

# Settler Economies in World History

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CHAPTER NINETEEN

INSTITUTIONAL PATTERNS OF THE SETTLER SOCIETIES: HYBRID,  
PARALLEL, AND CONVERGENT

Christopher Lloyd

THE COMMON INSTITUTIONAL PATTERN OF THE SETTLER SOCIETIES

The Neo-European settler societies constitute one of the three broad paths of economic and social development during the great transformative era of world history that began in the 18th Century and was preceded by the rise to world dominance of Western European imperialism from the late 15th Century. As we have shown at length in this volume, the special combination of natural resource abundance and primary exports, capital abundance, and labor scarcity, were the key elements underlying the settler economic and institutional trajectory of resource intensive development that resulted in many places in the transition to modern industrial economies and societies. This path contrasts with those of, firstly, the capital intensification route of handicraft industries that led to industrialization and then rising wages and later to modernization and, secondly, the labor intensification route of handicrafts that also led to industrialization but with relative wage suppression and delayed modernization. Each of the three ideal typical routes were framed by peculiar institutional as well as environmental and economic contexts that were powerful determinants of the paths followed.

The inextricability of the interconnection between production systems and institutions has been understood by many historical social scientists, from Adam Smith onwards, but there is no consensus about how to conceptualize, theorize, and study this interconnection.<sup>1</sup> The argument of

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<sup>1</sup> The two broad approaches to institutional history or historical political economy are, firstly, the rational choice, individualist approach that emphasizes formal rules of economic behavior and institutions and is epitomized by the work of Douglass North and the New Institutional Economics, which in turn has been strongly influenced by orthodox economic theory; and, secondly, the substantive approach that emphasizes informal rules of social structures and power within organized systems of regulatory regimes and is strongly influenced by the heterodox tradition springing from Marx, Weber, Polanyi, and Darwin. *De facto* rather than *de jure* realities are more important for this approach.

this chapter is that a materialist and substantivist approach to the long-run history of institutions, governance, and regulation is best able to explain what has to be seen as a pattern of *parallel and convergent* paths of economic and institutional development across the settler world. In essence, it is argued, a particular combination of natural resource abundance, labor scarcity, and abundant capital supply (from the mid-19th Century especially) in the settler regions was a fundamental determinant of their historical political economy, notwithstanding the significance of the institutional inheritance from the differing early colonial eras. Furthermore, of that institutional inheritance, a crucial variable that was introduced from the late 18th and early 19th Centuries was independence versus colonial dependence and this variable had quite different effects depending on context. The independence of the United States, for example, laid foundations for westward expansion and a more dynamic frontier that strongly influenced all later economic and institutional development and led to an institutional gap opening between the US and British North America, which henceforth evolved on parallel rather than identical paths. On the other hand, the independent United States was unable to overcome the pernicious legacy of slavery (despite British abolition of the trade in slaves in 1807 and the institution in 1834) except through a costly civil war. The independence of the South American countries from about 1820 meant they then lost any possible influence from the countervailing power of imperial authority compared with the Anglo settler colonies of Canada, Australia, New Zealand, and South Africa, where the British authority could still play a vital role against frontier atavism in the crucial early 19th Century and afterwards. The long-run *beneficial* effects of constitutional dependence were important in the Anglo dominions, in contrast with the Hispanic settler societies.

Thus, it is argued, the deepest and most fundamental level of determination of the histories of these regions came in the first place from the *material forces of production* (land, labor, and capital), which in turn set the context for local institutional history (especially in the sense of ownership and governance of land, labor and capital) which, in turn, fed back upon the economic histories to influence their trajectories. Local contingency was always important but should be seen within this material path of dependency. Another way to state this basic point is that the settler societies form a distinct group because they became and are, indeed, *settler* and *capitalist* economies and societies with the special material characteristics that they share and which have remained fundamental to their entire history. Irrespective of their colonial origins or continental

locations, they have evolved on parallel and convergent paths *in the long-run*, despite some divergences in the short-run from time to time, because of the continuing significance of the material foundations of their existence. And by 'parallel' is meant that they followed similar paths but not necessarily at the same time. There were leaders and laggards, to be sure.

By the early to mid-19th Century the settler societies were converging at varying speeds on the ideal typical settler pattern of land-extensive capitalist export agriculture, capital intensive mining in many places, free labor, large-scale immigration, and the construction of wealthy, vibrant commercial cities with liberalizing constitutions. Then by the late 19th century the labor factor moved to the centre of economic and institutional history and was instrumental in the emergence of forms of a developmental and welfare state due to subaltern class pressure and political pluralism. Australia and New Zealand were first (Reeves 1902), Canada and Uruguay also early in a more limited way. By the early 1930s the United States led the world in the formation of its developmental/welfare state as the New Deal. But the 1930s-40s was a watershed from which the Latin American countries did not fully recover economically and politically for many decades, despite of or in part because of the distorted way in which their developmental states were institutionalized. The Cold War, Vietnam War, and Conservative hegemony in the United States also saw social retrenchment there in the era of republican dominance.<sup>2</sup>

The divergences of the mid-20th century of the South American countries and of the United States from the others were temporary, however, and the parallel path was resumed again during the Neo-Liberal era from the 1980s throughout the settler world. That regime of political economy was then itself partially repudiated everywhere within the first decade of the 21st Century and a new path converged upon. In the 21st Century, with the full restoration and, moreover, seemingly final consolidation of *de facto* democracy, the developmental/welfare state has again become the framework for political economy in the Southern Cone of South America, and so is enabling that region to converge once more towards the Anglo model epitomized by Australia, Canada, and New Zealand (Riesco 2009, Mainwaring and Scully 2010, Huber and Stephens 2010). That model combines, as Huber and Stephens (2010) have shown, a more or less successful social policy regime (poverty reduction, education, health)

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<sup>2</sup> The strange case of Apartheid South Africa was partly within the pattern in the sense of the white working class achieving a welfare state development but of course the numerically dominant black, colored, and Asian populations were excluded.

with economic development and democratic political institutions. Without a social welfare program to ameliorate inequality, democracy is imperiled and economic prosperity is, in turn, essential to welfare policy. There is reason to believe that this path, on which all the settler societies were travelling in the early 20th Century at different stages, is in fact the most powerful direction in which mature capitalism travels everywhere.<sup>3</sup> The possibility of institutional convergence by the Hispanic settler societies on the Anglo model is now real again.

This argument differs, then, from those who maintain that the colonial origins as Iberian, Francophone, Anglo, or others, tells the main or even whole story.<sup>4</sup> That story sees the Latin American and Anglo settler worlds, as the main examples, differing because of institutional inheritance and so remaining fundamentally always divergent.<sup>5</sup> Such divergence, it is argued here, on the contrary, is apparent only if a short-term, mid-20th Century perspective, rather than a much longer-term view, is taken. Moreover, the long-term view backwards from 2012 reveals a recent *re-convergence* on variations of a neo-development/welfare state model of political economy. This will be articulated in detail later in the chapter as a result of examining the material/structural evolution of several centuries in order to grasp the fundamental economic/institutional path to the present. Thus the empirical issue is about (a) which path dependency, and to what effect, has been crucial in these comparative histories and (b) the importance of historical contingencies in each of these countries.<sup>6</sup>

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<sup>3</sup> We can call this 'path' that of Social Democratic Welfare Capitalism' and the argument that this is the fundamental tendency of capitalist societies is defended in Lloyd (2011).

<sup>4</sup> An argument that concurs broadly with that of Louis Hartz (1964) about the institutional and cultural metropolitan background being the paramount influence in the history of the Neo-European fragments.

<sup>5</sup> The voluminous literature on divergence between Latin America and North America and other advanced states unfortunately sometimes takes Latin America and OECD countries as more or less homogenous entities and does not sufficiently compare the Southern Cone countries (Latin America's only true settler societies) separately with Australasia, a much more relevant comparison. Important exceptions that have made these more fruitful comparison have included Denoon (1983), Duncan and Fogarty (1984), and the relevant chapters in this volume.

<sup>6</sup> The argument of this chapter can be compared with Schwartz's (2010) important argument in favor of a framework using von Thunenian theory, among other sources, that sees the whole world as an evolving systemic structure over recent centuries, which it clearly is, but which could give a bigger role for local conflicts, contingencies, and hybridities. Cf Lloyd and Metzger, Ch 1 of this volume.

