
CONFERENCE REPORTS

Comparative Economic History: Promises and Problems. A Report of the Meetings of the Economic History Association

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The theme of the 34th Annual Meeting of the Economic History Association provided greater grounds than usual for methodological agreement among the convention's participants. Had a vote of confidence been taken, the usefulness of comparative economic history would likely have been affirmed by acclamation. Henry Rosovsky, chairman of the preliminary panel discussion, observed that despite its difficulty, the practice of comparative history — like foreign travel — encourages intellectual relativism and broadening of perspective. William Parker, Robert Gallman and Charles Kindleberger agreed that even the most statistically-minded economic historians must make the leap from numbers to conclusions, and that only the perspective of international comparison enables researchers to determine "how big is big" or to identify the range of potentially divergent responses to a single set of preconditions. Why, for example, will population shortage lead to confirmation of peasant rights in some cases and enserfment in others? A *histoire de synthèse* which relies on the comparison of case studies is the best way to identify and solve such problems.

In a more specific vein, Frederic Lane and Douglass North discussed the problem of government's role in comparative growth. Lane described government as the principal agent for determining the destination of a society's economic surplus: whether it be directed into productive capital or expended in conspicuous consumption or war. The growth of capital is both a function of investment incentives and investment capacity. Governments therefore, by creating and enforcing property rights and the conditions underlying the distribution of income, play a central role in the long-term patterns of the growth (or decline) of an economy's productive resources.

As in certain of his earlier studies, Lane emphasized the importance of protection costs, war and tribute in defining government's role. North, in general agreement, questioned the usefulness of the concept of surplus, for it seems to imply some invariable level of subsistence for all cases under study. Acknowledging the importance of the behaviour of governments, North singled out the impact of trade as a more powerful source of wealth, investment funds, efficient allocation of resources and sustained growth.

In the second session of the conference on « Comparison of Economic Systems », the *leitmotif* of trade in comparative perspective was reintroduced by Charles Kindleberger. In his paper, « The Rise of Free Trade in Western Europe, 1820-1875 », he demonstrated that Europe's enthusiasm for free trade had many causes, ideological as well as economic. For both Britain and Germany free trade emerged as a collective benefit to the export interests whose political power was expanding and whose influence was abetted by the current doctrines of political economy. In the complex British case, a grab-bag of rationalizations for free trade — high real wages, high profits, increased allocative efficiency, and the stimulus of import competition — where all made real by England's advantageous position in world markets. The push for freer trade in France came less from export interests than from industrialists who relied on imported inputs. Free-trade advocacy by Dutch merchants early in the 19th century and by Scandinavian and Mediterranean countries after 1850 — cases in which the benefits of reduced tariffs and open competition for internal markets were doubtful — suggest that doctrine, not merely the political power of the abundant factor, was instrumental in the reduction of tariffs. It appears that « Manchester and the English political economists persuaded England which persuaded Europe », and that Keynes was right about the power of academic scribblers after all.

John R. Lampe's « Varieties of Unsuccessful Industrialization in the Balkan States before 1914 » explained Romania's distinct advantages over Serbia and Bulgaria in raw material endowment, transportation, agriculture and banking-advantages which lead to the highest *per capita* industrial output in the pre-war Balkans. Why then did not industrialization proceed steadily through the early twentieth century for this largest Balkan state? Cartelization and a strategy of import substitution obstructed industrial development, but more important, in the agricultural sector traditional methods and *morcellement* led to stagnation. Without modernization in agriculture the prospects for industrialization were dim.

Subramanian Swamy, « A Comparative Economic History of China and India, 1870-1970 », demonstrated that although both countries were deemed developed by eighteenth century western standards they shared a common experience of flow growth of aggregate output (about 1.6 percent per annum) over the past hundred years. Rejecting the temptation to blame this performance exclusively on the consequences of imperialism, Swamy

considered that in both cases government commitment to the encouragement of economic growth was wanting. The key difference was that India's government organized economic policy around the passive principles of stabilization and containment while China's posture was one of defense from foreign powers. In neither case was a strong effort made to overcome the dualistic character of the economy so that only a small proportion of the population operated within the market-oriented sector. As discussant Wilfred Malenbaum observed, participation in India's national economy remains limited while in China the situation has changed. Measuring divergent economic performance from this focal point may lead to firmer conclusions about the sources of stagnation in non-Western economies.

