

British Nineteenth Century Economics and the Asia-Pacific Region.

by

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In an era of globalization and extensive international trade, with possibilities for rapid transport and communication, it is relatively easy to have a world perspective on economics and on business affairs. For the nineteenth century, the situation was rather different. Although trade, transport and other means of communications greatly improved over the nineteenth century, it is amazing how insular many of that century's leading British economists remained. Even if such economists were relatively well-traveled themselves, more often than not their thoughts and theories on economic matters were essentially euro-centric if they were not simply anglo-centric.

This paper intends to test the 'geographical insularity' of British nineteenth century economics by examining the writings of three of its leading exponents. The first economist selected for this purpose is David Ricardo (1772-1823), representing the early decades of the nineteenth century as probably the leading economic writer of his time. The second is John Stuart Mill (1806-1873), the British economist whose writings on

economics dominated the subject over several decades after 1848 when his *Principles of Political Economy* was first published. The third economist is Alfred Marshall (1842-1924). His *Principles of Economics* became the major text in British economics from 1890 (when it was first published) until well into the twentieth century. It is no exaggeration to say that the economic writings of Ricardo, Mill and Marshall together dominated the development of economic science over the nineteenth century in a substantial, and growing, part of the world.

The writings of all three economists are also readily available. Ricardo's writings were collected in ten volumes in the Sraffa edition published in the 1950s with an excellent general index published in 1973. Mill's collected works were put together by the University of Toronto from the 1960s, and likewise are accompanied by very useful indexes. There is as yet no standard collected works of Marshall. Good editions, however, are available of his major publications, including his early economic writings (Whitaker, ed. 1975), his essays and reviews (Groenewegen, ed. 1997) and his correspondence (Whitaker 1996). Taken together, these volumes of Marshall's economic (and related) writings match the availability of the works of Ricardo and J.S. Mill, even if not the elegance of these editions.

In what follows, the references to Asia and the Pacific made by Ricardo, John Stuart Mill and by Alfred Marshall are investigated *seriatum* in Sections I, II and III in the context of their other, broad, geographical observations. For Ricardo this is done for all of his collected writings, facilitated as this task is by the presence of a general index for the whole ten volumes. For Mill and Marshall, a more selective investigation can suffice, as indicated at the start of the individual sections devoted to their work. These sections

also briefly report on their actual travel experience in so far that is known. Section IV of the papers presents the conclusions derivable from this investigation of ‘geographical insularity’ attributable to English nineteenth century economics.

I

Neither Asia nor the Pacific region get much of a mention in Ricardo’s works and correspondence. The exceptions are the Latin American countries collectively described as ‘Spanish America’, and the Indian sub-continent referred to also as the ‘East Indies’. In a letter to Malthus (10 December 1817 in Ricardo, *Works* VII, p. 223) in which Ricardo commented generally on James Mill’s *History of British India* (1818), Hindu civilization is briefly mentioned as broadly comparable to other non-European civilizations, such as those of China, Persia, Africa, Mexico and Peru. Two comments may be made on this remark by Ricardo. It contains the only direct references to China and to Persia in Ricardo’s collected work (though neither gets an entry in the general index). Secondly, Africa is treated as an ancient civilization which suggests Ricardo may have been thinking of Egypt in this context, a country much in the English news during Napoleon’s Egyptian campaign of 1798-1801. Once again, this was the only reference Africa received in Ricardo’s writings, and again, there is therefore no entry to it in the general index. It can be noted here as well that there are no references to Japan in Ricardo’s writings, perhaps less surprising given its then complete isolation from direct trade (the exception a spasmodic and highly regulated trade contact with Holland) not

broken until trade with Japan was opened by the United States in 1853 with a show of naval force.

Despite Britain's strong association with India at the start of the nineteenth century, albeit via the trading and colonial activities of the East India Company (in which Ricardo owned shares), Latin American references occur more frequently in Ricardo's writings than remarks on India. This is explained by two factors. First of all, the enormous importance of the Spanish-American colonies in gold and silver production, and therefore to the world's (and more specifically) Britain's money supply, made it relevant to discussions of convertible currencies in which Ricardo was so often engaged in his initial economic writings. The second reason for his greater emphasis on Spanish America (as compared to India) is almost accidental. In the context of Ricardo's criticism of Malthus's *Principles of Political Economy* (1820) in his 'Notes on Malthus', there are quite a number of comparative references to Latin American labour productivity, largely drawn from a single source. This was Alexander von Humboldt's *Essai politique sur la nouvelle Espagne* (1811). The nature of Ricardo's references to Latin America and India can now be examined in more detail, starting with the first.