## THE LONG-TERM VIEW

With the very long view in mind, then, we see that world history, in the sense of a unified structural process, began with the European outward expansion from the late 15th Century which eventually tied all the continents together into a single economic, political, social, and biological system (Lloyd 2005). The fundamental fact of *material development* in the sense of mastery of nature and the consequent vast increase in material production and consumption, standard of living, health and life expectancy, has been a central theme of the later or modern part of the era. The combination of progressivist ideology with military force, science, and capitalist institutions, has forged the global system from the 18th Century onwards.

The three main routes of technological intensification, labor intensification, and resource extraction that economic development has taken from the 18th Century (Sugihara 2007, 2009, Pomeranz 2002, 2011, Barbier 2005) do overlap to some extent and are not simply exclusive to parts of the world but, nevertheless, we can see that these routes are closely associated with Europe, Asia, and the Settler regions, respectively. The temperate settler zones, with their low population densities, labor scarcity, and natural resource abundance, became by the mid 19th Century areas of comparatively high wages and labor strength, underpinned by resource export wealth, extensive capital investment, and later technological innovation. Outside these three developmental zones, the labor-abundant mestizo, slave, and tropical peasant societies were all comparatively stagnant in the 18th-20th Centuries modernization era, whatever their resource base.<sup>7</sup>

The resource-extraction and labor importation route to development came about through processes of conquest, indigenous marginalization

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<sup>7</sup> Those countries that had suddenly found themselves with resource abundance in the late 20th and early 21st centuries (such as the underdeveloped oil exporters) have had quite different experiences, depending in part on their labor abundance or scarcity, as the resource exports have boomed. The 'resource curse' blighted some but in other places there has been a 'resource blessing', depending in large part on the institutional framework in which booming resource sectors have grown and where institutions have in turn arisen in a context of labor supply. The contrast between Nigeria and UAE could not be starker. The oil sheikdoms of the Middle East are resource abundant, labor-scarce, societies that have drawn in large numbers of low paid, disempowered immigrants. They are not settler societies because the immigrants are not permitted to settle. The indigenous people have retained absolute control of resources and power, in stark contrast with the settler societies.

and even obliteration, settlement, and investment, but such processes were not pre-ordained by the geographical and imperial conditions of the Age of Empire. Contingency played an important role and the settler form did not 'triumph' in much of the temperate zones until the 18th century although having laid foundations in earlier centuries in the Americas and Africa. Not all new world sites of conquest became settler societies as such, not even all those where the indigenous people were essentially destroyed, such as the Caribbean islands. In particular, we should see that settler societies were the creations of the contingent intersection of imperial policies, specific geographic and demographic conditions, and historical processes and events on the ground. The intersections of these forces produced somewhat different institutional and socio-economic outcomes in each settler society but, notwithstanding this contingency, and although institutional background and local history were important determinants of the variations that emerged from somewhat similar geo-demographic conditions, the variations were not unlimited. Why did the settler societies evolve institutionally on *parallel (leading and lagging) and even convergent* rather than divergent paths despite their different colonial origins?

The first step to answering this question in more detail is to see that institutional history and analysis should not be concerned with the *origins* of institutions as such but with the *history* of institutions as a process of gradual and sometimes rapid institutional *evolution and transformation*. Institutional history is always an evolutionary process in that nothing emerges *de novo* but always from a prior existing state or structure. This is true even in conquest societies that come about from the violent imposition of one socio-institutional form on the structure and territory of another. There have been no more extreme or violent examples of such a process than that of the settler conquests of the supposedly 'empty' or 'uncivilized' or 'unorganized' lands of the neo-European settler societies. A great contrast existed between European societies and the hunter-gatherer and rudimentary agricultural societies that they conquered in the temperate zones of the Americas, Australasia, Africa, and elsewhere. The economically 'undeveloped' nature of these societies was a crucial determinant of the subsequent, post-conquest history. Nevertheless, the emergent forms of these zones were not simply 'creations' in the sense of Europeans imperialists simply sweeping clear the fields of conquest and creating new societies from virgin soil. The new formations were hybrids. The agency of indigenous people was always present in these formations and the settlers themselves came with much

old world baggage they employed in their settlements in both structurally determined and ad hoc ways.

#### LAND, ANIMALS, AND LABOR CONTROL – ORIGINAL HYBRIDITY

In what later became the settler regions, European colonial projects began in most places as urban bases for exploration, land seizure, commodity gathering, concentration of commodities from the interior, shipping, and administration, and so served various interests such as state and private trade and plunder, imperial geo-political strategy, economic adventurism, religious utopianism, and the exiling of prisoners. The combination of institutional ‘transplants’ and indigenous trade meant that the possibilities of innovative hybrids were present from the beginning and while these ‘foundational’ moments remained influential ever since there was a dynamism in these new worlds that enabled the transcendence of origins.<sup>8</sup> Indeed, the settler societies were formed disproportionately by people who wished to escape the old world economic, religious, social, and political strictures.

From these urban centers the hinterlands were soon brought under degrees of influence and control. The strength and scale of indigenous cultures, populations and their resistance and the natural conditions of resource extraction and agricultural production then became crucial. In these zones the land was ‘grabbed’ by state authorities and privateers and the indigenes were quickly or eventually displaced by violence and disease.<sup>9</sup> Still, the role of indigenous people in this violent dynamic was crucial in the foundational period for they were often not easily vanquished

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<sup>8</sup> Hartz’s argument about this has continued to resonate as an explanatory principle in the sense of the power of the foundations of the Neo-European countries to remain influential over long periods of time. While this argument contains a fundamental truth (cf Lloyd (2003) for an examination of this argument regarding the centrality of the state in Australian history) it should not overshadow the alternative explanatory variables of material forces of production and historical contingency.

<sup>9</sup> The long and bloody history of settler-indigenous conflict varied a good deal from place to place. In the early years some indigenous societies succeeded for quite some time, such as in the Great Lakes region, the Argentine pampas, the Chilean south, New Zealand, and Southern Africa, in resisting and/or successfully accommodating to settler incursions. In others, especially South East Australia and in Tasmania, they were decimated once the value of the land resource for large-scale sheep farming became apparent from about 1820. On the Argentinian pampas a similar decimation occurred once the state under Rosas and his allies decided to extend the frontier south after 1830.

and continued to play crucial economic and demographic roles in the new frontier societies.

The new hybrid colonial social structures and institutions that emerged were the product of the historical background of both sides, of their encounter and mutual adaptation, especially in the foundational periods of settlement. It is not surprising, then, that the settler societies of the Angloworld, the Iberoworld, the Francophone world, and so on, were significantly different from each other in the beginning and throughout their histories (cf Belich's 2009 extensive study and the critique in Lloyd 2010). But the similarities (see next section) were more significant than the differences due to material foundations and the necessarily hybrid nature of the early settlements. Thus settler/indigenous hybridity (see below) resulted from the material and social conditions of early European settlement in regions without significant large-scale urban settlements or developed agricultural societies. Where there were such agricultural societies, such as Mexico, Central America, the Andes, everywhere in South, South East, and East Asia, and most of Africa, with comparatively large population densities, settler societies could not form or survive and the imperialists came largely as rulers not as immigrants. Of course in many of those zones a different sort of hybridity also developed.

The formal ownership of the vast, newly-expropriated, land resource and its native and feral animals soon became, and long remained, a chief question, along with labor supply and control. The contest, initially with indigenous peoples and later with mestizo and other hybridized populations, over very valuable resources on frontiers, such as beavers, deer, seals, whales, feral cattle, feral horses, other species, and silver, was also in part a labor question. This was because the capacity to operate as private individuals conflicted with the desire (at least) of imperial authorities, large landoccupiers, and capitalist investors to exploit the labor power of semi-coerced workers to undertake these market-oriented commodity extractions. How to control workers was a constant theme until the mid 19th Century.