« Imperialism in Comparative Perspective » was the topic of discussion in the third session of the Philadelphia meetings. Although a simplification, it is not entirely unfair to say that the classic statements of the economic theory of late 19th century European imperialism viewed the internal political economy of the rapidly developing Western European states as the fundamental motive force for expansion abroad, and overseas investment as the principal, but by no means sole, international economic opportunity. It has been some years since historians favouring the economic interpretation of late 19th century imperialism have adhered to this position strictly, and many historians have rejected the idea of economic motivation as an important causal factor. However, writing in the *Economic History Review* in 1968, A.G. Hopkins presented extensive evidence which suggested that, in the case of British expansion in Lagos, 1880-1892, the total rejection of the classic economic interpretation may have thrown the proverbial baby out with the bath water. First, it appeared that the political economy of post-abolition Lagos was critical to the coming of British annexation, and, second, the existing and prospective opportunities for local and international trade, rather than investment, mattered in motivating local and metropolitan British interests towards protecting and expanding the British presence in Lagos.

The first paper of the session on imperialism may be said to be a test of the fruitfulness of Hopkins's approach to African partition for the Gold Coast region. In « Economic Imperialism: The Case of the Gold Coast », Edward Reynolds' basic effort is to begin the process of specifying the political economic history of the Gold Coast region, from the early 19th century abolition of the slave trade to formal British annexation in 1874. He examines the impact on the organization of British merchant enterprise of the new reliance on "legitimate" trade, the instability within and between African states engendered by the loss of slaving revenues, the relative peace under the Maclean governorship (1830-1842), and its encouragement to the expansion of local and international trade. The "legitimate" trade also supported the rise of an African merchant class competing with the British in the coastal towns and, with time, the competition of the African

and British merchants spread inland. In this inland struggle, African merchants were displaced slowly, in part due to the higher prices the African merchants were charged for imported goods and credit by British wholesalers who were also inland retailers. Finally, a brief description is provided of the ill effects on the British trade of the Ashanti attacks in the 1860's. Reynolds is cautious but finds strong evidence that the interest of local British traders were central to the 1874 annexation. And, it might be added, providing a tentative confirmation of the usefulness of Hopkins's 1968 hypotheses.

Michael Monteon's « The British in the Atacama Desert: the Cultural Bases of Economic Imperialism » deals with the economic activity of British nationals in the nitrate-rich desert region of what is now northern Chile, 1870-1890. Like Reynolds, Monteon finds a decline in the economic role of traditional local elites. This decline was due partly to the vigorous, scrambling character of British merchants and adventurers, but also resulted from the shortsightedness and inertia of the indigenous upper classes who could not imagine being directly involved in the "vulgarity of mining". Why did no industrializing nation take over Peru after the War of the Pacific or annex Chile after Balmaceda's fall in 1891? First, Monteon believes it would have been costly in military and economic terms, far more so than African partitioning. Second, the Baring Crisis of 1890 reduced British interest in all of South America. Third, in sharp contrast to the case of the Gold Coast, the British in the Atacama Desert had no influence on Parliament, and British interests in Chile only received tacit diplomatic support. Even though no industrial nation did ever annex Chile, the British had a strong impact on the culture and consumption of the Chilean upper classes and British entrepreneurship in mining left a militantly anti-imperialist work force. These influences contributed to the disruption of Chile's rural and paternalistic social order which, in turn, created an indecisive ruling oligarchy. However, on balance, Monteon argues it was Chilean floundering, not British influence, which created this elitist political indirection. In commenting on Monteon's paper, T. Davis vigorously dissented from this view, suggesting that some British businessmen in Chile were quite skilled at manipulating the various elements of the Chilean oligarchy and, in the absence of these efforts, Chilean import substitution would have started much earlier.

