

Working Paper No. 08/04

# **Colonies in a Globalizing Economy 1815-1948**

Patrick Karl O'Brien

© Patrick O'Brien  
Department of Economic History  
London School of Economics

December 2004

# 千年之求索

This paper was presented at the second GEHN Conference, Irvine, California (15-17<sup>th</sup> January, 2004) funded by a Leverhulme Trust Grant: "A Millennium of Material Progress"

For more information about the participants and activities of GEHN, go to <http://www.lse.ac.uk/collections/economichistory/gehn/gehn.htm>

Department of Economic History  
London School of Economics  
Houghton Street  
London, WC2A 2AE

Tel: +44 (0) 20 7955 7860  
Fax: +44 (0) 20 7955 7730

## **Colonies in a Globalizing Economy 1815-1948**

*Patrick Karl O'Brien*

### **1. International Trade for Colonial and Autonomous Regional Economies of the Third World 1815-1948**

Under the international economic order which prevailed between the end of mercantilism and decolonisation (referred to in this essay as liberal imperialism) the costs of transacting, transporting and trading commodities, both within and across national and imperial frontiers declined sharply.<sup>1</sup> To some discussable but un-measurable degree the opportunities to realize enhanced gains from trade also depended upon the political status of regional economies operating and interacting (through trade in commodities, capital flows, labour migration and the diffusion of useful knowledge) within a global economy – expanding along cycles of faster, slower and even negative rates of growth – but expanding, nevertheless, more rapidly than ever before.

Contextualized within a key meta-narrative in global history concerned with imperialism the question addressed by this essay can be posed as follows: were the macro-economic benefits potentially available from the expansion and extension of international trade over the 19<sup>th</sup> and 20<sup>th</sup> centuries, less accessible to or more or less politically constrained for regional economies and populations of polities that continued or passed under colonial rule after 1815 than for societies that remained formally under indigenous and/or autonomous forms of governance?<sup>2</sup>

---

<sup>1</sup> Foreman-Peck, J., *A History of the World Economy* (Hemel Hempstead, 1995)  
The relative weights and time trends for falls in transportation, transactions and information costs are discussed in Kuakiaren, Y., 'Shrinking the World. Improvements in the Speed of Information Transmission', *European Review of Economic History* 5 (2001) pp 1-29

<sup>2</sup> The bibliography on imperialism in world history is now a library of books: an excellent recent text replete with references is Abernethy, B., *The Dynamics of Global*

In theory, multiple regression analysis - based upon a fully specified growth model and applied to an acceptable base of data for a satisfactory sample of regional economies for benchmark years between 1815 and 1948 - could conceivably isolate and even quantify the significance of forms of rule for the realization of gains from international trade during an age of liberal imperialism.<sup>3</sup>

Alas, and even if this contentious method produced plausible conjectures, the possibilities for completing cross-country, let alone cross-regional exercises in multiple regression analysis, are entirely remote for any of the years between the end of mercantilist warfare (1815) and the onset of decolonisation marked by Indian independence in 1948. Data are not there! Meanwhile tables 13 and 14 reveal that commodity exports per capita by region for 1900, 1937 and 1948 (the best index available to compare 'scales of involvement' in international trade for a large sample of colonized and autonomous economies display no clear correlations between types of governance and 'potential' gains from participation in foreign trade.<sup>4</sup>

Perhaps the only viable entrée into any reconfigured discussion of this important question will be to elaborate upon the macro economic context for achieving gains from trade, namely the growth and structural changes that occurred for the world economy as a whole as the context

---

Dominance. European Empires 1415-1980 (New Haven, 2000) and Vaidhyanathan, R., *A Colonial Trade and International Exchange* (London 1988)

<sup>3</sup> An exemplar of the genre dominated by a family of models based on cross-sectional regression analysis is: Acemoglu, D., et al, 'The Colonial Origins of Comparative Development', *American Economic Review* 91 (2001) 1369-1401.

For a sceptical review of the data used in these exercises, even for recent years, see Srinivasan, T.N., 'Database for development analysis. An Overview' and Rozanski, J., and Yeats, A., 'On the inaccuracy of economic observations; in *Journal of Development Economics* 44 (1994) 3-27 and 103-30.

For an excellent critique of the methods and assumptions of such exercises see: Kenny, C., and Williams, D., 'What Do We Know About Economic Growth?' in *World Development* 29 (2001) 1-22.

<sup>4</sup> Maddison, A., *The World Economy. A Millennial Perspective* (Paris, 2001) p. 365 provides data for merchandise exports as percentages of GDP in 1990 prices. His ratios are cited as a footnote to table 2.

for achieving gains from trade increased through time and conditioned prospects for economic growth across the geographical spaces and political boundaries of an evolving international economic order of colonized and autonomous regions of an integrating world economy. My essay will present data that reveals how ostensibly equal, or random, prospects for realizing potential gains from trade tended to be skewed in favour of particular zones of that evolving and integrating global economy.

My suggestion, flowing from an analysis of bodies of data available for world trade, international capital flows and the migration of labour, is that: for long stretches of the past two centuries, prospects for trade (with potential for growth) for almost all regional economies of the present day Third World (colonized or formally autonomous) seems *prima facie* to have operated as a far weaker engine for growth than for regions of Western Europe and particularly for European settlements overseas. If this hypothesis can be clarified and supported with some acceptable statistics, then the representation of colonial rule (1815-1948) as any kind of widespread and significant constraint upon convergence derivable from participation in world trade ceases to be credible.

Of course this thesis could become congenial for apologists for Europe's imperial record over this period. They now maintain that European governance and institutions may well have helped numerous colonial economies and indigenous workforces to realize enhanced gains from trade before decolonisation. Nevertheless, the view developed here is rigorously agnostic on this contentious and ideologically charged issue because *prima facie* the data currently available suggests that the size of economies, their geographical endowments, natural advantages, distance from European markets, networks of internal transportation linking interior regions to seaports, and base-line ratios of exports and imports to gross domestic products, all mattered more than alien or indigenous rule for the

achievement of gains from foreign trade during an era of liberal imperialism.<sup>5</sup>

Furthermore, and in so far as participation in foreign trade was either a (or even the) major source for growth and structural change available to the agrarian economies of the Third World, the persistence of imperialism and extension of colonial rule over the 19<sup>th</sup> and 20<sup>th</sup> centuries on balance probably neither restrained nor promoted any marked degree of convergence in productivity levels and standards of living between today's developed and underdeveloped countries. In opposition to a dominant view that argues for stronger 'correlations' between indigenous forms of governance and national economic progress, this essay will maintain that colonial rule at least over its final phase from 1815 to 1948 hardly altered prospects for long run growth across the spectrum of sovereign and non-sovereign regions of the world economy one way or the other. I have, moreover, argued elsewhere that this seems less true for Europe's imperial states who ran their economies and societies into the awesome destruction of two world wars. For this era, colonizers made limited, if any, economic gains and their populations suffered massively from their prolonged geopolitical and atavistic commitments to the maintenance, extension and defence of empires.<sup>6</sup>

---

<sup>5</sup> By using cross country multiple regression analysis, Gallup Sachs and Mellinger maintain that geography matters more than institutions in explanations for *current differentials* in real per capita incomes. Vide Gallup, J., et al 'Geography and Economic Development'; Centre for International Development, Harvard University Working Paper 1 (1999) 1-41 and their report 'Geography and Economic Development' Annual World Bank Conference on Development Economics (Washington, 1998)

<sup>6</sup> O'Brien, P.K., 'The Security of the realm and the growth of the economy 1688-1914' in Clarke, P., and Trebilcock, C., *Understanding Decline, Perceptions and Realities of British Economic Performance* (Cambridge, 1997)

## 2. Liberal Imperialism

But as a preface we must define liberal imperialism which refers to an international economic order of rules and conventions governing all forms of commerce across frontiers that came on stream over the 19<sup>th</sup> century and marked a departure from the previous violent and unstable system for the conduct of international economic relations. Under that *ancien regime*, 'mercantilism', the operation of international, inter-imperial and intra-imperial commerce had been regulated by states claiming sovereignty over trade, transportation, investment, migration and the diffusion of knowledge across national frontiers, as well as the borders of provinces, dominions and colonies under their jurisdiction.

There will be no need to review the underlying ideological assumptions behind a long tradition of mercantilist regulation. Only historians of economic theory in retrospect (taking cues from Adam Smith) represent mercantilism as approximations to a coherent doctrine or theory.<sup>7</sup> As an 'episteme' of widely shared assumptions behind the conduct of international and intra-imperial economic relations of early modern commerce, mercantilism appears in legal texts representing complex sets of national laws promulgated by governments throughout the world primarily to favour the economic interests of their subjects over the economies and citizens of other rival states and empires; and secondly to ensure that the economies and workforces of their colonies and dominions operated in ways that complemented and minimized competition with the economies and workforces of the metropolis.<sup>8</sup>

In practice, the mercantilist 'mission' (often published as preambles to statutes and decrees which claimed to accord priorities in commercial and imperial policy to augmenting the power and profit of states, their fiscal systems, external commerce and domestic economies) was not that

---

<sup>7</sup> Coleman, D.C., (ed.), *Revisions in Mercantilism* (London, 1969)

<sup>8</sup> Magnusson, L., *Mercantilism: the Shaping of an Economic Language* (London, 1994)

easy to formulate as rules commanding a metropolitan, let alone any imperial consensus of economic interests. Furthermore, and in the absence of either widespread compliance with laws or the organizational capacity required for efficient implementation and coercion, the attempts by medieval and early modern states (almost everywhere in Eurasia) to regulate the commerce of their realms, empires and subjects with the rest of the world economy continued to be aspirational and liable to degenerate into widespread, persistent and uncontrollable evasion.<sup>9</sup>

Enduring pretensions at the heart of mercantilism rather than conversions to the precepts of classical political economy eventually led Governments to 'loosen up' and in several classic cases to abandon 'futile' efforts to regulate connexions of domestic with colonial and foreign economies.<sup>10</sup> Intellectual arguments for freer trade had, moreover, appeared long before 1776 or 1815. Nevertheless, the Congress of Vienna (or rather the Battle of Trafalgar in 1805) marked a conjuncture in geopolitical relations when the Royal Navy had clearly established undisputed primacy at sea.<sup>11</sup> Wisely and because its victory in a long mercantilist quest for competitive superiority in global trade, shipping and the provision of commercial services (1651-1805) allowed for magnanimity, the Victorian state refrained from any direct interference with the seaborne trade of any of its economic rivals (even in wartime). Over the 19<sup>th</sup> century, Britain used its overwhelming naval power only to 'open up' the Ottoman, Qing and Siamese empires, and several South American republics to possibilities for maritime trade, to restrain commerce in slaves, to countervail piracy and above all to effectively

---

<sup>9</sup> Tracy, J.D., (Ed.), *The Political Economy of Merchant Empires: State Power and World Trade 1350-1750* (Cambridge, 1991)

<sup>10</sup> For the other view see Irwin, D., *Against the Tide: An Intellectual History of Free Trade* (Princeton, 1996)

<sup>11</sup> Gomes, L., *Foreign Trade and the National Economy* (Basingstoke, 1987) and Glete, J., *Navies and Nations: Warships, Navies and State Building in Europe and America* (2 volumes, Stockholm, 1993)

contain colonial rivalry and deter further ventures by Portugal, Spain, Holland, France and other European powers to take over territory, assets and populations in the Western Hemisphere.<sup>12</sup>

Prompted by an emerging ideology of free trade, ruling monarchical and aristocratic elites of that period became more realistic in their ambitions to control economies and more easily persuaded that a stance of laissez faire towards movements of commodities, capital, labour and knowledge across both national and imperial frontiers might serve the interests of their states and societies more effectively than regulation.

Although European colonization and territorial expansion continued unabated (see table 2) it was no accident that liberal forms of imperialism came on stream after 23 years of intensified and costly conflict – the Revolutionary and Napoleonic Wars, 1793-1815.<sup>13</sup> That new international economic order matured at the same time as the industrialization of Western Europe, which, together with technological and institutional possibilities for rapid, more secure and above all, cheaper transactions and transportation costs for the distribution of commodities, people, investable funds and knowledge, by land and sea, created possibilities for a vastly augmented level of commodity exchange and commercial intercourse across an expanding world economy.<sup>14</sup>

### **3. The Growth of International Trade and the Integration of a World Economy 1815-1914**

Alas, data required to plot the expansion of world trade, capital flows and migrations of labour over the long 19<sup>th</sup> century are neither

---

<sup>12</sup> Semmel, B., *Liberalism and Naval Strategy* (London, 1986)

<sup>13</sup> Clesse, A., and O'Brien, P.K. (eds.), *Two Hegemonies. Britain 1846-1914 and the United States, 1941-2001* (Aldershot, 2002)

<sup>14</sup> Arrighi, G., *The Long Twentieth Century. Money, Power and the Origin of our Times* (London, 1994)

secure nor comprehensive enough. Nevertheless, research by scholars into disparate bodies of official sources, together with Mulhall's poorly referenced Dictionaries of Statistics have allowed for the publication of useable figures for the volumes, geographies and commodity compositions of world trade, as well as accepted estimates for migrations of capital and labour across frontiers for more than a century between 1815 and 1948.<sup>15</sup>

For example, (see table 1) once recovery from the Revolutionary and Napoleonic Wars was underway, annual average rates of growth for world trade advanced at within a modal range of 3% to 5% per annum.<sup>16</sup> Trends and cycles cannot be properly established, but a climacteric (1872-99) followed by an upswing appears in tables calibrated by Arthur Lewis from the US Government's Statistical Abstract of Foreign Countries (1909).<sup>17</sup> Rates for the long 19<sup>th</sup> century are early 3 to 4 times the rates estimated by Walt Rostow for the previous century and reported by Angus Maddison for the inter-war years 1919-39.<sup>18</sup> Paul Bairoch reckoned that trade per capita may have multiplied sixteen times and the ratios of imports plus exports to aggregated global production probably rose (according to Simon Kuznets) from insignificant proportions (around 3%) into the 20% to 30% range over the century preceding the Great War.<sup>19</sup>

Behind the accelerated growth and augmented macro-economic significance of world trade is that familiar sequence of industrialization,

---

<sup>15</sup> M.G. Mulhall, Dictionaries of Statistics (London, 1892 and subsequent editions). I have referenced the data sources under each table presented in this essay.

<sup>16</sup> Kenwood, A.G., and Lougheed, A.L., The Growth of the International Economy 1820-2000 (London, 1999)

<sup>17</sup> Lewis, A., 'The Rate of Growth of World Trade 1830-1972' in Grossman, S., and Lunberg, E. (eds.), The World Economic Order: Past and Prospects (London, 1981) 1-81

<sup>18</sup> Rostow, W.W., The World Economy (London, 1978), pp. 65-74 and Maddison, A., Phases of Capitalist Development (Oxford, 1982) p.p. 60-61

<sup>19</sup> Kuznets, S., Six lectures on Economic Growth (New York, 1959) pp. 100-108, and Bairoch, P., Commerce extérieur et développement économique de l'Europe au XIXe siècle (Paris, 1976) tables 1 and 2

whereby Britain, Belgium, Northern France, Switzerland, Germany, Holland, Scandinavia and, by the end of the century, regions of Iberia and Italy matured at different rates, along their own path dependant trajectories into industrial market economies. Higher proportions of the 'core's' growing populations came to reside in towns and found employment in industry and urban services. Productivity per worker and eventually standards of living rose as the outcome of a process driven by investment in technically superior varieties of capital goods, new commodities and more efficient forms of organization for production in agriculture, mining, communications, commerce and above all in manufacturing industry.<sup>20</sup>

Industrialization at the core led to ever increasing surpluses of machine-made commodities available for sale on world markets and to an enormous uplift in demand for imported foodstuffs, minerals and organic raw materials required to sustain accelerated population growth, urbanization and structural change across several economies of Western Europe. Markets integrated initially at regional and then national levels. Eventually intra and inter-continental economies (that had been linked for centuries) became more closely and regularly connected because technological and organizational innovations radically reduced risks and costs of supplying the information, establishing business networks and constructing the transportation required to transfer goods, services and personnel across time and distance.

