
Reply to Mr Gunder Frank's Commentary

Paul Bairoch

University of Geneva

The main point I want to stress here is that my remarks on the minor role of the Third World were restricted to what can be called the role of the Third World as an outlet for European exports and not to the role of the European trade balance. In the pages (9 pages out of a total of 43) devoted to the "presentation of the European trade balance" the notion of "Third World" or "underdeveloped countries" does not appear even once.

With regard to the minor importance of the Third World as an outlet for European exports in the XIXth century I cannot see anything either in Mr Gunder Frank's commentary nor in his very interesting study that can contradict my conclusions. But obviously — and this is a very important aspect of the problem to which I have often made reference in some of my research specifically devoted to the Third World's problems — the fact that in the XIXth century, Third World countries represented less than 19% of European foreign trade and that the outlet provided by Third World markets represented less than 2% of European G.N.P. does not imply that the negative impact of those trade flows was marginal. On the contrary, European trade was a very important factor in the Third World's de-industrialization process and in the stagnation or decrease of its subsistence agriculture. But this is another story . . . And this is not at all inconsistent with my remarks on the widespread overestimation of the role of the Third World's trade « the significant wheat and meat-exporting temperate regions of Latin America ». When the figure of some 20% was quoted (and requested by Mr Frank) it included those countries. Mr Frank also insists in his commentary that « the reasons for and calculations of the adjustment of balance for transport and other costs . . . are less clear ». The reply could

have been found in the beginning of the text dealing with this, since I wrote (p. 584): « The aggravation of the trade balance deficit during the XIXth century is very important; the more so because over this period transport costs dropped considerably. Thus, since imports generally include these costs while exports do not, the real trade deficit grew more rapidly. This fact prompted us to try and estimate the evolution of the real or adjusted trade balance, by excluding transport and other additional costs ». Even more intriguing is Mr Frank's remark about this corrected trade balance. Mr Frank notes in his commentary that « the reasons for his statement on page 584 that Europe's adjusted trade balance . . . was gradually replaced by a 12-13% import deficit (does he mean trade deficit?) around 1900 when his tables seem to show the contrary, is still less clear ». The full quotation (p. 585) is the following (which I believe answers the question about trade deficit): « Europe's adjusted trade balance, an import surplus of some 10-18% around 1830 was gradually replaced by a 12-13% import deficit around 1900 ». And table 11, which is the only one giving adjusted or corrected trade balance, shows in the last column (trade balance corrected, in % of imports) + 17.5 / + 10.2 for 1830 and — 11.9 / — 12.9 for 1900.

Finally, coming back to the role of what Mr Frank calls the « secular excess of the underdeveloped countries' exports over imports » and their « fundamental contribution to the accumulation of capital, technological progress and economic development of the now developed countries », I can only stress the fact that this is not a problem which is treated in my article at all. And for this simple reason I cannot see any basis for Mr Frank's numerous objections to my failure "to note" various points that could be relevant to this important problem which is the theme of his article but not of mine. The presentation and discussion of the more than 20 statistical tables which give the main results of my reconstruction of the « Geographical Structure and Trade Balance of European Foreign Trade from 1800 to 1970 » (which after all is the title of my article) already required too much space (42 pages of text and 9 pages of methodological appendix). So in order to save further space I will not deal with any of this set of objections. But since Mr Frank (obviously without reading my research on Third World problems) has very wrongly deduced from the fact that in this particular article I conclude that the underdeveloped countries were only of marginal importance as an outlet for European exports in the XIXth century, that I wish « to conclude that the importance of the Third World was relatively marginal », I begin to wonder (and after reading at least a part of Mr Frank's research) if Mr Frank does not unconsciously wish to overestimate the role of the Third World in the economic development of the now industrialized countries.