Thus the twin institutional dynamics of official organized concentration and unofficial dispersal marked the early history of these regions. Land tenure systems reflected the relationships between these conflicting dynamics and the metropolitan-derived importation of formal legal systems. The particular resource endowment of land, climate, and commercially exploitable species, especially animals, were important factors. Apart from beaver furs in the 16th-17th Centuries and bison for domestic consumption in the later 19th Century, North America provided no great

animal resource. Feral cattle on the South American pampas, on the other hand, became the foundation for a dynamic hybrid development that in turn strongly influenced the urban/frontier/indigenous dynamic (Rock 2010). Great wealth could accrue from the exportable resource of cattle hides. Similarly, seals and whales in Australia provided a rich resource for capital formation in the late 18th and early 19th centuries and the vast sheep flocks of squatters enriched the pastoral oligarchy through the 19th Century.<sup>10</sup> These frontier activities prompted various unsuccessful attempts to chain labor to frontier production processes. As the wild animal stocks declined and control of soil became the focus, attempts to chain labor to the soil also failed as in the notable cases of Australian convictism and Chinese indentured laborers in the pastoral industry. Temperate cropping and pastoralism, unlike tropical plantation agriculture, proved more or less unsuitable to servile labor systems and so free wage labor and family labor became the norm. The Southern South American pampas was a partial exception for there the power of landed elites with their quasi-feudal labor control was dominant and much of the labor remained semi-servile as *gauchos* and tenants.

'Hybridity' is the appropriate concept for the early colonization of the settler regions for it draws attention to the process of non-linear synthesis and emergence from quite different ancestries of a new form of social-economic and institutional arrangement that bears the signs and details of its mixed parentage. The key ideas in all the areas of the social sciences that claim to be dealing with hybridity are about 'emergence', 'adaptation', 'viability', and even 'dialectic'. Furthermore, hybrids are not simply articulations, which are usually exchange relationships through which more or less independent societies enter relations of greater or lesser co-dependence. Such articulations might lead to hybridizations but not necessarily, at least in the short run (on hybridization see Salomons 2006, Whatmore 2002, Altman 2005).

Hybrid systems of production, governance, and regulation should be understood as dynamic structures that are segmented into zones of quite different economic activity that have various connections with each other and with local, national, and global markets. A dynamic hybrid structure with differentiated but interconnected zones is the opposite of a linear stages concept of development that emphasizes a process of stages

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<sup>10</sup> It is tempting to paraphrase Marx's aphorism about the windmill giving feudal society and the steam mill capitalist society by saying that cattle gave Argentina the *estanciero*, sheep gave the Australia the squattocracy, and dairy cows gave New Zealand small farmer liberalism!

through which the whole society passes more or less at the same time. In a hybrid regime of production and regulation there are traditional or customary indigenous production and cultural zones, various mestizo zones of degrees of commercialization, and purely commercial zones of market production; all co-existing and overlapping to influence and depend on each other, such as in the Van Dieman's Land case of the early 19th Century (Figure 19. 1), and which can be seen still today in some developing countries, (such as in the Amazon region), the Arctic regions of Norden, Siberia, and Canada, and in Central Australia (Cf Altman 2005, Lloyd 2012).

In the Van Dieman's Land case this kind of segmentation was able to emerge with hybrid zones in the overlapping areas due to the existence of a local market established by the settler society, a quasi-mestizo segment (bushrangers) on the frontier intersecting between indigenous people and the local state, and the incipient world market for agricultural commodities (such as wool). Various local trade commodities (kangaroo meat and fur, domesticated hunting dogs, feral cattle, some rifles) and trading relations held the system together for a time until the imperial state decided to seize the rich grassland resource that had been the material foundation of the hybrid system (Boyce 2009). A similar structure and evolution emerged in many other places on the frontiers of settler societies, where indigenous populations were marginalized but still with

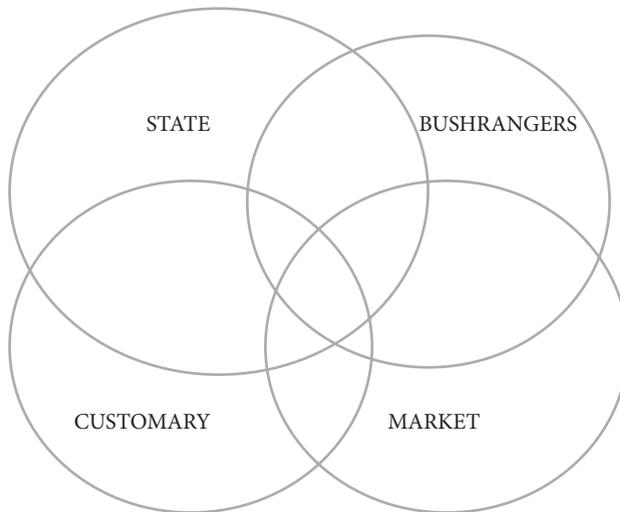


Figure 19. 1 An example of settler/indigenous hybridity: the production system of Van Dieman's Land ca. 1820. Venn diagram influenced by Boyce (2009) and Altman (2005).

a degree of agency, such as in the extensively developed mestizo/mulatto/indigenous communities dependent on feral cattle in what became the Argentinean heartland of the River Plate basin in the 17th and 18th centuries.<sup>11</sup>

Thus we can say with some confidence that settler societies all began life as hybrid socio-economic forms that naturally emerged as *ad hoc* creations quite quickly from the peculiarities of the local demographic, cultural, and geographical conditions that the European settlers encountered and to which they had to adapt.

#### THE DEEP MATERIAL SIMILARITIES OF THE SETTLER WORLD

Two fundamental and related facts, then, about the early history of the settler societies are that, first, they were born of land seizures, dispossession, and marginalization of indigenous people (Weaver 2003) and, second, while abundant in natural resources they were short of labor power to exploit the endowment. Hybridity was a response to the comparative weakness of capitalism in the early periods of these settler regions when control and exploitation of significant indigenous or immigrant (including slave) labor forces was impossible, in contrast with, for example, the tropical and Andean zones of Latin America.

The settler process of the Neo-Europes really was something new in human history. Through all the previous experience of wars and conquests by Europeans within their continent and in near eastern lands since medieval times, and in also in Chinese and Indian imperial expansions, the conquered people were not swept away, exterminated, obliterated by disease, or marginalized. On the contrary, the peasantries, craftsmen, and traders were incorporated into feudal socio-economic systems that exploited them but in a manner little different from their prior situations. In what became the settler zones, on the other hand, the seized land was largely 'cleared' of native cultures almost completely over time, either deliberately or inadvertently through disease, and so land was the greatest resource available and the one which the conquerors were most

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<sup>11</sup> cf Rock (2010), p 25 on Argentinean hybridity based on the feral cattle resource after about 1580. Perhaps the largest, best organized and prosperous case of settler/indigenous hybridity in the New World was the Jesuit mission system in the Parana and Uruguay River valleys in the 17th and 18th centuries until Jesuit expulsion in 1767, at which time about 50,000 native Americans were involved in their largely subsistence economy. (Rock, 2010, 51–54).

seeking (Weaver 2003). But the contradiction at the heart of the process was that the remaining labor could not easily be controlled because of the hybrid technological/regulatory system of resource extraction that naturally emerged in the vast woodland and grassland regions. The ideal typical settler form emerged gradually under these initial conditions of land abundance and labor shortage. Only later when abundant capital and immigrant labor became available in a world of rapidly increasing demand for the temperate commodities – such as furs, fish, meat, grain, wool, milk, and cotton – did the settler zone, hitherto so unexplored and unorganized by commercial relations, become the great supplier of agricultural commodities and later of strategic raw materials such as animal oil and precious metals, displacing suppliers from peripheral regions of Europe in the 19th Century.

Thus the particular intersection of the natural conditions of the temperate zones with international capital,<sup>12</sup> and the geopolitical and cultural background of metropolises, brought forth in these domains, once large-scale immigration began in the 19th Century, a particular kind of Neo-European settlement pattern and institutional organization that has several key interconnected characteristics more or less common to all the main cases of North America, Southern South America, and Australasia, and to a lesser extent in other settler zones.

(1) *Frontier/Urban Tension* Imperial authorities attempted to control access to the “new” lands but largely failed and so effectively created open frontiers in which the indigenes were the losers. The conflict between bureaucratic restrictions on settlement and frontier expansion was a constant theme through all these regions.<sup>13</sup> A class of large private land-occupiers emerged in many places, the result of violent land seizures and appropriations, which resisted imperial and local authorities with varying degrees of success. Atavistic socio-political movements for autonomy often emerged in the frontier districts that local states found difficult to control. The highly profitable resource extraction possibilities that motivated the neo-landed elite became increasingly important as the 18th and

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<sup>12</sup> Most of the capital came from Britain and to a lesser extent France as the era of capital abundance progressed in the second half of the 19th century. Cf the exhaustive study in Davis and Gallman (2001).

