Rethinking nineteenth-century Europe: economic growth and economics∗

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Developed and underdeveloped countries in nineteenth-century Europe

Economic growth is a decisive area for economists and economic historians. It is also a concern for most social scientists as well as people in general, as it reflects welfare and higher standards of living. As a recent phenomenon, «modern economic growth» is also one of the elements of the globalization that occurred in the nineteenth century. Economic historians have studied the less-developed countries of nineteenth-century Europe very intensively. Very frequently they have discussed the role of government and economic policy, which is related to economic ideas and economics. In many cases economic historians may learn from the History of Economic Ideas to improve their understanding of the different performances of national economies.

Economic thinking that was available in the nineteenth century contains enough economic analysis to foster economic efficiency in the less-developed countries but civil societies received economics in different ways according to local inspiration. This paper states that in less-developed countries most of the social and economic problems of fostering a catching-up process concerned their local contemporary economists and thinkers, but the profession of economists even depended on the local institutionalization of economics. Geography and economic underdevelopment conditioned the diffusion and application of theoretical canons.

Taking GDP per capita as the indicator for economic development during the period, the estimations by Maddison (1995, 2001) rank the European countries circa 1820, 1870, and on the eve of the First World War. They summarize a great many events occurring in diversified social, economic and political conditions. At the top, the UK stood at $1707 (1990 international dollars) in 1821, when at the same time Belgium, Switzerland, Denmark, France, and Austria had about $1200-1300. Below this benchmark, a descending rank including Sweden, Italy, Spain, territories of future Germany, Norway, Portugal, and Ireland were about $1000. At the bottom, a descending ranking including Russia, territories in Eastern Europe, Finland and Greece reached levels of only $1000 to 600.

Although many successful cases may be pointed to in the period from then to 1913, underdevelopment was a main common feature of a large sample of countries. In fact, the higher U.K. per capita revenue of 1821 was common to Northern European countries.


1218 O’Rourke and Williamson (2004).
1219 Lovejoy (1940), Fetter (1965), Gramp (1965).
1220 Landes, David (1994).
in the 1870s\textsuperscript{1221}, but Eastern and Southern Europe remained behind\textsuperscript{1222}. Even on the eve of the First World War, new countries coming from the Austrian empire and Portugal were below $1500.

In most countries, economic thinking, such as it existed, was greatly influenced by worries regarding economic development, leading to a clear willingness to adopt reforms and develop interventionist policy to promote growth. If successful growth is related to canons in scientific economics, why did less-developed Europe ignore them? Have the less-developed countries adopted the main available theoretical and doctrinal messages? Was there a common pattern of economic thought and economic policy that was able to catch-up later on?

Although no deterministic links can be established, the available technical analysis of economics affected the course of local events. Aimed at explaining economic phenomena, economic thought responds to concrete challenges, giving explanations for economic phenomena. Sometimes economic relationships are set in a timeless validity perspective\textsuperscript{1223}. Usually, however, economic relations are put into a set of historical, sociological and institutional conditions.

Nowadays the history of economic thought became «marginalized» to the point where people can seriously speculate on whether it will be able to survive at all\textsuperscript{1224}. This change may be associated with the narrowness of modern economics for disregarding economic policy, perhaps what Blaug calls the «formalist revolution» and Lluis Barbe Duran describes as the «minnesotan» profile of some economists\textsuperscript{1225}. It is time to reverse this trend in observing the nineteenth-century historical evidence.

**National styles of economic thought**

Very often economic ideas help to improve material living standards, contributing to action and policy in any given social context\textsuperscript{1226}. The main aim of economics as a discipline is to contribute to the welfare of humankind and promote long-run economic growth\textsuperscript{1227}.

Historians of economic thought discuss why most of the well-known contributors to economics belonged to developed countries\textsuperscript{1228}. According to Schumpeter there is a pre-analytical vision, based on the equation of economic problems to be solved and suggestions for contributing to their interpretation and solution\textsuperscript{1229}. Economists in less-

\textsuperscript{1221} Thanks to the green agricultural revolution and the «industrious revolution»: Chorley (1981) and De Vries (1994).

