

# **Toward a Unified Approach to the Economic History of Settler Economies**

Keynote Address, *Asociación Uruguaya de Historia Económica* (AUDHE)

July 9, 2003, 3<sup>as</sup> *Jornadas de Historia Económica*, Montevideo

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July 2003

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Professor Bértola, Dear Colleagues,

I am deeply honored to be your invited guest. To be invited to speak in English (a decision that we can all be grateful for) doubles the honor. Thank you. ¡*Gracias!*

I am proud and honored, as well, to represent the International Economic History Association here at the third meeting of the Uruguayan Economic History Association.

First, I must thank AUDHE on behalf of the IEHA for your assistance in organizing the thirteenth World Congress of Economic History held last year in Buenos Aires.

Everyone who attended that Congress has testified to the excellence of the arrangements and commented on the warm hospitality of the local organizers. Many from Europe and North America who did not attend, now tell me they wish they had.

Personally, I was delighted that the Thirteenth World Congress was held in the Southern hemisphere. It is one of my goals as President to help the International Association become a *truly* international organization; one that would meet frequently outside of Western Europe, and one that will facilitate participation of scholars from all regions and from all intellectual perspectives.

I am pleased to announce that the Executive Committee of the International Economic History Association – meeting just five weeks ago in Paris – has established a perpetual fund with an initial balance of 20,000 Euros to subsidize travel for scholars from developing countries and transition economies to future World Congresses. The fund will be named the “Roberto Cortes Conde Fund” to recognize the efforts of my predecessor in making the Buenos Aires Congress a financial as well as an academic success.

The internationalization of the International Association is one of the issues that I wish to discuss with you, briefly here today and informally throughout the *Jornadas*. I will ask for your advice and your help in making this global vision a reality.

In my mind one of the keys to making the IEHA a truly international organization is to establish collaborative, comparative, and multi-national research projects that move our conversations and our debates toward new perspectives and head them in new directions. If such projects become ubiquitous, then all social and economic historians will find that their research – however focused and precise – has both an audience and an influence with scholars around the globe.

At our previous World Congresses –Leuvin; Milano, Madrid, Buenos Aires – the scientific programs encouraged sessions that brought together scholars from different countries working on similar topics or using similar methods of research. It was often the case, however, at such sessions that comparisons across economies and across time were implicit rather than explicit. While some sessions sparked continuing conversations between scholars from different countries, as we all had hoped, other sessions did not generate sufficient momentum to keep the dialog open and the networks strong in the years that followed.

I think that economic history is on the verge of a new phase; one with the promise of major advances in our understanding of the development process.

With the cost of international communication falling, thanks to the internet; with the proliferation of electronically accessible archives of historical statistics, thanks both to advances in computer technology and to the efforts of many scholars around the globe; and with the growing realization that each nation's economic history is not entirely exceptional and, indeed, is broadly relevant outside its borders, thanks to the broadened perspective brought on by economic globalization; we can anticipate the proliferation of multi-national collaborations.

As an example of what I have in mind, allow me to point to the project begun some years ago by Professor Jeffery Williamson of Harvard University. He and his many coauthors and students have focused their attention on the “first globalization” of the late nineteenth century. Drawing on the talents and contributions of scholars from around the world they have assembled digital archives with quantitative data on international migration, on capital flows, on international trade, and on trends in real wages.

I should also point to the efforts of our colleagues in Japan, lead by Professor Konosuke Odaka. The Asian Historical Statistics Project is creating a macro-economic statistical database for Asia – from Turkey to Taiwan, from the Russian Far East and Japan to Vietnam and Indonesia – from the late-nineteenth century to 1990 – a database with standardized definitions and measures. With common measures comparisons are possible. Odaka’s project has established the ambitious goal of preparing a quantitative economic history of modern Asia. This is an effort that can welcome contributions from many scholars both from within Asia and from outside.