<sup>13</sup> An interesting example was the abortive Regulator Revolt in North Carolina in 1771 in which small farmers and squatters on the piedmont frontier rebelled against the colonial authority, socially based in the ‘Tidewater Aristocracy’ of large slave-owning planters on the coastal plain, which had attempted to impose tighter colonial power.

19th Centuries wore on. This production regime reinforced a growing rural/urban division but which later became a tense symbiosis as world trade grew. The agrarian frontiers and the commercial cities, which provided the transport, shipping, finance, organizational, educational, judicial, recreational, and administrative services that the highly profitable resource extraction sectors required, became increasingly interdependent materially but conflicted politically. This frontier/urban dynamic played out in various ways across the settler world but in all of them there was a struggle for power, the outcome of which was not pre-ordained by older institutional/cultural legacies derived from metropolitan influence. The balance of forces swung on contingent local factors, mainly in the first half of the 19th Century. (See next section).

(2) *Labor Control* The issue of labor control was ever present in the minds of the neo-landed elite as well as the colonial authorities and various solutions were tried at various times, all culminating in large-scale free immigration. The hybridity of the frontiers remained more or less dynamic and viable for a time but the shifting frontier of incorporation and settlement pushed the agency of the marginalized indigenous and mestizo peoples further from the centre of activity as the reach of the world market penetrated inland. As the hybridized involvement of indigenous production within the colonial regime became less viable in many places they were displaced by immigrant labor. Being capitalists engaged in production for the world market, landlords and miners wanted to keep such labor as servile and as cheap as possible and in some places succeeded in imposing degrees of control through various forms of indentures and bondage.<sup>14</sup> Slavery was never a very viable option in these temperate land-extensive agricultural regions for the production process and lack of labor control systems militated against it.<sup>15</sup> Rather, free labor became the norm throughout the settler world by the mid-19th century whether as wage workers, family homestead farmers, share croppers, or tenanted family farmers.

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<sup>14</sup> Australian convict labor (which was far from slavery) was perhaps the largest example but it was mostly gone by the 1840s. Indentured Chinese and later Pacific Islander labor was used in limited ways. In Argentina the semi-servile gaucho system was important on the pampas. In Chile the *oficina* system of dependent mine labor persisted until well into the 20th Century.

<sup>15</sup> Argentina and less so Chile are partial exceptions where there was limited African slavery from the foundations in the 16th century until the early 19th Century but slaves were mainly employed in urban activities and some mining and, most of all, as soldiers. The many independence, civil, and regional wars in the Southern Cone were disproportionately fought by African soldiers with severe demographic consequences.

In contrast, by that time, bonded labor, serfdom, and slavery remained common throughout the rest of the world except Western Europe.

(3) *Labor Supply* A discourse about labor scarcity in the New World began with Adam Smith and was further emphasized by Wakefield, Marx, and others in the 19th Century. The institutionalization of immigrant labor supply and organization and the resulting political policies and conflicts has been an important policy issue from the 1830s in United States, Australia, Canada, New Zealand, and Argentina. This issue played out differently in each case, depending in part on the inheritance of institutions from the founding era. The opening of vast lands for homesteaders first in the eastern woodlands and later in the Great Plains was fundamental to American history. In Argentina the inheritance of a powerful rural atavistic oligarchy of large landowners, locked into place a system of sharecropping, small renters, and semi-servile estate workers in rural areas that prevented a wide-scale family farming development, although there were limited attempts to do so. Immigrants tended to stay in the cities and thus became available as an urban workforce that then became organized as a social movement with a redistributive ideology. In Australia, on the other hand, the partial defeat of the landed oligarchy (the Squatocracy) by liberal urban forces in the 1840s to 1870s (see next section), the opening of rural areas to family farmers, the development of a large mining working class, combined with an immigrant labor inflow to the cities, led to a liberalization and a social democratic movement by the late 19th century that combined rural and urban working class interests. In New Zealand there had not been a significant development of large estates, largely due to the strength of Maori resistance and their existing agricultural society, and so small family farming became the norm from the beginning under Wakefieldian influence. In Canada the great immigration wave was essentially urban but the wheat frontier of the late 19th and early 20th Centuries attracted large numbers of immigrants to become family farmers.

(4) *Capital and Commodities* Integration into the rapidly growing world market from the early 19th Century consequent upon European industrialization had a rapidly transformative economic effect in the settler world for it was poised to reap the commodities bonanza. Food, fibers, hides, metals were abundant and capital to exploit them was now vastly enhanced. The fully capitalist transformation of the settler zone could 'take off'. Just as the capital supply became available (largely from Britain, the great surplus country of the 19th century (Davis and Gallman 2001)) so

the financial institutions were formed in the City with their branches around the world and the people needed to do the work were bred and released in Europe. The freeing of capital and labor in the Old World and their employment in the New were made possible by relative peace, stability, and openness in both spheres after 1815.

(5) *Mineral Dynamism* The role of mining was significant in both its presence and absence. Mineral wealth where it existed was a crucial variable in the 19th century in enabling the accumulation of capital, potentially strong economic linkages backwards and forwards to manufacturing (eg: the central economic role that the BHP company played in Australian industrialization), and the rise of a significant capitalist sub-class that was not directly tied to landed wealth and which, therefore, could develop an alternative political power base and alternative economic and political connections to international finance. Mining needed large supplies of labor and so for mining capitalists in the labor-deficient settler societies the immigration issue became central. The promotion of mining employment in turn enabled the creation of a militant working class movement with social welfare objectives. (More on this below) It is interesting to contrast the different historical political economies of Western USA, Canada, Australia, Chile, and South Africa in this regard, with Argentina, Uruguay, and New Zealand, all of which had comparatively insignificant mineral wealth. In the first group, mining companies, investors, and workers movements became important players in the infrastructural, industrialization, policy-making, and institution-building processes of their countries. The capitalists supported free trade and the workers wanted redistribution and employment protection for social welfare. In the mining deficient group these socio-economic forces did not exist, with, therefore, it could be inferred counterfactually, political and policy consequences for the emergent developmental states of the late 19th Century. The power of mining 'interests' and working class militancy in Australia, Chile, Canada, and South Africa, right up to the 21st century, can be traced to these 19th Century developments. Without the countervailing power of mining the relative power of agrarian and farming interests were greater within the political economy of these states, as evidenced strongly by New Zealand.

(6) *Subaltern Class Strength* The forces of frontier autonomy and later of subaltern class strength, embellished by immigrants extruded from the dark industrial cities and peasant exploitation of the Old World, empowered many settlers against local and metropolitan authorities and opened

the way first for political independence and later the possibility of enfranchisement in formal and informal ways. Here the issue of liberalism and its constitutional expressions became a central theme in various forms from the 1820s. Local contingencies stemming mainly from the history of each country determined the strength and viability of liberalism and constitutionalism. (More on this below.)

CONTINGENCY IN ARGENTINA AND AUSTRALIA AT A CRUCIAL MOMENT:  
A COMPARATIVE SKETCH

As this discussion of material foundations and institutional developments indicates, the history and transformation of early settler political economies is a complex story with many local differences that really require detailed explication in each case. One example of comparison, that of River Plate and New South Wales in the early 19th Century, can illustrate the point for their similarities by 1810 were very significant but their experiences afterwards were for a time quite different.

In 1810 the River Plate region was dominated by large, export-oriented landholders (the *Estancieros*) with servile labor forces, jealously protecting their frontier power and inter-American trading links against colonial and imperial authorities, allied to militarized rulers of the region and large merchants in Buenos Aires, and strongly opposed to an extension of constitutionalism. Similarly, New South Wales was a military-run colony in command of a large servile labor force and a rising class of large land grantees, many of whom had military roots or connections, who exploited that labor and who were resisting restrictions on their expansion, wealth, and political power.