\textsuperscript{1222} On the demographic effects of life standards see Kunitz (1983).

\textsuperscript{1223} As in Walras' economics, for example.

\textsuperscript{1224} Backhouse (2004).


\textsuperscript{1226} The extension to which they may be useful to differentiated societal contexts, may be another concern.

\textsuperscript{1227} Barbé Duran (2006).

\textsuperscript{1228} Llombart Rosa (2006).

\textsuperscript{1229} Schumpeter (1954).
developed, nineteenth-century Europe often imported the international flow of economic thought, but the reception was not necessarily neutral. Not only entry-barriers could prevent the diffusion of conclusions, but also local reproduction of received economic ideas may give place to adjusted concepts thanks to national factors or local institutions. Economics was not a universal knowledge or a global science. Strong national differences could give origin to a geography of national styles of economic thought1230. For national reasons local economists frequently limited their concerns and interpretations to the local economic game and its rules. They frequently devoted their attention to empirical economics and national (or even patriotic) issues. They currently provided hints or suggestions for the economic life in their own countries, proposed reforms to be pursued, or economic policies to be followed up.

There were marked differences among the nineteenth-century European countries. Some countries were large and populous others were small and less crowded. Some had colonial empires; others did not develop colonial links. Some were national states; others were heterogeneous empires. Looking at the rankings, the less-developed Europe in the nineteenth century included countries of all kinds, but having a common feature, which is geographical position. In fact, they were peripheral not only from an economic point of view, but also from a geographical point of view. In fact they surrounded leading, centrally located, nineteenth-century nations. Geographical position and retarded modernization describe a profile for nineteenth-century less-developed Europe. From this perspective, a general framework should consider less-developed European countries as a ring of regions surrounding the most-developed countries.

We might easily accept that there have been sociological and cultural reasons to explain the major performance of scientific and theoretical contributions in the richest and most developed countries, because science is also a social institution. Even so, another question remains. In many cases low agricultural productivity, high mortality rates, illiteracy and poverty also justified strong adaptation of dominant theoretical canons, asking for a growing government weight in most of the less-developed, nineteenth-century nations although in a certain way the interest of economics for policy became much wider in the twentieth century than it was before the First World War1231.

Debates on freedom for labor and trade also drew a great deal of attention and were enacted in terms of political decisions and enforced in law1232.

Frequently, general writings from peripheral countries are devoted to understanding and explaining current economic life and social problems, because international comparisons led to a national consciousness of local economic underdevelopment1233. On reading high-profile economists from the less-developed, nineteenth-century European countries, we can conclude that the main message of positive economics disseminated into less-developed Europe1234. Local leading economists, deputies and ministers, officials and administrators were well acquainted with economics and normative economics. Even

1230 Coats (1988).
1231 Milward and Saul (1977).
1233 Lluch (1999).
1234 Colander and Coats (1989).
so, translations adapted the message of original texts and local editions transformed the (dominant) available economics born in developed core countries, according to reinterpretations for new readers.

**On the causes of the wealth of nations**

Nineteenth-century economic thought was greatly occupied with the causes of the wealth of nations. This was a carry-over from the Mercantilist hints and suggestions on trade and phisiocratic doctrines on the creative power of land. In one way or another, the main worries were related to prosperity. The main contribution of nineteenth-century economics seems to come from the development of the ideal of harmony to study markets. Ricardo, Say and Malthus established the main framework for demand and supply. All concluded for a stationary economic steady state for societies in the long run. The law of decreasing revenues, particularly for agriculture (because of combining a scarce productive factor with other increasing factors), coupled with the Malthusian theory for population, provided equilibria for economies that were clearly bounded.