Ricardo criticized Malthus for his use of Spanish American examples to support his views on labour and on 'gluts', which were so different from Ricardo's. A letter by Ricardo to his friend written in September 1817 criticised Malthus for thinking that South American labour practices contradicted Ricardo's notion of the productivity of labour as well as his subsistence wage theory (natural price of labour). This letter (4 September 1817, in Works VII p. 184) agreed with Malthus on the indolence of Irish labour, adding that Humboldt's *Essai* suggested Irish labour closely resembled Latin American labour in

this respect. A later letter (21 August 1820), written when Ricardo was critically reading Malthus's *Principles of Political Economy*, and when he passed such criticisms on to Malthus and his other economist friends, is addressed to McCulloch. Among other things, it criticizes Malthus here for his use of South American evidence in the context of 'gluts':

Mr. Malthus speaks of an indisposition to consume being very common – I say it never exists any where, not even in South America to which he has so triumphantly alluded. In South America there is no indisposition to consume, the indisposition is to produce. To entitle a man to consume there as well as elsewhere he must produce, but he prefers indolence to the gratification which the commodity he would demand would give him, and this Mr. Malthus calls an indisposition to consume, and makes him deny the proposition that effective demand depends upon production.

Not surprisingly given this correspondence, Ricardo's 1820 'Notes of Malthus' also criticized Malthus's reference to South America on several occasions. Most of these remarks relate to comparisons of labour productivity in South America with that in other countries on which Humboldt's evidence on the facts was cited by both Malthus and Ricardo (Ricardo, *Works* II pp. 28, 87, 272). Ricardo also mentioned Mexico on one occasion as a case noted by Malthus to support his association of a limited number of consumers with an abundant harvest. Ricardo replied to this proposition: 'can it be true that in such a country there is a scanty demand for labour, and a people pressing against

the limit of subsistence?’ (Ricardo, *Works* II p. 343, Note 229). More generally, Ricardo complained that ‘Mr. Malthus often refers me to South America to show that some of my results do not agree with the facts’, in response to which Ricardo replied that this, however, did not apply to associating low rents with very fertile soil (Ricardo, *Works* II p. 216 Note 132). In the context of Malthus’s use of South American illustrations with respect to the rent of mines, Ricardo remarked that these showed ‘how little of [Malthus’s] whole argument about South America is applicable to England’, largely because the population densities in the two ‘countries’ were so very different (Ricardo, *Works* II pp. 339-40, Note 226).

Ricardo also made remarks about South America in the context of money, or more specifically the importance of gold and silver to the monetary system of England and indeed of most of the world. In the *Principles*, references to South America are confined to very general comments on South American mines in chapter 3, ‘On the Rent of Mines’. In addition, Ricardo (*Works* I pp. 195-99) discussed the Spanish practice of taxing mines in Latin America in the context of his general treatment of taxation of mines. Likewise, Ricardo’s *High Price of Bullion* (1810, in *Works* III pp. 111, 127) contains general remarks on the mines of ‘the new world’. In his notes on the Bullion Report (1810, in *Works* III pp. 362, 391), Ricardo mentioned the impact of South American gold and silver mines on prices. These notes also raised the hypothetical case of what would happen if it was assumed that South America had no bullion mines. Then the value of bullion in England would not have depreciated, and bullion’s greater value would have made this smaller quantity equally effective for circulating commodities in trade (Ricardo, *Works* III p. 375). Finally, in his *Reply to Bosanquet* (1811), Ricardo

discussed the effects of Spanish ownership of the American bullion mines on that country's foreign exchanges.

Similar remarks on the monetary importance of Spanish mines in the new world were made in Ricardo's speeches in Parliament, with special reference to the impact of their silver output on prices (*Works V*, pp. 93 n.3, 205, 391). In a speech to the General Court of the East India Company (12 January 1822, in *Works V* p. 477) Ricardo referred generally to the importance of trade with the free states of South America, probably because its impact on the supply of silver facilitated expansion of the trade with India much of which then still required the export of silver on Britain's part.