What happened next in the 1810s to 1840s period in each case was vital for the subsequent history of both. The events of those decades were contingently determined by the local political conflicts and economic circumstances but the struggle over ownership and use of vast new land resources was pivotal. In the case of Argentina, which endured a violent and turbulent decade of 1810–20 before gaining full independence, the central institutional issue became unitary government from Buenos Aires versus local autonomy and federalism. Servile labor remained the backbone of the rural economy, dominated increasingly by *estancieros* and their militarized local elites. Buenos Aires merchants increasingly controlled the international trade and the local caudillos had little choice but to co-operate or face economic decline. The rapid expansion of the

frontier southwards after a violent vanquishing of the Indians in the early 1820s opened vast new tracts of land for the *estancieros*. In this context, the policies and role of Bernardino Rivervadavia, the chief unitarist and leader of the modernizing faction, was a crucial moment. His attempts before and during his brief Presidency (1826–27) to liberalize the constitution, establish a public university and other secular modern institutions, reduce the power of the Church, and control use of the new, nominally state-owned land through rents, were largely failures (Rock 2010: 98–99). His radical unitarism, concessions to British merchant and capitalist interests, and failure in the war against Brazil to recapture the Eastern bank of the River Plate (now Uruguay) led to his resignation and a new civil war.

Power was seized by General Rosas in 1829 and a military dictatorship ensued more or less unbroken until 1852 during which a loose federal system was instituted, with Buenos Aires as its dominant force because of its control of international trade, and the opening of even more vast territories to the south and northwest, parceled out to military officers and others to create a new estancia class. Rosas himself owned 800,000 acres and grazed 500,000 cattle (Rock 2010: 108). Several bouts of civil war racked the country in the 1830s and 40s until Rosas was overthrown in 1852. Any idea of land reform to break up large estates was impossible as the estancia class had enriched itself at every turn of the political violence that racked the whole River Plate region while the landless rural and small town population declined into greater poverty and servility. Not until rural exports recovered in subsequent decades and large-scale immigration began did the society recover and the arrested development of constitutionalism and liberalism become once more significant on the foundation of economic prosperity in the second half of the 19th Century.

In the case of New South Wales, any local hybridity on the frontiers of the settled districts had been undermined by the march of sheep once vast new lands were opened west of the Great Dividing Range in New South Wales from 1813 and the Midlands of Tasmania from about 1820. The Aboriginals were decimated, as in Argentina and Uruguay. The power of the sheep-station owners and their squatter allies beyond the official limits of settlement (often the same families) grew through their political conflicts with the colonial government, which was attempting to confine settlement, gather rents, and implement a Wakefieldian closer settlement and assisted free-immigration scheme. But the economic depression of the early 1840s largely undermined the Pastoral Interest (squatters and landowners) although not before some squatters had threatened armed

rebellion in favor of independence. The combination of the 1840s depression, international financial institutions, and rising urban middle class liberal interests, and, crucially, the British imperial regime through its colonial offshoot, transformed the situation by effectively transferring local political power to the urban reformers in Sydney and economic power to London bankers and brokers. Dependence on exports of wool had locked the Pastoralist into a dependency on foreign capital and convict labor that undermined their political influence in a context of growing democratic influence in the colonial government and in the New South Wales polity (McMichael 1984, Lloyd 2009). Transportation of convicts to New South Wales was ended in 1841. Following the crucial decade of the 1840s, when the sheep graziers cast a wide net to try to find new sources of servile labor and began importing Chinese indentured shepherds, the huge gold rushes of the 1850s further transformed the Australian economic and political landscape. Laborsaving technological change in sheep farming became a necessity as labor disappeared to the goldfields and land reform became politically possible in the subsequent decades. Democratic self-government, achieved in the early 1850s by urban liberals against the rural autocracy, and which in turn instituted *de jure* and *de facto* universal malehood suffrage and effective secrecy of voting (the legendary 'Australian ballot', the world's first secret ballot) (Argentina also had *de jure* malehood suffrage from 1852 but not *de facto* because of corruption and lack of secrecy); mass immigration to the goldfields; and the power of labor in a booming labor-scarce economy, were the foundations of the new political economy. The 'Pastoral Age' of the 1815–40 era was over. Gold displaced wool as the chief export and the economy, demography, and society were transformed by the golden tide. Even though the 'golden fleece' recovered its relative economic significance by the 1870s it was a technologically-transformed industry with a skilled labor force that became, along with the miners, the foundation of a militant, well-organized labor movement as the century went on.

What we can see in these two cases, then, is the combination of material foundations (including geography) and contingent events and processes producing quite different institutional and economic outcomes by the 1850s. Counterfactually, we can ask what would have happened in each case had certain crucial events and developments not occurred or had occurred in different ways. Outcomes were not foreseeable in many cases. The political gambles of the Unitarists and Modernizers in Buenos Aires could have been consolidated. Rosas could have been defeated earlier at many junctures. And there was always the factor of Buenos Aires

occupying a very strategic trade position at the head of the Plate Estuary and thus commanding most of the trade to and from the interior. The urban merchant class could have seized greater power. On the other hand, the opening of vast new land resources in a context of an existing estancia-dominated social structure was a consolidating rather than transforming development. In Eastern Australia the geography was both similar in the sense of a vast new land resource but different with several competing ports and settlements (Melbourne, Adelaide, Brisbane) emerging as the century went on. And, like Argentina, Eastern Australia also had its contingencies of politics and resources. The colonial states never really lost control of the land and in the 20th Century the 99-year leaseholders had their leases revoked for soldier settlement. A centrifugal force akin to the federalism of South America was a central institutional development supported from London that created separate colonies in Victoria and Queensland out of New South Wales in the 1850s and 60s, and which then began to compete with each other for capital and immigrants. On the other hand, democracy became entrenched thanks mainly to urban radicals and in part to the Colonial Office influence. The Squatters did not revolt after all; the 1840s depression was a sudden, transformative, irruption; and the discovery of large goldfields right across the continent was hugely transformative. Without gold, it's interesting to speculate, Australia may well have turned back towards a more atavistic estate-owning polity because free immigration would have been far less,<sup>16</sup> servile labor supplies more attractive, and urbanization stunted.

Thus *prima facie* these two settler societies were quite different institutionally by the 1850s. All the more remarkable, therefore, was what happened during the 'golden age' of commodity capitalism from the 1850s to 1914 because a parallel and convergent economic path emerged right across the settler world. The strength of international finance centered on the City of London rapidly bound the settler world into a tight and dynamic interconnection as commodity exporters and importers of capital, labor, and manufactures.<sup>17</sup> These material foundations of settler *capitalism* began to assert their fundamental influence over political developments.

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<sup>16</sup> The Port Philip District centered on Melbourne, the self-governing colony of Victoria from 1851, saw its population grow from 76,000 in 1850 to more than 500,000 in a decade, thanks to gold.

<sup>17</sup> The great power and interconnectedness of capital in this era is exhaustively examined in Davis and Gallman (2001).

## LIBERALISM, FEDERALISM, DEMOCRACY, POPULISM

From the 1820s constitutionalism and democracy became the central political issue across the settler world. Liberal constitutionalism was a fragile flower that bloomed during the American and French Revolutions but was driven underground in succeeding decades in Europe. The American example shone like a beacon, especially in Southern South America and Canada, and liberalism also began to gain a foothold in the British Colonial Office under the influence of the Philosophic Radicals. Liberalizing movements such as Riverdavia's campaigns in Argentina, Jacksonian democracy in America, the Canadian constitutionalists and free traders of the early 19th century, liberal reformers in Upper and Lower Canada, and the urban radicals and Wakefieldians in Australia and New Zealand, faced varying degrees of opposition and had varying degrees of success in developing constitutionalism in these countries. Their degree of success was the outcome of the balance of forces in each case. In the British Dominions *de facto* democratic government was everywhere achieved but in the Southern Cone the struggle took longer.

In both Upper and Lower Canada the rebellions of 1837–38 eventually resulted in unification and a more liberal constitution granted by Britain with responsible self-government by 1848 (also in Nova Scotia and New Brunswick) and similar outcomes in the Australasian colonies in the 1850s. Riverdavia's failure and overthrow in 1829 and consequent postponement of liberalism in Argentina, and the inability of liberals to capture power in Chile throughout the 19th Century under the 1833 Constitution, despite a significant presence and a slowly widening franchise, were due in part at least, it could be argued, to the lack of the countervailing imperial power against the rural oligarchies. In similar situations in Australia in the 1830s and 40s, that liberalizing power came partly from the imperial authority within the British Empire and more importantly from the homegrown Chartist radicalism of British immigrants. The independence of the South American republics and the history of militarization of the independence movement and on the frontier due to the strength of indigenous and mestizo resistance, left the urban societies open to anti-democratic conquests from the hinterlands in a manner not possible in the United States and the British Dominions. The general lack of success in Southern South America compared with the more advanced forms of liberalization in terms of constitutions and male enfranchisement in the Anglo states was due, then, largely to local history.