Only the idea of progress could overcome some of these pessimistic views among the so-called Classical School. Taking progress as a relevant variable, John Stuart Mill was able to imagine progressive economies and societies. This optimistic intellectual framework would be improved under the so-called Neo-classical reasoning. Based on this belief that technological improvements could enlarge production capacity and feed larger amounts of population to allow economic expansion, this approach was translated into production functions. After the pioneering marginalist analysis by Cournot, Dupuit and Jevons, Marshall framed not only the utility functions’ methodology for the consumers’ analysis, but also the producers’ microeconomic analysis for resources’ endowment. If Classical theories on the efficiency of markets resulted in doctrines of free trade with no state intervention, the general equilibrium analysis by Walras expressed the universal harmony of economic agents and markets. According to the Walrasian scientific works economic equilibrium would drive the nations to happiness:

> When my teaching is [someday] diffused […] and when the political economy [someday] replaces the current doctrine of laissez-faire, one will recognize the chaos [of the situation] where agriculture and industry are now, as they cannot balance the supply and demand of their goods at [their] selling prices. This disorder must give way to an economic order organized on the Lagrangean equations which already regulate the work of our machines, and which could also take us, someday, into the era of peace

As C. Knick Harley (2002) explains to historians, such a mathematical demonstration was made available for the conciliation of all economic desires under the prices’ adjustment mechanics of the general equilibrium framework. Consumers can maximize their utility according to their preferences, resources can be allocated to produce the preferred goods and services, and an optimum may occur, in which no one can improve his/her welfare without decreasing another’s welfare, as no interpersonal comparisons can be established. This result, from Pareto, has an enormous meaning from a theoretical and political point of view, as it states that any interference with market mechanics damages the general equi-

1235 Quoted from Amzalak (1934), p. 45.
librium. Economic policy or government interference surely was not recommended. It is interesting to note that no long-run perspectives were made available in Neo-classical economics, and steady-state theories went on throughout the entire period. From a theoretical point of view, this approach supported doctrines on free trade, no government intervention, no economic policy, and were at the core of mainstream economics in the nineteenth century.

Of course, alternative positions to the Classical and Neo-classical Schools of economic thought were also available. The so-called German Historical School emphasized the deductive and mechanical character of dominant economics. Friedrich List, Roscher, Knies, Schmöller and Hillbrandt criticized the lack of realistic perspectives that only historical experience could provide. The celebrated debate between Menger and Schmöller proved the theoretical Neo-classical economics’ victory. Even so, List’s insistence that free trade was detrimental to underdeveloped countries and beneficial for the most-developed ones was reinforced with the Marxist and Socialist contributions. They all accused the liberal mainstream economics engendered in the developed countries of defending the interests of their national bourgeoisies and the dominant capitalist economies against the poor and undeveloped partners.

Disrespecting free trade theories

The nineteenth century is usually referred to as an era when liberal (in formal terms, classical and neo-classical) doctrines prevailed throughout the Western world. But, in a certain sense it was also true that the Western world was in the cross roads of different ideological directions. The contradictory rather than complementary phenomena of nationalism and international trade expanded simultaneously. Nationalist views challenged core-centred theories. Lower American prices challenged free trade, leading to the introduction of retaliatory trade protectionism in the last quarter of the century. Protectionism and trade tariffs are good examples of economic intervention. They were adopted as matters of policy in many European countries in the nineteenth century. In less-developed Europe, landowners, farmers and peasants called for protection for agricultural foodstuffs, as globalization meant a well-integrated world economy, as O’Rourke and Williamson explain. On the contrary, the producers of industrial goods preferred protection for their goods but free trade for food. The desire was to keep the price of food down in order to maintain low wages, as food still represented a large portion of individual budgets and significant costs in production. Moreover, although the free trade philosophy was widely defended in Parliaments, budget necessities put strong pressures on the governments to keep tariffs high. Indeed, «fiscal amnesia» was also a very important aspect from a political perspective. Consequently, customs were an indispensable element in the public budgets. One may also concede that the high tariffs could result from pressures in parliaments to protect certain economic activities, or from defined ideological programs. In many parliamentary sources long discourses offer this issue, most of the time using erudite arguments derived from the late

1236 Brautaset (2002).
1237 O’Rourke and Williamson (2002).
mercantilist writers, the classical authors, or the German Historical School. The benefits of competitiveness were countered by the contention that the low level of development required state intervention, or by direct references to the infant industry argument. Theoretical arguments helped determine the level of tariffs in each of the European countries, though the central concern was sufficient revenue for government operations.