Geographical boundaries for decisions affecting industrial and primary production and commerce widened. For both new and expanding areas of economic activity, what to produce; how to design and manufacture commodities; where to buy raw materials and sell final

---

<sup>20</sup> Major survey articles with full bibliography on European industrialization are included in O'Brien, P.K. (ed.), *The Industrial Revolutions in Europe*, vols. 4 and 5 of Church, R.A., and Wrigley, E.A., (eds.), *The Industrial Revolutions* (Oxford, 1994)

outputs, to raise capital and to hire skilled and even unskilled labour ceased to be spatially confined, politically controlled and culturally constrained. As an age-old process of connexion, maturing into integration, gathered momentum and foreign competition intruded into more domains of regional and national production; and as ratios of exports and imports to domestic output and consumption increased, prices of trade-able commodities of comparable quality 'moved towards' convergence and 'pulled' prices of the inputs and factors of production engaged in cultivating mining or manufacturing for international markets in the same direction. That tendency could, however, only push or pull the prices of traded goods and services (and by derivation the returns and payments to the land capital and labour utilized as inputs in their production) at speeds and in directions that were both theoretically plausible and potentially possible. Among the world's plurality of regional economies, the timing and degree of convergence towards higher levels of productivity remained highly 'conditional' on the extent and intensity of integration for particular commodity and factor markets, as well as the specific capacities of local, regional, national and colonial economies to respond to opportunities to participate in world trade.<sup>21</sup>

#### **4. Zones and Economic Geographies for World Trade 1815-1914**

Responses and eventual long term outcomes varied enormously. Case by case historical surveys swamp prospects for generalization with

---

<sup>21</sup> The Heckscher-Ohlin model of integration among economies of the Atlantic economy has been well analysed and quantified by O'Rourke, K., and Williamson, J.G., *Globalization and History. The Evolution of a Nineteenth Century Atlantic Economy* (Cambridge, Mass. 1999). A global model of inter-connexions between the industrialization of the core, the expansion of trade and divergence in incomes has been published by Baldwin, R., et al, 'Global Income Divergence, Trade and Industrialization', Centre for Economic Policy Research Paper 1803 (1998)

detail, that could not be subsumed in 'averages' or 'regressions'.<sup>22</sup>

Following the approach pioneered by Arthur Lewis, this essay seeks to arrive at middle range hypotheses by distinguishing the long term effects that growth of the core and the integration of world markets exercised upon three 'separable zones, of the world economy.

First and foremost international trade excised its most benign effects upon a zone of European settlements overseas, located for the most part in temperate climatic latitudes and in places which had been recognized long before the 19<sup>th</sup> century as favourably endowed with under-utilized and accessible supplies of fertile land, arboreal forests, fishing grounds and mineral deposits. During the age of liberal imperialism the populations inhabiting or migrating into this fortunate zone became citizens of the United States, Canada, Argentina, Chile, Uruguay, Australia, New Zealand and South Africa – territories that had been colonized by white European settlers as part of their incorporation of an Atlantic into a global economy. The political and military actions, but particularly the pathogens carried by the initial waves of European settlers reduced indigenous populations to fractions of pre-conquest levels.<sup>23</sup> By the end of an imperial meridian (1783-1825) most European settlements overseas enjoyed virtual autonomy over their internal economic affairs, including more or less unfettered control over the expropriation and reallocation of local property rights.<sup>24</sup> In Latin America and the South of the United States, before the emancipations of 1862-84 the right of settlers also included the ownership of large and growing populations of

---

<sup>22</sup> For example, I do not anticipate that the methods and models surveyed in R.E. Hall and C.I. Jones 'Why Do Some Countries Produce So Much More Output per Worker than Others? In *Quarterly Journal of Economics*, February (1999) 81-116, could be applied to the question of why some countries achieved higher levels of exports per capita over the period 1815-1948? At present there is more illumination from an historical approach vide Crafts, N., 'Globalization and Economic Growth: An Historical Perspective; in I.M.F. Working Paper WP/00/44 (Washington, 2000)

<sup>23</sup> Crosby, A.W., *Ecological Imperialism. The Biological Expansion of Europe 900-1900* (Cambridge, 1986)

<sup>24</sup> Bayly, C., *The Birth of the Modern World, 1780-1914* (Oxford, 2004)

black slaves.<sup>25</sup> In addition, settler societies carried negligible burdens of taxation for external security which was implicitly guaranteed by the Royal Navy funded by British taxpayers. If a 'World Bank' had been around and had reported to the Congress of Vienna on the world's natural resources potentially available for exploitation by European capital and labour, the territories and assets of this relatively empty zone (partially surveyed and/or under exploration) could only have been presented as highly promising.

Less promising, but certainly better known and more easily accessed to support growing demands from the core for food, raw materials and minerals we distinguish a second zone of the world economy consisting of established countries or provinces located along the northern, eastern and southern peripheries of western Europe. Russia, Poland, Scandinavia, Southern Italy, Iberia and the Balkans had long been connected to the industrializing economies by waterborne transportation moving along the coasts and rivers that flowed into the Mediterranean, Baltic and North Seas. Within this established zone, intra-European trade, based on natural variations in endowments, geographies, soils and climates had persisted for millennia. At the onset of industrialization, several regions along this 'semi-periphery' still possessed considerable potential to respond to opportunities to trade their primary produce and minerals for manufactured goods, to attract capital from their European neighbours to import and adapt new technology, send surplus emigrants to the Americas and embark on their own national paths towards industrial market economies.<sup>26</sup>

---

<sup>25</sup> The role of Africans in the making and maintenance of an Atlantic and World Economy has been analysed by Inikori, J., *Africans and the Industrial Revolution in England* (Cambridge, 2002)

<sup>26</sup> Pamuk, S., and Williamson, *The Mediterranean Response to Globalization before 1850* (London, 2000)

Our third zone, of the rapidly growing and increasingly integrated global economy provides a heuristic geographical and political context for investigations into the impact of European imperialism (formal and informal) on the development of the economies and standards of living for a majority of the world's inhabitants. That context or frame is difficult to demarcate and will be referred to anachronistically (since the label is modern) as the 'Third World'. In political and economic terms the Third World considered here as a zone of the liberal world economy looks enormous and amorphous because: (a) it includes territories, resources and populations that either remained within or were incorporated, after the Congress of Vienna, into the empires of Britain, France, Spain, Portugal, Holland, Germany, Russia, the United States and Japan; (b) excludes settlements of largely British populations overseas formally under British sovereignty (like Australia) which enjoyed considerable local autonomy in the formulation of laws and the construction of institutions for the conduct of their internal and external (but not strategic) affairs; (c) envelopes nominally sovereign empires, polities and economies which had been either coerced into or had prudently abrogated varying degrees of sovereignty over external economic relations with the rest of the world (e.g. the Ottoman, Qing, Japanese and Siamese empires).<sup>27</sup>

In summary, this third zone of a globalizing economy will be demarcated as a residual category, located in large part between the Tropics of Cancer and Capricorn on the continents of Asia, Africa and South America. It includes a majority of the world's population and numerous regions possessing considerable endowments of land, mineral

---

<sup>27</sup> For the external economic relations of the: (a) Qing Empire see Deng, G., *Maritime Sector, Institutions and Sea Power of Pre-modern China* (Westport, 1999); (b) Ottoman Empire: Pamuk, S., *The Ottoman Empire and European Capitalism, Trade, Investment and Production* (Cambridge, 1997) and Quartaert, D., *The Ottoman Empire 1700-1922* (Cambridge, 2000); (c) for Japan: Howe, C., *The Origins of Japanese Trade Supremacy* (London, 1999); (d) for Siam: Ingram, J.C., *Economic Change in Thailand* (Stanford, 1971)

wealth, forests, fishing grounds and above all cheap labour, employable ('exploitable') for purposes of meeting rising demands for primary produce from societies of the European core.

Shares of that zone's resources and population falling under effectively exercised colonial rule by metropolitan powers fluctuated over time. Between 1783 and 1825 the incorporation of the states of Mughal India more than compensated (in strictly demographic terms) for the cessation of land, and people to independent governments of the United States, Brazil and other states of Central and South America. Thereafter and (with increased intensity during the scramble for Africa – 1882-1902) transfers from indigenous to alien (largely European) rule proceeded the other way so that by 1914 the shares of world's surface, populations and total product under the direct control of metropolitan governments approximated to ratios set out in table 2.

For purposes of the macro economic analysis pursued in this essay, there is no reason to become involved in debates about types and intensities of imperial rule compared to intrusions of external power (explicit or implicit) into the formulation and enforcement of regulations by ostensibly autonomous governments which affected the commerce undertaken by their subjects with Europeans or other outsiders. Even the 'degrees' of freedom to trade enjoyed by businessmen operating under several styles of colonial rule remains to be established.<sup>28</sup>

Furthermore, liberal imperialism implies that after 1815 the international economic order had changed so that after centuries of violent predation colonization and mercantilist forms of exploitation the proportions of the world's population and resources restrained from

---

<sup>28</sup> The debate on formal versus informal imperialism which addresses this question continues and has been surveyed in Louis, R., (ed.) *Imperialism: The Robinson Gallagher Controversy* (New York, 1976) and Platt, D.C.M., 'Further Objections to and for the Imperialism of Free Trade: in *Economic History Review* 26 (1973) pp. 77-91, and is reviewed in Winks, R., (ed.), 'Historiography' in Louis, W.R., (ed.), *The Oxford History of the British Empire*, vol. 5 (Oxford, 1998)

participating in opportunities for foreign trade by direct forms of alien (usually European ) rule diminished sharply. Some historians might still claim that nominally independent national (and regional) economies continued, however to be constrained by their 'heritage' of mercantilist domination and that regions under European rule were never 'really free' to trade beyond limits and boundaries established by imperial regulations.<sup>29</sup> Even where legal and/or cultural constrictions prevailed, that merely shifts enquiries towards comparisons of indigenous and post-conquest regulations for the operation of economic activities or to speculations concerning trajectories colonized economies may have been on before takeover, or moved onto after independence. Such counterfactual investigations could be instructive to pursue but less inconclusive histories might emerge from an exercise that will attempt to measure and contrast the considerable variations in outcomes that emerged among four interacting zones of the world economy as they responded to opportunities for trade with development presented by the industrialization of the core. By proceeding at this macro-global level of generalization, the problems of incoherence involved in the proliferation of one case study after another are circumvented. Data can be marshalled and some hypotheses elaborated to suggest why the Third World (including the colonized and non-colonized Third World) (amalgamated here into a single zone) responded 'less elastically' to opportunities to trade than either the zones of European settlement or the European periphery?<sup>30</sup>

Any attempt to quantify the global context within which zones and their regional economies operated between 1815 and 1914 will be difficult

---

<sup>29</sup> Condcliffe, J.B., *The Commerce of Nations* (London, 1951)

<sup>30</sup> My approach has been inspired by the attempts of Arthur Lewis to formulate generalizations that apply to the operations of a world economy as a whole. Vide Lewis, W.A., *Tropical Development 1880-1913* (London, 1970) and *Growth and Fluctuations 1870-1913* (London, 1978)

because data on the changing volume, economic geography and commodity composition of world trade is neither comprehensive nor calibrated into a form that displays the performance of the three zones demarcated for purposes of reaching middle range generalizations. For most of this period no international institutions existed to prompt scholars to think globally or to amalgamate and calibrate data into forms that would help them. Fortunately Paul Lamatine Yates, Paul Bairoch, Bouda Etemad, John Hanson, Walt Rostow, the Woytinskys, Simon Kuznets and others have aggregated and reclassified an imperfect range of national data under headings that allow for conjectures and distinctions supportable with reference to statistics for exports, imports and international factor flows that at least are of superior accuracy to anything available for outputs, incomes and other indicators of macro-economic performance on a global scale.<sup>31</sup>

Let us begin to comprehend the structural basis for world trade by using their published statistics to reference and modify that familiar generalization; namely, that international trade in commodities (no global figures for trade in services are in print) continued, down to and beyond 1913, to be based on an exchange of primary products for manufactured goods.

Of course, it is merely heuristic to represent global trade (over this period) as an exchange of primary products (produced by three zones of the world economy) for the manufactured goods and commercial services sold by another zone, namely the industrializing core of Western European economies. All four zones exported both manufactures and primary products. Nevertheless we may safely conjecture that by last

---

<sup>31</sup> Yates, P.L., *Forty Years of Foreign Trade* (London, 1959); Kuznets, S., *Modern Economic Growth* (New Haven, 1966); Bairoch, P., and Etemad, B., *Structure par produits des exportations du Tiers Monde 1830-1937* (Geneva, 1985); Hanson, J.R., *Trade in Transition. Exports from the Third World 1840-1900* (New York, 1980); Rostow, W., *The World Economy* (London, 1978) and Woytinski, W.S., and E.S., *World Commerce and Governments* (New York, 1955)

quarter of the 19<sup>th</sup> century, some 70% of the commodities traded on international markets by the core: (Britain, Belgium Holland, France, Germany and Switzerland) consisted of manufactures (while the primary produce imported by that same zone from neighbouring countries within Western Europe and from the three other zones of the world economy accounted for approximately the same percentage of its imports.<sup>32</sup>

Data is not available to trace these ratios back to the period when manufactures assumed a high degree of prominence in exports emanating from core economies. For the United Kingdom that pattern of specialization became established during the 17<sup>th</sup> century. Apart from the Netherlands, other core economies continued to depend upon a more resource intensive range of exports until later in the 18<sup>th</sup> and 19<sup>th</sup> centuries. They then moved more rapidly into the production of manufactures for export than either the peripheries (of southern, northern and eastern Europe) or European settlements overseas.<sup>33</sup>

Right up to the conjuncture of 1914, exports from all three zones outside the European core continued to be dominated (overwhelmingly so and until 1948, in the case of the Third World) by primary products. Historically it is almost certainly the case that shares of manufactures in the exports emanating from Mediterranean Europe, India, China and other parts of the world had been higher, circa 1675 – 1700 than the reduced percentages that appeared in records for the last quarter of the 19<sup>th</sup> century would indicate. By then metropolitan prohibitions upon investment in colonial industries had all by disappeared (even in the most mercantilist of European empires) and exports from North America and Australasia and Japan included rapidly rising proportions of manufactured goods.

