

## **The impact of ‘early’ nineteenth -century globalization on foreign trade in the Southern Cone: a study of British trade statistics<sup>1</sup>**

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### **Abstract**

This paper deals with the impact of ‘early’ nineteenth-century globalization (c.1815-1860) on foreign trade in the Southern Cone (SC). Most of the evidence is drawn from bilateral trades between Britain and the SC, at a time when Britain was the main commercial partner of the new republics. The main conclusion drawn is that early globalization had a positive impact on foreign trade in the SC, and this was due to: improvements in the SC’s terms of trade during this period; the SC’s per capita consumption of textiles (the main manufacture traded on world markets at that time) increased substantially during this period, at a time when clothing was one of the main items of SC household budgets; British merchants brought with them capital, shipping, insurance, and also facilitated the formation of vast global networks, which further promoted the SC’s exports to a wider range of outlets.

**JEL Code:** N70, N76, O19, R11.

### **1. Introduction.**

Few concepts are more fashionable than ‘globalization’. Yet, despite the popularity of this term, there is no standard definition of it, and ‘indeed, globalization is in danger of becoming, if it has not already become, the cliché of our times’.<sup>3</sup> Although several mainstream economic historians tend to work with a rather narrow definition of this concept (i.e. market integration<sup>4</sup> and price convergence),<sup>5</sup> other, more inclusive, definitions are also widely used by scholars with a background in political theory, international relations or social theory. For example, in perhaps the most influential

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<sup>3</sup> Held et al 2000, p. 1.

<sup>4</sup> Three markets in particular: commodity markets; labour markets and capital markets.

<sup>5</sup> Take for instance Persson 2010 (p. 221): ‘globalization is market integration on a world scale’. See also Findlay & O’Rourke 2003, pp. 1-2. Likewise, in a celebrated article on globalization written by two of the leading scholars on the subject, globalization was taken ‘to mean the integration of international commodity markets ... [where] it is commodity price convergence that matters’. O’Rourke & Williamson 2002, pp. 25-26. See also Williamson 2006a, pp. 7-8 & 25, where ‘market integration’ is used interchangeably with ‘globalization’. Economic historians, though, are aware ‘that this definition excludes much that also matters’. Bordo et al 2003, p. 2.

textbook published during the last two decades on the topic, globalization is seen as ‘the widening, deepening and speeding up of *worldwide interconnectedness*’.<sup>6</sup>

Due to these differences in definition, the beginning of globalization is also a matter of debate. Several mainstream economic historians put the start of globalization at around the 1870s,<sup>7</sup> while other authors prefer earlier periods within the same century,<sup>8</sup> or even centuries before (e.g. the 1490s).<sup>9</sup> This is not the place to solve these controversies,<sup>10</sup> but in this paper globalization will be understood as an increasing transfer and widening of the flow of commodities, people, capital, ways of life and ideas between and within continents (i.e. worldwide interconnectedness), although focusing on only one aspect of this transfer: international commodity trade. That is, ‘price convergence’ will not be dealt with here. In turn, within international commodity trade, I shall focus solely on southern South America (or the Southern Cone)<sup>11</sup> during the 1810s-1850s.

Therefore, given this definition and narrow focus, the beginning of globalization is not to be found in the 1870s but much earlier on. Exactly how much earlier is not relevant at this point, but what is important to establish (given my focus on southern South America during the 1810s-1850s) is that the end of the Napoleonic Wars and the collapse of the Spanish American empire during the 1810s significantly increased the worldwide trade interconnections of the region and its overall volume of

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<sup>6</sup> Held et al 2000, p. 2. The italics are mine.

<sup>7</sup> Indeed, the expression ‘first globalization’ is widely used in many of the standard textbooks on economic history to refer to the period c.1870-1914. See for example Clark 2007, pp. 318-320; and Estevadeordal et al 2003, p. 359. Federico & Persson (2007, p. 97) are right to note that 1870 has been taken as ‘the conventional starting point of the first globalization’.

<sup>8</sup> For Persson (2010, p. 221), for example, ‘the first wave of globalization started in the middle of the nineteenth century’. Williamson (2006a, p. 1) opts for an earlier date, and discusses the ‘first global century’ starting around 1820. See also Lindert & Williamson 2001 and O’Rourke & Williamson 1999 and 2002, who put the beginning of globalization in the 1820s; and O’Rourke et al 2010 (pp. 100-101) who places it in around 1815.

<sup>9</sup> For example, in the popular series *Very short introductions* (published by Oxford University Press), Robert Allen, one of the most eminent living British economic historians, who wrote the volume on economic history, stated that ‘the first phase of globalization ... began in the late 15<sup>th</sup> century with the voyages of Columbus, Magellan, and the other great explorers’ (Allen 2011, p. 16). In the same vein, see also Frank 1998.

<sup>10</sup> For a discussion of this topic, from the point of view of an economic historian, see O’Rourke & Williamson 2002.

<sup>11</sup> The term Southern Cone means the modern countries of Argentina, Uruguay and Chile. All British export figures used in this paper consider these three republics (per capita figures, therefore, consider the population of these three republics). However, most qualitative references I make in this article apply to modern Argentina and Chile, which are the main focus of this work. The inclusion of Uruguay was necessitated by the fact that for 1815-1817 and 1827-1845 Montevideo’s data was aggregated to that of Buenos Aires in the British Custom Ledgers. For reasons of uniformity, to allow consistent time series analysis, I decided to aggregate River Plate data for 1815–1869.

foreign trade. Indeed, the volume of international trade in the former Spanish American empire increased beyond all previous levels, as did the multilateralism of Latin America's foreign trade. The newly independent territories opened up their ports to direct and legal trade with all nations, thus removing all colonial restrictions on trade. From the 1810s onwards, foreign (non-Spanish) merchants established themselves in the new republics for the very first time,<sup>12</sup> bringing with them their wide range of international connections and more advanced commercial practices than the old Spanish masters used. Thus, in this paper by 'early' globalization I mean the period c.1815-1860, which anticipates the period designated by many economic historians as the 'first globalization' of c.1870-1913.

After this caveat, when considering whether or not globalization benefited both rich and poor nations in the past (and to what extent), I am concentrating in this paper on the impact of this phenomenon on foreign trade in the Southern Cone for the period c.1815-1860. Again, the literature on the impact of nineteenth century globalization (i.e. negative or positive) on peripheral regions is not only very thin but also as divided as the debate about the definition and beginning of globalization. For example, supporters stress the positive gains from trade, while detractors stress the negative impact of globalization on the poor periphery through primary product price volatility.<sup>13</sup>

Regarding this controversy, I will argue here that, as far as international trade is concerned, the first decades after the Southern Cone gained independence were beneficial to this peripheral region. There is no evidence that this aspect of globalization hurt the Southern Cone during this period. To demonstrate this point I will provide an analysis of the bilateral trade between Britain (the main trading partner of the Southern Cone during this period) and Chile and the River Plate provinces (nowadays Argentina and Uruguay). The point is to stress the positive gains for the new republics of trading directly and legally with Britain, and when not directly with Britain with other outlets supported by British merchants' networks. Namely, there was an improvement in the terms of trade between the Southern Cone and Britain; linked to this factor, the Southern Cone's per capita consumption of textiles (the main manufacture traded on world markets at that time) increased

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<sup>12</sup> See Llorca-Jaña 2011a for more details of this topic.

<sup>13</sup> For a general discussion of this topic, see Krugman & Venables 1995; Williamson 2006a; O'Rourke & Williamson 1999; Lindert & Williamson 2001; Williamson 2008.

substantially during this period, at a time when clothing was a staple item of Latin American household budgets. British merchants brought with them capital, shipping, insurance, and advanced merchant practices which could only have promoted the foreign trade of this region; and British merchants also provided their vast global networks, which further promoted exports from the Southern Cone to a wider range of outlets.

I am aware that a full assessment of the impact of globalization (or the aspect of it analysed here) on international trade in the Southern Cone should consider all foreign trade in the Southern Cone, or at least trade with other important regions beyond Britain (i.e. continental Europe, intra-regional trades and the United States), but alas that data is not readily available for most of the period under study. Nonetheless, as the Steins have already highlighted, the great value of the Anglo-Latin American trade statistics is that they are one of ‘the most reliable index[es] of Latin America’s economic activity’ during the first half of the century.<sup>14</sup> Indeed they are so reliable that the widely quoted terms of trade between Latin America and the rest of the world during the first half of the nineteenth century use British export data as a proxy for Latin American imports, but note that ‘this approach is undesirable if the composition of British exports is unrepresentative of the imports of developing countries as a whole’.<sup>15</sup> However, in this case Britain was indeed the main commercial partner of the new republics.

By now readers may have asked themselves two questions: Why this period in particular? Why only the Southern Cone and not the whole of Latin America? First, the period under consideration is under-researched in international trade, in particular from a Latin American point of view. Williamson rightly highlights the fact that ‘Latin American economic performance is better documented between mid-century and the Great War in Europe’.<sup>16</sup> More generally, there is agreement that the first half of the nineteenth century is ‘probably the most under-researched period in Latin American history’.<sup>17</sup> That is, this paper sheds new light not only on the broader topic of the impact of globalization on the periphery, but also on Latin American economic

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<sup>14</sup> Stein and Stein 1980, p. 136.

<sup>15</sup> Williamson 2008, p. 388.

<sup>16</sup> Williamson 1999, p. 104. Elsewhere Williamson also lamented that, for example, it proved difficult for him to construct data on the terms of trade for Latin America for the pre-1870 epoch. Williamson 2006b, p. 17. On the lack of data of the economic performance of the region for this period see Gelman 2009, p. 27.