Frontier autocrats in the vast territories of Argentina and Chile, as well as in North America and Australia, were the most important political force that stood against urban liberalism in the first half of the 19th Century. The bifurcatory Civil War in the United States, for example, pitted the free-labor northern, liberalizing states against the atavistic southern plantocracy, which almost succeeded in splitting the United States into a sub-tropical plantation zone with similarities to other Caribbean plantation zones, and a typical settler society in the north and northwest. Chile, New Zealand, and Uruguay, being somewhat smaller territories, withstood or rejected the centrifugal force of local federalist autonomy movements but Argentina and Australia moved in the centrifugal direction of local autonomy. The centrifugal forces in Canada always remained strong and threatened the survival of the union of Upper and Lower Canada although the 1837 revolts were more directed (more or less successfully) towards liberalization and away from oligarchic rule.

Thus the role of imperial concessions in some places and rise of local political forces in others, in the context of the land/labor/urban dynamic identified above, opened in the 19th Century a window of possibility for liberalism in most settler societies to a greater extent than possible in most of the Old World (except in the Nordic region) or in other zones of the world system by the same time. Although liberal constitutionalism did not become completely entrenched everywhere in the Settler zone, as later developments revealed, it did become entrenched in the Anglo settler societies before elsewhere in the world. The relative weakness of liberalism in the southern cone of South America, although due mainly to the local forces ranged against it, was later overcome but its strength, when it did become successful, was undermined by its inability to fully vanquish its foes by thoroughgoing reform before the Second World War. Nevertheless, the Southern Cone was developing institutionally in parallel, if somewhat behind, the Anglo settler societies. The great commodity boom of the late 19th and early 20th Centuries and its attendant vast imports of capital and labor economically transformed all the settler societies and reinforced the liberalizing trend.

#### THE PARALLEL AND CONVERGENT PATTERN, 1850S–1914

A particular evolutionary pattern of institutionalization evolved, then, growing out of these key features articulated above. In the second half of the 19th Century a parallel, leading and lagging, pattern emerged. While

the British Dominions and the United States led, the others did move in a convergent direction. Central planks of this institutional structure by the late 19th Century were:

1. *Liberal Constitutionalism* Constitutions *per se* were not new in the mid-19th Century but their liberalization and, moreover, their *de facto* enforcement experienced a 'normalizing' trend. The United States had led the field, of course, being the first independent country in the settler world, and Latin America had a history of constitutionalism since the success of the wars of independence by 1820. But unlike the American, the Southern zone constitutions were far from permanent. In Argentina the 1826 the unitarist constitution was modeled on that of the US but soon collapsed with the federalist revolt and demise of Rivadavia.

In Chile federalism was soon abandoned after independence and a centralized and somewhat liberal constitution adopted in 1828 under Francisco Pinto, Rivadavia's counterpart. This soon collapsed and the arch-conservative Diego Portales seized power and virtually dispensed with any constitutionalism (Loveman 1979: 134–36). The conservative law-and-order forces entrenched their power with the anti-democratic Constitution of 1833. There then ensued, due to repressive stability, a long history of centralized autocratic presidential government with gradual reform from the 1840s towards parliamentary liberalization, an open (abortive) revolt in 1851 and further reform in 1857. In 1891 the democratic congressional forces finally were able to defeat the authoritarians in a civil war but the old elites still retained power through the congress. By 1927 democracy had all but collapsed and authoritarian government reigned.

Limited democratic reform also came to Argentina in the early 20th Century. Subaltern class movements that combined wage workers, shopkeepers, and servants, with ideologies of liberal democratization, socialism, and anarchism, rose in power. Partial electoral reform was achieved in 1912 and further reform after the election of the Radical Party President Yrigoyen in 1916. But this government was unable or unwilling to implement a full democratization and the 1919 uprising was crushed by Rightist reaction supported by the military. Thereafter democracy existed in form rather than substance because of fraud and corruption.

Uruguay's experience was somewhat different from elsewhere in Latin America with the emergence of corporatist compromise in the early 20th century in which the two main parties – Blancos and Colorados – agreed, in effect, to parcel out the spoils of office; a system that produced long-run, quasi-democratic, stability but at the cost of pluralism and political development.

2. *Enfranchisement* The extension of the franchise was formally widespread in the 1850s in Australia, New Zealand, Canada, Argentina, and the United States.<sup>18</sup> But not everywhere that had the male suffrage was a *de facto* democracy.<sup>19</sup> Further reform in Argentina in 1863 purported to open the franchise but this was a sham in a highly corrupt and fraudulent system. And only a small proportion of those formally enfranchised were actually registered and/or voted. Without secret ballots and a strong rule of law, democracy could not flourish.

3. *Populism* this predates electoral politics, in Latin America especially, and in important respects is antithetical to electoral democracy. However, it became a more powerful force in some places once the franchise was extended sufficiently to make electoral politics possible. Latin America has especially been prone to both left and right populism, epitomized by Juan Peron and Leopoldo Galtieri, but it has been significantly present also in the United States and Australia. Populism is essentially a chauvinistic, anti-rational appeal variously to nationalism, racism, and classism. The appeal has variously been to small farmer classes, disadvantaged regions, and declining urban lower classes. In Latin America populism has been inward looking and demagogic, demonizing internal and external enemies, notably agrarian elites or rich Porteño merchants and US and European powers. Australian populism has tended to be anti-Asian and pro-British and pro-American and been largely responsible for foreign military entanglements in support of British and American hegemony out of fear of 'the yellow peril'.<sup>20</sup> Indeed, fear and resentment,

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<sup>18</sup> The theory of Acemoglu and Robinson (2006) on democratization unfortunately has no discussion of the peaceful, permanent, *de jure* and *de facto* democratizations in Australia, New Zealand, and Canada in the 1840s–1850s and the peaceful extension of female suffrage in Australia and New Zealand in the 1890s.

<sup>19</sup> Full *de facto* democracy requires all these features: universal adult suffrage, universal registration, regular elections, equal and unrestricted access to polling stations, secrecy of voting, secure and uncorrupted counting of votes, and complete acceptance of the outcome by all contestants. New Zealand and Australia were the first countries to more or less fulfill all these features, in the late 19th and early 20th centuries. They also had a remarkable development of female suffrage in the late 19th Century, well ahead of other countries. The only comparable country was Finland (1906), and a little later other Nordic countries followed, which supports the contention of Settler-Nordic convergence, due, it can be argued, to the peculiar land/labor/capital nexus of these zones. The achievement of equality and democracy, after all, cannot be said to have occurred without female suffrage.

<sup>20</sup> An interesting example of recent populism was the Neo-Conservative Howard Government of 1996–2007, which contained these elements plus a demonizing of 'cultural elites', including historians, university professors, republicans, and the public Australian Broadcasting Corporation.

usually of 'elites,' rather than optimism have been the chief emotional drivers of populism everywhere.

**4. *Organised labor*** The industrial, mining, and rural working classes began hesitantly and in very limited ways to organize themselves from the 1870s throughout the settler societies. Mining workers were everywhere in the forefront, being able to develop class consciousness more easily in their large but dangerous workplaces. By the early 1890s these movements had significant power and in a striking parallel but mutually unaware development there was a major uprising of workers and reformers in Chile, Argentina, and Australia more or less simultaneously, at the forefront of which were mine workers in Chile and Australia. In all three countries a national crisis erupted<sup>21</sup> in the early 1890s, sparked by financial collapse and economic depression. This depression, beginning simultaneously in the London capital market and the chief settler creditor countries, was a striking indicator of the integration of the world market by then. The constitutional consequences in both Chile and Argentina were limited. While liberals had seen their influence grow the state was far from achieving a genuine liberal democracy which had to wait for decades. In Australia and throughout the Anglo settler world, the late 19th century saw the consolidation of liberal constitutionalism, and the spread of 'the Australian ballot' ensured de facto parliamentary democracy, especially when female suffrage was achieved. The beginnings of industrial arbitration, the rise of the Labor Party, and federation can all be traced to the upheaval of the early 1890s in Australia.