For economic historians the effects of protection are far from a consensual opinion. According to Rodrik (1999) «today the benefits of openness are oversold routinely in the policy-relevant literature» and should not apply to the nineteenth-century experience. Also, according to Yanikkava, trade liberalization does not have a simple and straightforward relationship with growth. Clemens and Williamson use a cross-section analysis for a world panel data made of 35 countries arranged into four clubs: «Core, Rich European Offshoots, European Periphery, and Less Developed Countries». In Europe the country members of the industrial Core are France, Germany, UK, US; the 10 from the European Periphery are Austria-Hungary, Denmark, Greece, Italy, Norway, Portugal, Russia, Serbia, Spain, and Sweden. They concluded that protection favoured growth in the nineteenth century (and even in the first decades of the twentieth century until the Second World War).Thirty years ago, Bairoch had also concluded that European «protectionist countries grew faster in the nineteenth century, not slower, as every economist has found for the late twentieth century»1242. Bairoch reached this conclusion without considering variables other than growth and tariffs, but Kevin O’Rourke provided new credibility to Bairoch’s thesis by using a macro-econometric analysis with a large array of growth-related variables1243. Clemens and Williamson (2002) conclude that protection was also associated with growth before World War II for the European periphery across the period 1860-1950. Clemens and Williamson’s recent econometric findings put an end to some of the hoary polemics on the effects of disrespecting free trade and, most importantly, they can shed a new light on the theoretical approaches.

**Implementing economic policies for catching-up**

Long-term development economics bearing on the sixteenth-nineteenth century Schools of Economic Thought were successfully spread in most less-developed European countries. They seem to accelerate and be refashioned in difficult economic periods, particularly when political agendas favored catching-up policies. This means that the so-called «nineteenth-century European liberal state» performed more and more economic functions in less-developed countries, using ad-hoc economic policies. Economic historical research shows not only a nineteenth-century legislative pre-occupation with...
the codification of civil rights, (particularly property rights), a definition of rules for joint-stock firms and nationalization of land, but also the assumption of new economic functions for the State. In this sense, it is possible to talk about nineteenth-century economic policy through law, regulation, and public investment.

Intellectuals in less-developed Europe used Classical Economics, but also adopted the Historical School perspective. The spread of Marxist interpretations often resorted to Marginalist reasoning or rejected and criticized some of the available contributions according to their own reasoning and beliefs. Of course, personal elements dictated their positions and their judgment on economics, and some of them contributed with original fine tunings.

However, facts do not speak for themselves. It would be too little to rely solely on the individual and personal factors. Lobbying in defense of private interests greatly influenced Parliamentary discussions. It was an activity performed by a small number of people, because of land property concentration or because of the limited numbers of the industrial elite, while a large part of the population (all women and some men, through restrictions) was excluded from voting. Available knowledge on economics in each of the less-developed countries depended on small local intellectually cultivated groups and on their cultural links within the European Continent as a whole.

Some culturally illuminated men were real pioneers, inspiring social framework concepts in their national context. Teaching provided the diffusion of economics, but in several countries social elites also provided nineteenth-century governments with politicians as well as diplomatic staffs to represent their countries abroad. In this way, what was taught, what was learned, and what was understood in civil society depended on the available knowledge and on the interest coming from deep national problems. On studying different European countries under these perspectives, we may find that nineteenth-century Economics was decisively useful for economic policy in Europe according to local, social and economic conditions.