<sup>17</sup> Miller 1993, p. 71.

history during the first half of the nineteenth century. Second, to assess the whole of Latin America would be a Herculean task beyond the scope of this paper. The intention of concentrating in the Southern Cone was to enable me to build a comprehensive trade database at the most detailed possible level. This would have taken me several years of data collection if the whole of Latin America were included. By selecting two specific outlets (Chile and the River Plate), it was intended to avoid a paper that was littered with generalisations, always a risky exercise given the heterogeneity of the region. The great diversity of Latin America is beyond discussion, so that it makes sense to focus in one of the many markets of this subcontinent.<sup>18</sup>

## **2. Anglo-Latin American trade c.1815-1870: preliminary remarks.**

Given the fact that this paper relies heavily on British statistics for Anglo-Latin American trade, two preliminary remarks about these statistics seem pertinent before addressing the main concern of this article (i.e. whether early globalization -as defined above, was beneficial or not for international trade in the Southern Cone). First, in a recent publication, based on new data, I have shown that British exports to Latin America were very important during the 1810s-1840s, contrary to widely held views on British exports to that region.<sup>19</sup> My new data shows that Latin America as a whole took between 17% and 24% of Britain's world exports during the 1810s-1840s and some 13% during the next two decades (Table 1). Taking a fifth (1830s) and nearly a quarter (1820s) of the value of the world exports of the principal industrial power of that time is certainly an indication of the importance of Latin America as an outlet for British manufactures during this early period. And indeed, it is difficult to reconcile these numbers with the specific claim that Latin America 'failed to benefit from the boom in world trade between 1820 and 1870'.<sup>20</sup> Furthermore, Table 1 suggests that early nineteenth-century globalization could not have been detrimental to foreign trade in Latin America.

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<sup>18</sup> For a proposed division of Latin American countries according to more analytical criteria, see Tena & Federico 2011, p. 8. On the diversity of the region, see also Gelman 2009, pp. 28-30.

<sup>19</sup> Previously, it was widely believed that Latin America was not a tributary of the British economy during the 1810s-1860s and that British exports to the region had stagnated during this period. Amongst many examples, see especially, Platt 1972; Miller 1993; Milne 2000; and Brown 2008.

<sup>20</sup> Bates et al 2007, p. 929.

Indeed, these new findings also support the idea that Latin America's economic performance during this period was not as bad as many have previously thought. Before this data was available, the prevailing (and negative) approach regarding British exports to Latin America after independence could be seen within a more broadly pessimistic picture about the performance of most Latin American economies during the first half of the nineteenth century. For many economic historians, this period is seen in terms of 'lost decades' for the region. They argue that 'independence was followed by political instability, violent conflict, and economic stagnation lasting for about a half-century', concluding that 'economic performance in the half-century after independence was abysmal ... Lost decades indeed'.<sup>21</sup>

**Table 1:** Latin America's shares in world exports from the United Kingdom, 1815–1869. Shares from declared value series.

| Period    | Spanish Latin America and Brazil | British possessions in Latin America | Other Caribbean islands, French and Dutch Guianas | Latin America | USA   |
|-----------|----------------------------------|--------------------------------------|---|---------------|-------|
| 1815-1819 | 6.7%                             | 12.7%                                | 2.0%  | 21.3%         | 20.5% |
| 1820-1829 | 12.5%                            | 9.8%                                 | 1.8%  | 24.1%         | 16.0% |
| 1830-1839 | 12.2%                            | 7.0%                                 | 1.6%  | 20.8%         | 18.0% |
| 1840-1849 | 11.5%                            | 4.5%                                 | 0.9%  | 17.0%         | 13.6% |
| 1850-1859 | 10.3%                            | 2.2%                                 | 0.8%  | 13.4%         | 18.6% |
| 1860-1869 | 10.4%                            | 1.9%                                 | 0.7%  | 13.0%         | 12.2% |

Source: Llorca-Jaña 2012, Table 2.5.

That the region, including the Southern Cone, suffered a great deal of political instability and violent conflict is beyond question. Yet, the idea that it suffered half a century of economic stagnation has recently been challenged, mainly by Prados de la Escosura, who argues that per capita GDP experienced growth in the region during this period; that there was an improvement in the net barter terms of trade (and therefore in the purchasing power of exports);<sup>22</sup> and that per capita exports increased.<sup>23</sup> Finally, according to Prados de la Escosura, one explanation of this

<sup>21</sup> Bates et al 2007, pp. 917 & 925, respectively. See also Coatsworth 1993 & 1998; and Bértola & Williamson 2006, pp. 11-13.

<sup>22</sup> It is worth noting that in Bates et al 2007 (p. 931), it is recognised that there was such an improvement, but that 'Latin America had a less dramatic terms-of-trade boom than did the rest of the periphery'.

<sup>23</sup> Prados de la Escosura 2009. Prados de la Escosura (and with him Bairoch & Etemand) has recently been challenged by Tena & Federico (2011), in the sense that per capita exports do not appear to have

received and negative (albeit unfair) view of the economic performance of Latin America after independence is that ‘the historical literature has employed the United States as the yardstick to measure Latin American achievements’.<sup>24</sup> More recently, other authors such as Tena and Federico (and Gelman for the Argentine case) have provided further evidence to sustain a more optimistic view on Latin American economic performance after independence.<sup>25</sup>

Following Prados de la Escosura, it seems apparent that to pay for the massive share of British world exports shown in Table 1 Latin America ought to have performed well enough to give Britain something in exchange, in particular at a time when, apart from British loans in the 1820s, little more was lent to Latin America before the 1860s, and therefore Latin American imports could not have been funded by international borrowing during this period. Consequently, the data provided in Table 1 gives additional support to Prados de la Escosura’s more recent and positive views about this period for the region, thus making an important contribution to this debate. Indeed, Prados de la Escosura provided evidence of Latin American per capita exports growing during this period, but did not consider per capita imports (a point treated in depth below). In this same vein, Tena and Federico recent work on Latin American export performance after 1820 does not include Latin American imports because the authors recognised that ‘the literature on Latin American trade integration is more concerned’ with exports.<sup>26</sup>

Before going any further, the second point worth making about British exports to Latin America is that between 1815 and 1869 textiles were the principal object of trade and indeed dominated the market. For example, in the case of the Southern Cone, textiles accounted for over 80% of British exports there during 1815-1859, a point well illustrated in Chart 1. That is, any in-depth analysis of British exports to any Latin American outlet during the early nineteenth century should focus on textiles, and in particular on volumes exported given the falling export prices of British textiles during this period (as shown in Chart 3).

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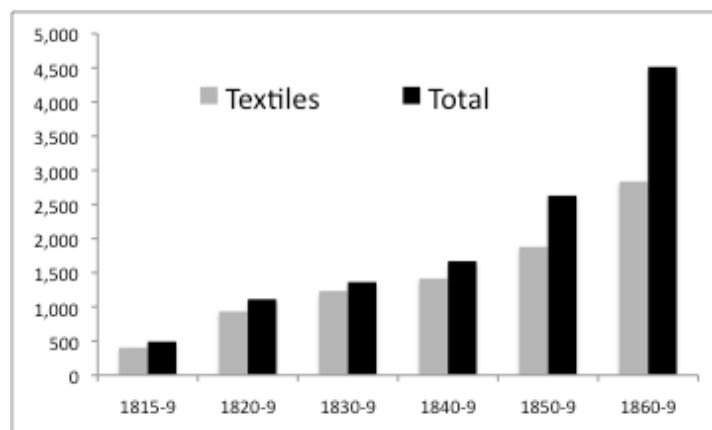
grown much between 1820-4 and 1850-4 for the whole of Latin America. However, for the particular case of Ibero-America, Tena & Federico do find that per capita exports increased importantly during this period (p. 11, Table 3).

<sup>24</sup> Ibid, p. 300. See also Prados de la Escosura 2006.

<sup>25</sup> Gelman 2009 (for Argentina) and Tena & Federico 2011 (for Ibero-America).

<sup>26</sup> Tena & Federico 2011, p. 7.

**Chart 1:** United Kingdom exports to the Southern Cone, 1815–1869. Annual averages in declared value (£000).



Source: Llorca-Jaña 2009, Figure 1.

### **3. The impact of ‘early’ nineteenth-century globalization on foreign trade in the Southern Cone.**

I will now proceed to discuss the impact of ‘early’ nineteenth century globalization on foreign trade in the republics of the new Southern Cone. In order to do so, I shall initially provide an analysis of the terms of trade, followed by the development of the Southern Cone’s consumption of British manufactures (and the exports from the Southern Cone which paid for these imports), continue with the importance of British ‘invisible’ and visible assets that were further promoting the Southern Cone’s external trade, and end by discussing the global trade networks brought by British merchants to the Southern Cone after independence.

#### *3.1 Terms of trade with Britain and price volatility of produce from the Southern Cone.*

Until recently there was little literature on Latin American terms of trade for individual countries during the first decades after independence, and even less on the impact of early globalization on them. However, as is highlighted by Bértola and Williamson, Prebisch’s and Singer’s works published during the early 1950s had long led scholars to believe that the collapse of primary product prices witnessed during the 1929 Great Depression was a downward secular trend which originated soon after



independence.<sup>27</sup> Yet, this idea was subsequently refuted by many authors. For example, for Bulmer-Thomas, ‘export growth after independence ... appears to have been accompanied by a secular improvement in the net barter terms of trade’,<sup>28</sup> although he provides evidence for Brazil only. Supporting Bulmer-Thomas, Williamson claimed that ‘the secular price boom was huge in the poor periphery: between the half-decades 1796–1800 and 1856–1860, the terms of trade increased by almost two and a half times’, although for Latin America in particular the ‘boom up to 1860 was much more modest ... [and] there was very little change at all in the Latin American terms of trade between about 1830 and 1870’.<sup>29</sup> More recently, in the cases of Chile and Argentina, Prados de la Escosura reached two similar conclusions. First, that in relation to the net barter terms of trade between the new republics and the rest of the world from independence and until the mid-nineteenth century, for Chile ‘stability was the rule’, and that ‘Argentina’s terms of trade showed an improvement that peaked in the late 1850s’.<sup>30</sup> Second, that the purchasing power of per capita exports increased significantly for both Chile and Argentina between 1830 and 1850.<sup>31</sup>

These conclusions are further supported by my data on Anglo-Southern Cone trade. The prices of the main Southern Cone products imported by Britain during the first half of the nineteenth century (i.e. Chilean copper and hides from the River Plate)<sup>32</sup> remained relatively stable during c.1815–1840 and subsequently fell at a much slower rate than Britain’s export prices for textiles (when textiles were the main British export to the Southern Cone), as can be seen in Chart 2. That is, there was no major volatility in the prices of the main export products of the new republics. At the same time, British textile export prices declined sharply during this period. Export prices for cottons fell to such an extent that in the 1850s cottons fetched a quarter of

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<sup>27</sup> Bértola & Williamson 2006, p. 32.