**5. *Subaltern Class Consciousness and Political Modernization*** Through the success of enfranchisement came popular movements for subaltern class rights and redistribution. These movements all had varying components of populism and centered on demands for working class welfare, workplace rights, and social development. The period from the 1890s to the onset of the Great War was one of the most epochal political eras of recent centuries. Liberalism, democratization, political parties, the rise of the working class, socialism, populism, welfarism, all came bursting to the fore. Here was the birth of modern politics and government and the settler societies were in the vanguard of developments. In particular, industrial labor unionization grew into political movements of syndicalist

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<sup>21</sup> Strictly speaking Australia did not exist as a polity until the 1901 federation but the separate 'colonies' (actually virtually fully independent countries) closely imitated each other in many policy areas.

or socialist forms. These political movements demanded welfare and employment protection and early systems emerged in several settler societies by the late 19th and early 20th centuries as among the world's first developments.

THE SETTLER DEVELOPMENTAL STATE: PATHS TOWARDS  
A NEW REGIME OF CAPITALISM

In this context, early forms of what we would now call 'a developmental/welfare state' emerged in several places in the settler world before World War One, considerably in advance of its development in Europe from the 1930s.<sup>22</sup> That this occurred 'on the periphery', as it were, is significant and is attributable to the power of labor movements in their various wage-worker, small shop-keeper, and small-farmer forms, supported by liberals, whose roots lay in earlier developments, and by populists.

Key features of this new model of political economy or of what is best described as a 'regime of capitalist regulation', were protectionism as an employment and import-substitution strategy and, through that policy, promotion of industrialization via linkages to primary production; granting of workplace rights; and beginnings of welfare systems including old-age pensions, child support, and public health care. The provision of public education was also important. The most advanced and democratic early form of this regime was instituted in Australia in the decade after federation in 1901, which built on outcomes from the great struggles of the 1890s labor disputes, and was predicated on legalized unionism and universal (including female) enfranchisement. The Australian system of laborist-protectionism had many additional features, including the White Australia policy and centralized, state-regulated, arbitration of industrial disputes (Lloyd 2002). The Australian Labor Party came to power first as a minority government as early as 1904 and then the majority Andrew Fisher government of 1910–13, the world's first working class national governments. Many features, especially arbitration and female suffrage, were shared by New Zealand. In the 1920s and 30s this regime was consolidated to 'protectionism all round', in which the state became the central actor

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<sup>22</sup> The concept of 'development state' has been applied to many cases of state-led development policies, including in East Asia, Latin America, Australasia, and Europe. Such policies have not always been allied with welfare state policies nor, indeed, with democracy. Cf. Riesco (2009), Petras and Veltmeyer (2007).

and regulator of the economy, including many sectors of agricultural marketing and exports, and around which a national political consensus developed that lasted for half a century. The Curtin and Chifley Labor Governments during and after the Second World War consolidated the regime.

In Latin America working class mobilization and enfranchisement lagged behind the Anglo world and struggles for recognition and power continued in the early decades of the 20th century. Working class political movements were either repressed or co-opted into the existing Liberal/Conservative hegemony. In Uruguay the stability of the corporatist compromise before the First World War and a comparatively enlightened conservative regime enabled the implementation of a welfare system ahead of anywhere else in Latin America. But economic stagnation and failed industrialization by mid-century had undermined this political and social system.

In Argentina the chief economic issue centered on the access of primary exports to European markets and the capacity of the state to tax those exports. Industrialization lagged behind the Anglo countries but protectionism was increased after 1922 and the Radical (Liberal) Yrigoyen was re-elected on a popular tide of hoped-for political and economic reform in 1928. But the onset of the Great Depression, widespread corruption, and financial irresponsibility destroyed the regime, which was overthrown in a coup in 1930. However, the Conservatives were unable to consolidate their position in the 30s, despite bi-lateral trade treaties that were supposed to aid exporters but which were soon seen as unfavorable to Argentina. Recovery from depression was rapid from 1934, as elsewhere in the settler world, and the late 30s was a period of rapid industrialization in Argentina, also as elsewhere, on the basis of official and unofficial protectionism that enabled import-substitution. The consequent rise of the urban industrial working class was crucial for tipping the balance of power finally away from the landed elites and reactionaries and towards a developmental/welfare state in the 1940s under Peron (see below).

The Chilean experience was one of class conflict and conservative reaction in the late 20s which led by the 30s to the more stable if authoritarian or even quasi-fascist government of Ibanez, who, like Peron in Argentina a little later, tried to co-opt and control the labor movement via state institutions.<sup>23</sup> Chile suffered very badly in the Great depression because of its

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<sup>23</sup> There was an interesting parallel with earlier developments in the laborist-protectionist regime of Australia from 1904 in these attempts to co-opt and bureaucratize

dependence on international nitrate and agricultural markets and political anarchy prevailed until 1932.

#### THE CRISIS OF THE 1930S–40S AND MID-20TH CENTURY DIVERGENCE

The Great Depression and Second World War was a crucial period for the comparative histories of the settler societies. From the 1930s the South American region experienced an erosion of the liberalizing/democratic/welfare path, mainly because of the economic and financial impact of the Great Depression and the partial collapse of the world trading system. The Anglo Dominions were not immune to retrenchment, of course, but their democracies survived without much threat and the Ottawa Agreement, preferential trade, and the Sterling Bloc were crucial to recovery. In the United States the New Deal led the world as a welfare and early Keynesian response, which could be understood as an example of a developmental/welfare strategy and this social democratic example spread to other Anglo countries and to the Nordic region in the 1930s. In the 40s the wartime trading arrangements, the economic stimulus of war planning, and access to Marshall Plan purchases further economically stimulated the Dominions. The industrialization of Canada and Australia, for example, was more or less completed by 1945 and the return to peacetime was a surprisingly easy transition, aided subsequently by the Korean War boom.

The 1940s were also pivotal in South America. In Argentina Peronism swept to full power in the more or less free election of 1946 on a tide of pent-up working class demands for welfare, redistribution, and employment security, as well as the growing tide of anti-American nationalism. Peron was a quintessential populist who was able to harness the rapidly growing power of organized labor through his control from 1943 of the central institution of labor bargaining, the National Labor Department (Rock 1987: 253–257). At first glance it seemed that Peronism represented

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industrial conflict. But in Australia's case the initiative had come from organized labor wishing to redress the balance of power against capital and had always been supported democratically whereas in Chile and later Argentina the initiative came from the authoritarian state wishing to legalize and then control and contain union power as far as possible. When the Bruce Government attempted to abolish centralized industrial relations in Australia in 1929 it was swept from office in an electoral backlash. Interestingly, the Howard Government also lost office in the 2007 election on the basis of almost destroying the centralized industrial relations system, which was thereafter partially restored by the incoming Rudd Labor Government.

the achievement in Argentina at last of a developmental/welfare state. Peron's slogan was 'social justice, political sovereignty, and economic independence', and his achievements included pension schemes, employment protection, defined length of the working day, paid vacations, improved working conditions, accident compensation, controls on female and child labor, binding conciliation and arbitration procedures, full legalization of unions, subsidized housing, employment agencies, guarantees of workers rights and just pay, fixed retirement age, and even 'access to culture'. Peron also succeeded in raising the wage share of national income from 38.3% in 1935–6 to 46.4 % in 1953–55 (Rock 1987: 262). But of course all this came at the price of repression of the regime's opponents and economic decline, stagnation and hyperinflation. Economic nationalism certainly succeeded in stimulating manufacturing but at the cost of efficiency. Without a growing and diversifying economy the welfare regime could not be sustained. Added to the economic problem was the ongoing isolation of Argentina from the American market, seemingly as a punishment for a failure to provide wartime assistance, and the closure of Marshall Plan purchases to Argentinean suppliers. While the Peronist Constitution of 1949 enshrined direct democracy and gave power to an enhanced presidency to nationalize resources and carry out land reform, growing corruption, demagoguery, violence, and electoral fraud, as well as economic crises, destroyed the regime. The military coup of 1955 was long in the making. Argentina entered on a dark period of social, political, and economic difficulty that diverged it sharply from developments in the Anglosphere and other developed countries.