In most countries the legacy of large weights in public expenditure remained, sometimes until today, as empirical tests of Wagner’s law clearly demonstrate. As public expenditure increased, tax collection on agriculture was not enough. Tax reforms and public debt were required. This is a nineteenth-century heritage in the European periphery.

It seems clear that less-developed Northern European countries could more easily adopt Classical Economics than Mediterranean countries or Eastern European countries. In Northern Europe the proximity of the countries, the availability of neighboring larger foreign markets to implement economic integration and division of labor made international trade easier. International economics spread, as well as Ricardo’s comparative advantages theory, based on the belief in market-good performance or free trade policy.

The best example is perhaps Denmark. Having close relations with Britain, the Danish economy responded very soon to international changes in relative prices, transforming the agricultural sector from producing vegetable goods to producing animal goods. In contrast to Southern Europe, Danish economists soon embraced Jevons and even Walras «more than ten years before marginalism penetrated international thinking in economics».

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1245 Sylla, Tilly, and Tortella (1999).
This occurred even in a country like Norway. A more «backward» country such as Finland, however, had much less enthusiasm for free-trade positions, and the German historical school\footnote{Heinonen (2002).} was diffused on the basis of a conscious Finnish national identity. Strong ties with the German Historical School resulted from the training of Finnish students in Germany. At the same time many politicians and scholars\footnote{Particularly men like Hannes Gebhard (1864-1933), August Hejelt (1862-1919) and Ernst Nevanlinna (1873-1932).} saw a need for Finnish industry and disliked free trade. Mainstream thought would gain a foothold in Finland only in the 1930s and ‘40s, with Neo-classical Casselian economics.

In Ireland liberal positions also failed to take hold. Government action was seen as decisive in making land-reform estates, especially during the Irish famine crisis. Even so, banking and monetary issues were decisive elements for sustained modernization. It seems that a greater degree of domestic poverty brought conspicuous criticism to the virtues of automatic-performance in the market. There seems to have been a search for historical evidence, asking for better social and economic institutions (about property rights, particularly on land)\footnote{On the appropriate definition of property rights for raising living standards in core countries see Morris (1995), pp. 211-226.}, suggesting tax reforms, demanding protectionism for infant industry and arguing frequently about the role of the state.

For Zweynert (2004) it was Russian economic and cultural poverty compared to Western Europe that stimulated the development of the theory of internal goods to make explicit the connection between cultural and economic development, while it had no significant role in the ideas of British economists\footnote{Page 538.}. In Russia I.K. Babst, A.I. Chuprov, I.K. Ozerov and D.I. Mendeleev developed historical views similar to the contributions from Roscher and Schmoller because of considering the early historical stage of development in Russia while G.V. Plekhanov founded the Russian Marxism, as classical theories could not embrace lateness in industrialising paths\footnote{Barnett (2004).}. They did not join to the Classical theoretical strand as «they felt it to be not totally suited to Russian conditions […] being open-minded about using any relevant features from all currents of economic thinking when they were appropriate to the particular question»\footnote{Barnett (2004), pp. 244, 248 and 249.}.

In the same way, «Rumanian intellectual history before World War I offers precious critiques to an economy and society in which liberalism was the dominant ideology, though one extensively adapted to local circumstances and interests»\footnote{See Love (2002).}. There was a deep desire for the adoption of a European life style and particularly for a national path, free from Turkish dominance. A protectionist school was based on Friedrich List’s ideas. Populism and Marxist reasoning rejected the international division of labor and were taken as appropriate ideologies for latecomer nations to catch up to industrialized countries. They refused to accept a role of illiterate suppliers of foodstuffs or agricultural staples to the capitalist industrialized leaders\footnote{On the effects of (il)literacy, see Sandeerg (1979) and Tortella (1990).}. 