<sup>28</sup> Bulmer-Thomas 2003, pp. 37-38 & 78-79.

<sup>29</sup> Williamson 2008, pp. 362 & 368. See also Hadass & Williamson 2003.

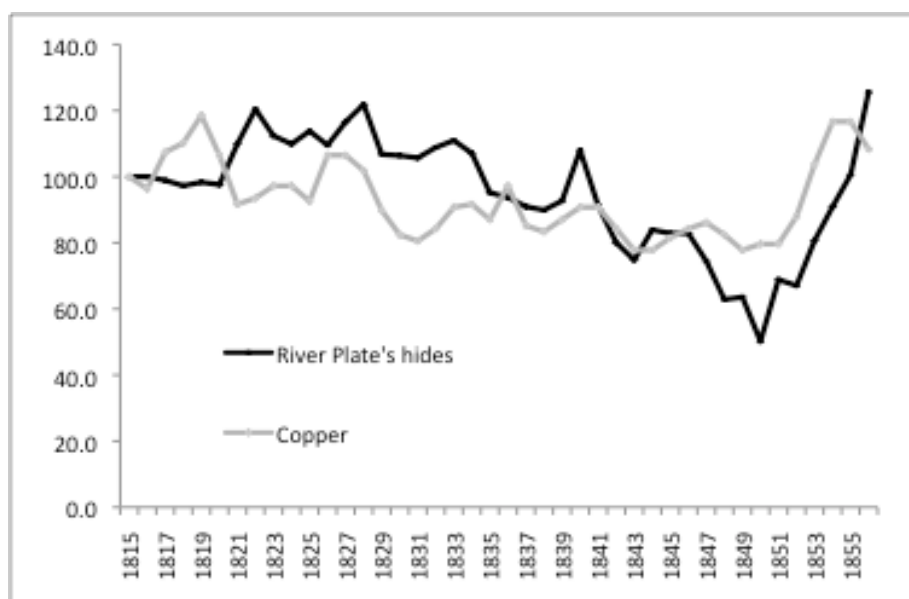
<sup>30</sup> Prados de la Escosura 2009, p. 289.

<sup>31</sup> Ibid, p. 293. Likewise, it was also known that Chilean per capita exports had increased importantly in the first half of the nineteenth century. Coatsworth 1998, p. 33.

<sup>32</sup> Chile’s other main exports were silver and, to a lesser extent, gold, while the other main exports from the River Plate were tallow, silver and jerked beef. Of these, only silver, gold and tallow were sent to Britain. The prices of tallow in particular declined sharply between 1818 and the mid-1820s, but thereafter recovered quickly before the late 1820s and remained stable until the early 1850s. Own conclusions from *London New Price Current* (for 1815-1817) and Halperín- Donghi 1963 (for 1818-1852). If we were to treat silver like any other commodity, the price of silver in terms of gold also remained stable, in particular between the early 1820s and the late 1840s. For the whole period 1815-1860 the gold/silver price ratio oscillated between 15.11 and 15.95. Warren & Pearson 1933, p. 144.

the value at which they had been sold in the late 1810s. Prices for plain linens fell by nearly 50% over a comparable period. Likewise, prices for wool manufactures mixed with cotton (the most important wool manufacture exported to the Southern Cone) also fell dramatically, as seen in Chart 3.

**Chart 2:** London prices for copper and hides from the Southern Cone, 1815-1856. Indexes where 1815=100.



Source: For hides, *London New Price Current*; Halperín- Donghi 1963; and *London Mercantile Price Current*. For copper, Mulhall 1899.

As a consequence of the developments portrayed in charts 2 and 3, relatively speaking, the prices of the principal Southern Cone commodities increased substantially compared to British textiles during most of the period between 1815 and 1856. That is, the terms of trade improved dramatically for Chilean and River Plate native merchants, as well as for most of Latin America, as was previously found by Newland, Williamson and other scholars in relation to Argentina,<sup>33</sup> Latin America,<sup>34</sup> and more generally with regard to most of the primary-product-producing periphery.<sup>35</sup> This was already a well-known development,<sup>36</sup> although no precise numbers existed

<sup>33</sup> Newland 1998, table 2; Salvatore & Newland 2003, p. 20; Bértola & Williamson 2006, p. 34.

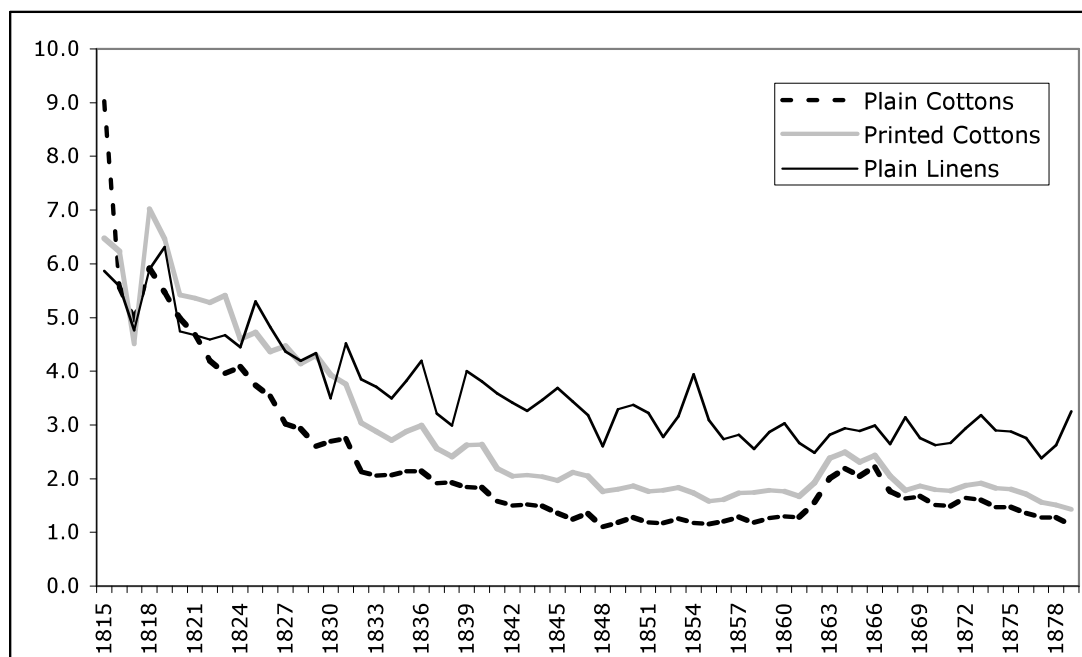
<sup>34</sup> It is estimated that 'Latin American terms of trade increased by 1.7% per annum between 1820-1824 and 1855-1859'. Williamson 2006a, p. 83. See also Bulmer-Thomas 2003, pp. 38 & 78; Prados de la Escosura 2006, pp. 493-495; Coatsworth & Williamson 2004, p. 226; Williamson 2006b, pp. 11-12 & 26-27; Gelman 2009, p. 28.

<sup>35</sup> Williamson 2008, p. 356.

<sup>36</sup> In reference to the net barter terms of trade between Latin America and the rest of the world (which did not refer in particular to Britain nor apply exclusively to textiles), it has also been found that there were improvements in the terms of trade for both Argentina and Chile, although for the latter to a lesser

for bilateral trades between Britain and the Southern Cone during this early period because ‘very few historians have attempted the difficult task of quantifying trends for individual Latin American countries’.<sup>37</sup>

**Chart 3:** Selected United Kingdom textile export prices to the Southern Cone (pence per yard), 1815–1879.



Source: Llorca-Jaña 2012, Chart 7.2.