---

<sup>32</sup>Foreman-Peck, J., *A History of the World Economy, op.cit.*

<sup>33</sup>Minchinton, W. (ed.), *The Growth of English Overseas Trade in the Seventeenth and Eighteenth Centuries* (London, 1969) and Milward, A., and Saul, B., *The Development of the Economies of Continental Europe, 1850-1914* (London, 1977)

Throughout this period only a small share of exports from the Third World sold on world markets consisted of manufactures. Kenwood and Lougheed cite an implausibly tiny ratio of 2.4% for 1876-80 which suggests a half-century of severe de-industrialization followed by some semblance of restoration over the next six decades. De-industrialization only occurred in particular regions and sectors of industry and since the processing of exports (classified in official statistics) as primary products shades into manufacturing, there is no need, pace Marx, to exaggerate its significance.<sup>34</sup> Meanwhile several now famous attempts by states to force the pace of industrialization failed.<sup>35</sup> Apart from Japan, virtually no recovery of competitive capacity to manufacture commodities for sale on world markets occurred in Asia, or developed in Southern America (let alone the Middle East and Africa), until the industrialization of the 'rest' began to advance later in the 20<sup>th</sup> century.<sup>36</sup>

Most governments and their economic advisers who considered prospects for raising standards of living for majorities of the world's populations still attached to agricultures, concluded that a (if not the) way forward would be to increase sales of cash crops (and minerals, wherever accessible) on world markets, particular European markets, to which they sent the highest proportions of exports.<sup>37</sup>

Yet over decades (1830-1953) of population growth, urbanization, industrialization and rising incomes per capita (which proceeded at discernibly more rapid rates in Europe and zones of European settlement) the 'proportions' of imports purchased from the Third World displays no

---

<sup>34</sup> Roy, T., *Traditional Industry in the Economy of Colonial India* (Cambridge, 1999) and for Marxist views of deindustrialization see Warren, B., *Imperialism: Pioneer of Capitalism* (London, 1980) and Brewer, A., *Marxist Theories of Imperialism. A Critical Survey* (London, 1980)

<sup>35</sup> Batou, J., *Cent ans de resistance au sous-développement. Étude compare des tentatives d'industrialisation du Moyen-Orient et de l'Amerique latine 1770-1870* (Genève, 1990)

<sup>36</sup> Amsden, A., *The Rise of the Rest* (Oxford, 2001)

<sup>37</sup> Arndt, H.W., *Economic Development. The History of an Idea* (Chicago, 1987) ch. 1

tendency to rise (table 6). This fact prompts the obvious question of why that zone could not exploit opportunities to export at rates that might at least have maintained (or, better still significantly augmented) its share of primary products sold upon world markets?

Perhaps the first observation to make (table 4) is that no fundamental shift occurred over time in the destinations of exports from Third World economies. Before 1913 something like 65% of their foodstuffs, raw materials, and minerals were purchased by Europe and European settlements and the rise in the share going to Europeans overseas (in North America and elsewhere) moves in lines with the relative shift in the distribution of the populations among these two zones of rapid development.

Europe never became 'dependant' on the Third World for primary products and the continued significance of its own primary production and intra-European trade in providing by far the largest source for the food, raw materials and minerals required for the industrialization of the core is clear. Furthermore Table 6 also displays clear rises in the 'relative' importance of North America and Australasia and a trend of decline down to circa 1900 of Third World sources of supply for the development of Europe. In summary: while industrialization proceeded over the long 19<sup>th</sup> century within the context of a growing world economy (linked by commerce, migrations of capital and labour and imperial ties) that process occurred without any profound structural shifts in the geography of global trade. Western Europe's own farms, forests and mines continued to produce most (around 60%) of the food, organic inputs and minerals required to sustain the development of the core. Supplies from European colonies and settlements overseas played a complementary role that increased in scale and scope, but even their significance has been exaggerated by the excessive attention accorded by the historiography of modern industrialization to that precocious case of the

first industrial revolution. Located upon a smallish offshore island, the domestic economy of the United Kingdom had long been (and continued to be) more closely connected to the Americas and Australasia as well as the Third World than the mainland every became.

Indeed, the realm's pattern of long-run development based on favourable natural endowments, position and sustained investment in naval power never represented a paradigm or set of comparative advantages for other European economies to pursue. After all they (Portugal, Spain, Holland and France) had effectively become 'also-rans' in the mercantilist quest for power, profits and economic growth based upon expansion overseas. As follower countries, they pursued trajectories for development that became far less path dependant upon trade, investment and colonization in Africa, Asia and the Americas. Their levels and growth of demand for imports from other continents remained altogether more circumscribed. Although the volume of primary products delivered from the Third World for sale on mainland markets increased at faster rates over the long 19<sup>th</sup> century, Europe (as a whole) continued to meet virtually stable *shares* of its needs from the continent's own agricultures, forests and mines and at the margin depended far more on settlements in the Americas and Australasia than upon imports from other zones and regions of the world. Indeed over time, the share of European (but not British) demand met by imports from Asia, Africa and Southern America declined, not only from a 25% level, measured for 1830, but from ratios that may well have been higher when precious metals, slaves and tropical groceries dominated European trades with other continents during the 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> centuries (Table 6). Comparable impressions emerge from tabulations which expose the destinations of Europe's exports. Although the ratios are not accurate (see tables 7 and 8) nor calibrated into the categories required for analysis by zones, they point to long term stability in the significance of intra-European trade and

to an altogether slight rise in the importance of Third World markets for European commodity exports. Again the figures also display the United Kingdom as the 'outlier' in its extra European trading relationships.

## **5. The Performance of the Third World in a Globalizing Economy, 1815-1914**

For only a century after 1815 the response of the Third World to opportunities presented by trade and the integration of global markets depended upon natural rather than the comparative advantages of diverse regional economies, on indigenous entrepreneurship and investment and the capacities of particular zones to attract European capital and skilled labour as well as the help or hindrance offered by different forms of colonial and traditional governance.

Although geography is not destiny, the commodity composition of exports from the Third World exposes strong dependence on latitudes, locations, climates, soils and other ecological factors.

Diversification among a narrow range of foodstuffs, organic raw materials and a sample of mineral ores exported from Asia, Africa and Tropical America does not appear to have proceeded far between 1830 and 1937 and the composition of exports had changed only marginally by the beginnings of decolonisation in 1948. Before crude oil came on stream, exports from the Third World continued to be dominated by a limited range of tropical groceries, agrarian raw materials and a small selection of drugs. Manufactures, minerals and precious metals made up residual categories and the concentration (up to 80%-90% measured in dollars f.o.b. at current prices) upon foodstuffs, organic materials and botanical drugs persisted until very late in the 20<sup>th</sup> century.

Of course, the diversity, quality and sources of Third World supplies of these 'natural' products had altered over the centuries and long run

changes cannot be mapped statistically before the 1830s, when the proportions represented by precious metals and manufactures were almost certainly lower than they had been during the 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> centuries. Alas the sources did not allow us to separate out the small percentage (rising to 18% by 1912) of 'Third World' exports from regions of white settlement in temperate latitudes in Africa and South America, namely Argentina, Chile, Uruguay and South Africa. Nevertheless, table 9 reveals that primary products emanating from this populous zone of the world economy can be characterized as embodying natural advantages: of soil, climate and location as well as the accumulated experience acquired over centuries from the cultivation and marketing of a range of foodstuffs, tree crops and agricultural raw materials adapted to grow well in specific environmental niches located in the tropical latitudes of Asia, Africa and Southern America.

Furthermore the share of such exports based on natural endowments and emanating from economies under European colonial rule) fluctuated over time. The proportion may well have been higher before 1830 when imports from Iberian, Dutch, British and French possessions in the Caribbean and Southern America dominated their trades with the Third World. After the imperial meridian (1783 to 1830) when Britain, Spain, Portugal and France reluctantly ceded independence to most of their colonies in the Americas, roughly half of all exports originating from the Third World came from regional economies (that remained or passed under direct European rule). That 'colonial' or 'imperial' proportion hardly changed right down to the second world war (table 9).

For more than a century after 1830, the maintenance and extension of imperial rule (European, Japanese and American) to include ever increasing proportions of the world's territory, natural resources and populations hardly altered the overall share of primary products that

'colonized' agrarian regions sold on world markets (compare tables 2 and 9).

Their exports, indeed exports from the entire Third World, (colonized and independent alike) rose in line with world trade (table 1), but not at rates required either to jack up shares of primary products sold on international markets (table 5) or to make much difference to potential for development as measured in table 13. Neither indigenous nor foreign skills, enterprise and investment provided the abundant and elastic supplies of labour available in Asia, Africa and Southern America with the cultivable land, irrigation, water, technology knowledge, institutions and transportation required to generate the export surpluses required to raise levels of labour productivity in agriculture (or mining) to Western levels which could conceivably have led to structural change and rising levels of per capita income.

Constrained by ecologies that promoted trade based to a large extent upon natural advantages and under intensified competition from the agrarian and mineral sectors of the core and periphery of Europe and above all from European settlements overseas, for decade after decade the primary producers of the Third World never managed to attract more than a modest fraction of Europe's rising exports of surplus capital, skilled labour and entrepreneurs – migrating (not as Lenin postulated) to colonies and regions with cheap exploitable labour, but in overwhelming proportion to the United States and other white settlements overseas.<sup>38</sup>

Liberal imperialism had relaxed constraints, increased the incentives and reduced risks (omnipresent under mercantilism) for the migration of capital and labour to many more regions of a growing world economy. Unfortunately, comprehensive data for annual flows of gross

---

<sup>38</sup>The Marxist-Leninist theory of European investment overseas is outlined in Mandel, E., *Late Capitalism* (London, 1975) and critically reviewed in Fieldhouse, D., *Economics and Empire* (London, 1973)

and net investment moving across the frontiers of countries, empires and zones of that global economy over the very long run will never allow us to plot trends and cycles in 'foreign' investment. We may, however, assume that for centuries before 1815, investment moving across frontiers funded the accumulation of stocks of fixed and circulating capital, owned by metropolitan capitalists and utilized within the colonial economies of empires, ruled and defended (more or less effectively) by the states (navies) of Portugal, Spain, the Netherlands, Denmark, France and Britain.<sup>39</sup> That politically determined scale and pattern of investment overseas changed over the era of liberal imperialism. During a more peaceable order that followed the Congress of Vienna, net annual flows of European capital increased and fluctuated in a rather predictable cyclical fashion (between home and foreign investment). The trend accelerated and both the levels and shares of domestic savings invested outside national economies went up and up. According to one estimate, the stock of long term foreign investment emanating from Britain, France, Germany, Belgium, Switzerland and Sweden may have risen 35 times (measured in current prices) between 1825-1913 and from 3% to nearly 5% of the core's gross national product.<sup>40</sup>

O'Rourke and Williamson's data for the United Kingdom, France and Germany for 1850-54 to 1910-13, refers to foreign investment as percentages of domestic savings, and displays considerable fluctuations and no clear trends, but testifies again to the exceptional propensities of British capitalists (compared to their French and German counterparts) to invest overseas. Efficiently serviced by the City of London, British

---

<sup>39</sup>Tracy, J.D. (ed.), *The Rise of Merchant Empires* (Cambridge, 1990); *The Political Economy of Merchant Empires*, op.cit contain relevant articles and bibliographies to overseas investment before 1815

<sup>40</sup>Edelstein, M., 'Foreign Investment and Accumulation' in Floud, R., and McCloskey, D. (eds.), *The Economic History of Britain since 1700*, vol.2 (Cambridge, 1994) 173-96 and Bairoch, P., *Victoires et déboires* 11. *Histoire économique et sociale du monde du XVIe siècle à nos jours* (Paris, 1997) 316-17

investors placed between a third and a half of their savings in foreign assets so that the share of the kingdom's wealth invested beyond its borders rose from around 6% in 1850 up to 26% by 1910. Their participation in the stock of European capital invested outside Europe rose from one third circa 1815, to just over half circa 1913.<sup>41</sup> Meanwhile, French and German investors placed far higher proportions of their savings in assets on the mainland – 52% and 44% (as at 1913) compared to 5% for the United Kingdom.<sup>42</sup> By then capitalists from the United States had emerged as foreign investors (overwhelmingly in Canada and South America) and, owned around 7% of the stock of foreign capital – quoted on the world's major stock exchanges.<sup>43</sup> At that conjuncture in the growth of world economy the aggregated value of the stock of recorded paper assets which (as a lower bound estimate) excludes unrecorded but rather considerable sums for direct foreign investment in both fixed and circulating capital) could have amounted to some 18% of world output.<sup>44</sup>

By 1913 the populous Third World enjoyed benefits from less than 20% from this stock of foreign capital and there is no reason to anticipate that the geographical distribution just before the First World War misrepresents patterns of investment from 1815-1913. On the contrary, Africa, Asia and tropical regions of South America probably obtained a rising share of capital invested abroad during the long boom from 1899-1914. Before that a favoured zone of 'white settlement' with close and significant commercial connexions with Europe, located in temperate latitudes, with independent or dominion forms of government may well have attracted an overwhelming share of total private capital invested

---

<sup>41</sup> O'Rourke and Williamson, *Globalization and History*, op.cit, pp. 226-34

<sup>42</sup> Edelstein, 'Foreign Investment', op.cit. and Bairoch, P., *Commerce extérieur* op.cit

<sup>43</sup> O'Rourke and Williamson, op.cit., p. 229

<sup>44</sup> Bairoch, P., *Victoires et déboires*, op.cit., pp. 317-18

across frontiers, as well as subsidized defence from Britain during the era of liberal imperialism.<sup>45</sup>

Outside sugar, tea, coffee and rubber plantations, European investors contributed tiny proportions of the funding for machinery, equipment, tools, buildings and working capital used by firms for agricultural or industrial production anywhere in the Third World. Although venture capital and buccaneer entrepreneurs are infamous in histories of empires, most European money migrated to Asia, Africa and South America in search of secure opportunities to earn marginally higher rates of return payable on bonds issued either by governments or on the debentures and equities of companies engaged in mining, forestry, land clearance, irrigation, the building of roads, docks, harbours, houses, urban infrastructures and above all to fund the construction and operation of railways which linked cultivable land, forests and mineral deposits of the third world, to towns, ports and international markets.<sup>46</sup>

Railways happened to be the one (albeit significant) component of the capital stock funded (in large part) by European investors that can be compared and presented in statistical form as kilometres of track laid down to cross and to penetrate into the interiors of continents. Yet it would be more heuristic to compare evidence on the formation of social overhead capital (including railways) across countries and regions so that

---

<sup>45</sup> Bairoch, P., 'Globalization, Myths and Realities: One Century of Foreign Trade and Investment' in Boyer, R., and Drache, D. (eds.), *States Against Markets. The Limits of Globalization* (London, 1996), pp. 173-92 and Crafts, N., 'Globalization and Growth', *op.cit.*, p. 27; Hirst, P. and Thompson, G., *Globalization in Question. The International Economy and the Possibilities of Governance* (Cambridge, 2003) have an estimate for foreign direct investment for 1914 of around \$16 million which comes to around 16% of Bairoch's estimate of Europe's gdp – see Bairoch, P., *Commerce extérieur*, *op.cit.*, p. 99.