The last sentiment provides a good introduction to reviewing Ricardo's remarks on Asia, all of which relate to trade with India and the aspects of Indian civilization discussed in Mill's *History of British India*. The association of British trade with India and silver exports is frequently referred to in the monetary writings (*Works III* pp. 172, 173, 249). There are references as well on the importance in Indian exports to England of tea (*Works IX*, pp. 330 and n., 342) and muslin (*Works VI* p. 553). Ricardo also occasionally commented on Hindu civilization to his friends while he was reading James Mill's *History of British India* (*Works VII*, pp. 223, 228, 248). In a letter to McCulloch (22 June 1819, in *Works VIII* p. 40n.) Ricardo suggested that Mill's authoritative views on Indian government probably explained his appointment to a lucrative position in the India Office. Indian labour is mentioned by Ricardo in letters to Malthus (13 July 1823, 3 August 1823, 15 August 1823, in *Works IX*, pp. 305, 322 and 347-9) but as in the case of the references to South American labour already mentioned, these comments have to be taken as hypothetical instances of such labour and not as factual statements. Slavery

in the East Indies was briefly, and very generally, commented on by Ricardo in a speech in the House of Commons (22 May 1823, in *Works* V pp. 297, 300) during the debate on an early, but unsuccessful, attempt at the abolition of slavery.

Ricardo, it may also be noted, was not a great traveler. What travel he did, was undertaken in Europe (detailed are provided in Weatheral, 1976). Born in London, he lived in that city while pursuing his career as a stock broker, before retiring to Gatcomb Park, his beloved rural estate in Gloucestershire. Absences from these two places appear to have amounted to less than three years. Ricardo spent two years in Amsterdam as a child aged 11 and 12 for his education, probably the Talmud Torah. During 1817, together with his brother Ralph, Ricardo went on a six weeks tour along the Rhine as far as Karlsruhe. In July 1822, Ricardo took his whole family on a 'grand tour' of the continent for exactly five months, during which they visited no less than seventy different places altogether. The first of these was Calais. They then went on to Lille, Brussels, Antwerp, Breda, Rotterdam, The Hague, Amsterdam, Utrecht, Nijmegen, visiting other minor towns in the Netherlands on the way. From Cologne, the Ricardos followed the Rhine for some time taking in Bonn, Coblenz, Frankfurt and Basle, then visiting Berne, Geneva and many other places in Switzerland. They then traveled extensively in Italy, the major destination of their journey. They entered Italy at Domo Dossola, then stopped at Como, Milan, Brescia, Verona, Venice, Bologna, Florence, Genoa and Turin, to name the major Italian cities they visited. The last country visited was France, with lengthy stops at both Lyons and Paris, before returning to England via Calais. Ricardo kept an extensive journal of this journey, which is a delight to read.

Taken together, Ricardo's remarks on the non-European worlds of the Asian-Pacific area are narrowly confined to Latin America and India, largely on the basis of his study of one book in each case (Humboldt's *Essai* and Mill's *History*). This was supplemented by very general remarks on the exports of bullion from Spanish America and its consequences (on prices, on Spanish taxation, on the rents of mines, and on Spanish foreign exchanges) and the export of silver to India (as well as its exports of tea and muslin to England), all instances of what might be described as general commercial knowledge rather than deep study of the countries in question. Moreover, particularly with respect to Ricardo's comments on Malthus's use of South American examples, Ricardo hinted at the fact that the very disparate economic environments of Britain and South America made such comparisons rarely of any practical use in economic debate. As already indicated, Japan and China were completely ignored by Ricardo, while the south Pacific, Australia and New Zealand (first sighted by Cook before Ricardo was born) rate no mention by Ricardo whatsoever.

II

As compared with Ricardo's *Principles*, the geographical horizons of John Stuart Mill's *Principles* were considerably larger. The investigation of the geographical coverage of his writings is therefore largely confined to the contents of his major economics text. It mentions all five continents; contains references to China, Japan and India as well as remarks on Latin America. These do not mention bullion as a source of its wealth, because by Mill's time, the abundant mines of North America and Australia had largely

overtaken them as a source of bullion. Compared with Mill's earlier *Essays on some Unsettled Questions in Political Economy* (published in 1844 but largely written during the 1820s), his *Principles* is quite cosmopolitan, because the *Essays* only mentioned European countries with the exception of one minor reference to the United States. Virtually all of these geographical illustrations in the *Essays* were made when setting out his theory of international trade. Finally, the edition of Mill's *Principles* used here is the *variorum* edition prepared for the Toronto edition of the *Collected Works* (Mill 1848, 1965).