\footnote{1247 Heinonen (2002).}
\footnote{1248 Particularly men like Hannes Gebhard (1864-1933), August Hejelt (1862-1919) and Ernst Nevanlinna (1873-1932).}
\footnote{1249 On the appropriate definition of property rights for raising living standards in core countries see Morris (1995), pp. 211-226.}
\footnote{1250 Page 538.}
\footnote{1251 Barnett (2004).}
\footnote{1252 Barnett (2004), pp. 244, 248 and 249.}
\footnote{1253 See Love (2002).}
\footnote{1254 On the effects of (il)literacy, see Sandeerg (1979) and Tortella (1990).}
International comparisons also occurred, for example, between Germany and Russia under ethical economics and Romantic beliefs. Importing Economics into the Ottoman Empire from abroad and original local cosmopolitan contributors assembling different religious, regional, professional and theoretical origins have been pointed to as being very selective in the messages of available Economics.

**Adopting plural canons**

In Southern Europe physiocrats’ ideals in pursuit of good government prevailed until very late in the nineteenth century, indicating that a separation of economics and politics was not yet established. If religious support was already light, a moral concept of «good government» legitimized central-state intervention, economic policy and protection of private economic affairs «as moral qualities of ‘good’ government which ensures consent»1255. In no way can we see an ideal of economic development conceiving civil society with the entire performing role, as we could find, for example, in Great Britain’s societal concept. It was well accepted that resources should be allocated to government or municipalities in order to assure the provision of public goods through public investment. In many countries, «They widely supplemented private transportation initiatives in waterways, roads and railways»1256 as well as schools and education1257.

Governments provided some stimulus to transportation facilities or adopted monetary policies including decisions on gold standard participation in order to get an international «seal of approval» on the international scene. Some countries adopted the gold standard very early (such as Portugal, in 1854), others entered the monetary Latin Union (Italy and Greece) and some others only by the end of the century (Russia adopted the gold standard in 1897)1258. In Portugal and Spain nineteenth-century economic policy moved much beyond the Classical message, namely to protectionism, public investment, fiscal monopolies, public debt and State interventionism1259. As Lluch and Almenar demonstrated, these features were a consequence of a pressing wish to modernize economies in the face of successful and threatening industrialization in the core countries1260. Modern mathematical economics from authors such as Cournot or Dupuit were hardly appreciated in Iberia, although they could be useful for some concrete issues raised mainly by public goods’ provision and their pricing. Economic pragmatism continued to drive a large wedge between dominant theoretical scientific statements and doctrinal recommendations calling for broader processes of industrialization and modernization. In Portugal and Spain these paradigms were really gathered up into a new plural canon, and supported political practice by the end of the nineteenth century. John Stuart Mill, Marginalism and Neo-classical Economics were not readily accepted1261.

1257 Reis (1989); Nunez (1990); Cameron (1993); and Mitchell (1978).
In Greece, although the 1821, 1846 and 1862 revolutions brought the new principles of citizenship and equality face to face with the law, the long revolt against Ottoman rule (1821-27) obstructed economic growth for many years. The establishment of personal property rights and land reform in Greece were not enough to prevent a special role for government intervention. A good example of deviation from the orthodox canon can also be seen in monetary disarray and the total absence of Currency School supporters among Greek economists, because of the local conditions of the Greek credit system. There were debates on the establishment of a sound monetary system, but pragmatism carried more weight than did elegant theoretical arguments 1262.