On subsidized defence of Britain's dominions and colonies: see Davis and Huttenbach, 'Mammon and the Pursuit of Empire', *op.cit.*, ch.5

<sup>46</sup> The risk averse preferences of foreign investors has been extensively discussed. See Edelstein, 'Foreign Investment' *op.cit.*, and his book, *Edelstein, M., Overseas Investment in the Age of High Imperialism* (London, 1982). See the references in my article: O'Brien, P.K., 'The Costs and Benefits of British Imperialism 1846-1914' in *Past and Present*, 120 (1988) 163-200

polities under colonial rule could be contrasted with countries and empires under autonomous governments. Meanwhile, the 'big picture' – as represented by data in table 12 exposes the lower scales of kilometres of railtrack per capita and per hectare of cropland compared to the advantages derived from modern and superior forms of steam powered inland transportation enjoyed by Europe and European settlements in the Americas (including settlements in South America) over the economies of Asia and Africa between 1850-1930.<sup>47</sup>

As a by-product of their political status, India and other regions of the colonized third world may (counterfactually) have enjoyed favoured treatment from British and other European investors placing their savings in 'protected; (sometimes subsidized) forms of social overhead capital than, say, China, Brazil or other autonomous polities of the Third World. Nevertheless, and despite repeated claims made by apologists for liberal imperialism, it is clear that colonies never became preferred destinations for the bulk of European investment overseas.<sup>48</sup> The post-1815 departure from mercantilistic patterns of private investment virtually confined to empires became all too clear for the British and other cases. Only 36% of the money raised on the London capital market between 1865-1914 funded the formation of capital within the British Empire and only 35% of that share (or a mere 13% of total overseas investment raised on the London capital market) became available to India and other colonies containing abundant supplies of politically manipulable property rights and economically exploitable labour. Europe's surplus capital migrated in overwhelming proportion to support, sustain and subsidize European

---

<sup>47</sup> Huggill, P., *World Trade since 1431* (Baltimore, 1993) is a good text on the history of global transportation, and see Davis, C.B., and Wilburn, K.E. (eds.), *Railway Imperialism 1830-1914* (1973)

<sup>48</sup> Ferguson, N., *Empire. How Britain Made the Modern World* (London, 2003); Hall and Jones, *op.cit.*, p. 107 used cross-country regressions to report that 'Countries most influenced by Europeans in past centuries have social infrastructures conducive to high levels of output per worker'. Alas, at the time of colonial rule investors did not see them that way.

settlements overseas.<sup>49</sup> Ironically (from any Leninist perspective) unsettled debates about the costs and benefits of imperialism are now concerned to measure 'potential losses' to Britain and other European societies that flowed from their sustained commitment to rule and defend colonies for more than a century after the malign geopolitical legacy of mercantilism had become malign for economic growth and merely 'ornamental' for the social welfare of western populations.<sup>50</sup>

White settlements not only attracted the bulk of European funds required to construct social overhead capital which supported the direct exploitation of cultivable land and minerals available in the Americas, Australasia and other settlements, but they also remained favoured destinations for millions of adolescent and healthy workers (including a significant minority of skilled and entrepreneurial Europeans) who migrated across frontiers and oceans over the long 19<sup>th</sup> century. In all some 44 million people emigrated from Europe between 1821-1915; a majority came from countries of the core and 44% from the peripheries of Mediterranean and eastern Europe. They 'travelled' in a large proportion (81%) to the United States, Canada, Argentine and Australasia and as 'human capital' made variable but 'significant contributions to the development of both the economies in which they spent their working lives as well as to the European countries they left behind.'<sup>51</sup>

Although material benefits from migration for the overall growth of an Atlantic and Global economy are not disputed, at the time and since pessimistic assessments about the effects of emigration (particularly the emigration of skilled labour) upon the long term development of particular 'national' economies has generated conclusions that the settlements may

---

<sup>49</sup> Davis and Huttenback, *Mammon and the Pursuit of Empire*, *op.cit*

<sup>50</sup> O'Brien, P.K., and Prados De La Escosura, L., *The Costs and Benefits of European Imperialism from the Conquest of Ceuta, 1415 to the Treaty of Lusaka 1974* (special issue of *Revista de Historia Económica* 1 (Madrid, 1998)

<sup>51</sup> Castles, S., and Miller, M., *The Age of Migration: International Population Movements in the Modern World* (London, 1993)

have been gained at the expense of the metropole.<sup>52</sup> That argument is nationalistic and is more often elaborated for outflows of capital than labour.<sup>53</sup>

Recently that view has been satisfactorily reconsidered (if not refuted) in a series of monographs in cliometric history synthesized by O'Rourke and Williamson's seminal book *Globalization and History*<sup>54</sup>. Their central conclusion that mass out migration from Europe prior to the Great War probably accounted for about 70% of wage rate convergence for the Atlantic economy as a whole rests, however, upon a data base for a sample of European economies, the United States, Argentina and Brazil and refers to a span of years 1870-1913. The book did not set out to explore implications flowing from the integration of an Atlantic economy for the rest of the world economy, particularly for densely populated regions of the third world? Yet the problems involved in extending their sophisticated methods to include the rest of the world seems insuperable and raise the counterfactual question of what the growth rate of the American economy, its demands for labour, wages convergence and levels of development across the Atlantic economy might have been if Asians had replaced European immigrants over the entire century 1815-1914? Presumably the slave trade would have persisted for longer and on a far greater scale. Given that transport costs declined, the 'pull' on labour supplies from other continents would over centuries have intensified and raised wage rates in potential sending regions of several economies,

---

<sup>52</sup> Bairoch, P., *Victoires et déboires*, op.cit., pp.177-85

<sup>53</sup> Lazonick, W., and Elbaum, B. (eds.), *The Decline of the British Economy* (Oxford, 1986) and Pollard, S., 'Capital Exports 1870-1914' in *Economic History Review*, 38 (1985). Most European histories of capital exports include the view that the national economies involved might have used the capital more productively within domestic economies

<sup>54</sup> Harley, N., 'A Review of O'Rourke and Williamson's *Globalization and History*' in *Journal of Economic Literature*, 38 (2000) 926-35

including India, China, Japan, Java and other eastern societies with 'surplus' labour.<sup>55</sup>

Although the redistribution of populations across the Atlantic attracted complementary flows of capital, which pushed up wages, generated higher rates of productivity growth for Europeans along with their settlements overseas, that process might not, however, have operated to anything like the same degree for the densely populated regions of the Third World. Firstly, the scenario seems improbable because established political elites and vested interests of workforces of European origin in place in the Americas and Australasia would almost certainly have resisted the influx of anything more than tightly controlled quotas of immigrants from Asia.<sup>56</sup> Secondly, and despite the radical decline in fares and travelling times by ships and trains, transportation and start-up costs for migrants remained high for young men from low wage economies to finance. That is why millions of Chinese and Indian workers (who also became more mobile during the 19<sup>th</sup> century) emigrated across shorter distances and took advantage of indentures and other forms of temporary servitude in order to obtain employment overseas.<sup>57</sup> Thirdly, the potential scale and extent of underemployment among the agrarian workforces of many regions of Asia implies that supply curves for labour may have been more elastic than was the case, even for regions of the European periphery (Iberia, Southern Italy and Ireland) with the highest ratios of labour to cultivable land and incidence of poverty (table 12). Labour inputs from workers with low marginal productivities are easily replaced and their 'voluntary' 'enforced' or 'distressed' migration exerts limited upward pressures on local wage rates

---

<sup>55</sup>Hatton, T., and Williamson, J.G. (eds.), *Migration and the International Labour Market* (London, 1995)

<sup>56</sup>Foreman-Peck, J., 'A Political Economy of International Migration 1815-1914' in *Manchester School*, 60 (1992) 359-76' and Wong, G. (ed.), *Global History and Migration* (Boulder, 1997)

<sup>57</sup>Cohen, R. (ed.), *The Cambridge Survey of World Migration* (Cambridge, 1995)

and prospects for development. Thus, and even if the option became politically possible and economically feasible for Asia, with given base line densities of populations to cultivable land and other natural resources, the sheer scale of out migration required to generate the kind of increases in real wages that followed even from the emigration of poor Irish, Italian and Iberian workers could only have flowed from non-feasible resettlement of populations from the densely populated regions of Asia by migration – far in excess of the 60 million or so workers who left Europe for the Americas over the long 19<sup>th</sup> century.<sup>58</sup>

During an era of liberal imperialism 1815-1948, differentials in labour productivities, real wages and standards of living between the European core and its settlements overseas on the one side and the colonized and autonomous societies of the Third World on the other widened monotonically. By 1913 model gaps in real wages stood at around six to one.<sup>59</sup> This 'Great Divergence' emanated from sources that have been discussed by historians and demarcated by economic theories, macro production functions and multiple regression analysis concerned to explain our modern north-south divide.<sup>60</sup> Global historians invariably emphasize favourable access enjoyed by 'surplus' European labour to virtually empty new worlds with ghost acres and abundant natural resources in the Americas.<sup>61</sup>

Since Marx problems of 'exploitation' have dominated debates about connexions between imperialism and European investment overseas. With hindsight that perspective now seems irrelevant and historians have become concerned with imperfections in international

---

<sup>58</sup> O'Rourke and Williamson, 'Globalization and History, *op.cit.*, for emigration from Ireland, Italy and Spain to the Americas

<sup>59</sup> Williams, J.G., 'Globalization Factor Prices and Living Standards in Asia before 1940' in Latham, J., and Kawakatsa, H., *Asia Pacific Dynamism 1550-2000* (London, 2000) 13-47

<sup>60</sup> Pomeranz, K. P., 'The Great Divergence. China, Europe and the Making of the Modern World' (Princeton, 2000)

<sup>61</sup> Jones, E.L., *The European Miracle* (third edition, Cambridge, 2003)

markets for capital and the myopias displayed by foreign (and domestic) investors towards opportunities to integrate abundant supplies of cheap labour, inaccessible land and under-exploited mineral wealth available in many parts of the third world long before the age when trans-national corporations appeared in large numbers.<sup>62</sup>

Crowded out, excluded from access to the Americas and starved of foreign and metropolitan capital for local development, the agrarian workforces of the third world concentrated on securing subsistence. For growth they worked hard at margins where cash crops could be exported and where a rather restricted range of natural advantages allowed by their ecologies provided opportunities for more intensive participation in international trade. In their pursuit of that obvious and viable option for profit, the evidence that colonial governance positively discouraged regional economies under European sovereignty in Asia, Africa and Southern America from actively competing to sell primary products on world markets seem *prima facie* implausible and contradicts most histories of colonial policy and derives no support from the data tabulated below.<sup>63</sup>

Table 13 compares calculations, based on official statistics, of exports per capita for 3 benchmark years during the closing half century of liberal imperialism. As an index the figures offer some indication of the potential capacities of a large sample of both nominally sovereign and colonized (but soon to be independent) agrarian economies of the third world to purchase imports on international markets for purposes of

---

<sup>62</sup> Harley, C.K. (ed.), *The Integration of the World Economy 1850-1914*, vol. II (London, 1996), and Latham, A.J.H., *The International Economy and the Underdeveloped World* (London, 1978)

<sup>63</sup> The thrust of imperial histories is to suggest is that pressures and policies from colonial governments was to engage in trade. Vide: Seavoy, R.E., *Origins and Growth of the Global Economy* (Wesport, 2003); Gifford, P., and Louis, W.R. (eds.), *France and Britain in Africa* (New Haven, 1971) and Havinden, M., and Meredith, D., *Colonialism and Development. Britain and its Tropical Colonies* (London, 1993)

consumption, defence and development. This data set also provides proxies for their relative capacities to service foreign loans which could be used for investment and/or consumption.

For all regions of the Third World (including colonies) exports of per capita (or relative capacities to import and to service foreign debts) had accumulated gradually over varying spans of engagement with the world economy. Evidence for that engagement goes back no further than 1830 and is only available for continents and sub-continents which means that the figures for South America include 'high exports per capita' from three temperate locations of white settlement (Argentina, Chile, Uruguay) (vide Table 9). Although imports flowing into third world economies certainly rose over time, the zones overall potential to buy commodities, services and capital goods and to borrow money on European financial markets remained clearly and consistently below capacities to import commodities and services available to the United Kingdom, to the Western European core and European settlements overseas. For more than 133 years (1815-1948) these fortunate zones and populations of the world economy enjoyed levels of consumption and funds for domestic investment derived from engagement with international trade that exceeded the modest gains achieved by the third world by considerable (but not by growing!) margins. The competitive superiority of the 'West' over the rest of the world in securing gains from trade had developed over centuries of time and was based upon three separable but ultimately connected sources of comparative advantage. First from higher levels of economic efficiency in transforming inputs into final outputs (which included surpluses of commodities sold on world markets - factoral terms of trade); secondly, from fluctuating but consistently favourable prices obtained for the mix of manufactures and primary produce exported compared to products imported (mainly primary products) - net barter terms of trade; and thirdly, from an extraordinary and growing share of profits, wages and

interest obtained by the 'West' from the organization, transportation, financing and servicing of international trade in commodities.<sup>64</sup>

Factorial and barter terms of trade are familiar to economists analyzing the 'proximate' determinants and observed divisions or gains from trade.<sup>65</sup> Until recently they have however been less interested in the historical origins of comparative advantages enjoyed by particular zones, countries or regions of the world economy. With conspicuous exceptions, theorists of international trade have also accorded limited attention to 'large facts' that preoccupied their mercantilist precursors, such as the balance of merchandise trade.<sup>66</sup> Their concentration on the balance of payments, emanated from a core theoretical concern to refute the 'bullionist errors' that dominated economic thought before Adam Smith.<sup>67</sup> Nevertheless, and long after mercantilist theories of international trade had been consigned to history it continued to be the case that the total values of 'commodity' imports consumed and/or invested by the economies of a core of Western European economies exceeded total values of the commodities they exported and by a growing margin.

According to Bairoch's estimates, Europe's surplus of commodity imports (c.i.f) over exports (f.o.b) which amounted approximately to 8% of total imports in 1830 had risen to 23% a century later.<sup>68</sup> Unfortunately, international payments data exposing just how each zone of the world economy funded deficits on its balance of trade with all other zones are

---

<sup>64</sup> Theoretical discussions of comparative advantage and the divisions of gains from trade have been largely concerned with factorial and net barter terms of trade. Vide Meier, G.M., *The International Economics of Development* (New York, 1968) and Myint, H., *The Economics of Developing Countries* (London, 1976). The balance of trade is discussed by Condcliffe, *The Commerce of Nations*, *op.cit.*

<sup>65</sup> Kindleberger, C., *Trade and the National Economy* (New Haven, 1962)

<sup>66</sup> Woytinski's, *World Commerce and Government*, *op.cit.*, Frank, A.G., *World Accumulation 1492-1789* (London, 1978)

<sup>67</sup> Hutchison, T.W., *Before Adam Smith. The Emergence of Political Economy* (Oxford, 1988)

<sup>68</sup> Bairoch, P., 'Geographical Structure and Trade Balance of European Foreign Trade' in *Journal of European Economic History* 3 (1974) pp.582-88

virtually impossible to reconstruct for periods before national governments began to publish detailed balance of payments accounts.<sup>69</sup> Bairoch's data refers only to Europe's commodity trade and for the period after 1830. His estimates show rising trade deficits with all other continents, particularly and significantly with European settlements in North America and Australasia., but also with the Third World of Asia, Africa and South America, which supplied something like a modal 30% of Europe's 'excess' merchandise imports over exports between 1850-1938. To fund these rising deficits on balance of trade accounts with other zones, European economies sold and/or provided the rest of the world with commercial services – particularly shipping, but also international transportation, banking, insurance, mercantile and governmental services and other 'invisibles'. Europeans also transferred long term loans required to expand both production and trade within and beyond the borders of colonies and national economies in Asia, Africa and the Americas.