Chart 4 illustrates accurately the point being made for our specific case study in a very simple way.<sup>38</sup> In 1836, the relative prices of both Chilean copper and River Plate hides to British printed cottons (the main British staple) had improved around 200% if compared to the prices of 1815 and, by the mid-1850s, by over 400% if compared to the prices at the end of the Napoleonic Wars. That is, by the mid-1850s, native merchants in the Southern Cone offering copper and hides in the market exchanged their local produce for four times more yards of British printed cottons than they would have received at the comparable prices of the late 1810s. Yet, as was

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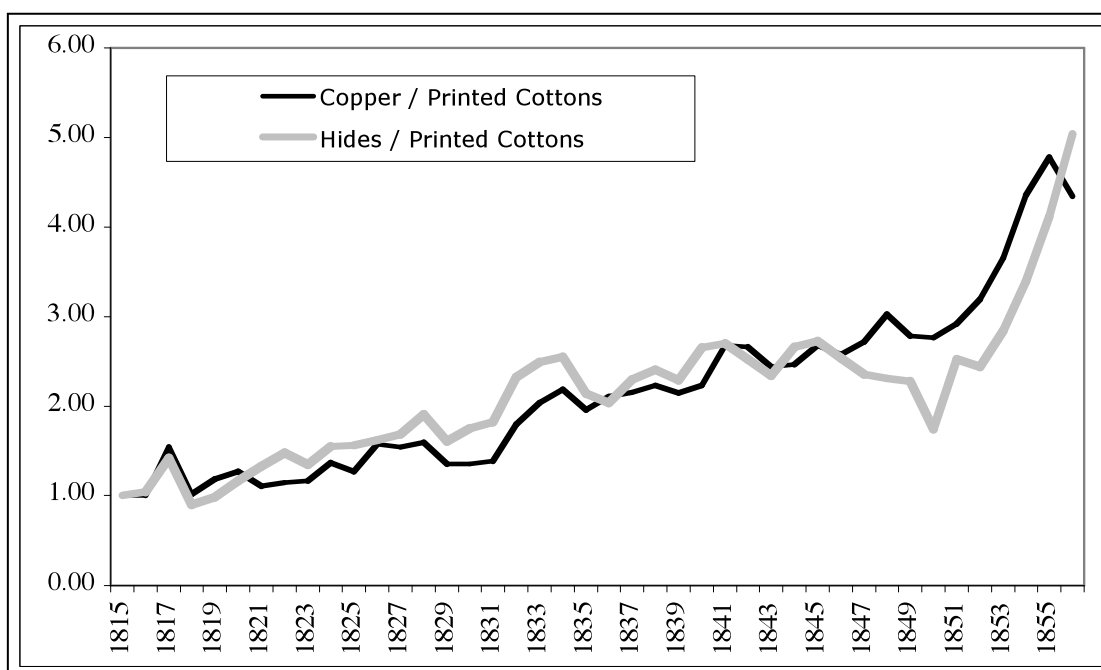
extent. Prados de la Escosura 2009, p. 289. Furthermore, the purchasing power of Argentinean exports increased eight times between 1830 and 1850, while Chile’s purchasing power increased some 2.5 times during the same period (p. 293).

<sup>37</sup> Miller 1993, p. 110.

<sup>38</sup> I am conscious of the fact that a more comprehensive terms-of-trade index could be built by incorporating the import and export prices of more products. Alas, there are no more series available of the Southern Cone’s export prices to Britain (apart from tallow), while British export textile prices of other important products -apart from the one shown in Chart 4, behaved in a similar fashion, so that including more textiles would not change the conclusions obtained from Chart 4.

previously highlighted by Salvatore and Newland, during the 1840s, because of a drastic decline in the export prices of hides, there was a temporary deterioration of the terms of trade for Argentina.<sup>39</sup>

**Chart 4:** A proxy of the terms of trade for the Southern Cone with the United Kingdom. Relative prices of the main Southern Cone staples to British printed cottons exported to the Southern Cone, 1815–1856.<sup>40</sup>



Source: Llorca-Jaña 2012, Chart 7.4.

Finally, there was an important development linked to the relative prices of imports and exports which further promoted the Southern Cone's exports to Britain near the end of our period of study: the introduction of free trade in Britain during the 1840s. There is general agreement that for peripheral countries such as Chile and

<sup>39</sup> Salvatore & Newland 2003, p. 21. Discussing Argentine terms of trade with the whole world (not with Britain), these authors conclude that during c.1830-1860, Argentina's terms of trade remained basically unchanged.

<sup>40</sup> The series of printed cottons used is the same series shown in Chart 3, while those of copper and hides are shown in Chart 2. All the series in levels were converted into indexes, where 1815=100. The series in index were used to calculate the ratios of 'copper prices' / 'printed cottons' and 'hides prices' / 'printed cottons'. In relation to this methodology, Williamson (2008, p. 360) believes that (ideally) it would be better to use export and import prices in local markets (e.g. Buenos Aires rather than London) 'including home import duties, thus capturing the impact of relative prices on the local market', but recognizing that 'unfortunately, the data are sometimes unavailable for such estimates ... [as] these prices are rarely quoted in the local market, but rather in destination ports, such as London or New York', adding that even if taking the prices in e.g. London, if the terms of trade booms were very big (as in my chart), then 'these worst case scenario flaws on the export side are unlikely to matter much for the analysis'. In any case, in our example, Williamson's methodology would not solve all the issues since Argentinean hides and Chilean copper destined for the British market were liable for export duties on the spot as well as import duties in London.

Argentina their production of raw materials could have developed faster following liberation from Spain but, alas, several ‘exports to pay for British goods were excluded by the heavy tariffs’ operating in Britain during the first half of the nineteenth century.<sup>41</sup> Marking a radical turning point in commercial policy, in the middle of the nineteenth century Britain ‘led the dismantling of the restrictions of eighteenth century mercantilism’,<sup>42</sup> thus committing to free trade.

**Table 2:** United Kingdom import duties on the main Southern Cone produce exported to Britain during the first half of the nineteenth century, 1823–1897.

| Period             | Copper, £ per cwt           |                          |                            |  |           |            |              | Hides, £ per cwt |      | Tallow, £ per cwt |
|--------------------|-----------------------------|--------------------------|----------------------------|--|-----------|------------|--------------|------------------|------|-------------------|
|                    | Ore, under 15 per cent pure | Ore, 16-20 per cent pure | Ore, over 20 per cent pure | Ores used to produce smelted copper subsequently re-exported | In plates | Un-wrought | Part wrought | Dry              | Wet  |                   |
| 1823-24 to 1824-25 | 1.05                        | 1.05                     | 1.05                       | 1.05   | 3.00      | 2.71       | 3.78         | 0.23             | 0.12 | 0.16              |
| 1825-26 to 1827-28 | 0.60                        | 0.60                     | 0.60                       | 0.60   | 1.50      | 1.35       | 1.75         | 0.23             | 0.12 | 0.16              |
| 1828-29 to 1841-42 | 0.60                        | 0.60                     | 0.60                       | 0.00   | 1.50      | 1.35       | 1.75         | 0.23             | 0.12 | 0.16              |
| 1842-43 to 1844-45 | 0.15                        | 0.23                     | 0.30                       | Category abolished   | 0.50      | 0.44       | 0.50         | 0.03             | 0.01 | 0.16              |
| 1845-46 to 1847-48 | 0.15                        | 0.23                     | 0.30                       | Category abolished   | 0.50      | 0.44       | 0.50         | 0.00             | 0.00 | 0.16              |
| 1848-49 to 1852-53 | 0.00                        | 0.00                     | 0.00                       | Category abolished   | 0.13      | 0.13       | 0.13         | 0.00             | 0.00 | 0.08              |
| 1853-54 to 1897    | 0.00                        | 0.00                     | 0.00                       | Category abolished   | 0.00      | 0.00       | 0.00         | 0.00             | 0.00 | 0.08              |

Source: Llorca-Jaña 2012, Table 7.2.

To avoid generalisations on British import duties overall, Table 2 contains a concise summary of the United Kingdom’s import duties for the main Southern Cone produce used as remittances to Britain during the first half of the century (i.e. copper, hides and tallow). It clearly illustrates the change in Britain’s tariff policy applied to our object of study. For example, in the early 1820s, United Kingdom tariffs on wrought copper (i.e. smelted copper) were more than two times higher than in the early 1840s and 30 times higher than in the late 1840s, at a time when Chilean copper production consisted mainly of bars of smelted copper. Likewise, for dry and wet hides, United Kingdom import duties in the 1820s were over seven times higher than in the early 1840s. That is, during the 1840s there was a substantial reduction of

<sup>41</sup> Mathias 1983, p. 271.

<sup>42</sup> Harley 2004, p. 187.

Britain's import duties on the principal exports from the Southern Cone, further promoting the region's export trade.<sup>43</sup>

### *3.2 The Southern Cone's consumption of British textiles and exports to pay for them.*

The sole improvement in the terms of trade between the Southern Cone and Britain strongly suggests, *ceteris paribus*, that the Southern Cone's per capita imports of British manufactures should have increased during this period. Furthermore, Prados de la Escosura collected evidence of the Southern Cone's per capita exports growth during the first half of the nineteenth century. In addition, Prados de la Escosura concluded that Chilean per capita GDP increased importantly, in particular after 1830, and 'available economic indicators suggest fast growth in the Buenos Aires region ... [which was] translated into an improvement in Argentina's per capita income' too.<sup>44</sup> Based on all these conclusions you would expect an important increase in the Southern Cone's national consumption, including the consumption of British manufactures. However, economic historians have said nothing about the Southern Cone's per capita imports of manufactures during the first half of the nineteenth century. This is not surprising: Latin American imports have for long remained an unexplored topic. As two eminent historians have stated: 'some tendencies within the social sciences and history have contributed to making [Latin American] imports a long-known but little-examined topic within Latin American studies. By emphasizing production over consumption ... many writers have directed attention toward the exports of raw materials from Latin America and away from the imports of goods into Latin America'.<sup>45</sup>

Yet, I have recently provided evidence that British exports to the Southern Cone grew at very high rates, especially if volumes are considered. As a consequence of this, the population of the Southern Cone managed significantly to increase the per capita consumption of textiles (Table 3), at a time when clothing was a staple item of Latin American household budgets and the main manufacture imported by the region. In per capita terms, during the 1840s, the River Plate provinces and Chile consumed

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<sup>43</sup> For an update discussion on trade liberalisation around the world before 1860 see Tena et al 2012.

<sup>44</sup> Prados de la Escosura 2009, p. 299.

<sup>45</sup> Orlove & Bauer 1997, p. 1. Take for instance, as an illustrative example, Bulmer-Thomas' excellent survey (2003). The reader will find that in chapter 2, covering the period c.1810-1850 (as this paper does), there is a section for 'The export sector', another for 'The nonexport economy', but there is nothing for Latin American 'Imports'.