To illustrate the geographical boundaries of the *Principles*, Mill's references therein to the continents can be reviewed in alphabetical order. Northern Africa is mentioned first as a poor 'country' relative to its greater prosperity under Roman times (Mill 1848, 1965, p. 100). In addition, the Niger area is noted as having both a fertile soil and a favourable climate (Mill, p. 101). Africa's major nineteenth century trading commodity of slaves is frequently mentioned by Mill, but rarely explicitly in this manner. Africa is, however, implicitly indicated as the source of the many negro slaves used for the sugar plantations of the West Indies (Mill 1848, 1965, pp. 19, 65-6, 237, 249-50) and for a long time elsewhere in 'Spanish America' (p. 250).

The American continent as such is not mentioned by Mill; it is discussed in terms of the countries of which it is composed, especially the United States. Spanish America is associated with slavery (p. 250), as are the West Indies (pp. 19, 237, 249-50) and the United States (pp. 245, 247). Slaves are also mentioned as having been freed in Brazil, Cuba, Spain and the United States (pp. 245, 247, 249-51). Brazil is mentioned as well as a source of bullion. The only other Spanish American country mentioned (Paraguay),

received detailed treatment from Mill because of attempts by Jesuits to 'civilise' its Indian inhabitants (pp. 166-7, 211). In the North, Canada is mentioned for its Indians (pp. 164-6) and its reliance on immigration (pp. 194-5). This leaves the United States, a country which attracted considerable attention in Mill's book. It is mentioned for its former hunting communities (p. 20), its mineral deposits (pp. 52, 637), the premature railway construction by state governments (p. 52), its protectionism (p. 918), its competitive nature (p. 216), and a variety of other illustrative matters ranging from its laws of partnership (pp. 905-06) to the taxation of its southern states (p. 685), its attitudes to risk (p. 409) and its cotton industry (pp. 408, 690).

Asia as a continent received considerable treatment in Mill's *Principles of Political Economy*. Its vast plains are linked initially by Mill (p. 13) with the enormous government appropriations of land initiated by its many monarchies from 'a time beyond history'. Asia's traditional economic conditions are described as characterized by a lack of security of property; limited manufactures largely confined to the production of luxuries for a small, exceedingly wealthy market; domestic exchange transactions geared to money lending and grain trading; with the bulk of the population consisting of many poor cultivators living from hand to mouth (p. 15). Mill subsequently claimed that 'rapacious government' had destroyed much of Asia's former agricultural wealth (p. 112); that population growth was kept down by starvation (p. 157), that for encouraging increased accumulation, native thrift had to be rewarded by a 'copious return' (pp. 172, 186-7); and that large scale lending without very good security was there virtually impossible (p. 403). China, India and Japan are the major Asian countries specifically mentioned by Mill, but some references are also made to Arabia's nomadic population (p.

20) and its extensive deserts (pp. 101, 417). Mill suggested China and Japan resembled England as 'countries of habit' (p. 104 n.); Chinese production is described in some detail partly to decide whether it had reached 'the stationary state' as was sometimes claimed in the literature (pp. 167-70, esp. p. 169). Subsequently, Mill briefly mentioned the 1839 trade dispute over tea with China (pp. 548-9) and noted that in the American-China trade, sailors are given a share in the profits of the journey (p. 769). Not surprising given Mill's position as employee of the East India Office, India received most references as a specific Asian country in his *Principles*. India is mentioned for its traditional luxury cotton manufactures (p. 14), its lack of a substantial urban population because its agriculture is conducted on very small holdings, but that it has nevertheless been expanding from its successful export trade in rural produce (especially cotton, indigo, sugar, tea and coffee). Its people's 'lack of providence' is visible in its low rate of capital accumulation even if, as Mill claimed, China's rate of accumulation was even less (pp. 168-9). Hence interest rates in India, as in China, are very high relative to England (p. 403). Mill also noted that land is generally not owned by the cultivator in India. However, cultivators have to supply their own small capital needs for cultivation (p. 237) and rents are generally high under the prevailing ryot tenancy described in some detail (pp. 237, 241, 319-23). A short extract from this discussion is not out of place.