In Eastern Europe the leading political units were organized as empires: the Hapsburg Empire, Prussian Empire, Russian Empire and Ottoman Empire. National consciousness gave way to national states, which were born from dominated regions, absorbing unstable territories because of unstable political frontiers. According to Pamuk, the areas which most benefited from the world market through large-scale merchants and landowners were the first to secede from the empires 1263. Around 1870 only about 30% of the population worked outside of agriculture in the countries of Eastern Europe 1264, and with the exception of the Austrian and Czech areas, in 1900 per capita industrial production was about 33%-39%, compared to per capita industrial production in Europe 1265. The entire eastern region had a division of society marked by a hierarchy of orders and experienced a late emancipation of serfs from local landed elites, particularly the nobility 1266. From the 1880s until the First World War, aside from cultural diversity, Eastern Europe was marked by a rising national consciousness of nationalism. Some strong catching-up went on in the last decades of the century 1268. Regarding the abolition of Ancient Regime conditions such as serfdom, the usual claims include not only the importance of a central economic policy, but also the failure of market mechanisms in the case of transportation facilities. The peasant question appeared in Poland even before the nineteenth century. As Poland was a true rural society, these discussions became a genuine school of economic thought. The main topics were debates on ownership and property rights for the use of land to the East of the Elba River, the failure of an industrial revolution, the role of freedom, law, nobility, taxes and a standing army. Agrarian economics was considered a moral, social and political question. Economic rationality did not always combine with morality, and the 1846 riots brought the debate to the Russian sector of partitioned Poland. Debates led to reformist projects for the land in the mid-nineteenth century, but also to enlightened radicalism. Usually, the Romantics were the most radical authors. The conclusion we may take is that while «Western economic thought concentrated on the rational use of resources, Eastern economic thought became more […] socially oriented».

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1262 Stassinopoulos (2002).
1264 According to Van Zanden (1991), p. 226: «in semiperipheral countries this figure was 40 to 50 per cent».
1267 Good (1994), pp. 869-891, sheds some light into the statistical Dark Age prevailing until recently.
1268 Berend (1982).
1269 Rosicka (2002).
Consciousness of economic underdevelopment was a determinant factor in economic theories in Russia. An enlightened Alexander II and local intelligentsia brought to light the idea that serfdom had lost historical justification. The future required a new state and a new society, a central administration, civil rights definition, development of agriculture and market mechanisms. The 1861 land reform in Russia and labor force freedom, as well as redistribution of land, followed under the broader theoretical system of the Historical School, while Marxist theory was becoming widespread\textsuperscript{1270}. Government policy was also claimed to be a basic need in order to overcome poverty and promote economic development.

**Conclusion**

As Classical and Neo-classical economics did not match the economic growth as a theoretical issue, and mainly stressed the free market mechanisms, civil society in European less-developed nations interpreted economics in Smith, List, Mill, Saint-Simon or Marx in different ways and from different cultural perspectives. The history of economic thought is helpful in understanding that this seems to be the case of Austria, Poland, Romania and Russia, or the case of Italy, Spain and Portugal, that employed plural canons to fight poverty.

Clemens and Williamson (2002) conclude that protection was associated with growth before World War II for the European periphery. In a counterfactual analysis, one might assume that the adoption of dominant liberal mainstream economics could have benefited the less-developed countries even much more than the application of any other canon. However, we also need to consider whether these countries could have followed the Classical and Neo-classical doctrines that subverted the aristocratic and absolutist order prevailing in their societies\textsuperscript{1271}.

First of all, they needed to foster free-labor rules in agriculture and frame a flexible labor market for economic activities. The country that most successfully achieved land reform, Ireland, clearly most improved its relative position in the European GDP per capita ranking (going from 14th to 10th place in the sample used by Madison). Political strength of the landed aristocracy was a source of unrest throughout the century in Southern and Eastern countries, which were less successful in relative terms. To foster real national economies they needed institutional reforms in order to leave growth in the hands of private business and free market operation.

Sometimes landed classes were threatened by the new order and opposed it in an attempt to block social change. In central Europe Germany was very successful with the accommodation of regional and social interests in the Zollverein integration of markets and partners, but other countries faced rather difficult paths toward the easing of social tensions.

Freedom for the labor force, new property rights, tax reform for fiscal policies and protectionist attitudes were the main instruments towards modernization\textsuperscript{1272}. Although

\textsuperscript{1270} Janson (2002).
\textsuperscript{1271} Spring (1977).
\textsuperscript{1272} At most, experiences of free trade depended on the periods.
growth and protection are positively correlated, in most of these countries economic growth and modernization was mild and slow through the nineteenth century, then seeing stronger growth in the inter-war period and particularly in the post-war era.