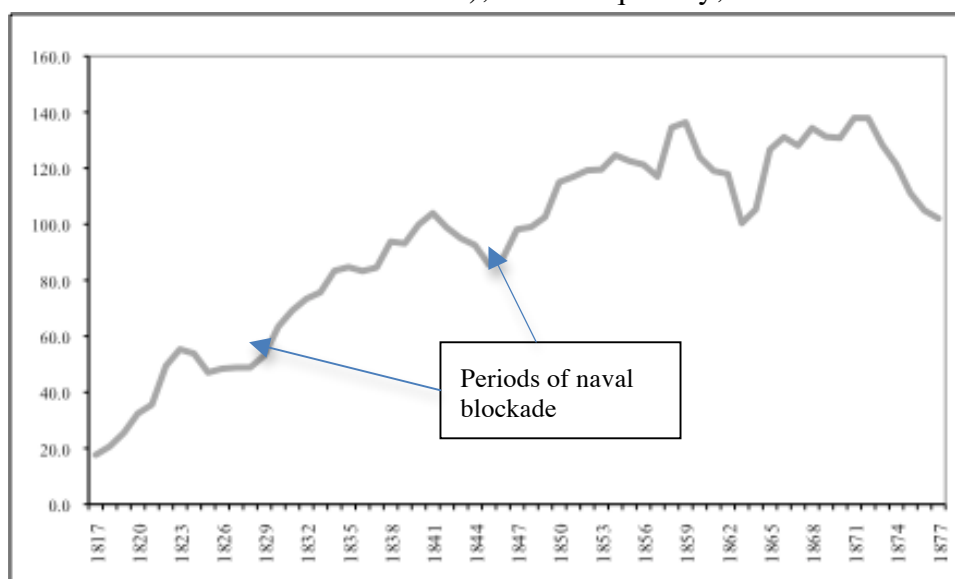
seven times more yards of British cottons and linens than in the late 1810s and nearly four times more yards of British wool manufactures (Table 3). Indeed, up to the late 1850s there was a massive expansion of the per capita consumption of British textiles, as clearly seen in Chart 5.

**Table 3:** Southern Cone per capita textile imports from the United Kingdom, 1815–1879, annual average yards imported per inhabitant

| Period (Annual averages) | Wool Manufactures | Cottons | Linens |
|--------------------------|-------------------|---------|--------|
| 1815-1819                | 0.5               | 2.9     | 0.2    |
| 1820-1829                | 1.2               | 9.2     | 0.7    |
| 1830-1839                | 1.1               | 17.6    | 0.9    |
| 1840-1849                | 1.9               | 20.7    | 1.4    |
| 1850-1859                | 2.5               | 25.1    | 1.3    |
| 1860-1869                | 1.9               | 25.8    | 2.1    |
| 1870-1879                | 2.0               | 26.8    | 1.0    |

Source: Llorca-Jaña 2012, Table 2.4.

**Chart 5:** Southern Cone per capita consumption of British textiles (cottons, wool manufactures and linens), index of quantity, 1840=100.



Source: Llorca-Jaña 2012, Chart 9.1.

No stagnated economy behaves this way, and this positive consumer behaviour does not belong to inhabitants of a region showing an ‘abysmal’ economic performance, as many previously believed.<sup>46</sup> On the contrary, this increase in the

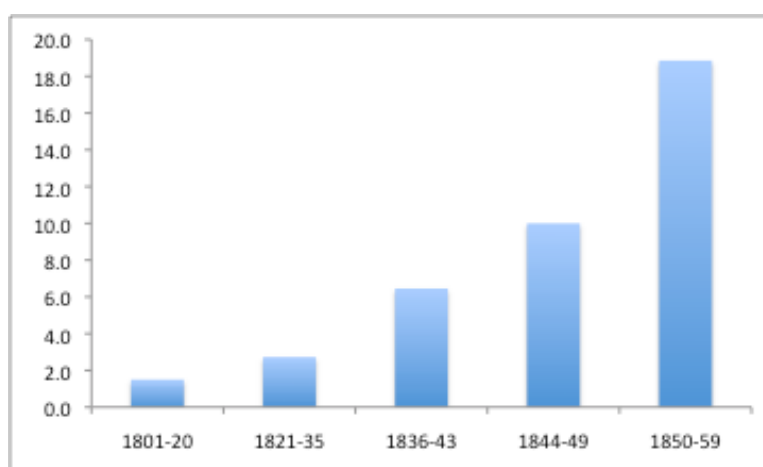
<sup>46</sup> As stated in Bates et al 2007, p. 925.

consumption of British textiles is in line with the idea of a growing per capita GDP in the region, already highlighted by Prados de la Escosura. Finally, if imports from Britain grew so did the Southern Cone's exports to Britain (or elsewhere) which paid for these imports, though this needs to be proven too.

As far as Chile is concerned, after independence exports of silver (and gold to a lesser extent) increased significantly, especially from the 1830s. During the 1820s Chile was (legally) exporting some £200,000-£250,000 annually to the world in gold and silver (much of which went to Britain), but by the mid-nineteenth century this figure had increased to over £0.5m per annum (an amount excluding contraband and legal re-exports).<sup>47</sup> Regarding Britain in particular, by the mid-1840s Chile was already sending over £0.45m in gold and silver per annum.

Likewise, Chilean copper production and exports were also on the increase from the early nineteenth century until the 1870s. Chart 6 shows this development until 1859: Chilean copper exports (in volume) had increased roughly nine fold between independence and 1859, and much of the copper ended up in Britain. Indeed, during the 1830s-1850s, Chile and Cuba were the main suppliers of copper for the British market, as shown in Table 4. During the 1850s in particular Chile was well ahead of all other copper suppliers for the British market. These products (i.e. copper, silver and gold) were, in turn, the main pillars upon which the Chilean economy rested during the first half of the century: Chile had been favoured in the commodity lottery raffle (at least for a while).

**Chart 6:** Chilean copper production (and exports). Annual averages, 1801-59 (000 tons).



<sup>47</sup> Llorca-Jaña 2012, Chapter 6.



Source: Herrmann 1894 and Braun et al 2000.

**Table 4:** UK's imports of copper per main origins, 1830-59 (shares from tons).<sup>48</sup>

| Period / Origins | 1830-39    | 1840-49    | 1850-59    |
|------------------|------------|------------|------------|
| Australia        | 0%         | 7%         | 11%        |
| <b>Chile</b>     | <b>35%</b> | <b>26%</b> | <b>43%</b> |
| Cuba             | 30%        | 57%        | 17%        |
| Nueva Granada    | 15%        | 1%         | 0%         |
| Spain            | 0%         | 0%         | 5%         |
| Sweden           | 7%         | 0%         | 0%         |
| Other Parts      | 13%        | 9%         | 24%        |

Source: Own estimates from British Parliamentary Papers, several volumes.

Likewise, with regard to Argentina, exports of hides, jerked beef and tallow also increased after the 1810s to such an extent that it is estimated that Argentina's total exports of produce to the world grew at the staggering rate of 4-5% per annum for the period 1810-1850.<sup>49</sup> For hides in particular (the star River Plate product during the period dealt with in this paper), a recent work has shown that adding together Buenos Aires and Montevideo, hides exported from the River Plate to the world amounted to over 1 million units during 1817-1841 and to over two million during 1842-1860.<sup>50</sup> For the British market in particular, data on import volumes shows that the River Plate was the main supplier of untanned hides to Britain during our period of study and that Britain was taking increasing volumes of this product (Chart 7). Indeed, soon after independence, River Plate hides found a ready market in Britain in sufficient volumes to pay for most British imports. In the words of Parish, the first British consul in the area: 'Buenos Ayres possesses in her hides, a vast and increasing means of returns for all the commodities the population of these provinces are likely to want from Europe'.<sup>51</sup>

Overall, the significant Southern Cone's increase in consumption of British textiles is certainly in line with Prados de la Escosura's findings that the Southern Cone's per capita exports grew and that the ratio exports/GDP increased for both

<sup>48</sup> All imports per copper categories were expressed in terms of fine copper tons, and then the shares per origins were calculated. The conversion factors used were: ores 20%; regulus 48%; unwrought 78%; part-wrought 90%; plate 100%; and old 100%.

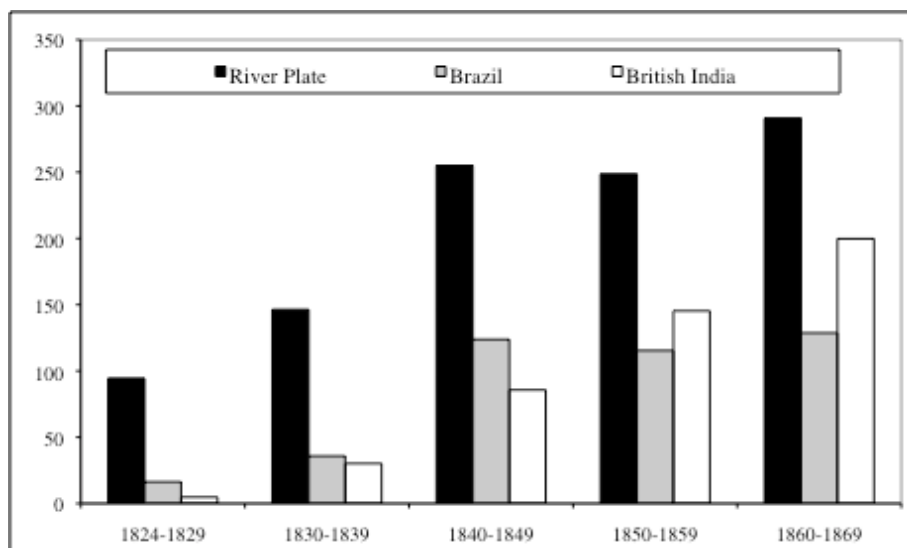
<sup>49</sup> Salvatore & Newland 2003, pp. 21-22; Bulmer-Thomas 2003, pp. 35-36.

<sup>50</sup> Moraes & Stalla 2011, p. 13.

<sup>51</sup> FO 6/11. Parish to Canning (London). Buenos Aires, 25 August 1826.