When the Mogul government substituted itself through the greater part of India for the Hindoo rulers, it proceeded on a different principle. A minute survey was made of the land, and upon that survey an assessment was founded, fixing the specific payment due to the government from each field. If this

assessment had never been exceeded, the ryots would have been in the comparatively advantageous position of peasant-proprietors, subject to a heavy, but a fixed quit-rent. The absence, however, of any real protection against illegal extortions, rendered this improvement in their condition rather nominal than real; and, except during the occasional accident of a humane and vigorous local administrator, the exactions had no practical limit but the inability of the ryot to pay more.

It was to this state of things that the English rulers of India succeeded....

(Mill 1848, 1965, p. 320)

Australia and New Zealand also feature in Mill's *Principles*, New Zealand on only one occasion. Both are mentioned as important places for colonization by Britain and as places which adopted aspects of Wakefield's scheme for scientific colonization. This was the case for South Australia, a relatively new colony, for Victoria and for New Zealand (p. 966). In addition, Australia, like Canada, was described by Mill as an important destination for British emigration and therefore as a major receptacle for its surplus population. The wool grower of Australia is compared at one stage (p. 44) to the cotton grower of Carolina in terms of importance of these staple industries to their respective economies. The Swan River Settlement is selected by Mill as an example of an initially unsuccessful colonization. Its capital was combined with a far too small labour force, and the consequent hardship for its early settlers from this unbalanced attempt at colonial settlement, ensured its failure. More generally, Australia was endowed with a strong desire for accumulation, comparable to that in the United States ,

though Mill added that population growth is also fast in such developing countries with vast tracts of surplus land (pp. 343-4). Last but not least, Australia's gold production, together with that of California, was described as a very significant source for new gold supplies, rapidly distributed throughout the financial centres of the world (pp. 504, 682). In short, the newest continent drew considerable attention in Mill's practical and theoretical account of the principles of political economy.

Like Ricardo's travel, Mill's foreign travel was confined to Europe. In 1832 he spent some months in the south of France, partly with Bentham's brother and visited the Pyrenees (Mill, 1871, p. 32). Later journeys covered Belgium, 'Rhenish Germany', Switzerland, the Tyrol, Italy, Sicily and Greece (Mill 1871, pp. 48, 143) while his final years in retirement were spent in Avignon (Mill 1871, pp. 144, 150).

The range of geographical reference in Mill's work is quite substantial as compared with that in Ricardo. One explanation for this is the difference between their respective treatises. Ricardo's *Principles* by and large was designed as a book of theoretical principles; Mill's *Principles* were specifically subtitled 'with application to their social philosophy'. This quality of Mill's economics as contained in his *Principles* considerably increased both the relevance and the need for factual illustration, drawn by Mill from the various parts of the world on which he had some knowledge, irrespective of whether these facts pertained to the past or to more recent times. Moreover, by the mid-nineteenth century more information was available about certain countries (for example, Australia, China and Japan, the last two then being opened to trade) than had been available in its opening decades. Both the nature of Mill's text and the developments in

travel and communication during his life time are important for explaining the wider geographical contents of his major book on economics.

III

It may be noted at the outset that Asia and the Pacific only feature infrequently in the two major books published by Alfred Marshall, that is, his *Principles of Economics* and his *Industry and Trade*, on the contents of which attention is focused in this section. The second of these books presents an internationally comparative study of industry where, with the exception of the United States, the other countries used for this comparison – that is, England, France and Germany – are European. There are, however, occasional references as well in this book to Australia, India, Japan and South Africa, while Marshall's *Principles of Economics* over its eight editions contains references to Australasia, India, Persia as well as many remarks on the United States. A major difference between late nineteenth century economic texts as represented by Marshall's two major books, and their predecessors, is that Marshall's work clearly foreshadows the emerging industrial stature of a new, non-European world, first in the United States and then, by the early decades of the twentieth century, in Japan. This section first surveys the geographical spread of Marshall's *Principles* and then that of his *Industry and Trade*.