The point is that a small number of less-developed nineteenth-century nations responded more quickly to market institutions, while many others responded more to qualitative understanding and central policies in order to first put in motion conditions for market institution feasibility and competition, thanks to local institutional constraints.

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Flórez Estrada y el liberalismo¹²⁷³

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El economista asturiano Álvaro Flórez Estrada (1766-1853) ha sido llamado «el más destacado teórico del liberalismo» en la España decimonónica, cuyas ideas liberales, incluso «extremadamente liberales», «nadie discute»¹²⁷⁴. Sus ideas sobre la propiedad de la tierra son abordadas como si se tratara de una mera excepción que no afecta su discurso. En el presente ensayo exploraré las apreciables limitaciones del análisis liberal de Flórez, especialmente en su obra más importante, el Curso de Economía Política, cuya primera edición fue publicada en Londres en 1828.

Nuestro autor bebió en fuentes liberales. En su Representación a S.M.C. el señor don Fernando VII en defensa de las Cortes, publicada en su anterior exilio londinense en 1818, dijo que sobre política John Locke era «el primer oráculo del mundo sabio», y en su Discurso en Defensa de las Sociedades Patrióticas que pronunció en las Cortes en febrero de 1820 afirmó que Locke era «el más profundo y moderado de todos los políticos». Dice Salvador Almenar que Flórez fue «el primero y principal intérprete radical de John Locke en España»¹²⁷⁵.

Defiende Flórez la tradición liberal española, con una cita del código visigodo:

El príncipe debe ser el más obediente a la ley y por lo mismo, antes de hacer leyes para los pueblos, conviene hacerlas para el monarca.

Niega que los liberales fueran jacobinos, revolucionarios o subversivos, y apoya la democracia en tanto que fundamento de la Constitución:

la voluntad del pueblo debía servir de norma a las resoluciones de las Cortes¹²⁷⁶.

Muestra una confianza irrestricta en las leyes per se, siempre que broten de la voluntad popular, como si el paso de la soberanía regia a la de la opinión pública zanjase el problema político de la libertad¹²⁷⁷. La discusión sobre titulares y ejercientes de la soberanía disolvió la cuestión merced a convenientes contratos sociales rousseaunianos, basados en cesiones de derechos individuales a la voluntad general, y las disquisiciones sobre el

¹²⁷³ Se publicará en inglés en The Independent Review. Una primera versión de este ensayo fue expuesta en el Curso sobre Flórez Estrada organizado por el Real Instituto de Estudios Asturianos en Oviedo en noviembre de 2003. Lo presenté el año siguiente en la Fundación Hayek de Buenos Aires, en la Universidad Rey Juan Carlos y en el Seminario Lucas Beltrán de la Universidad San Pablo CEU, en Madrid, en este último caso con Fernando Méndez Ibiasate como comentarista; y en el IV Encuentro Ibérico de Historia del Pensamiento Económico, Lisboa, diciembre de 2005. Agradezco a organizadores y participantes de estas reuniones, y también los comentarios y críticas de Salvador Almenar, Pablo Atienza, Paloma de la Nuez, Luis Perdices de Bías, José Luis Ramos Gorostiza, John Reeder, Alfonso Sánchez Hornigó, Manuel Santos Redondo, Pedro Schwartz, Gabriel Tortella y Estrella Trincado Aznar.


¹²⁷⁷ En su Constitución para la Nación Española, de 1809, había escrito: «Es un principio innegable que los males de una nación no pueden curarse con otros remedios que con una buena constitución y unas buenas leyes». Al consignar los derechos imprescriptibles e inalienables no menciona la propiedad sino sólo el fruto del trabajo (Flórez Estrada, 1958, 113, pp. 312 y 315-6).