The International Economic History Association will hold its next World Congress in Helsinki in 2006 and the fifteenth Congress is scheduled for 2009. In Finland we would like to launch several new multi-national collaborative projects that might report back in 2009. There is one of these proposals that I want to talk about this morning.

The one I have in mind should be of particular interest to those of you who work on the economies of Uruguay, Argentina, and southern Brazil and it one that is of particular interest to me. Together with Chris Lloyd of Australia, Jacob Metzger of Israel, and Susan Carter, I am proposing to organize a project on the economic history of *settler economies*, a project that we hope will attract collaborators from the southern cone of South America, as well as others from North America, Australia/New Zealand, southern Africa, the mid-east, and elsewhere.

I start with three observations.

First, during the nineteenth century settler societies – by which I mean land-rich regions that were populated by long-distant migrations and the subsequent natural increase of the immigrant population – generally recorded above average records of economic and political success relative both to the regions of the immigrants' origins and to the regions that played only a limited role in the great migrations of the eighteenth and nineteenth centuries. Despite this initial success, once mass immigration slowed in the twentieth century, economic growth also slowed. The southern cone of South America has experienced uneven progress since World War I and in some periods this region experienced sustained episodes of decline.

Second, research already published or underway suggests that the social, demographic, and economic similarities of settler economies are sufficiently broad and sustained that comparative work is justified. See, for example the work of the Australians John Fogarty and Chris Lloyd. Yet, at the same time differences between the various settler economies both in the initial conditions of geography, climate, and indigenous population and in the time paths of settlement and economic and political development are sufficiently diverse and intriguing that comparative research is likely to be unusually fruitful in generating new hypotheses. See the work of your President and our moderator, Luis Bértola together with his coauthor Gabriel Porcale.

Third, to date relatively little cross-economy comparative work has been done on settler economies. For example, North American economic historians – a group I know well – are surprisingly unfamiliar with the economic history of Australia.

Thanks both to the work of a new group of economic historians in the United States interested in Latin America and the recent economic crisis in this part of the world, North Americans are learning more – or are at least hearing more – about Argentina and Brazil's rich histories. But the state of mutual ignorance is still great.

To establish a multi-national research project to explore the comparative successes of the settler economies and their currently divergent trajectories will require two things. We will need a conceptual framework for tackling the issues. We will also need a series of descriptive national/regional histories designed to focus on those similarities identified by the theory as significant **and** those differences that seem to be salient.

A by-product of such an effort might well be the creation of a macro-economic statistical database for settler economies – a database with standardized definitions and measures. As you may know, Susan Carter and I have been working for some years on the *Historical Statistics of the United States*, which will be published next year. Collections of historical statistics also exist for Canada and Australia, although both are somewhat out of date. Work is ongoing to assemble historical national accounts for the countries of the Río de la Plata. But work still remains to integrate these data sets and to make them available in a merged file with uniform definitions.

Science, of course, is a continual interplay between the articulation of generalizing theories and the observation of specific cases and events. Neither can be said – necessarily – to come first. However, local studies that are particular to time and space should probably be undertaken with an awareness of the similarities and differences with other parts of the world and with other times in history. Thus, I wish to direct my attention today to the general themes that might help to direct and inform the case studies. Those case studies, in turn, would become implicit or explicit tests of the generalizing hypotheses.

I can begin by defining a “Settler Economy.” Here is a proposal to start the discussion.