Chile and Argentina between 1830 and 1850.<sup>52</sup> That is, globalization does not seem to have been harmful to the Southern Cone: rather the opposite, at least as far as both its consumption of British manufactures and its export performance are concerned.

**Chart 7:** United Kingdom imports of untanned hides, 1815–69. Annual averages per main origins (thousands of cwt).



Source: Llorca-Jaña 2012, Chart 6.3.

### *3.3 British merchants' invisible and visible assets promoting trade in the Southern Cone: insurances, shipping and communications.*

Not only was the population of the new republics able to buy more clothing with less of their own produce, but the republics' foreign trade also benefited from having access to a new marine insurance market introduced by British and other European merchants. The role of the insurance industry in promoting Latin American imports and exports during the first half of the nineteenth century has been radically underestimated by the historiography, despite recent advances in our knowledge of this subject.<sup>53</sup> This is not surprising; after all international insurance history is an emerging field.<sup>54</sup>

What is clear, though, is that in the 1810s, when independence was gained, there was no national marine insurance market in the Southern Cone. The marine insurances behind most of the Southern Cone's imports and exports were effected in

<sup>52</sup> Prados de la Escosura 2009, p. 294.

<sup>53</sup> Llorca-Jaña 2010 and 2011c.

<sup>54</sup> Pearson 2010, pp. 21-23.

Britain, even for trades that never touched on British ports.<sup>55</sup> Without the London insurance market the risks associated with foreign trade in the Southern Cone would have been much higher and undoubtedly the volume of trade would have been much lower. That is, the arrival of British (and other foreign) merchants in the Southern Cone, and with them their insurance facilities, could have only further promoted the region's foreign trade. The Southern Cone's new access to the well-developed London insurance markets is a clear consequence of the increasing worldwide interconnectedness developing after the 1810s, and its impact cannot be described as anything but positive for the new republics' external trades. It was only in 1853, for example, that the first national insurance company was set up in Chile, and even that company resorted to the crucial support of British merchants for its creation. Likewise, in Argentina, the first national company after independence was launched as late as 1860.<sup>56</sup>

The new republics also gained important benefits from the massive improvements in transport and communications introduced by the British. The unimportant merchant fleets of the new republics could not possibly have coped with the increasing volumes of trade that followed after independence. It was thanks to the British and other countries' merchant fleets that the bulk of the Southern Cone's imports left the region and exports arrived. In turn, these foreign merchant fleets introduced several improvements during early nineteenth-century globalization. For example, the British introduced iron into shipbuilding, which became very important from the 1840s onwards in promoting the Southern Cone's foreign trade.

Iron made hulls stronger which, for the vessels facing Cape Horn and the *pampero* winds off the River Plate, was extremely important for the protection of the merchandise being freighted. Iron was better than wood for resisting strain, tension and compression. Iron vessels had no equal in resisting bad weather and the regular action of waves. Because of this, iron vessels sprung fewer leaks and, therefore, fewer 'particular averages'.<sup>57</sup> They were also safer, more durable, cheaper to build and cheaper to repair. More importantly, iron allowed the building of bigger ships, and it

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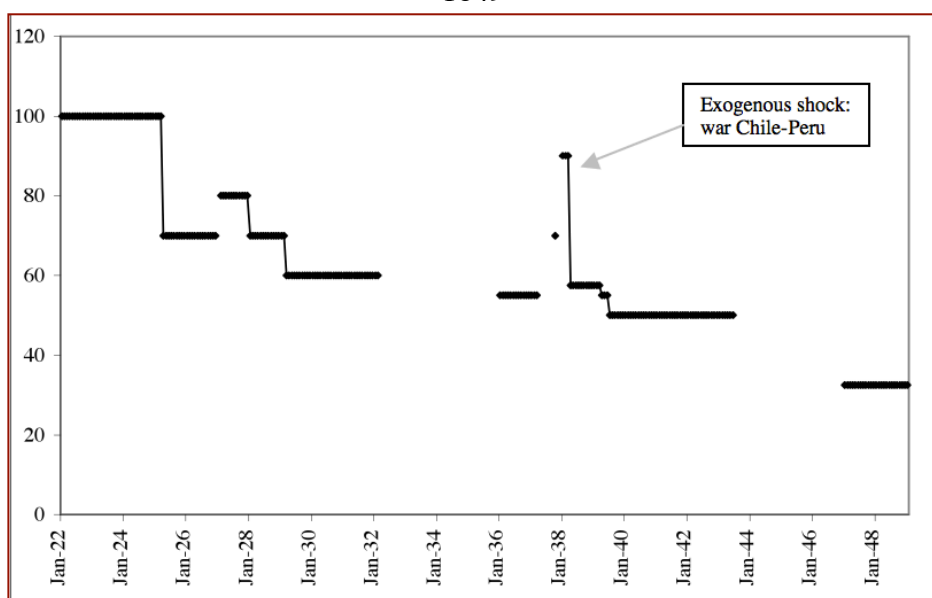
<sup>55</sup> Llorca-Jaña 2011c, chapter 1 in particular.

<sup>56</sup> Ibid, p. 25. Before independence a 'national' company operated for only a few years (between 1796 and 1802).

<sup>57</sup> 'Particular averages' happened when the goods arrived in a damaged state and the measure of the loss was the difference between the value of landing when sound and the value as damaged. Llorca-Jaña 2011b, p. 17.

is well known that larger vessels were cheaper to crew<sup>58</sup> and, better still, also faster. All in all, sailing times were reduced by up to 50% between the 1810s and the late 1850s for trade between Chile and the United Kingdom.<sup>59</sup> Finally, the British also introduced better packing so as to protect their exports to distant markets such as the Southern Cone, which combined with more secure vessels lowered the costs of marine insurance (Chart 8) by reducing the risks associated with exporting to Chile or the River Plate.<sup>60</sup> This, again, was beneficial to the new republics since the cost of importing British manufactures further declined, as did the costs of exporting local produce.

**Chart 8:** Premiums at Lloyds for shipments to Valparaiso (shillings per £100), 1822–1849



Source: Llorca-Jaña 2010, p. 34.

Likewise, as far as foreign trade is concerned, intelligence from the Southern Cone was conveyed in European means of transport (i.e. packets or merchant vessels). In turn, Europeans (mainly British) introduced several innovations in this area. The reduction in sailing times commented on above was not only due to bigger vessels,

<sup>58</sup> Shorter sailing times meant cost reductions associated with ship depreciation, victualling, wages and credit. Bigger vessels also diminished the ratio of ‘ton of cargo per sailor’ which, in turn, further reduced labour costs. Furthermore, if compared to a similar wooden-hull ship, iron vessels had a greater stowage capacity because their shells were thinner. Finally, iron hulls, being lighter than wooden hulls, were also able to carry more produce. Llorca-Jaña 2012, Chapter 7.

<sup>59</sup> Llorca-Jaña 2012, Chapter 7.

<sup>60</sup> On this topic, see Llorca-Jaña 2011b.

but also to advances in cartography, a better knowledge of winds, and a better use of oceanic currents. More importantly, European mail-packets connecting Europe with the Southern Cone were responsible for the establishment of a more efficient means of channelling information, people and express freights. This was all part of a major world postal development led by the British after the Napoleonic Wars. Before the late 1830s, communications between the United Kingdom and the Southern Cone relied on letters carried by merchant sailing vessels, very often following indirect routes of communication. As a consequence, delivery times varied from 80 to 180 days; a postal embarrassment by later standards. If a Briton at Valparaiso wanted to send a letter to Liverpool, he was forced to rely on the services of merchant vessels. Steam mail packets changed all this.

Particularly important for our markets was the chartering of the Royal Mail Steam Packet Company (RMSPC) and the Pacific Steam Navigation Company (PSNC) in 1839 and 1840, respectively. The RMSPC first offered its services in 1842, covering the routes from the United Kingdom to the Caribbean ports, while the PSNC operated in the south Pacific. In 1846, the RMSPC extended its services to Panama, connecting at that point with the PSNC. At this moment, Chile became entirely 'steam connected' with the United Kingdom. Yet, the River Plate still depended on two sailing packets, one for the route United Kingdom-Rio de Janeiro and the other connecting Rio with the River Plate. So bad was communication under this system that letters sent from the River Plate to England waited on average for over 10 days in Rio before being despatched to Falmouth. In 1851, the RMSPC extended its services to the River Plate and, therefore, Britain and Buenos Aires became directly steam connected.

Furthermore, in 1855, when the railway across the Panama isthmus was completed, communications between Chile and the United Kingdom became even more rapid. Following these developments, postal delivery times were greatly reduced. For communications between Britain and the River Plate, during the 1810s and 1820s, as many as 80–120 days were usually taken to deliver a letter. In the 1830s, the average passage was 75–85 days, though direct-sailing vessels could undertake it in 65–75 days. With the extension of the RMSPC in the early 1850s, Britain was just 35–40 days away from the River Plate. For Chile, during the 1810s–1830s, the sailing passage usually took 120–180 days. The links between the PSNC

and the RMSPC reduced postal times between England and Valparaiso to 75–80 days from the mid-1840s. The Panama railway cut the time by two weeks, so that delivery times between Liverpool and Valparaiso fell to around 60 days. Thereafter, postal deliveries were completed in just 45 days in the mid-1860s and in as little as 40 days by the early 1870s.

That is, before telegraphic connections were introduced, speedier communications reduced postal delivery times by about two-thirds between the 1810s and the 1850s, which, including a return journey, meant a saving of over five months in total. This also had many other positive implications. For example, the transmission of bills of exchange and bills of lading could now be sent for arrival before the goods themselves. Needless to say, these were also advances introduced by foreigners as part of this increasing worldwide interconnectedness taking place after the Napoleonic Wars, and they did promote foreign trade in the Southern Cone.