Marshall's *Principles* contains a large number of references to America, for him a name synonymous with the United States. These references commence with some demographic remarks (Marshall 1920, 1961, pp. 184, 192, 201), and continue with praise for the very high quality of America's 'common schools' (p. 211), the quality of

ingenuity in supplying auxiliary services for heating and lighting to American housing in large cities (pp. 223-4n.), the rapid growth of wealth in the United States (pp. 237-8), the high degree of mechanization in United States industry illustrated by watch making (p. 257), the high earnings of United States labour as one of many other matters of this kind in which the United States leads the world (p. 550), occupational specialization in the United States by specific (immigrant) nationalities (p. 558); the rapid changes in business life of the United States and its impact on wealth distribution (pp. 621-2n) and business organization (p. 686 n.); sharecropping as a form of land tenure in the United States (p. 643) and its advantages (pp. 645n, 647), progress in transport and agricultural expansion for export in the United States (p. 673); the adoption, and subsequent improvement, of British industrial methods in the United States (p. 674); its immense economic progress and growing industrial leadership in particular industries (p. 772) while Marshall's final remark on the United States sings the praises of the scale and the manner of constructing of American multi-story (high rise) buildings with their elevators and many other efficiencies (p. 837). For Marshall, as he had already indicated in 1875 in a lecture given on his return from a visit to the United States in that year, America represented the face of the future, something he later documented in considerable detail when writing his *Industry and Trade* (Marshall 1919, 1923).

In addition, slavery is discussed in the *Principles* with special reference to the West Indies (p. 6) and the impact of the American Civil War on cotton prices is used to illustrate the consequences of variations in the laws of returns from substantial changes in export output (p. 807). Asia features only indirectly in the *Principles* by way of two of its major countries. India is mentioned because of its poverty, partly induced by its

wasteful practice of dissaving through excessive consumption at funerals and wedding feasts (p. 225); its land tenure systems are briefly explained (pp. 641-2n.) as are features of its demographics (p. 293). An Indian government undertaking is used by Marshall as an example for illustrating use of the constant outlay curve technique for representing the net benefit of a monopoly (pp. 490-1n). Persia is the other Asian country briefly mentioned, in this case also for its land tenure in the context of explaining the distribution of product between landlord and tenant by diagrammatic means (p. 644n). Neither China nor Japan were mentioned in the *Principles*.

With Africa unmentioned, Australia is the final continent referred to in the *Principles*. The enormous borrowing power of Australia from its vast landed property is indicated (p. 45), its low death rate and ‘fairly high’ natural increase are mentioned as key characteristics of its special demographics (p. 192); wool and mutton are taken as joint products typical of Australian industry (p. 389); and the introduction of the eight hour day in Australia is briefly discussed (p. 701n). Moreover, Australia is portrayed as the only realistic guide about what to expect for countries and peoples with a high wage structure, a good quality population, and extensive land ownership (p. 715). Marshall’s last reference to Australia in the *Principles* mentions it as a very good example of the impact of multi-national immigration on economic progress (p.752).

As already indicated, the United States constitutes an important segment of Marshall’s analysis in *Industry and Trade*. Three chapters and two Appendices are specifically devoted to United States experience. In total, this American material comprises almost ten per cent of the contents of the book. Hence far more space is given to America relative to that devoted to two of the three European countries (France,

Germany and Great Britain) in this internationally comparative study. British industrial experience and practice, however, dominates the analysis of *Industry and Trade*, taking up over a quarter of its contents.

There are many other references to United States experience in *Industry and Trade*. Special features of United States corporations are used when they can act as suitable illustrations (for example, pp. 220-1, 369n, 527-32, 605 and 618n). Wheat is noted as an important United States export to Britain after the abolition of the corn laws, while Marshall had previously noted the quality of America's soil for wheat growing (p. 144). The strengths and weaknesses of American banks are given detailed treatment, including their 'boldness' in decision making (p. 341), and the absence of stultifying tradition in their decision making (p. 344). German banking, however, is said to have surpassed its American counterpart in risk taking (p. 558) and in the 'interpenetration' of banking and industrial interests (p. 566). Marshall also devoted a whole chapter to the growth of the scientific management movement in the United States (Book II, Chapter XI) and to the impetus given by standardisation to mass production of many consumption goods (Book I, chapter VIII, §3). Protection and industrialization in the United States are also discussed in some detail (pp. 776-84), as are its giant corporations (pp. 527-43) and the need to regulate them by special government agencies (pp 516-20). In short, the vast new world of business enterprise unfolding in North America is discussed in considerable detail and with great admiration on Marshall's part in *Industry and Trade*. Canada, by contrast, features relatively little in the book. It is depicted as a partner in industry leadership with the United States (p. 160), through their extensive interconnections of transport, communications and trade. Canada is also said to share the hostility to