As we see it, a settler economy has the following characteristics:

- The settlers are long-distance migrants, generally they are international migrants and often they are intercontinental migrants.
- The settlers intend to, and for the most part do, become permanent residents in their new home and their offspring inherit the world their parents create.
- Most settlers are voluntary; not slaves, not bound to work for non-settlers. The settler’s motivation is generally economic, however some might be religious or political refugees (or even criminals involuntarily transported) as long as their status in the receiving region is not one of long-term economic dependence on non-settlers.
- The destination of the settlers is a region characterized by under-utilized natural resources (usually land) that the settlers intend to, and for the most part do, exploit.
- The settlers and their off spring come to dominate the economy, the society, and the culture of the region to which they move (or at least an enclave within a larger region). This domination could come about because the original inhabitants were absent or few in number relative to the settler population, because the original population was driven off or decimated by disease, warfare, or other violence, because the original population was enslaved, forced into enclaves, or otherwise marginalized, or because the original population was assimilated into the settlers’ society.
- The settler society soon becomes self-sustaining in both the economic and demographic senses. That is, after an initial phase, it does not depend for its viability upon continuing subsidies from a mother country nor continual replacement of a non-reproducing population through migration. Subsidies, imports, foreign direct investment, and immigration can be characteristics of a

settler economy; we just wish to exclude cases where these external supports are required to sustain the economy.

Moving from this definition to something more useful for analytic purposes is the major task for those interested in establishing a general framework for the comparative analysis. The International Economic History Association has made arrangements to hold a special session at the International Congress of Historical Sciences in Sydney two years from now. We hope to bring together there scholars from around the world to address precisely this issue. Without wishing to preempt matters, here are a few generalizations about settler economies that we might consider in Sydney.

- High land-labor ratios lead to high levels of income per capita relative to the origin region of the settlers. As a consequence, there is little return migration and initially there is rapid population growth fed both by natural increase and by continuing immigration from the origin country.
- High land-labor ratios lead to family farming with comparatively little hired agricultural labor, to estate ranching with low labor demands, or to plantation-style agriculture with coerced labor.
- The first wave of settlers is heavily male with a consequent high female fertility rate.
- The gender imbalance has consequences for both institutional development and the evolving role of women in the society.
- The gender imbalance also leads either to an increased migration of women from the origin country or to intermarriage with the indigenous population. Racial attitudes are likely to be important here, if not decisive. Yet racial attitudes are malleable and if increased migration of women from the home country is not possible, they may change in way to favor intermarriage.

- Most settler economies have a majority of immigrants from a dominant origin country; in the case of North America and Australia/New Zealand that origin country was England. In the case of the Río de la Plata country the origin was Spain. The members of that dominant immigrant population share a mother-country culture and tongue.
- If a stream of minority immigrants from a second or third country is significant, those people are either quickly assimilated (Italians in Argentina) or form enclaves within the dominant culture (Chinatowns, the Creole French in Louisiana, etc.)
- Population growth in the presence of high per capita incomes and resource abundance becomes an engine accelerating economic growth and development.
- Successful settler economies grow increasingly less dependent on extractive industries producing for export.
- Settler economies have often sustained for long periods of time a symbiotic relationship with the economy of origin of its primary settler group. These relationships have been political (colonies, protectorates, etc.), commercial (favored trading relationships), cultural, and financial (lending relationships).
- Settler-indigenous relations and struggles over indigenous property rights are a dominant theme in the history of settler economies. By definition, a settler economy includes only those cases where the settler culture comes to dominate the indigenous culture (often after a sustained period of hostile and tragic events).

- The growth of the settler population and the settler economy at rates that exceed both those experienced by the pre-existing indigenous population and those of most non-settler economies elsewhere has long-run environmental and economic consequences that also loom large in the history of these economies.
- As economic and population growth proceeded, many (but not all) settler economies grew outward from one or more initial settlements expanding their boundaries into a diminishing hinterland. Thus the concepts of an “advancing frontier,” “borderlands” and a “vanishing wilderness” are often important themes in the history of settler economies. The very notion of a “frontier” implies an interaction between the indigenous and settler cultures.
- With a few exceptions, settler economies were founded between the mid eighteenth century, when transportation improvements made long distance and particularly transoceanic migration of populations feasible, and World War I, after which prohibitions on international migration became ubiquitous. The exceptions include the classical age (Greek and Roman colonies), Ireland, the Nordic settlements in Iceland and other North Sea locations, and the migration of Jews to Israel following the establishment of the modern Jewish state.
- Because of their dynamic and generally successful development, settler economies have been the global locus of socio-economic formation and development over the last quarter millennium. With the end of settler migrations and the increasingly uniform population density of the globe, this source of social evolution and economic growth (and cultural and political imperialism) can be supposed at an end.