Chile experienced a better era than Argentina after the upheavals of the late 1920s and early 30s. The second half of the 1930s saw political stability return under the partially democratic Constitution of 1925 and the implementation of many elements of a developmental/welfare state, including credit institutions, exchange control commissions, organised agricultural marketing and price control, the creation of a national development corporation, public housing, school construction, and enhanced social security. Industrialisation expanded, partly through public/private partnerships, and by the early 1940s the public sector accounted for 50% of all internal investment capital (Loveman 1973: 259). But by the late 30s and early 40s the left/right confrontation had once again broken the façade of Chilean stability. The working class, centered on the mines, adopted a revolutionary stance and Cold War politics came to permeate Chilean society. Economic stagnation, inflation, and industrial unrest plagued the era from the 1940s. The left grew in popularity and in 1970

succeeded in electing the socialist Salvador Allende on a platform of land reform, nationalizations, and social welfare; but severe repression followed the American-supported military coup in 1973.

Similarly, Uruguay in the 1930s and 40s failed to make the transition to the sustainable industrialization, economic growth, and pluralist, *de facto* democracy that would underpin the early development of the social welfare system. A developmental/welfare state failed to materialize. By the 1960s growing opposition from the organized working class and urban radical leftists brought on a crisis of the regime and prompted the coup of 1973 and the following repression and quasi-civil war between the state and the Tupamaros guerrillas.

Despite the trend of the 1920s and 30s in the Southern Cone countries, when elements of the developmental/welfare state were emerging, and the early promise of Peronism in the 1940s, the 'normalization' of those countries' political and social development, compared with the more economically and politically advanced Anglo and some European countries, failed to materialize. Economic underperformance and the power of anti-democratic forces were the fundamental realities and a large part of the explanation of them was the lack of stable markets for agricultural and mineral exports and continuing overreliance on those exports due to the socio-political and class composition of the countries.

Another way to put this is that policies for economic diversification were largely unsuccessful in Latin America and the political instability militated against the sustained implementation of such a program. This divergence from the success of the Anglo countries can be traced in some ultimate sense, then, to (a) the power of landed elites and the inability of reform movements to dislodge that power, (b) the gulf in ideology, economic structure, and culture between the cities and the countryside, and (c) the militancy of working class movements from the 1890s that were continually frustrated by their lack of power to influence *de facto* democratization and sustainable pluralistic polities and welfare systems, which provoked uprisings and violent backlashes from reactionaries.

#### RECONVERGENCE? FROM NEO-LIBERALISM TO NEO-DEVELOPMENTAL/ WELFARE STATE

The late 1940s to early 1970s was a golden age of economic and social development in the OECD countries, including the settler Anglo countries, in which Latin America did not share on the whole because of slow

growth. The gap widened in this era, especially in the 1980s, and so did the measure of income inequality (De Gregorio 2010). In Latin America the 1940s-80s period was one of conflict, military repression, economic nationalism, hyperinflation, and relative stagnation. But not everything stagnated in the Southern Cone countries. There was a demographic transition of enormous significance – falling birth rates, rising life expectancy, and massive rural-urban migration – but no corresponding political transition until the 1980s (Riesco 2009).

The military dominance was destroyed in the 1980s. A sudden event began the fall of the military dominoes – the fracturing of Argentine military populism and power with Galtieri's ignominious failure in the Falklands War of 1982. With surprising rapidity, the Southern Cone countries returned to democracy (Argentina 1983, Uruguay 1984, Chile 1990) but with the difference that these democracies have become since then much more *de facto* democratic in the sense of more or less full social participation and a development of a 'normal' (on advanced Western country models) of centre left/centre right parties and peaceful governmental alternation. Pluralist democracy seems to have become entrenched at last, albeit with remaining constitutional difficulties still to be overcome.

Two phases of re-convergence of political economy began from the 1980s. First there was an era of imposition of radical Neo-Liberal economic policies by both military and civilian governments as the supposed solution to the economic problem of stagflation. This new orthodoxy suddenly erupted throughout the Western world, having spread from Reaganomics and Thatcherism with roots in the Chicago School of economics. Fertile ground for this ideology was found throughout the settler countries. The stagflation of the 1970s was experienced everywhere, being blamed on both the Keynesian developmental/welfare state of the Anglo countries, Socialism in Chile, and statist, corrupt crony capitalism of the Latin countries generally. De-regulation, privatization, downsizing of the state, and welfare retrenchment were the orders of the day. Chile and New Zealand had the most striking cases of reform, the one violently repressive, the other legislatively radical. The economic results were mixed but did give initial hope that the new free market solutions would kick-start economic growth again. Of course free markets in ideas and votes did not exist in the South American dictatorships and the contradiction between neo-liberal economies and lack of politics, rights, and welfare, was unsustainable.

Neo-Liberalism, including dollarization in Argentina, seemed to solve the problem of hyperinflation but at a cost of capital flight and growing

inequality in South America and a postponement of more thoroughgoing social and economic reform. The 1980s was a decade of high growth in the Anglo countries and not even the severe recession of the early 90s prompted a change of policy. From the mid-90s the new 'golden age' of globalization enabled social and political stability throughout the settler world. But by 2002 neo-liberalism was under pressure, especially in Latin America. The devaluation crisis in Argentina was weathered more or less peacefully and the election of the Kirchners inaugurated a phase of social reform away from the neo-liberalism of the preceding period. In the 21st Century neo-liberalism has been discredited and this has led to a second phase of convergence – the emergence of a new developmental/welfare state model that came to the fore in southern South America and Australasia under centre-left governments in response to ongoing deficiencies in national economic management and public infrastructure, and in response to the Global Financial Crisis.

The new model centers on the reactivation of the public sector on several, interconnected, grounds – the need to rebuild the human, social, and physical infrastructure, the necessity for the state to take an active role in investment because of private sector inadequacies, the necessity to reduce inequality through education and investment, and the need for Keynesian-style monetary and fiscal policies to overcome the Global Financial Crisis and stimulate investment (Riesco 2009). But this *neo* development/welfare state model differs markedly from the old model of the early 20th century in its comparative fiscal conservatism in the settler societies and the refusal to resort to the old protectionism and inflationary populism. The legacy of free trade from the neo-Liberal era is holding. Public sector deficits, banking stability, and sovereign debt have been much more prudent and stable than in many other parts of the world economy during the 21st century financial crisis. Lying beneath these developments in Latin America is a new ideological commitment (to a greater or lesser extent) of all social factions and classes to political pluralism, stability, and genuine democracy. The threat of the military over the political domain has almost completely disappeared since the 1980s. The material demographic and economic transition in the 1940s-80s has created a much larger space for institutional modernization.<sup>24</sup>

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<sup>24</sup> The democratic form of developmental state is more sustainable than the authoritarian form, as certain East Asian countries have discovered, and this gives hope for the viability of the new South American model and will perhaps help it to converge on the Australasian model. (Cf Petras and Veltmeyer, 2007).

In Australia and New Zealand the new model has taken the forms of public infrastructure building, partial reactivation of centralized industrial relations, strong regulation of banks, improvement of University financing, improved pension investment, attempts at reconciliation and socio-economic inclusion of indigenous people (in which Canada is the leading exemplar), and Keynesian stimulus spending (as in all G20 countries) to ameliorate the crisis, at least in its initial phase.

This convergence institutionally towards what can be understood as a new 'standard' settler (or perhaps post-settler) model of a weak form of social democracy seems to be a remarkable development in the light of preceding decades but reveals, it should be argued, the deeper political culture inherent within the subaltern classes of South America as much as in most of the Anglo settler societies. That culture, springing from the 'liberation' of labor in the late 19th and early 20th Centuries is egalitarian and democratic in essence and founded on the power of labor in a labor-scarce environment. Of course the power of organized labor played out differently in each case but almost everywhere has witnessed the rise of labor during the last century as the most significant political force. The power of landed elites has been undermined in the settler societies, by the combined forces of liberals, labor and urbanization, but has never been fully vanquished (except in the US and never really existed in New Zealand) and only partially in Latin America.<sup>25</sup> Institutional convergences in recent decades are a 'rediscovery', in a sense, of convergences that existed in the late 19th and early 20th centuries.

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<sup>25</sup> The struggle of the Rudd/Gillard Labor Government in Australia, for example, to redistribute excess profits of the booming mining industry through a resource rent tax has run against the very powerful entrenched opposition of the 'new squattocracy' in the form of large resource corporations, jealously guarding their monopolization of these landed resources. The Chilean state has been more successful in implementing a Sovereign Wealth Fund to stabilize the boom/bust cycle of its copper exports.

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