The final session of the conference was devoted to « Comparison of Monetary and Regional Economies ». In « Monetary Trends in the United States and the United Kingdom, 1878-1970: Selected Findings », A.J. Schwartz suggested that (1) the movements in U.S. and U.K. velocity (the ratio of nominal income to money stock) were highly parallel, 1878-1970, (2) this parallelism was the joint result of a common demand curve for real cash balances and a high correlation in the U.S. and U.K. determinants of money demand (real income per head, the return on nominal valued assets, and

the return on physical assets), (3) these trans-Atlantic relationships were based on specie flows and capital movements, and thus, (4) « there was financial unification but physical independence » of the U.S. and the U.K.

Hugh Rockoff's « Varieties of Banking and Regional Economic Development in the United States, 1840-1860 » is an attempt to test whether « a laissez-faire policy toward financial intermediaries tends to deepen financial development and accelerate economic growth ». The two decades following the demise of the Second Bank were characterized by a wide variety of state experiments with banking regulation. Using the amount of monetary liabilities per head of each state as the measure of its financial development, Rockoff found that demand factors such as the level of wealth per head were far more important in accounting for the variance of financial development than differences among the states in their commercial banking laws, usuary laws and mutual savings bank laws. Although this conclusion does not support the hypothesized importance of financial liberalization for economic development, Rockoff notes that since financial legislation often followed from economic conditions, the legislation may have been « essentially liberal despite the variety of forms ».

In « Comparative Regional Development in Antebellum Manufacturing », F. Bateman and T. Weiss sought to test the hypotheses of W.N. Parker (*Agricultural History*, 1970) and others that Southern market size and market structure inhibited the pace of Southern manufacturing development in the two decades before the Civil War. Based on a large random sample of U.S. manufacturing establishments, the authors concluded that West-South differences in industrial levels have been exaggerated by past investigators. The West had more manufacturing firms per capita than the South (the North exceeding both by a large margin), but all regions, including the South, evinced strikingly similar propensities to develop firms in all size categories. This latter evidence directly contradicts Parker's findings. Unlike Northern and Western firms, Southern manufacturers do not seem to have taken full advantage of internal economies of scale, but here the authors caution that the consequences remain unclear pending further research. In general, U.S. manufacturing firms possessed a substantially larger degree of market power than U.S. farming establishments, but the evidence does not suggest Southern manufacturing firms possessed more market power than the rest of the nation. To summarize: market size and structure appear roughly similar for both the South and the West; therefore, the explanation of Southern manufacturing backwardness must lie with other factors, such as income distribution, entrepreneurship, or the influence of slavery on the accumulation of industrial capital or labor.

In her Presidential Address, Sylvia L. Thrupp echoed the theme of the conference suggesting that a good deal of the progress in the study of medieval and early modern Europe over the past fifty years was the result

of what she termed in the title of her address, « Comparative Study in the Barnyard ». It was « micro-comparative study grounded in local eco-systems » which provided the strongest evidence for the current consensus on the Malthusian character of most medieval and early modern life in England and France. Thrupp was also confident that the micro-comparative method would be necessary and useful in such under-studied subjects as: the causes of regional variation in prices and wages; the economy of the less thickly settled regions of England and France; a fuller characterization of the varieties of household economy; and the role of farming investment in regional and local variation of rents and farm sale prices.

Early in the course of the meeting, a few sceptical participants wondered whether comparative economic history might become no more than a refuge from the "desolation" of that methodological battleground which we call the "new economic history". Many participants would certainly affirm the idea that the "new economic history" still has a broad, albeit finite, set of historical problems it can fruitfully address. Indeed, often we find that the best work of the new economic history *is* comparative and, with considerable care, adaptable to cross-cultural applications. In any event, the high quality of research displayed at the Philadelphia meeting indicate that comparative economic history is a fruitful, but underutilized, methodology.