monopolies of the United States (p. 522 n.1) and though it has gone further in its regulation and control of companies than Great Britain, it has gone less far than the United States in this matter (p. 542 n.1).

Africa is represented in *Industry and Trade* by a brief paragraph on the rich natural resource base of South Africa, particularly gold and diamonds (p. 160). For Asia, India is discussed in terms of its development potential given the ‘vigour and independence in [its]industry’ (p. 162); but India’s desire for protection to aid industrialization is said to be thwarted by its dominian status (p. 653 n.). Marshall also noted that Indian development potential was further slowed by the strong influence of custom and tradition in its villages and rural area (pp. 797-8n). Turning to Japan, Marshall initially mentioned the opening of its trade to the world with its many hardships and problems (p. 22) but this did not prevent him from making forecasts about Japan’s industrial future:

..... we find in Japan a bold claimant for leadership of the East on lines that are mainly Western. Her insular position, contigeous to a great Continent, is almost as well adapted for the development of industry and trade as that of Britain. She has learned so much during the last thirty years, that she can hardly fail to become a teacher ere long. It seems indeed that stronger food than they now have will be required to enable her people to sustain continuous, severe, physical strain: but the singular power of self-abnegation, which they combine with high enterprise, may enable them to attain great ends by shorter and simpler routes than those, which are pursued where many superfluous comforts and luxuries have long been regarded as conventionally necessary. Their quick rise to power supports the suggestion, made by the

history of past times, that some touch of idealism, religious, patriotic, or artistic, can generally be detected at the root of any practical outburst of practical energy. (p. 161).

On even less information, Marshall also predicted 'great futures' for China and Russia (p. 162), though nothing is said about the recent political upheavals in Russia in the brief paragraph he devoted to this subject.

This leaves Australia and her Pacific neighbour, New Zealand. Though small, New Zealand's 'energy' is depicted by Marshall as an important factor to explain its extensive development (pp. 23, 160). On Australia, Marshall made several disparate observations. First, he noted the impact of Federation on its recorded international trade: this was effectively lowered by approximately one third, because inter-State trade between the six former colonies could no longer be treated as foreign after their union (p. 24n.). Australia is also said to 'be bravely leading the way in the great endeavour to bring the labouring population as a whole up to a high level of culture and physical enjoyment' (pp. 160-61), valuable evidence for Marshall on the actual possibility in raising the standard of life for society's workers. In this context, Marshall also mentioned Australia's vast spaces, its natural wealth, and the importance of its transport by sea and by its growing railway development, in particular for linking the sizeable urban areas of Melbourne and Sydney (p. 161). A final note comments on relatively new Commonwealth Government moves to regulate monopolies by means of the Australian Industries Preservation Act (1906-10) and the Australian Industry Commission (1912), regulatory moves resembling those of the United States, and being followed by New Zealand and South Africa as well (p. 523 n.)

As a post World War I book, *Industry and Trade* therefore opens new territory. Among other things, its treatment of the growing industrial might of the United States coincides with the book's judgement on the inevitability of America's post-war industrial dominance. Japan is likewise depicted as destined to become the real economic and industrial leader of post-war Asia. Although in terms of pages, Europe's treatment dominates the book, much of this discussion points to Europe's inevitable and gradual decline relative to the growth potential of the new industrial worlds. There is a good deal of sound, prophetic comment in this detailed comparative international study of industry and trade..