Surely, there are many other generalizations that might be put forward and might form the basis of a unified analytical approach to settler economies. My goal here has been to intrigue you with this project and to invite those who might be interested in participating. There remains much to be done. There remain many questions to be resolved.

Here are a few questions and I welcome your help in answering them.

- Is the definition I have offered so limited to nineteenth century success stories that we are endangering our ability to learn what has led to the successes? Are there examples of failed settler economies? Greenland? Liberia? Quebec? The U.S. South?

- The literature has variously, but not systematically or with much cross reference, made the following distinctions:

- a) settler economies versus plantation economies,
- b) settler economies versus colonial economies,
- c) settler economies versus extractive economies.

How should we see these distinctions? Are these types separated by bright line boundaries?

- I have implicitly distinguished settler economies from:

- d) the mother economy (the economy of origin of the settlers), and
- e) the aboriginal economy (the original population of the destination region).

Can we make – must we make -- generalizations about mother economies and aboriginal economies?

- I have defined settler economies as “land-rich.” Can we name any “land-poor settler economy”? Singapore?

- Could we encompass into our analysis the case of settlers who come to exploit an empty economic niche rather than abundant land? One example might be the service sector industries such as hotels, laundries, fast food and so forth that -- in the U.S. at least -- are today largely organized as franchises owned and operated by members of a closely-related ethnic migration.
  
- It strikes me that it may be important to distinguish between frontier expansion [trans-terra migration] and long-distance migration [transoceanic migration], particularly if the frontier expansion is simply a territorial extension of the original settler population into adjacent, but relatively under-populated, territory.
  
- Should we make a distinction between a “natural” settler process unconstrained by an external settlement policy and a “policy driven” settlement process? For a policy driven process, I am thinking of Edward Gibbon Wakefield and his views on the distribution and pricing of land which had some influence on Australian developments, but policies with respect to slavery, contract labor, the rights of aboriginals, etc. are also relevant.
  
- When speaking of growth should we distinguish two types of intensive economic growth?
  - (a) “Smithian growth” (described by Adam Smith) in which per capita income is increased by expanding the extent of the market, typically by bringing regions with different resource endowments into a common market and capturing the gains from specialization and trade and by reducing the level of risk through economic diversification.
  - (b) “Promethean growth” (a term coined by Deepak Lal) which is driven by technological change, the harnessing of new energy sources, and economies of scale á la Paul Romer.

As an example, consider the debate over the rate of growth in the northern states of the United States compared to the rate in the southern slave-owning states during the period between independence and the American Civil War. Both regions saw extensive frontier expansion with continuing movement of their population westward. Both regions' per capita income grew at about the same rate.

In the South the movement of population from areas of lower land fertility to areas of higher fertility drove economic growth (Smithian growth) while in the North much of the population was leaving New England where incomes per capita were high to the North West territories that had lower incomes per capita. What drove intensive economic growth in the North was that people were leaving low-income agriculture either for higher income agriculture in the Ohio valley or for the high-income occupations newly appearing in the urban sector. Productivity in the cities was being driven by the technological changes of the industrial revolution (Promethean growth). For more on this issue see the discussion (pp. 264-269) in Roger Ransom and Sutch, *One Kind of Freedom*.

These are questions that still need answers. I hope to find some here.

In closing, allow me to thank you for your attention, I think this is an exciting project and one that I hope can lead to further discussions and collaborations. We are just beginning so your questions, your suggestions, and your involvement are both timely and very welcome.

I congratulate you on your impressive scientific program and the enthusiastic turnout and I wish you a productive and rewarding *Jornadas de Historia Económica*.