Linked to communications are intercontinental transport costs. Yet, as important as shipping freight rates were during the first half of the century (as a variable to explain trade development), it is unfortunate that there is not a single piece of scholarship dealing with the development of ocean freight rates in respect of Britain and emergent markets after the Napoleonic Wars before the mid-nineteenth century.<sup>61</sup> There is general agreement that ‘the decline in international transport costs after midcentury was enormous’,<sup>62</sup> and that this contributed significantly to a greater integration of Latin America into world markets.<sup>63</sup> But what happened before 1850 with British exports to the Southern Cone?

Unfortunately I could not find continuous data on freight rates between Britain and the Southern Cone from 1815 to 1850. However, within general works dealing with freight rates (not touching on the particular case of the United Kingdom-Southern Cone routes), Davis states that there was, from the early 1820s, ‘a brief phase of rapid decline, down to the end of the 1840s’, estimated at 55%.<sup>64</sup> In another

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<sup>61</sup> The only exception would be Schöller 1951. Though, for the period before 1850 it contains data from Antwerp to Rio de Janeiro only (neither from Britain nor to the Southern Cone). Likewise, the widely quoted Oribe-Stemmer 1989 contains data mainly for the period after the 1880s (except for a few patchy figures for the mid-1850s).

<sup>62</sup> O’Rourke & Williamson 1999, p. 35.

<sup>63</sup> Williamson 1999, p. 106; Williamson 2006b, pp. 10–11.

<sup>64</sup> Davis 1978, p. 179. For North (1958, p. 542), during the first half of the nineteenth century, there were freight reductions, but they were not as important as those suggested by Davis. Contrary to Davis and North, it has been said that ‘the general level of freight was essentially without trend until the mid-1860s’. Harley 1989, p. 315.

work, it is estimated that freight rates between Antwerp and Rio de Janeiro (a shorter distance than United Kingdom-Southern Cone) fell substantially between the late 1810s and the late 1820s (around 25%) and, thereafter, a greater reduction occurred, so that rates charged in 1842 were 50% lower than in c.1819,<sup>65</sup> all of which agrees with Davis's work and has been accepted by many.<sup>66</sup>

Following Davis and Schöller, I have collected some freight data for general cargoes from diverse sources. Starting during the late 1810s, freight rates charged to one of the first British houses operating in Buenos Aires from Great Britain to the River Plate were as high as £6–£9 per ton.<sup>67</sup> I could not find information for the 1820s, while, for the mid-1830s, rates charged varied from £3 to £4.5 per ton for cargoes sent from Liverpool to Valparaiso.<sup>68</sup> For the 1840s, freight rates do not seem to have varied much as the few transactions I found ranged from £3.75 to £4.25 per ton.<sup>69</sup> For the 1850s and early 1860s, rates charged varied from £3.5 to £4.5 per ton.<sup>70</sup> These data suggest that ocean freight rates for general cargoes from the United Kingdom to the Southern Cone declined sharply during the 1820s and early 1830s, as Davis and Schöller have suggested more generally, which further promoted trade between the Southern Cone and Europe during early nineteenth-century globalization. This was certainly beneficial to both Europe and Latin America.

#### *3.4 British merchants' global networks and their contribution to the Southern Cone's foreign trades.*

British merchants who established themselves in the Southern Cone after independence brought with them their insurance connections, shipping facilities and channels of communications, which were undoubtedly positive contributions to the region's economies. They also brought with them capital, which was often essential for the local production of goods intended for export. Equally important, many of the foreign merchant houses that opened offices in the new republics after the demise of the Spanish empire brought with them a vast global network of contacts. These international networks promoted the growth of multilateral trade involving the

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<sup>65</sup> Schöller 1951, pp. 522 & 540.

<sup>66</sup> See for example Prados de la Escosura 2006, pp. 487-488.

<sup>67</sup> Reber 1978, p. 29.

<sup>68</sup> Transactions recorded at the Huth Papers-English Letters (HPEL), University College London.

<sup>69</sup> Ibid.

<sup>70</sup> Transactions recorded at HPEL and Balfour Williamson Papers, University College London.

Southern Cone, Britain and third parties, and of trade between the Southern Cone and two or more quarters of the world beyond Britain, and therefore the region's overall exports.

Thus, for example, many 'new' and important trades developed from Chile and Argentina, and 'old' trades increased their importance. In both cases, British merchants' global trading contacts and facilities (e.g. credit and insurances) could only have benefited the new republics' foreign trade (exports in particular). The London merchant Huth & Co. is a case in point. In 1809, Frederick Huth (the founder of this house, born in Hanover and trained in Hamburg and Corunna), emigrated from Spain to London with a capital of £700. He established himself as a general commission merchant, trading mainly with northern Spain. In the 1820s-1830s the business expanded and branch houses were opened in Chile, Peru and Liverpool, while agencies were opened in other British locations, as well as in Mexico, Buenos Aires, Germany and France. Building on this structure, by 1850 Huth & Co. had acquired the impressive capital of £0.5m and had dealings with about 2,000 correspondents all over the world (Table 5), establishing an impressive global network of trade, insurance and lending.

**Table 5:** Location of Huth & Co.'s correspondents. A sample for 1846-1848.

| Country              | Number of Correspondents | Share       | Country               | Number of Correspondents | Share         |
|----------------------|--------------------------|-------------|-----------------------|--------------------------|---------------|
| <b>North America</b> | <b>77</b>                | <b>4.2%</b> | <b>United Kingdom</b> | <b>324</b>               | <b>17.5%</b>  |
| Mexico               | 27                       | 1.5%        | England               | 278                      | 15.0%         |
| USA                  | 50                       | 2.7%        | Northern Ireland      | 8                        | 0.4%          |
|                      |                          |             | Scotland              | 26                       | 1.4%          |
| <b>Caribbean</b>     | <b>60</b>                | <b>3.2%</b> | Wales                 | 12                       | 0.6%          |
| Cuba                 | 44                       | 2.4%        |                       |                          |               |
| Haiti                | 1                        | 0.1%        | <b>Europe</b>         | <b>1,216</b>             | <b>65.7%</b>  |
| Jamaica              | 2                        | 0.1%        | Austria               | 19                       | 1.0%          |
| Puerto Rico          | 6                        | 0.3%        | Belgium               | 73                       | 3.9%          |
| Saint Thomas         | 3                        | 0.2%        | Croatia               | 1                        | 0.1%          |
| Saint Croix          | 4                        | 0.2%        | Czech Republic        | 6                        | 0.3%          |
|                      |                          |             | Denmark               | 5                        | 0.3%          |
| <b>South America</b> | <b>63</b>                | <b>3.4%</b> | Finland               | 5                        | 0.3%          |
| Argentina            | 7                        | 0.4%        | France                | 73                       | 3.9%          |
| Bolivia              | 1                        | 0.1%        | Germany               | 528                      | 28.5%         |
| Brazil               | 22                       | 1.2%        | Gibraltar             | 1                        | 0.1%          |
| Chile                | 6                        | 0.3%        | Ireland               | 4                        | 0.2%          |
| Colombia             | 1                        | 0.1%        | Italy                 | 19                       | 1.0%          |
| Guyana               | 1                        | 0.1%        | Latvia                | 5                        | 0.3%          |
| Peru                 | 10                       | 0.5%        | Netherlands           | 61                       | 3.3%          |
| Uruguay              | 2                        | 0.1%        | Norway                | 7                        | 0.4%          |
| Venezuela            | 13                       | 0.7%        | Poland                | 38                       | 2.1%          |
|                      |                          |             | Portugal              | 4                        | 0.2%          |
| <b>Asia</b>          | <b>60</b>                | <b>3.2%</b> | Russia                | 11                       | 0.6%          |
| China                | 12                       | 0.6%        | Spain                 | 226                      | 12.2%         |
| India                | 40                       | 2.2%        | Sweden                | 88                       | 4.8%          |
| Philippines          | 4                        | 0.2%        | Switzerland           | 40                       | 2.2%          |
| Singapore            | 1                        | 0.1%        | Ukraine               | 2                        | 0.1%          |
| Sri Lanka            | 1                        | 0.1%        |                       |                          |               |
| Turkey               | 2                        | 0.1%        | <b>No available</b>   | <b>39</b>                | <b>2.1%</b>   |
|                      |                          |             |                       |                          |               |
| <b>Africa</b>        | <b>5</b>                 | <b>0.3%</b> | <b>Australia</b>      | <b>6</b>                 | <b>0.3%</b>   |
| Sierra Leone         | 1                        | 0.1%        |                       |                          |               |
| South Africa         | 4                        | 0.2%        | Grand Total           | <b>1,850</b>             | <b>100.0%</b> |

Source: HPEL.



As far as the Southern Cone is concerned, it is well known that Huth, like many other British merchants, advanced capital to local producers of copper or hides, thus making an essential contribution to the export economy of the region. But thanks to Huth's branch in Chile (i.e. Huth, Gruning & Co), apart from cultivating local production and bilateral trades between Chile and Britain, interesting new trading networks were built connecting Chile and Britain with the USA, Asia and Europe. For instance, Chilean copper was sent not only to Britain to pay for British manufactures brought by Huth, Gruning & Co. to Valparaiso, but also to the USA in exchange for textiles or to pay indirectly for British manufactures. Likewise, Chinese tea and silks were directly exchanged for Chilean silver and copper thanks to Huth's contacts in Asia, while Chilean wheat and flour were sent to Australia in payment for British manufactures involving complex multilateral trades.<sup>71</sup>

In a similar vein, Huth also promoted important intra-regional trades within the Americas connecting the Southern Cone. For example, Brazilian sugar was regularly sent to Huth's houses in Chile and Peru,<sup>72</sup> and Cuban tobacco to the Lima and Valparaiso houses thanks to Huth's connections in Rio de Janeiro and Cuba. Finally, it is worth noting that most of these operations involving Chilean imports and exports to and from places other than Britain were made possible thanks to Huth's extension of credit from London or Valparaiso to merchants in Asia, continental Europe or the USA. Likewise, these trade operations were very often insured by Huth in London even if these trades never touched on a British port, so that they made an important contribution to Chilean foreign trade.

