

Economic development in settler societies: Australia and South Africa in comparative settler development trajectories, 1850-1909.

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Abstract

The last half of the nineteenth century was characterised by the 'first phase of modern globalisation', which resulted in the formation of settler societies. These settler societies were dependent on migration from the countries of origin and displayed different paths of economic development. The colonies of South Africa and Australia were amongst these settler societies, where differences in factor endowment, discovered in the new environments, determined the economic development of the colonies. The colonies in Australia and South Africa were both British possessions. These colonies were actively participating in the globalization process as suppliers of raw materials and as recipients of migrants and of investment flows from the industrial core in Britain and Europe. The economic development of the Australian and South African colonies shared common features such as geography and climate, distance from the industrial metropolis, dependence on migration, agricultural economies based on exports of commodities such as wool and later minerals, especially gold. Both colonial entities encountered indigenous populations that became an integral part of the economic development. Remarkably little comparative research had been done on the nature and development of the two settler economies. Feinstein noted that 'for the period before 1870 there are no data on overall growth' on the South African colonies, but he relied on the Madison GDP data to do basic comparisons. He noted that the South African colonies were the recipients of a substantially smaller migrant population than Canada and Australia by 1870 and by 1913 lagged far behind Canada, Australia and New Zealand in terms of GDP per capita (Feinstein, 2005:3, 5, 6)

The aim of this paper is to present the first results of a comparative study on the composition, growth and performance of the early Australian and South African colonies during the last half of the nineteenth century. The paper uses the first systematic GDP data on the early British colonies in South Africa and compares the macro-economic indicators of real GDP of the Cape Colony, the Natal Colony with that of Victoria and New South Wales. Key aspects of the comparison include the comparison of the impact of the process of globalization on the development of the four colonies in the British Empire. The paper explores the trends in GDP volatility, the size and growth of the economies, the nature of economic activity and the nature and direction of trade. The paper will focus on the macro-economic issues in the colonies' comparison, based on newly compiled GDP data on the South African colonies. The impact of supply-side shocks, such as the discovery of minerals and warfare on these Southern hemisphere settler economies will be analysed. This paper aims to present a fresh insight into the similarities and/or commonalities of these two Southern hemisphere economies in an attempt to address the lacunae in original macro-economic data on the colonies as well as the systematic comparison of their development trends.

Keywords: Settler societies, growth, gross domestic product, wages, labour, comparative growth performance

JEL Codes: N1, O12, E3.

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