The build up of the expertise, organization, social overhead capital, political protection and stable systems of property rights to secure and sustain comparative advantages in almost all forms of transportation and intermediation between producers and consumers for regular commerce between regions of the world economy emerged after centuries of mercantilism and imperialism. Along the way the inputs and subsidies from European states committed to mercantile enterprise, political conquest and colonization overseas was vital for success.<sup>70</sup> Eventually 'pay-offs' in the form of flows of interest, dividends, 'home charges', payments for governance and protection and for the services of all kinds supplied by European middlemen and intermediaries, emerged as

---

<sup>69</sup> But see Hilgert, F., *Network of World Trade* (Geneva, 1942) and Frank, A.G., 'Multilateral Merchandise Trade Imbalances and Uneven Economic Development' in *Journal of European Economic History* 2 (1976) pp.407-38 and the references cited by Frank

<sup>70</sup> Tracy, *The Political Economy*, *op.cit.*, and *The Rise of Merchant Empires*, *op.cit.*

‘invisibles’ on Europe’s balance of payments accounts, particularly for the United Kingdom and the Netherlands, but for several other mainland powers as well. Promoted and protected by states, the export of ‘services’ matured into one of the most profitable and enduring of Europe’s comparative advantages and, through a complex system of multi-lateral payments, allowed the ‘core’ to circumvent the problem of balancing commodity trade on a bilateral basis and to run growing deficits between the import and export of commodities. Import surpluses consumed and invested by Western Europe expanded by a factor of 70 between 1830 and 1953.<sup>71</sup>

For the third world, the history of enforced (and/or unavoidable) dependence on ‘European middlemen’ did not necessarily signify exploitation, if services from European firms (including government) became available at ‘competitive prices’. Apologists for imperialism maintain that governance and all other services supplied by Europeans could well have been cheaper and more efficient. Nevertheless the ‘diffusion/intrusion’ of European middlemen across the service sectors of many regional economies of the third world and the cores position of politically acquired dominance in international shipping and other services, implied a massive reallocation over time from earnings derived from external trade (and domestic) to alien (European) minorities which effectively reduced revenues from commodity exports ‘retained’ for expenditure and investment within countries of origin. Thus, decolonization of both governmental and private services at least shifted ‘some’ share of the gains from trade back towards and into the hands of middlemen from economies of the third world.<sup>72</sup>

---

<sup>71</sup>Frank, A.G., *ReOrient. The Nineteenth Century* (forthcoming). I am indebted to Andre Gunder Frank drawing my attention to the significance of unbalanced trade in the development of world economy.

<sup>72</sup> Bagchi, A.K., ‘The other Side of Foreign Investment by Imperial Powers’ in *Economic and Political Weekly* 37 (2002) 2229-38 has summarized his estimates of the scale of

Yet even within the circumscribed prospects for making and retaining gains from trade available to all agrarian economies of the Third World, no correlation can be detected between long-term success of particular regions in realizing relatively high levels of exports commodity per capita and their political status. For example, in 1900 that index exposes several colonies (Cuba, British Guyana, British West Indies, Ceylon and Egypt) performing very much better than other colonies (Philippines, India and Indonesia), while the records of sub-tropical national economies (El Salvador, Guatemala, Colombia, Mexico, Thailand and China) indicate a very low potential for export led growth in real per capita incomes. By the eve of decolonization (1948) a long list of Europe's colonies, old and new, had achieved exports per capita of more than \$50 per capita. But a longer list of both colonized and autonomous economies earned revenues from gross commodity exports that fell way below even that low level. Export revenues were, moreover, shared between local producers and Europeans for the services that they profitably provided as intermediaries in facilitating their participation in international trade.

No doubt a fully specified model replete with a data set constructed to test the hypothesis by deploying 'regional' (countries are not the relevant units for this purpose) regression analysis could conceivably come up with some kind of 'averaged coefficients' to suggest that connexions between colonial governance and the growth of exports per capita had at some general level been positive. Although it is not clear that historians are entitled to call upon the findings of cross country regression analysis in order to offer valid measures of the statistical

---

these transfers and payments for services rendered for India and Indonesia. For comparisons between India and Java see Bayly, C.A., and Kolff (eds.), *Two Colonial Empires* (London, 1986)

significance of institutional and policy variables inspired by under-specified models of long term growth.<sup>73</sup>

Meanwhile, even a cursory survey of the economic histories of the colonial regions and countries and simple correlations serves to expose the unavoidable and profound significance of geography and demography in explaining levels of exports per capita achieved by colonized and autonomous economies during the era of liberal imperialism.<sup>74</sup> For example, no surprise could be occasioned by the high degree of correlation exposed in table 13 in the data available for 1900-1937, and 1948 between the size of a country's population and exports per capita.<sup>75</sup> World demand for imports of primary products cultivated and grown in the third world growing at rates of 3-4% per annum could hardly impact significantly upon average standards of living for British India, Qing China by jacking up their revenues from exports per capita to levels that could conceivably have created real prospects for the allocation of revenues from international trade that would lead to rising standards of living for large countries.

Geographies can be decomposed into clusters of natural inputs (including tropical environments hospitable to obliterating human diseases such as malaria, yellow fever, bilharzias) that *ceterius paribus* could be more or less favourable to the expansion of exports (and to population growth). Histories of regions that experienced successful, less

---

<sup>73</sup> But vide Acemoglu, et al, 'The Colonial Origins' *op.cit.*, and their critics, *op.cit.* Fn 3. for a favourable 'perception' and contestable 'view' of colonial institutions. As for their methods I simply note the conclusions of Levine, RE., and Renelt, D., 'A Sensitivity Analysis of Cross-Country Growth Regressions' in *American Economic Review* 82 (1992) 942-63. They find that very few economic variables are robustly correlated with cross-country growth rates or the ratio of investment expenditures to GDP' and that 'a large assortment of .political indicators are not robustly correlated with growth or the investment share' (p.959)

<sup>74</sup> The bibliography of third world economic histories available for survey is extremely long and recent attempts were made by Reynolds, L.G., *Economic Growth in the Third World 1850-1980* (London, 1985) and by Waites, B., *Europe and the Third World from Colonization to Decolonization 1500-1998* (New York, 1998)

<sup>75</sup> The correlation coefficient comes to 0.78

successful and unsuccessful export-led intensive growth from 1815-1948 seem to have been much more closely connected to such factors than to the promotional or restraining influences from colonial, compared to home rule.<sup>76</sup>

In retrospect, and by the beginning of an era of decolonization and American hegemony persistent and widely shared 'Ricardian expectation' that increased exports of primary products could (given time) act as an engine of growth for many economies of the poorest parts of the world seemed to have had little going for it as a strategy for long term development outside zones and regions of European settlement (tables 13 and 14). With the conspicuous exceptions of an explicable sample of smaller, well endowed and/or fortunately located economies (including: Costa Rica, Cuba, Venezuela, Ceylon, the French and British West Indies, Guyana, Surinam, Reunion, Cape Verde, Gold Coast, Mauritius, Malaysia, Sarawak, Cyprus and Taiwan) potential capacities to import the commodities and investable funds required to kick start a process of structural change, look too small as a macro-economic policy for transformation that either colonial or autonomous governments might have pursued with much greater success. Thinly populated independent countries (e.g. Venezuela) or colonies (Malaysia), well endowed with fuel or minerals and new products like rubber did build up 'prospects' for development based upon high levels of per capita exports, but that potential had hardly emerged for British India, Qing China, independent Siam and the equally populous Philippines (colonized first by Spain and after 1898 by the United States).

---

<sup>76</sup>The significance of geographical variables in explaining levels and rates of growth in real incomes per capita has support from economic theory and from an array of presumably contestable statistical correlations generated by economists using cross-country regression analysis. The classic text in trade theory is Krugman, P., Development, geography and economic theory (Cambridge, Mass., 1997) and vide recent tests cited in fns 5 and 73

As elaborated by this essay, the explanation of why the predictions of an extremely influential economic theorist from a small but well endowed island economy embodied such limited provenance for the poorest agrarian regions of Asia, Africa and Southern America, has been located within the structural parameters of an evolving and integrating global economy. Within that context the development of economies and the policies of governments emerge as responses conditioned by connexions and interactions of four zones of an integration international economy. As Paul Krugman insisted, 'world trade must be regarded as the outcome of a process in which trade flows, world prices and employment are all simultaneously determined.'<sup>77</sup>

For several reasons (which had something but not much to do with the persistence and extension of colonial governance) one zone (the third world) made significantly lower gains from trade than the core, European settlements and Europe's periphery (table 14). Firstly, bullion and oriental manufactures had clearly declined from the positions they enjoyed in intercontinental trade during the centuries of mercantilism, while the zones potentially rich endowments of crude oil and natural advantages for the cultivation of rubber emerged after 1900. Discoveries of mineral ores boosted exports here and there, but total tons mined hardly made a difference to world output and never constituted more than 5% of aggregate exports from Africa, Asia and Southern America.

Apart from 'tropical groceries' (coffee, tea, cocoa and spices, palm oil and rice) most of the foodstuffs, drugs and raw materials exported from the third world could also be procured from agricultures located in more temperate zones. Furthermore along with falling costs for transportation, and transactions which intensified competition for most forms of primary

---

<sup>77</sup> On the need to consider the world economy as the unit for analysis see Krugman, P., 'Growing World Trade: Causes and Consequences' in *Brooking's Economic Activity* 1 (1995) 327-62

produce (however bulky, heavy or distant from points of consumption) substitutions for traditional, ecologically-based advantages (such as beet for cane sugar and synthetics for natural fibres, chemicals for indigo and other natural dyes, metals for timber etc) also came on stream and exerted downward pressure on the prices obtainable for almost all the commodities exported from the third world listed in table 9 above.

Thirdly, over the era of liberal imperialism (1815-1948) the potential for greater gains derived from vents for surpluses obtain by cultivating previously inaccessible fertile land, mining mineral deposits and exploiting abundant supplies of cheap labour depended on inflows of foreign investment, local entrepreneurship and governmental assistance for the construction of social overhead capital designed to integrate the resources and workforces of the third world into global markets.

Interestingly all three preconditions came together in that remarkable but short-lived boom of the 'belle époque' (1900-1913) that preceded the first world war and then tragically ran into the buffers of the great depression and the second world war.<sup>78</sup>

The growth rates for 1830-1900 (a) are from Bairoch's and Etemad's data deflated by an index for British export prices taken from A. Imlah, *Economic Elements in the Pax Britannica* (1958) and current price estimates for 1900-1913, 1913-37, 1937-48 and 1913-48 by the official price index for manufactured goods exported by the United States as reported in US Bureau of the Census, *Historical Statistics of the United States*. The weights used to calculate growth of Third World exports are for 1913 except for 1913-48, where paasche weights for 1948 generate a growth rate of 1.7%. These rates are estimates of averaged changes in income terms of trade for exports of primary produce from third world economies.

---

<sup>78</sup> Latham, A. J., *The Depression and the Developing World* (London, 1981)

Trade data from several sources testify that capacities to import manufactured and capital goods derived from exports from the third world accelerated to reach rates of 6-7% per annum (1900-13), compared to an average rate of around 3% over the previous seven decades. Although the impact of the Great War upon third world economies has not been investigated that expansion continued at more modest rates down to 1928, but collapsed during the years of the great depression. Over an interregnum of warfare, neo-mercantilism and depression (1913-1948) exports from economies in South America and Africa fell back and grew at rates below trend rates for 1830-1900. But warfare, revolutions and struggles for colonial freedom and transitions to independence had seriously depressing effects on the trade of most Asian economies throughout that period.

Given the potential significance for growth of enhancing capacities to import – by augmenting exports and attracting foreign investment – the interregnum of warfare, neo-mercantilism, cyclical instability and depression that afflicted the world economy between 1913-48 stands out as singularly unfortunate for standards of living throughout the Third World. For something close to four decades that succeeded the ‘first long boom’ (1900-1913) and preceded decolonization and the reconstruction of a reformed international economic order, growth of total real earnings from exports for most economies (particularly Asian economies) fell well below the record rates achieved during the boom and remained significantly lower than long-run average annual rates estimated for 1830-1913.

The implications of some two decades of disruption to the growth of the international economy can be represented by comparing estimates of per capita income terms of trade for the third world societies with counterfactual values based on an assumption that the growth of exports

of primary products from 1913-1948 remained on a trend (defined as the annual average rate for 1830-1913).

This counterfactual speculation reveal how seriously geopolitical conflicts (1914-18 and 1939-45) and macro-economic policy failures by governments in Washington and London constricted opportunities for export-led growth based upon sales of foodstuffs, organic raw materials, minerals and fuels on world markets. Unfortunately political shocks to the world economy appeared at a time that coincided with the beginnings of widespread declines in crude death rates with led, in short compass, to a near doubling in natural rates of increase of the populations in many regions of Asia, Africa and Southern America.<sup>79</sup>

## **6. Conclusions: Governance and the Performance of Colonized and Autonomous Third World Economies**

Over the years from 1815-1948 the constricted prospects of the economies of the third world to afford rising standards of living for their populations depended to some 'considerable' degree upon their capacities to respond to opportunities to realize gains from international trade by exploiting under-utilized natural resources, minerals, cultivable land and particularly their elastic supplies of cheap labour.<sup>80</sup> Although Western techniques for the exploration, mining and refining of mineral ores and crude oil raised productivities in extractive industries, flows of innovatory knowledge for the more efficient cultivation, processing and marketing of food and cash crops, produced by agricultures of the third

---

<sup>79</sup>Bairoch, P., *Economic Development of the Third World Since 1900* (London, 1975) and Kitson, M., and Michie, J. 'Trade and Growth: A Historical Perspective' in their edited volume, *Managing the Global Economy* (Oxford, 1995)

<sup>80</sup> The continued significance of connexions between trade based upon natural resources and growth has theoretical support from gravity models now fashionable in economics. Vide Frankel, O.A., and Romer, D., 'Does Trade Cause Growth' in *American Economic Review* 89 (1999) 379-99

world remained virtually confined to traditional methods of transplanting seeds, plants and tools from region to region and from continent to continent. New knowledge of how to raise productivities of land and labour in tropical environments hardly appeared until well into the 20<sup>th</sup> century; and certainly much later than the emergence of agronomic science that augmented the efficiency of agricultures located in more temperate latitudes.<sup>81</sup> Throughout large areas of Asia, Africa and Southern America increased outputs depended far more upon extending land under cultivation and upon multiple cropping. At those margins Europe and European settlements doubled the area of cropland, available to farmers between 1850 and 1930, while hectares under crops in the third world rose by an impressive but lower percentage – 72% (table 12). Further extensions to areas cultivated and cropped continued to be constrained by shortages of water and access to markets for cash crops. These obstacles on the supply side awaited to be alleviated by higher rates of investment in irrigation systems and transportation networks. No macro data exists to measure increases to flows of water into agricultural production, but the already inadequate mileage of railways which had grown from just 14,000 kilometres of track in 1870 to 231,000 by 1913, hardly changed over the next forty years (table 12).