In addition Adolphe Roux deserves a separate paragraph. In the early 1830s, Huth formalised a partnership with Roux of Paris,<sup>73</sup> in order to supply the West Coast establishments with cottons, silks and other products directly from France or via Liverpool.<sup>74</sup> In exchange, Roux received advances for part of these shipments. Roux was also an enthusiastic consumer of Chilean/Peruvian copper, nitrate and silver, which were sent to him as remittances.<sup>75</sup> But Roux was not the only merchant in

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<sup>71</sup> Guildhall Library, Huth papers (GLHP). MS 10700-6.

<sup>72</sup> HPEL-26. Huth to Huth (London). Liverpool, 16 January 1839; HPEL-31. Huth to Perit (Philadelphia). London, 3 March 1841.

<sup>73</sup> For the terms of the agreement, see HPEL-11. Huth to Roux (Valparaiso). London, 18 April 1833; GLHP. MS 10700-5. London, 1 June 1839.

<sup>74</sup> HPEL-26. Huth to Huth (London). Liverpool, 2 March 1839.

<sup>75</sup> HPEL-26. Huth to Huth (London). Liverpool, 15 February 1839.

continental Europe trading with Huth's houses in the Pacific. For example, Mayer & Fils (St Gall)<sup>76</sup> also traded with Huth houses in the West Coast, as did Detmering from Bordeaux.

Another interesting connection which developed from the Pacific was with Rothschild & Sons. The Rothschilds were the sole buyers of Almadén's quicksilver from 1835, which gave them a powerful position within Latin American silver producing countries. Indeed, the Almadén mercury mines (Spain) were 'one of only two major sources of the metal in the world at this time'.<sup>77</sup> Lacking agents in both Peru and Chile, which were important silver-producing countries, the Rothschilds decided to sell their quicksilver there through a house they could trust. The chosen one was Huth. From at least 1838, Huth was in charge of selling Rothschild's mercury in the West Coast.<sup>78</sup> Remittances to Rothschild were in the form of silver bars or silver specie.<sup>79</sup> Thus, Huth provided an essential service to Chilean silver producers, who did not have the means or connections to import directly from the Rothschilds.

Not having a branch in the River Plate did not stop Huth from doing business in that area. Indeed, the branches of the USA house of Zimmerman-Frazier at Montevideo and Buenos Aires were closely involved with Huth. Among many branches of trade, Zimmerman-Frazier provided hides for London, but also for Huth's friends in the USA and continental Europe.<sup>80</sup> For example, Zimmerman-Frazier shipped hides to Rodewald (Bremen) and drew against Huth.<sup>81</sup> For this sort of operation, Huth was happy to make liberal advances.<sup>82</sup> In the same vein, Huth promoted Zimmerman's vast shipments of jerked beef to Havana.<sup>83</sup> Huth also provided these merchants with marine insurance services for divers trade operations,<sup>84</sup> as he did with so many others in the region. Likewise, Zimmerman-Frazier imported textiles from Huth's friends in Britain and Germany.<sup>85</sup> Beyond the sphere of trade,

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<sup>76</sup> HPEL-3. Huth to Mayer & Fils (St Gall). London, 20 January 1829.

<sup>77</sup> Ferguson 1999, pp. 358-362.

<sup>78</sup> Rothschild Archives, London (henceforth RHL). XI/38/149-50.

<sup>79</sup> RHL-XI/38/149/A. Huth, Gruning & Co. to Rothschild. Valparaiso, 2 March 1841; Huth to Rothschild. London, 19 January 1843.

<sup>80</sup> HPEL-31. Huth to Huth (Liverpool). London, 17 February 1841.

<sup>81</sup> HPEL-9. Huth to Zimmerman-Frazier (Buenos Aires), London 6 February 1832. For consignments to Hamburg and Rotterdam, see HPEL-32. London, 9 October 1841.

<sup>82</sup> HPEL-6. Huth to Zimmerman-Frazier (Buenos Aires). London, 18 August 1830.

<sup>83</sup> HPEL-14. Huth to Zimmerman-Frazier (Buenos Aires). London, 5 November 1835.

<sup>84</sup> HPEL-4. Huth to Zimmerman-Frazier (Buenos Aires). London, 21 August 1829.

<sup>85</sup> HPEL-5. Huth to Zimmerman-Frazier (Buenos Aires). London, 17 March 1830.

Huth was also a financial agent of Zimmerman-Frazier in London. Huth regularly received many bills of exchange drawn on numerous London merchants on Zimmerman's credit, for which Huth would negotiate acceptance. Zimmerman-Frazier also drew against Huth to clear its accounts with many other British merchants.

Other important correspondents in the River Plate were Hutz;<sup>86</sup> Zevallos;<sup>87</sup> Alfaro;<sup>88</sup> and Sanchez. For example, Sanchez enjoyed an open credit with Huth that allowed him to ship hides to Madrid,<sup>89</sup> thus further promoting Buenos Aires' exports. Later on, Sanchez also started sending wool consignments to London, once Argentina started its production of wool for the international markets.<sup>90</sup> Another company enjoying Huth's credit was Mohr & Ludovici. In this case, credit was opened in order to ship hides to Engels of Cologne.<sup>91</sup> Both the credit made available by Huth to merchants in the River Plate and Huth's international networks of contacts were the pillars upon which many foreign traders in Buenos Aires and Montevideo relied in order to engage in international trade, thus showing the benefits of increasing worldwide interconnections during this period for the whole of the Southern Cone.

#### 4. Conclusions

I have shown here that Latin America as a whole took between 17% and 24% of Britain's world exports during the 1810s-1840s, and an important share of these exports went to the Southern Cone. Given that Britain was the principal industrial power at that time, this would suggest that early globalization could not have been detrimental to Latin America's foreign trade, and refute the idea that these were 'lost decades' for the subcontinent. This argument is in line with Prados de la Escosura's, Tena and Fedrico's recent works on the subject, which argue that per capita GDP experienced growth in the region during this period; that there was an improvement in the net barter terms of trade; and that per capita exports increased.

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<sup>86</sup> HPEL-5. Huth to Hutz (Buenos Aires), London 20 February & 17 March 1830; HPEL-6.18 August 1830.

<sup>87</sup> HPEL-1. Huth to Zevallos (Buenos Aires). London, 20 October 1827.

<sup>88</sup> HPEL-3. Huth to Alfaro (Buenos Aires). London, 23 March 1829.

<sup>89</sup> HPEL-6. Huth to Sanchez (Buenos Aires). London, 23 October 1830; HPEL-1. 8 March 1828.

<sup>90</sup> HPSL-175. Huth to Sanchez (Buenos Aires). London, 3 May 1843. Other suppliers of wool were Zimmerman and Gowland. HPEL-34. Huth to Gowland (Buenos Aires). London, 23 May 1842 and HPEL 35. London, 6 July 1842.

<sup>91</sup> HPGL-101. Huth to Engels (Cologne). London, 8 November 1839; HPEL-25. Huth to Mohr & Ludovici (Buenos Aires). London, 6 November 1839.

In the case of the Southern Cone, this paper further confirms that during the first decades after independence there was a great improvement in the Southern Cone's terms of trade with its main commercial partner of that time, namely Britain. This could only have been beneficial to the Southern Cone's economies. Before the recent works of authors such as Prados de la Escosura, Tena and Federico given the previous belief that the first half century after independence constituted 'lost decades' for Latin America, this improvement in the terms of trade was puzzling to many. Indeed, Bértola and Williamson asked themselves 'how could the poor growth performance up to the 1850s or 1870s possibly be blamed on trade conditions?'.<sup>92</sup> The answer to this question may be that, in the particular case of Chile and Argentina, there was no such 'poor growth'.

Indeed, apart from the evidence provided by other authors, this paper has also shown that the Southern Cone's per capita imports (therefore consumption) of British textiles increased systematically during the 1810s-1840s, at a time when clothing was one of the staple items of Latin American household budgets and the main manufacture imported by the region. Likewise, if imports grew so did the Southern Cone's exports which paid for these imports, for which I have provided further evidence in this paper. This is consistent with the idea of per capita GDP and per capita exports growing in the region during this period.

I have also shown the gains made in foreign trade in the Southern Cone due to the invisible and visible assets brought by British merchants to the region. Indeed, the republics' foreign trade benefited greatly from having access to a well-developed London insurance market. Furthermore, the massive improvements in transport and communications introduced by the British could only have promoted the region's external trade. Finally, British merchants also provided credit facilities unavailable in the region, which very often were an indispensable requirement for national production and facilitated engagement in international trade. Finally, drawing on a case study (i.e. that of Huth & Co.) I have shown the positive impact of British merchants' global networks on foreign trade in the Southern Cone.

Furthermore, the case of Huth & Co. was not unique. After all, between 1810 and 1859 it is estimated that over 260 British merchant houses operated in the River

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<sup>92</sup> Bértola & Williamson 2006, p. 33.

Plate or Chile, and many more in the rest of Latin America.<sup>93</sup> Some of these houses surely did not have such a vast international network of contacts as Huth did, but all of them combined together certainly promoted the Southern Cone's exports to many markets of the world, not only thanks to the contacts the British had everywhere, but also thanks to the credit, shipping and insurance facilities provided by these merchants or their connections all over the globe, at a time after the Napoleonic Wars when the number of British merchants was everywhere increasing. Given all these elements, it seems clear that as far as international commodity trade in the early nineteenth century is concerned, the impact of globalization was beneficial to foreign trade in the Southern Cone, and therefore the economies of that region. Trading legally with Britain and others with her (after independence) could not possibly have been worse than trading legally with Spain (and illegally with other powers, as during colonial times).

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<sup>93</sup> Llorca-Jaña 2011a, Appendix 1.

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