Marshall's opportunities for travel are a clear explicator for this foresight of the world's industrial and trading future. As mentioned earlier, his 1875 trip to North America enabled him to envisage that country as the future industrial power of the world. The comparative value of this experience was greatly enriched by Marshall's awareness of the realities of British, and to a remarkable extent west-European, industry from his summer industrial study tours (both extensively discussed in Groenewegen 1995, chapter 7). Further tours consolidated this belief, backed up as they were by Marshall's tremendous amount of reading of technical literature on specific industries and productive organizations. From that point of view, the contents of *Industry and Trade* can be seen as the real fruit of his many 'inductions' (study tours) of the major industrial areas in England and Scotland, as well as Belgium, France and Germany, enriched as these visits were by his 1875 vision of the enormous promise of United States industrial experience. From this rich comparative factual base on international industrial development it was not difficult for Marshall towards the end of his life to extend his

prophetic vision of industry and trade towards Asia and the Pacific region but only as exemplified by Japan and Australasia. The late nineteenth century, early twentieth century Cambridge academic economist had therefore a considerable geographical awareness about the realities, past, present and to a remarkable degree, the future of the industrial world.

IV

What other conclusions can be drawn from a study like this. First, and obviously, the effective geographical coverage given in the writings by the three major economists investigated, increased considerably over the nineteenth century. Whether this conclusion is a general one depends on the representativeness of the sample selected for the purpose of conducting this study. As suggested in the introduction to this paper, that representativeness is substantial in terms of the overall quality of the three economists selected. However, in terms of geographical awareness, other British economic texts of the century may have revealed more extensive use of non-European economic behaviour and institutions, reflecting attitudes to the scope of the subject.

It should also be noted that treatment of the three economists selected is vastly different in terms of the nature and volume of their works studied. For Ricardo, all aspects of his writings were covered, ranging from his major treatise, *Principles of Political Economy and Taxation*, to private correspondence, speeches in Parliament and to other bodies, as well as to pamphlets. Use of these sources was essential to capture his interests in Spanish America because of its traditional importance as a source of new bullion. It should also be noted that Ricardo's treatise was narrower in scope with respect

to its coverage of every day economic and social life than Mill's *Principles* (specifically designed to deal with social applications), and those of Marshall, while Marshall's *Industry and Trade* stands on its own in this sample, given its specific role as a very specialized, internationally comparative study.

The broad course of events in international trade considerably assisted this change in the geographical coverage of the economic literature. As already indicated, trade with China and Japan was opened with force by the European and North American powers over the course of the century. This facilitated inclusion of these two countries as a topic in British economic discourse, as more became known about them. Similarly, Australia entered the economic texts of the second half of the century through the importance of its gold rushes, awareness of its experiments with scientific immigration schemes and, a result of Marshall's special interests, for its marvelous outcomes in earnings, working conditions and hours of work, which broadened the prospects for more widely raising the standard of life of the working classes.

Given its status as a British colony and dominion, India had a special and clearly defined place in the British literature of political economy over the nineteenth century. For Ricardo, that interest was more general than economic and arose largely from his share ownership in the East India Company and his close friendship with James Mill. Both J.S. Mill and Marshall used Indian experience to demonstrate the occasional possibility of major differences between its and European economic behaviour. These were sometimes stadially interpreted, that is, under the implicit assumption that behavioural patterns in places like India would ultimately progress to European standards.

The purpose of taking a broad comparative brush to a wide geographical basis with economic treatises also differed among the three economists in question. Ricardo tended to treat argument based on comparative observations of British workers or landlords with their (primitive) counter parts in Spanish America or India as misleading at best, because the economic and institutional background of these geographical entities was so very different. For Mill, illustration of social implications of economic laws was made more effective by presenting them on as broad a comparative base as possible, particularly relevant when social application of economic principles was an important purpose of his work. A similar attitude also guided to the construction of Marshall's *Principles*, while factual comparison between countries was of the essence in his study of industry and trade in four industrially advanced countries.

By the end of the nineteenth century, segments of the Asian-Pacific region were therefore gradually introduced into economic treatises. However, major parts continued to be ignored. Examples include South East Asia and the many Pacific islands then being colonized or forced to change colonial masters. It is interesting to note that Palgrave's *Dictionary of Political Economy* as published in the 1890s paid no attention to geographical entities in economics whatsoever in those parts of the world. At best, economics is there distinguished in terms of schools based on European countries: Austrian economics, Dutch economics, French economics, Italian economics, Spanish economics and British classical economics. In fact it may be permissible to conclude that only the burgeoning interest in economic development from the 1950s onwards brought Asia and the Pacific region firmly within the ambit of this specific branch of economics devoted to that topic.

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