Geopolitical conflicts initiated by Europeans and the macro mismanagement of the world's largest economies certainly depressed prospects for growth among regional economies all over Asia, Africa and Southern America during that malign interregnum, 1913-48. Nevertheless, even without two decades of slower and disrupted growth, unfavourable secular trends in demand for primary products from the industrialized and industrializing market economies of the European core, North American, Australasia and Japan restrained the rise of

---

<sup>81</sup>Federico, G., How Did They Feed Us? The Growth of World Agricultural Output 1800-1938 (Working paper 103, Agricultural History Center, University of California, 2000)

consumption for the foodstuffs, raw materials, minerals and other primary products traditionally supplied by the agricultures and mines of the third world.

These trends arose, persisted and intensified for two main reasons. First, several economies (including the United States, Canada, Australia, Scandinavia, Russia, Austria-Hungary, but not Japan) industrializing and urbanizing rapidly after 1873, obtained higher shares of the foodstuffs, raw materials and minerals that they required either from the agricultural and mineral sectors located within their own frontiers, or from the increasingly efficient primary producers of Europe and European settlements overseas.

Secondly, and this major secular influence from demand could not be bucked, scientific research sponsored by European firms and governments to discover and develop: synthetic substitutes, technologies for conservation and alternative products for the foodstuffs, organic raw materials, minerals and fuels supplied by the agricultures, forests and mineral sectors of Asia, Africa and Southern Africa emerged during the last quarter of the 19<sup>th</sup> century and became relentlessly competitive over the 20<sup>th</sup> century. Propelled by geopolitical and sustained by economic incentives, flows of new knowledge (emanating from discoveries in organic and inorganic chemistry, physics, botany, biotechnology and engineering) continued to generate an ever-widening range of cheaper manufactured substitutes, which steadily reduced the values and advantages of natural endowments enjoyed for millennia by primary producers from Africa, Asia and Southern America.

For more than a century national and world markets for almost all 'basic' foodstuffs, raw materials and minerals exported by third world economies (including: cereals, cotton, coffee, sugar, hides and skins, gums, tea, tobacco, gold, wool, seeds, fruit and vegetables, cocoa, jute, crude oil, silk, wood, palm and vegetable oils, indigo, botanical drugs,

spices and copra) came under competitive pressures of varying intensity from synthetic fibres, artificial rubber, plastics, light metals, chemical dyestuffs, pharmaceuticals, enzyme sugars, instant coffee, tea bags and 'concocted' foods of many varieties, designed, developed and manufactured basically in the 'north' to reduce millennia of dependence of consumers and industries everywhere upon the 'primary produce' of the world's agricultures, mines and forests. In the course of competition between science and technology and industry on the one side, and agriculture, forestry and mining on the other (which intensified from the mid-19<sup>th</sup> century onwards) the significance of primary production measured in terms of shares of national and global expenditures of world trade diminished.<sup>82</sup>

Secular trends, which had been gathering momentum for more than two centuries, accelerated and held down commodity prices and returns to the factors of production (land, labour and capital) engaged in primary production throughout the world economy. During this era of liberal imperialism all traditional organic based economies and sectors of production confronted three challenge – how: (a) to improve the efficiencies of their agricultural and extractive sectors; (b) to diversify agrarian outputs into cultivation of foodstuffs benefiting from higher income elasticities of demand and into raw materials with low elasticities of substitution; and (c) to reallocate capital and other resources into manufacturing services and other activities up the commodity chain.<sup>83</sup>

Smithian and Ricardian theory correctly identified gains from trade that could and did accrue to economies of the third world through the

---

<sup>82</sup> Hayami, Y., and Rutton, V., *Agricultural Development* (Baltimore, 1985)

<sup>83</sup> The commodity chain approach to comprehending evolving divisions of gains from trade is the paradigm for programmes of research conducted by the World Systems School of Historical Sociology. Vide Chase-Dunn, C., and Hall, T., 'Comparing World Systems: Concepts and Working Hypotheses' in *Social Forces* 71 (1993) 851-86, and Wallerstein, I., 'Commodity, Chains in the World Economy 1590-1990' in *Review* 23 (2000)

exploitation of vents for surpluses and less commonly through specialization along the lines of comparative advantage.<sup>84</sup> Despite Ricardo's tendency to focus on long-run equilibrium, the theory never prompted those impressed by its logic to predict that intensified applications of science-based technologies and complementaries across industries of the core would, over time, operate to depress the growth of global demand for the foodstuffs and raw materials and other primary products produced by agricultures everywhere and particularly by traditional agrarian economies of Asia, Africa and Southern America. With hindsight, economists and historians now appreciate that policies and investments which encouraged regional economies from the Third World to respond to opportunities to trade in primary produce and build up capacities to import did not take into account secular trends in demand or recognize that the diversifications and linkages required to cope with changes in the composition of international trade, coupled with rapid population growth and technological change would turn out to be more difficult than the (albeit painful) adjustments became for the agricultures of the European core and North America.<sup>85</sup>

Over the long run the yields per hectare for third world agricultures rose but slightly and although total factor productivities for certain crops improved (particularly for crops produced on plantations) there is no evidence of any widespread increase in the productivity of labour between 1815 and 1948. On the contrary, the onset of Malthusian problems promoted by improvements in public health cheaper food and easier access to markets for cash crops led to an intensification of labour inputs and declines in marginal productivities and real wages in many

---

<sup>84</sup> Little, I.M.D., *Economic Development: Theory, Policy and International Relations* (New York, 1982) and Theberge, J. (ed.), *Economics of Trade and Development*

<sup>85</sup> The models behind my prosaic conclusions have been formulated vide Matsuyama, K., 'Complementarities and Cumulative Processes in Models of Monopolistic Competition' in *Journal of Economic Literature* 33 (1995) 701-29 and for recent data see Radetzki, M. A., *A Guide to Primary Commodities* (Oxford, 1990)

regions of Asia, Africa and Southern America. Thus, despite unfavourable trends in world demand for primary produce (which the wars and downturns in world trade during the interregnum 1914-18 intensified) encouraged by improved access to world markets provided by the collapse of shipping freight overseas by ship after the Great War and the investments in infrastructures for international trade put into place during the boom from 1900 to 1913, the increasingly elastic supplies of cheap labour available to the agrarian economies of the third world continued to exploit traditional natural advantages of soil, location and climate.<sup>86</sup>

To conclude: over a brief 'age' of liberal imperialism which succeeded the 'era' of warfare, predation and plunder, labelled as mercantilism, the persistence of colonialism meant the extension of alien rule and control over agrarian economies, trading within a globalizing world economy. World commerce 1815-1948 has been 'represented' in this essay in terms of integrations and interactions through commodity and factor flows across four separable zones: a European core, the European periphery of European overseas settlements and a Third World of both colonized and autonomous economic regions. My narrative, based upon tabulations culled from secondary sources, has suggested that the potential for development among and across these zones and regional economies depended on their capacities to respond to opportunities to participate in overseas trade. Observed variations in response (measured as exports per capita) depended far more on baseline populations, geographies, natural endowments, distance and access to and from markets than forms of rule. At the macro level, elaborated in this essay, contrasts across the regional economies of the Third World are not clear or salient enough to provide a basis for validated general conclusions about 'benign or malign economic effects' of colonial compared to indigenous governance. Consensus could

---

<sup>86</sup> Bairoch, P., *The Economic Development of the Third World*, *op.cit.*

emerge from critical surveys of cases region by region, economy by economy. Such histories are more likely, however, to undermine any prospects for generalization.<sup>87</sup>

Meanwhile, the debate for and against the proposition that the maintenance and extension of colonial rule in a 'liberal' world order could only have retarded the development of colonial economies may have reached the impasse of irreconcilable, ideologically based and untestable positions.<sup>88</sup> Given the pervasiveness of a Ricardian Episteme' in which rulers (colonial and non-colonial alike) together with indigenous businessmen formulated strategies for the growth of local economies throughout the third world, post hoc, it is not clear that imperial governments could be arraigned at the bar of historical opinion for either failing to anticipate the instabilities and disruptions of 1914-18, or for their myopias in not perceiving that secular trends in scientific discoveries, technological innovation and income elasticities of demand would operate over time to diminish the role and rewards for primary production in world trade?

In formulating shorter term policies designed to encourage production for world markets, colonial rulers might, however, be indicted for neglecting to pursue strategies for export-led growth to their optimal extent by providing sufficient social overhead and other capital required to integrate agrarian economies into world trade. Few of these alien regimes did enough to attract foreign investment, skilled labour and transnational corporations to invest in territories under their control. Of course,

---

<sup>87</sup> Waites, *Europe and the Third World*, *op.cit.*, and Albertini, R., and Wirtz, A., *European Colonial Rule. The Impact of the West on India, South East Asia and Africa* (London, 1982)

<sup>88</sup> May I refer to along standing and stimulating debate I have conducted with my friends Giovanni Arrighi, Andre Gunder Frank and Immanuel Wallerstein over this issue. Vide Arrighi, G., *The Long Twentieth Century. Money, Power and the Origins of Our Times* (London, 1994); Frank, A.G., *ReOrient. Global Economy in the Asian Age* (London, 1998) and Wallerstein, I., *The Modern World System*, 3 vols (New York, 1974, 1984 and 1989)

European governors, viceroys and proconsuls, did almost nothing to tax away the rents and excessive profits garnered and repatriated by European civil servants, soldiers, merchants, bankers and other privileged 'mediators' and 'middlemen' for the 'services' that they supplied to 'connect' the farmers, workforces and natural resources of colonies to world markets. Perhaps however, we will never know to what degree the transactions costs of operating within a colonial economy exceeded the costs of investing working and innovating under alternative forms of indigenous rule. Given the structural constraints imposed by location, climate and geography, on the way that the world economy evolved, as well as the entrenched positions of privilege, Europeans had already acquired, from centuries of successful mercantilism, comparisons between the colonized and autonomous economies of the Third World does not, however, leave an impression that any potential or counterfactual gap in transactions costs could have been wide enough to proclaim that the continued divergence in standards of living between the West and the Rest could be strongly linked to the persistence of imperialism between 1815 and 1948.

Table 1: Growth Rates for World and Third World Commodity Trade, 1820-1913

| Periods   | World Trade | Tropical Exporters | Less Developed Economies |
|-----------|-------------|--------------------|--------------------------|
| 1820-40   | 3-4%        | -                  | -                        |
| 1840-60   | 5-6%        | -                  | 4.9%                     |
| 1860-80   | 4-5%        | 3.2%               | 4.4%                     |
| 1880-1900 | 3-4%        | 3.0%               | 3.0%                     |
| 1900-13   | 4-5%        | 4.6%               | 4.3%                     |

*Sources:*

W.W. Rostow, *The World Economy*, Macmillan (London, 1978) p. 66 includes an estimate of 1.1% for growth of world trade 1730-80

S.Kuznets, *Modern Economic Growth* (New Haven, 1966);

A. Lewis, *Tropical Development, 1880-1913* (London, 1970)

Table 2: Europe and its Colonial Empires 1760-1963 (rounded to millions)

|          |                                                            | <b>1760</b> | <b>1830</b> | <b>1880</b> | <b>1913</b> | <b>1938</b> | <b>1950</b> | <b>1963</b> |
|----------|------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>1</b> | <b>Populations (m's)</b>                                   |             |             |             |             |             |             |             |
|          | Europe                                                     | 125         | 180         | 244         | 320         | 396         | 392         | 437         |
|          | European Colonies                                          | 27          | 205         | 312         | 554         | 724         | 160         | 30          |
|          | African Colonies                                           | 0           | 1           | 9           | 113         | 144         | 0           | 0           |
|          | American Colonies                                          | 21          | 3           | 9           | 12          | 17          | 0           | 0           |
|          | Asian Colonies                                             | 6           | 201         | 292         | 421         | 552         | 0           | 0           |
|          | Oceania Colonies                                           | 0           | 0           | 3           | 8           | 1           | 0           | 0           |
|          |                                                            |             |             |             |             |             |             |             |
| <b>2</b> | <b>Areas (in ms/sq kms)</b>                                |             |             |             |             |             |             |             |
|          | Europe                                                     | 5           | 5           | 5           | 5           | 5           | 5           | 5           |
|          | African Colonies                                           | 0           | 0           | 2           | 26          | 29          | 0           | 0           |
|          | American Colonies                                          | 24          | 1           | 10          | 10          | 10          | 0           | 0           |
|          | Asian Colonies                                             | 0           | 4           | 5           | 8           | 9           | 0           | 0           |
|          | Oceania Colonies                                           | 0           | 3           | 8           | 9           | 9           | 0           | 0           |
|          |                                                            |             |             |             |             |             |             |             |
| <b>3</b> | <b>Gross Domestic Production in \$ of 1990 in billions</b> | <b>1820</b> | <b>1900</b> | <b>1950</b> |             |             |             |             |
|          | Western Europe                                             | 140         | 555         | 1223        |             |             |             |             |
|          | European Settlements                                       | 13          | 346         | 1629        |             |             |             |             |
|          | European Periphery                                         | 185         | 323         | 878         |             |             |             |             |
|          | Africa                                                     | 35          | 52          | 184         |             |             |             |             |
|          | Latin America                                              | 14          | 69          | 405         |             |             |             |             |
|          | Asia                                                       | 461         | 629         | 1035        |             |             |             |             |

*Sources:*

A. Maddison for The World Economy. A Millennium Perspective, p. 365 provides data for 'merchandise exports as a percentage of gdp in 1990 prices for 11 countries and his gdp data is cited under 3 in this table;  
 B. Etemad, La Possession du Monde (Paris, 2001) and P. Bairoch, Victoires et déboires 11. Histoire Economique et sociale du monde du siècle XVI à nos jours (Paris, 1997)

Table 3: Primary Products and Manufactured Exports by Region in 1830, 1876-80 and 1913

| Region              | Circa 1830*       |                | 1876-80           |                | 1913              |                |
|---------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
|                     | Primary Produce % | Manufactures % | Primary Produce % | Manufactures % | Primary Produce % | Manufactures % |
| United Kingdom*     | 9                 | 91             | 12                | 88             | 30                | 70             |
| North West Europe** | -                 | -              | 44                | 56             | 48                | 52             |
| East & South Europe | -                 | -              | 78                | 22             | 76                | 24             |
| North America       | -                 | -              | 86                | 14             | 74                | 26             |
| Third World         | 92                | 8              | 98                | 2              | 89                | 11             |

*Sources*

A.G. Kenwood and A.L. Lougheed, *The Growth of the International Economy 1820-2000* p. 87

P. Bairoch, *Commerce extérieur de développement économique de l'Europe au XIXe siècle* (1996) p. 92 estimated the share of manufactures in exports for the *whole* of Europe as 65% for c. 1830; 65% for c. 1840, 64% for c. 1850' 61% for c. 1860 and 58% for c. 1870. For the Third World P. Bairoch and B. Etemad, *Structure par produits des exportations du Tiers Monde 1830-1937*, p. 34 have estimated the following ratios for manufactured exports for the Third World: c. 1839 8%; 1860 4%; 1900 12%; 1912 9%; 1928 10%; 1937 9%.

\* The figures for 1831 for UK are from Crafts, N.F.C., *British Economic Growth during the Industrial Revolution* (Oxford, 1985), p. 143.

