 1989 paper, “Financing the Postwar Land Boom in Phoenix and Los Angeles 1945-1960,” written

with Larry Schweikart, Lynne detailed how the rapid increase in demand for housing, prompted at least in part by the growth of the defense industry, led to a demand for real estate financing that, especially in California, overwhelmed the commercial banks' ability to supply it. Savings and loan associations as well as insurance companies, which increasingly obtained funds from the east, stepped in to fill the shortfall.

More recently, Lynne has worked on a study of the entire history of real estate financing in California. A series of working papers she has written over the last half-decade have very recently culminated in her book *Financing Real Estate in California: Missions to Sub-Prime Mortgages*. The book, published by Routledge Press, only became available as I was finishing writing this article, and I have therefore not yet had a chance to read it in its entirety. I have, however, been able to read portions of the book and I additionally listened to Lynne present some of the background research upon which the book is based at several of the annual meetings of the Economic and Business History Society. As such, I feel at least partially justified in providing some discussions of this work. As the title suggests, the book is intended as a comprehensive history of real estate finance in California and it provides a captivating look at the cycle of boom and bust periods in the California real estate market. While the real-estate bubble of the 2000s, its bursting, and the subsequent financial crisis are given significant emphasis in the book, I personally found the chapters on earlier boom-and-bust events perhaps even more interesting. Readers of the book will be treated to a roller-coaster ride along the real-estate cycle from gold booms, to oil booms, agricultural booms, defense industry booms, etc. – all with their subsequent busts (or at least slowing of the growth pattern). Throughout the book, Lynne infused her discussion of the larger trends with fascinating accounts of individual persons and places, providing interesting context for the overall exposition. Because few other places, if any, have experienced a denser or more remarkable history of modern real-estate development than California, any book on the topic would likely be of interest to readers. Thankfully though, Lynne has not written just any book, but has instead produced a splendid piece of scholarship on the subject.

Entrepreneurship and California Missions

In addition to all of her work on banking and financing, Lynne also produced, along with her long-time co-author Larry Schweikart, the book, *American Entrepreneur: The Fascinating Stories of the People Who Defined Business in the United States*. Building on previous work by Schweikart, this 500+ page tome presents an overview of the history of entrepreneurship in America from the early 17th century to the 21st century. While the book does highlight many individual entrepreneurs, defining such persons as those who take “the risk to create material wealth in the economic realm” (p. 9), it also weaves together entrepreneurship with the strands of politics and general economics. While Doti and Schweikart's interpretation of these latter threads has not gone without some controversy, the book has become standard material for readers desiring a look into the heart of American business entrepreneurship. In addition to its appeal to general audiences, *American Entrepreneur* has become required reading for students in business school courses across the country and has been translated into

multiple languages.

For her most current work, Lynne has begun conducting an economic analysis of the Spanish Missions in California. The missions, though important to California's development, have been little studied by economic historians as of yet. Lynne has begun work to rectify this seeming oversight. In her 2016 working paper "Why Did They Stay? The Economics of Spanish California Missions," co-authored with Olga Zoria, Lynne addresses the question of why some Native Californians gave up their relative freedoms to join and remain at the missions with the strict working conditions and restrictive lifestyles they entailed. Doti and Zoria suggest that many Native Californians did so because the missions reliably provided them with the basic necessities of life (food, clothing, shelter, and protection). It must be noted that these conclusions are still tentative and warrant further investigation. As such, while this writer does not want to put undue pressure on Lynne as she enters retirement from one portion of her academic life, he does hope (and expect) that Lynne will continue her research in this area with the possibility of another published book as the eventual outcome.

Conclusion

This short introduction to Lynne's research can in no way do justice to her work, but I hope it inspires readers to engage Lynne's publications. Persons who do so, and not just those in academia, will find themselves rewarded with a wealth of information cultivated by Lynne's critical analysis. Furthermore, her writing style is approachable and does not suffer from the dryness often associated with academic work, making the reading of her works a pleasant endeavor. In summary, Lynne Doti has produced some wonderful pieces of scholarship over her career. Her research legacy will be long-lasting, especially in the fields of the economic history of Californian banking and real-estate finance. Her works in these areas will remain for a long time the authoritative sources on the subjects.

References

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- Giedeman, D. (2004). The Riegler-Neal Act and local banking market concentration. *International Advances in Economic Research*, 10(4), 328-336.
- Sylla, R. (1969). Federal policy, banking market structure, and capital mobilization in the United States, 1863-1913. *Journal of Economic History*, 19, 657-86.

Appendix: Selected Publications of Lynne P. Doti by Category

BANKING:

- “Banking in Orange County: Early Years.” *Orange Countiana Vol. II: Orange County Historical Society*, 1980.
- “Banking in California 1878-1905: Some Evidence on Structure.” *Essays in Economic and Business History*, 1981.
- “Banking in California: The First Branching Era.” *Journal of the West*, XXII, No. 2, 1984.
- Banking in the American West*, with Larry Schweikart, University of Oklahoma Press, 1991.
- “Nationwide Branching: Some Lessons from California.” *Essays in Economic and Business History*, 1991.
- California Bankers*, with Larry Schweikart. Simon and Schuster, 1994.
- “The Effect of Regulation on California Banking: 1878-1929,” with Richard Runyon. *Essays in Economic and Business History*, 1996.
- “California Banking in the Gold Rush Economy,” with Larry Schweikart. In *California History: A Golden State: the Economic History of California in the Gold Rush*, Berkeley, CA: California Historical Society, 1999.
- Banking in an Unregulated Environment: California 1879-1905*. Part of Series “Banking and Finance” Abingdfon, U.K.: Routledge, 2014. Previously published: New York and London: Garland, 1995.

REAL ESTATE FINANCING:

- “Financing the Postwar Land Boom in Phoenix and Los Angeles 1945-1960,” with Larry Schweikart. *Pacific Historical Review*, 1989.
- Financing Real Estate in California: Missions to Sub-Prime Mortgages. A history of real estate boom and bust cycles in California and the role of banks and other financial institutions*. London: Routledge, 2016.

ENTREPRENEURSHIP:

- American Entrepreneur*, with Larry Schweikart. New York: AMACOM, 2009.

CALIFORNIA MISSIONS:

- “Why Did They Stay? The Economics of Spanish California Missions,” with Olga Zoria. Presented at the Economic and Business History Society Annual Meeting, 2016.