Market Integration and the Welfare of Europeans

Final Report Summary - INMARWEL (Market Integration and the Welfare of Europeans)

The development of an integrated European market and its growing integration with the rest of the world has been, jointly with technical progress, main source of modern economic growth. The research project aimed at mapping this process in the long run, from the Black Death to WWII, and at investigating its causes and its effects on the welfare of Europeans. To this aim, the INMARWEL research team, in collaboration with the London School of Economics and the Universitat Carlos III (Madrid), has collected two massive data-bases of prices of commodities in Europe (1350-1940) and world trade (1800-1938). They will be made accessible to scholars soon and they will be a precious resource for the study of European and world economic history. The principal investigator, Giovanni Federico, and co-authors have started to use these data to address some key questions – such as when and why did the European commodity market integrated, when did 19th century globalization begin, how much did integration owe to technical progress in transportation and to political decisions about trade policy and so on. Some partial results have already been presented in conferences and published in learned journal. For instance, they show that the process of integration was long and far from steady, with accelerations (e.g. in the 17th
It can also be shown that the European and world economy opened to trade mostly in the central decades of the 19th century rather than towards its end and in the early 20th, as posited by the conventional wisdom. Another paper estimates that the long range integration with East Asian suppliers of primary products increased the welfare of Europeans by up to 3% in 1913 (and the welfare of producers by up to 8%). The work is still going on, and other interesting results will follow.