\*\* North West Europe includes Scandinavia and as late as 1913 primary products constituted 60% of Swedish exports.

Table 4: Destinations for Third World Exports 1840-1938

| Year | Europe<br>% | North America<br>% | Third World<br>% |
|------|-------------|--------------------|------------------|
| 1840 | 67          | 7                  | 26               |
| 1860 | 68          | 8                  | 24               |
| 1880 | 62          | 12                 | 26               |
| 1900 | 66          | 16                 | 28               |
| 1913 | 60          | 17                 | 22               |
| 1928 | 55          | 23                 | 22               |
| 1938 | 55          | 18                 | 27               |

*Sources:*

J. Hanson, Trade in Transition (1980)

P. Bairoch and B. Etemad: Structure per produits des exportations du Tiers Monde (1985)

Table 5: Shares of Primary Products sold on International Markets 1830-1937 (by zone)

| Emanating from:      | 1830<br>% | 1860<br>% | 1900<br>% | 1913<br>% | 1928<br>% | 1937<br>% |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Europe               | 40        | 44        | 42        | 40        | 35        | 34        |
| European Settlements | 13        | 19        | 29        | 25        | 26        | 23        |
| Third World          | 47        | 37        | 29        | 35        | 39        | 43        |

*Sources:*

P. Bairoch and B. Etemad, Structure per produits des exportations du Tiers Monde (1985);

P. Bairoch, 'European Foreign Trade in the XIX century in Journal of European Economic History, 2 (Spring 1973),

P.L. Yates, Forty Years of Foreign Trade (1959) for the ratios of 1928 and 1937

Table 6 : Geographical Origins of European Imports, 1830-1953

| Year<br>circa | Europe<br>% | North<br>America<br>% | South<br>America<br>% | Asia<br>% | Africa<br>% | Oceania<br>% | Third<br>World<br>%<br>(a) | Third<br>World<br>%<br>(b) |
|---------------|-------------|-----------------------|-----------------------|-----------|-------------|--------------|----------------------------|----------------------------|
| 1830          | 63          | 10                    | 12                    | 13        | 2           | -            | 27                         | 25                         |
| 1856          | 62          | 13                    | 8                     | 12        | 3           | 2            | 25                         | 25                         |
| 1860          | 61          | 14                    | 8                     | 12        | 3           | 2            | 25                         | 23                         |
| 1870          | 68          | 11                    | 8                     | 9         | 3           | 2            | 21                         | 19                         |
| 1880          | 65          | 16                    | 6                     | 8         | 3           | 2            | 19                         | 16                         |
| 1890          | 65          | 15                    | 6                     | 9         | 3           | 2            | 20                         | 17                         |
| 1900          | 60          | 18                    | 7                     | 9         | 3           | 3            | 22                         | 17                         |
| 1910          | 60          | 14                    | 8                     | 10        | 5           | 3            | 26                         | 21                         |
| 1928          | 56          | 16                    | 10                    | 9         | 5           | 3            | 27                         | 23                         |
| 1938          | 53          | 15                    | 10                    | 10        | 7           | 5            | 27                         | 25                         |
| 1953          | 57          | 11                    | 7                     | 11        | 10          | 4            | 32                         | 26                         |

*Sources:*

P. Bairoch, Commerce extérieur et développement économique de l'Europe au XIXe siècle (1976)

P. Bairoch, 'Geographical Structure and Trade Balance of European Foreign Trade; in Journal of European Economic History, 3 (Winter 1974)

Third World (a) includes South America, Asia and Africa

Third World (b) excludes Argentine, Chile and Uruguay, South Africa and Japan

Table 7: Geographical Origins of UK Imports and Destinations for UK Exports 1830-1910

| 'M' means imports emanating from and 'E' exports sold to - | <b>1830<br/>M</b> | <b>1830<br/>E</b> | <b>1860<br/>M</b> | <b>1860<br/>E</b> | <b>1880<br/>M</b> | <b>1880<br/>E</b> | <b>1910<br/>M</b> | <b>1910<br/>E</b> |
|------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Europe                                                     | -                 | 48                | 31                | 34                | 41                | 36                | 45                | 35                |
| North America                                              | -                 | 26                | 26                | 17                | 31                | 17                | 24                | 12                |
| South America                                              | -                 | 12                | 10                | 12                | 6                 | 10                | 9                 | 13                |
| Asia                                                       | -                 | 13                | 23                | 26                | 12                | 25                | 10                | 24                |
| Africa                                                     | -                 | 3                 | 5                 | 3                 | 4                 | 4                 | 5                 | 7                 |
| Oceania                                                    | -                 | 1                 | 5                 | 8                 | 6                 | 8                 | 7                 | 9                 |

*Sources:*

P. Bairoch, 'Geographical Structure and Trade Balance of European Foreign Trade; in Journal of European Economic History, 3 (Winter 1974)

Table 8: Destinations for European Exports 1750 – 1953

| Year circa | Europe<br>% | North America<br>% | South America<br>% | Asia<br>% | Africa<br>% | Oceania<br>% | Third World<br>% |
|------------|-------------|--------------------|--------------------|-----------|-------------|--------------|------------------|
| 1750       | 72          | 1                  | 11                 | 7         | -           | -            | -                |
| 1790       | 76          | 10                 | 8                  | 5         | 1           | -            | 14               |
| 1800       | 74          | 12                 | 8                  | 4         | 2           | -            | 14               |
| 1830       | 72          | 12                 | 8                  | 6         | 2           | -            | 16               |
| 1860       | 68          | 9                  | 8                  | 10        | 3           | 2            | 20               |
| 1890       | 70          | 9                  | 7                  | 9         | 3           | 2            | 18               |
| 1910       | 68          | 8                  | 8                  | 10        | 4           | 2            | 21               |
| 1928       | 66          | 8                  | 7                  | 10        | 7           | 2            | 21               |
| 1938       | 64          | 7                  | 7                  | 10        | 9           | 3            | 23               |
| 1953       | 61          | 7                  | 5                  | 13        | 11          | 3            | 27               |

*Sources:*

W.W. Rostow, The World Economy (1978)

P. Bairoch, 'Geographical Structure and Trade Balance of European Foreign Trade; in Journal of European Economic History, 3 (Winter 1974)

Table 9: Commodity Composition of Third World Exports, 1830-1937  
(ratios in dollars at current prices and rounded)

| <b>Categories:</b>            | <b>1830</b> | <b>1860</b> | <b>1900</b> | <b>1912</b> | <b>1928</b> | <b>1937</b> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Agrarian raw materials</b> |             |             |             |             |             |             |
| Textile fibres                | 14.6        | 14.8        | 17.2        | 15.5        | 13.3        | 11.9        |
| Indigo                        | 3.7         | 2.4         | 0.5         | 0           | 0           | 0           |
| Metals & Mineral Ores         | 1.9         | 3.9         | 3.1         | 1.8         | 2.3         | 3.8         |
| Fuels                         | 0           | 0           | 0.4         | 2           | 6.1         | 12.6        |
| Hides and skins               | 3.5         | 4.0         | 3.3         | 4.2         | 2.9         | 2.1         |
| Rubber                        | 0           | 0.2         | 3.5         | 3.9         | 6.0         | 6.6         |
| Wood                          | 1.6         | 0.9         | 0.4         | 0.9         | 0.7         | 0.6         |
| Gum                           | 1.2         | 0.6         | 0.1         | 0           | 0           | 0           |
| Other                         | 3.4         | 5.0         | 3.6         | 6.4         | 3.4         | 2.3         |
| <b>TOTALS</b>                 | <b>29.9</b> | <b>3.8</b>  | <b>32.1</b> | <b>34.7</b> | <b>34.7</b> | <b>39.9</b> |
| <b>Foodstuffs</b>             |             |             |             |             |             |             |
| Sugar                         | 25.1        | 18.1        | 8.6         | 8.2         | 8.7         | 7.8         |
| Cereals                       | 1.9         | 5.0         | 10.7        | 13.6        | 13.0        | 10.6        |
| Coffee, tea, cocoa, spices    | 15.9        | 18.7        | 14.2        | 12.9        | 13.1        | 10.2        |
| Vegetable oils, seeds, fats   | 2.3         | 1.7         | 5.2         | 7.7         | 7.7         | 7.0         |
| Meat and fish                 | 1.0         | 1.2         | 3.2         | 3.2         | 3.6         | 3.4         |
| Fruit, vegetables, etc        | 1.0         | 3.5         | 4.2         | 4.6         | 6.2         | 7.3         |
| <b>TOTALS</b>                 | <b>47.2</b> | <b>48.2</b> | <b>46.1</b> | <b>50.2</b> | <b>52.3</b> | <b>46.3</b> |
| <b>Drugs</b>                  |             |             |             |             |             |             |
| Tobacco                       | 1.4         | 4.0         | 3.9         | 2.8         | 2.1         | 1.7         |
| Opium                         | 6.5         | 7.9         | 2.0         | 1.0         | 0           | 0           |
| <b>TOTALS</b>                 | <b>7.9</b>  | <b>11.9</b> | <b>5.9</b>  | <b>3.9</b>  | <b>2.1</b>  | <b>1.7</b>  |
|                               |             |             |             |             |             |             |
| Precious metals               | 7.0         | 4.4         | 3.8         | 2.8         | 1.0         | 3.2         |
| Manufactures                  | 8.0         | 3.7         | 12.1        | 8.5         | 10.0        | 8.9         |
|                               |             |             |             |             |             |             |

Sources:

Reconstructed from tables 2.4, 2.6 and 3.3 in Bairoch, P., and Etemad, B., Structure per produits des exportations du Tiers Monde 1830-37 (Geneva, 1985)

**Table 10 : Shares of Total Exports Emanating from Independent Polities and Colonial Regions of the Third World 1830-1937**

|                                             |                      | <b>1830</b> | <b>1860</b> | <b>1900</b> | <b>1912</b> | <b>1928</b> | <b>1937</b> |
|---------------------------------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>South America</b>                        |                      |             |             |             |             |             |             |
| 1                                           | Tropical Regions     | 91          | 85          | 63          | 59          | 57          | 65          |
| 2                                           | Temperate Regions    | 9           | 15          | 37          | 41          | 43          | 35          |
| 3                                           | Colonies             | 49          | 34          | 17          | 15          | 13          | 18          |
| 4                                           | Independent Polities | 51          | 66          | 83          | 85          | 87          | 82          |
| South American Share of Third World Exports |                      | 48          | 45          | 38          | 38          | 37          | 37          |
| <b>Asia</b>                                 |                      |             |             |             |             |             |             |
| 5                                           | India                | 43          | 45          | 43          | 40          | 29          | 26          |
| 6                                           | China                | 21          | 19          | 15          | 15          | 17          | 7           |
| 7                                           | Far East             | 74          | 86          | 85          | 92          | 93          | 89          |
| 8                                           | Middle East          | 26          | 14          | 14          | 8           | 7           | 11          |
| 9                                           | Colonies             | 53          | 57          | 71          | 77          | 76          | 82          |
| Asian Share of Third World Exports          |                      | 44          | 47          | 48          | 48          | 50          | 45          |
| <b>Africa</b>                               |                      |             |             |             |             |             |             |
| 10                                          | North Africa         | 57          | 61          | 69          | 69          | 56          | 46          |
| 11                                          | Sub-Saharan Africa   | 14          | 8           | 25          | 27          | 42          | 52          |
| 12                                          | Sugar Islands        | 29          | 31          | 9           | 4           | 2           | 2           |
| 13                                          | Colonies             | 32          | 34          | 97          | 98          | 96          | 95          |
| African Share of Third World Exports        |                      | 8           | 8           | 13          | 13          | 13          | 11          |

**Notes:**

1. Is all other countries on the mainland plus the islands offshore
  2. Includes Argentine, Chile and Uruguay
  3. Colonies exclude colonies on the mainland
  7. Far East includes India, China, Ceylon, Indo-China, Indonesia, Malaya, Philippines, Borneo, Korea, Taiwan, Hong Kong, Nepal, Sarawak, Thailand, French and Portuguese India
  8. Middle East includes Iran, Turkish Empire, Aden, Cyprus, Crete, Oman
  9. Colonial excludes China, Iran, Turkish Empire, Cyprus, Crete, Afghanistan, Oman
  10. North Africa includes, Mahgreb, Egypt and Libya. Most of North Africa had been colonized by European governments by 1900
  11. Includes countries south of the Sahara and the Sugar islands of Mauritius and Reunion
  12. Colonial is all Africa less Morocco
- Reconstructed from data in Bairoch, P., and Etemad, B., Structure per produits des exportations du Tier Monde 1830-1937 (Geneva, 1985) tables 5.1, 6.1 and 7.1

Table 11: Geographical Distribution of Recorded Foreign Investment  
(measured in dollars at current prices circa 1913)

|                       | Estimate (a)<br>% | Estimate (b)<br>% |
|-----------------------|-------------------|-------------------|
| Europe                | 26                | 36                |
| North America         | 24                | -                 |
| South America         | 20                | 8                 |
| European Settlements* | -                 | 45                |
| Africa                | 9                 | 5                 |
| Asia                  | 16                | 6                 |
| Oceania               | 5                 | -                 |
| TOTAL                 | 100               | 100               |

*Sources:*

P. Bairoch, Commerce extérieur et développement économique de l'Europe au XIXe siècle (1976)

V. Bulmer Thomas, The Economic History of Latin America since Independence (1994)

\* North America, Argentina, Chile, Uruguay, South Africa and Australasia

**Table 12: Railways, Areas, Croplands, Populations by Continent 1820-1930**

|            |                              | <b>Europe</b> | <b>North America</b> | <b>Oceania</b> | <b>South America</b> | <b>Asia</b> | <b>Africa</b> |
|------------|------------------------------|---------------|----------------------|----------------|----------------------|-------------|---------------|
| Year circa | Total area in hectares (m's) | 473           | 1839                 | 843            | 2053                 | 2679        | 2966          |
| 1850       | Population (m's)             | 164           | 26                   | -              | 38                   | 801         | 111           |
|            | Croplands (hectares, m's)    | 132           | 50                   | 6              | 18                   | 153         | 84            |
|            | Railways (km.000)            | 23            | 15                   | -              | -                    | -           | -             |
|            |                              |               |                      |                |                      |             |               |
| 1870       | Population (m's)             | 187           | 44                   | 2              | 40                   | 864         | 90            |
|            | Croplands (hectares, m's)    | 140           | 80                   | 7              | 21                   | 166         | 91            |
|            | Railways (km.000)            | 89            | 90                   | -              | 4                    | 8           | 2             |
|            |                              |               |                      |                |                      |             |               |
| 1900       | Population (m's)             | 203           | 83                   | 6              | 74                   | 925         | 133           |
|            | Croplands (hectares, m's)    | 145           | 133                  | 14             | 33                   | 190         | 110           |
|            | Railways (km.000)            | 234           | 341                  | -              | 62                   | 51          | 11            |
| 1913       | Population (m's)             | 261           | 105                  | 6              | 80                   | 976         | 124           |
|            | Croplands (hectares, m's)    | 146           | 156                  | 17             | 39                   | 202         | 120           |
|            | Railways (km.000)            | 286           | 456                  | -              | 112                  | 92          | 27            |
| 1930       | Population (m's)             | 301           | 129                  | 7              | 112                  | 1141        | 164           |
|            | Croplands (hectares, m's)    | 149           | 196                  | 22             | 57                   | 231         | 150           |
|            | Railways (km.000)            | 211           | 472                  | -              | 136                  | 112         | 48            |
|            |                              |               |                      |                |                      |             |               |

**Sources:**

P. Bairoch, Victories de déboires: Histoire économique et sociale du monde du XVIe siècle a nos jours (Paris, 1997)

P. Bairoch, Commerce extérieur et développement économique de l'Europe au XIXe siècle (1976)

W.W. Rostow, The World Economy (London, 1978)

A.Maddison, The World Economy. A Millennium Perspective (Paris, 2001)

B.L. Turner et al (ed.) The Earth as Transformed by Human Action (Cambridge, 1990) and World Resources Institute, Reports 1986-89

Table 13: Exports per capita for National (N) and Colonial (C ) Economies in \$ at current prices for 1900, 1937 and 1948

| National Economy |                      |   | Exports per capita in US dollars |      |      |
|------------------|----------------------|---|----------------------------------|------|------|
| Group 1          |                      |   | 1900                             | 1937 | 1948 |
| Populations      | 0-5 million          |   | \$                               | \$   | \$   |
|                  | Bolivia              | N | 0                                | 11   | 28   |
|                  | Costa Rica           | N | 28                               | 15   | 58   |
|                  | Cuba                 | C | 33                               | 35   | 139  |
|                  | Dominica             | N | 0                                | 11   | 37   |
|                  | Ecuador              | N | 9                                | 3    | 14   |
|                  | El Salvador          | N | 4                                | 9    | 23   |
|                  | Guatemala            | N | 5                                | 6    | 14   |
|                  | Haiti                | N | 0                                | 3    | 8    |
|                  | Honduras             | N | 12                               | 24   | 46   |
|                  | Nicaragua            | N | 6                                | 1    | 17   |
|                  | Panama               | N | 0                                | 6    | 16   |
|                  | Venezuela            | N | 9                                | 53   | 236  |
|                  | Chile                | N | 21                               | 40   | 60   |
|                  | Paraguay             | N | 0                                | 8    | 23   |
|                  | Uruguay              | N | 36                               | 37   | 78   |
|                  | French West Indies   | C | 0                                | 35   | 128  |
|                  | British Guyana       | C | 34                               | 43   | 78   |
|                  | British West Indies  | C | 13                               | 34   | 69   |
|                  | Surinam              | C | 0                                | 15   | 70   |
|                  | French Cameroon      | C | 0                                | 5    | 13   |
|                  | Fr Equitorial Africa | C | 0                                | 3    | 12   |
|                  | Madagascar           | C | 0                                | 6    | 11   |
|                  | French Togoland      | C | 0                                | 4    | 11   |
|                  | Tunisia              | C | 0                                | 16   | 19   |
|                  | Reunion              | C | 0                                | 40   | 100  |
|                  | Angola               | C | 0                                | 6    | 13   |
|                  | Cape Verde           | C | 0                                | 0    | 50   |
|                  | Libya                | C | 0                                | 8    | 11   |
|                  | Gold Coast           | C | 0                                | 18   | 55   |
|                  | Mauritius            | C | 0                                | 35   | 110  |
|                  | Sudan                | C | 0                                | 12   | 126  |
|                  | Sierra Leone         | C | 0                                | 7    | 11   |

|                  |                 |   |                                  |      |      |
|------------------|-----------------|---|----------------------------------|------|------|
|                  | Spanish Morocco | C | 0                                | 4    | 16   |
|                  | Liberia         | C | 0                                | 1    | 10   |
|                  | Malaysia        | C | 0                                | 118  | 170  |
|                  | Taiwan          | C | 0                                | 42   | 5    |
|                  | Sarawak         | C | 0                                | 45   | 162  |
|                  | Iraq            | C | 0                                | 6    | 7    |
|                  | Jordan          | C | 0                                | 10   | 30   |
|                  | Palestine       | C | 0                                | 18   | 3    |
|                  | Cyprus          | C | 0                                | 28   | 46   |
|                  | Syria           | C | 0                                | 5    | 8    |
| National Economy |                 |   | Exports per capita in US dollars |      |      |
| Group 2          |                 |   | 1900                             | 1937 | 1948 |
| Populations      | 5-10 million    |   | \$                               | \$   | \$   |
|                  | Colombia        | N | 4                                | 10   | 28   |
|                  | Algeria         | C | 0                                | 23   | 48   |
|                  | French Morocco  | C | 0                                | 7    | 22   |
|                  | Mozambique      | C | 0                                | 3    | 7    |
|                  | Rhodesia        | C | 0                                | 20   | 37   |
|                  | Kenya/Uganda    | C | 0                                | 7    | 13   |
|                  | Ceylon          | C | 10                               | 22   | 44   |
|                  | Peru            | N | 6                                | 14   | 20   |
|                  |                 |   |                                  |      |      |
| National Economy |                 |   |                                  |      |      |
| Group 3          |                 |   |                                  |      |      |
| Populations      | 10-20 million   |   |                                  |      |      |
|                  | Mexico          | N | 5                                | 12   | 20   |
|                  | Argentina       | N | 0                                | 54   | 87   |
|                  | Fr West Africa  | C | 0                                | 4    | 10   |
|                  | Belgian Congo   | C | 0                                | 7    | 23   |
|                  | South Africa    | N | 0                                | 22   | 50   |
|                  | Egypt           | C | 8                                | 13   | 31   |
|                  | Burma           | N | 0                                | 12   | 14   |
|                  | Philippines     | C | 3                                | 10   | 17   |
|                  | Thailand        | C | 2                                | 5    | 5    |
|                  | Afghanistan     | N | 0                                | 2    | 4    |
|                  | Turkey          | N | 0                                | 7    | 10   |
|                  |                 |   |                                  |      |      |
| National Economy |                 |   |                                  |      |      |
| Group 4          |                 |   |                                  |      |      |
| Populations      | 20-50 million   |   |                                  |      |      |

|                  |               |   |   |    |    |
|------------------|---------------|---|---|----|----|
|                  | Brazil        | N | 9 | 9  | 25 |
|                  | Nigeria       | C | 0 | 5  | 6  |
|                  | Indo-China    | C | 0 | 5  | 3  |
|                  | Korea         | C | 0 | 9  | 7  |
|                  |               |   |   |    |    |
| National Economy |               |   |   |    |    |
| Group 5          |               |   |   |    |    |
| Populations      | 50 + million  |   |   |    |    |
|                  | British India | C | 1 | 2  | 4  |
|                  | Indonesia     | C | 3 | 8  | 5  |
|                  | Japan         | N | 0 | 17 | 3  |
|                  | China         | N | 0 | 2  | 1  |

*Notes and Sources:*

All figures have been rounded to the nearest dollar. The figures for 1900 are from J. Hanson, *Trade in Transition* (New York, 1980)

The figures for 1937 and 1948 refer to the devalued dollar of 1934 and are not comparable with Hanson's estimates for 1900

Exports valued in dollars are from United Nations Yearbook of International Trade Statistics (New York, 1955)

Population totals were taken from United Nations Demographic Yearbooks for 1948 (New York, 1949) and the groups are based on total populations for 1937 and 1948

Table 14; Exports per capita (relative capacity to import and to raise loans, measured in \$ at current and constant prices) 1830-1948

|   |                             | 1830         | 1860          | 1900          | 1913          | 1928          | 1937          | 1948          |
|---|-----------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Continent/zone              | 1            | 2             | 3             | 4             | 5             | 6             | 7             |
| 1 | <b>South America</b>        | <b>5.1</b>   | <b>8.4</b>    | <b>10.5</b>   | <b>19.6</b>   | <b>28.6</b>   | <b>11.0</b>   | <b>43.8</b>   |
|   | <i>(Deflated)</i>           | <i>(5.1)</i> | <i>(12.0)</i> | <i>(18.1)</i> | <i>(23.6)</i> | <i>(25.1)</i> | <i>(12.0)</i> | <i>(19.6)</i> |
| 2 | <b>Africa</b>               | <b>0.2</b>   | <b>0.5</b>    | <b>1.6</b>    | <b>3.2</b>    | <b>6.0</b>    | <b>3.3</b>    | <b>22.5</b>   |
|   | <i>(Deflated)</i>           | <i>(0.2)</i> | <i>(0.7)</i>  | <i>(2.7)</i>  | <i>(5.2)</i>  | <i>(6.1)</i>  | <i>(3.4)</i>  | <i>(10.1)</i> |
| 3 | <b>Asia</b>                 | <b>0.2</b>   | <b>0.4</b>    | <b>0.9</b>    | <b>1.98</b>   | <b>3.9</b>    | <b>1.5</b>    | <b>4.5</b>    |
|   | <i>(Deflated)</i>           | <i>(0.2)</i> | <i>(0.6)</i>  | <i>(1.6)</i>  | <i>(3.0)</i>  | <i>(3.9)</i>  | <i>(1.6)</i>  | <i>(2.0)</i>  |
| 4 | <b>Third World</b>          | <b>0.3</b>   | <b>0.8</b>    | <b>1.6</b>    | <b>3.4</b>    | <b>6.2</b>    | <b>2.6</b>    | <b>10.4</b>   |
|   | <i>(Deflated)</i>           | <i>(0.3)</i> | <i>(1.1)</i>  | <i>(2.8)</i>  | <i>(5.5)</i>  | <i>(6.2)</i>  | <i>(2.7)</i>  | <i>(4.7)</i>  |
| 5 | <b>European Core</b>        | <b>5.2</b>   | <b>13.1</b>   | <b>21.76</b>  | <b>36.3</b>   |               |               |               |
|   | <i>(Deflated)</i>           | <i>(5.1)</i> | <i>(11.4)</i> | <i>(28.6)</i> | <i>(31.8)</i> |               |               |               |
| 6 | <b>United Kingdom</b>       | <b>6.0</b>   | <b>28.6</b>   | <b>36.3</b>   | <b>54.3</b>   |               |               |               |
|   | <i>(Deflated)</i>           | <i>(6.0)</i> | <i>(24.4)</i> | <i>(47.7)</i> | <i>(65.4)</i> |               |               |               |
| 7 | <b>European Periphery</b>   | <b>1.1</b>   | <b>3.3</b>    | <b>5.7</b>    | <b>9.0</b>    |               |               |               |
|   | <i>(Deflated)</i>           | <i>(1.1)</i> | <i>(4.7)</i>  | <i>(.98)</i>  | <i>(10.8)</i> |               |               |               |
| 8 | <b>European Settlements</b> | <b>4.6</b>   | <b>10.2</b>   | <b>18.3</b>   | <b>35.6</b>   |               |               |               |
|   | <i>(Deflated)</i>           | <i>(4.6)</i> | <i>(14.6)</i> | <i>(31.6)</i> | <i>(58.4)</i> |               |               |               |

*Notes and Sources:*

The data for 1830-1937 in current price dollars are from Bairoch and Etemad. Their figures for 1937 are in the devalued dollar of 1934.

Column 7, data for 1948 are from United Nations Yearbook of International Trade Statistics (1949) and the population data for continents are from United Nations Demographic Yearbook for 1948 (New York, 1949)

The figures for Column 1, rows 5,6,7 and 8 are calculated from data in Hanson, Trade in Transition (New York, 1980). The European Core, UK, European Periphery and European Settlements for 1860 to 1913 are taken from Lewis, A., 'Rate of Growth of World Trade, World Exports at Current Prices 1850-1913' divided by population figures in A. Maddison, The World Economy. A Millennium Perspective (2001)

Constant price dollars are placed in brackets and the deflators are price indices for UK exports and imports as reported in B.R. Mitchell, Abstract of British Historical Statistics (Cambridge, 1962) pp. 331-31

Only the UK figures in current price dollars have been deflated by UK index for prices of UK imports. All other figures are deflated by a price index for UK exports and refer to 1830 as the *reference year* and provide a perception of trends 1830-1948

**Table 15: Rates of Growth and Purchasing Power of Commodity Exports from the Third World 1830-1948**

|               | 1         | 2         | 3         | 4         | 5          |
|---------------|-----------|-----------|-----------|-----------|------------|
| Continent     | 1830-1900 | 1900-1913 | 1913-1937 | 1937-1948 | 1913-1948  |
|               | %         | %         | %         | %         | %          |
| South America | 2.6       | 6.5       | 2.0       | 3.7       | 2.5        |
| Africa        | 3.6       | 6.3       | 1.3       | 3.6       | 2.0        |
| Asia          | 3.0       | 6.5       | 3.3       | -5.1      | 0.6        |
| Third World   | 2.9       | 6.4       | 2.5       | -0.5      | 1.5<br>1.7 |

*Notes and Sources:*

Estimates of the total exports from South America, Africa and Asia valued in dollars for 1830, 1860, 1880, 1900, 1912, 1913, 1928, 1937 and 1948 at current prices are available from the following sources: Bairoch, P. and Etemad, B., *Structure par produits des exportations du Tiers Monde 1830-1937* (Geneva, 1985);

Lewis, A., 'The Rate of Growth of World Trade in Grossman, S. and Lundberg, E. (eds.), *The World Economic Order, Past and Prospects* (London, 1981) ;

Lamartine-Yates, P., *Forty Years of Foreign Trade* (London, 1959)

Hanson, J., *Trade in Transition. Exports from the Third World, 1840-1900* (New York, 1980) and United Nations Yearbook of International Trade Statistics (1955)

**Table 16: Exports Per Capita in 1948 Deflated by the Price Index for Manufactures sold on World Markets**

|               | Actual Levels in \$ | Counterfactual levels in \$ |
|---------------|---------------------|-----------------------------|
| South America | 19.6                | 71.1                        |
| Africa        | 10.1                | 20.5                        |
| Asia          | 2.0                 | 10.5                        |
| Third World   | 4.7                 | 17.7                        |

*Sources:*

See tables 13 and 15

**LONDON SCHOOL OF ECONOMICS  
DEPARTMENT OF ECONOMIC HISTORY**

**WORKING PAPERS OF THE GLOBAL ECONOMIC HISTORY  
NETWORK (GEHN)**

For further copies of this, and to see other titles in the department's group of working paper series, visit our website at:

<http://www.lse.ac.uk/collections/economichistory/>

- 01/04:      State-Building, The Original Push For Institutional Changes  
                 in Modern China, 1840-1950  
                 *Kent Deng*
  
- 02/04:      The State and The Industrious Revolution in Tokugawa  
                 Japan  
                 *Kaoru Sugihara*
  
- 03/04:      Markets With, Without, and In Spite of States: West Africa in  
                 the Pre-colonial Nineteenth Century  
                 *Gareth Austin*
  
- 04/04:      The World Coffee Market in the Eighteenth and Nineteenth  
                 Centuries, from Colonial to National Regimes  
                 *Steven Topik*
  
- 05/04:      The Role of the Chinese State in Long-distance Commerce  
                 *R. Bin Wong*
  
- 06/04:      Imperialism, Globalization, and Public Finance: The Case of  
                 Late Qing China  
                 *Harriet T. Zurndorfer*
  
- 07/04:      Japanese Imperialism in Global Resource History  
                 *Kaoru Sugihara*
  
- 08/04:      Colonies in a Globalizing Economy 1815-1948  
                 *Patrick Karl O'Brien*