

**SMALL WAS BEAUTIFUL:  
BELGIAN WORKERS AND FREE TRADE BEFORE 1914**

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Standard trade theory, as invoked by political scientists and economists, would anticipate that in Belgium, an Old World country rich in labor relative to land, workers were in good position to benefit from the wave of globalization before 1914. But 'labor' moved slowly toward adopting a free trade position. I attribute the slow response to limited interindustry mobility into the early 1880s. In these years, workers' fortunes were tied to the sector in which they were employed and attitudes toward trade formed along industry, as opposed to class lines. All this changed with the advent of workers' trains. Wage differentials narrowed across sectors and workers came to share similar preferences toward trade policy. Beginning in 1885 the Belgian labor party openly supported free trade. Wage increases remained modest, however, and workers turned to the political arena to improve their standard-of-living. Forming strategic coalitions, workers levered their support of free trade to gain improved factory conditions and social entitlements. In the end, Stolper-Samuleson did come to Belgium and workers' well being improved, but the vehicle was not rising wages, but labor and social legislation.

## Introduction: Free Trade and the Welfare State

In 1885, at its founding congress, the *Parti ouvrier belge* (Belgische Werklieden Partij; Belgian Workers' Party; hereafter the POB) made free trade an integral part of its program.<sup>1</sup> The POB's position on commercial policy was shared by most European socialist and workers' parties of the late nineteenth century.<sup>2</sup> Schooled in Ricardian economics, Marx, himself, was an early devotee of laissez-faire, declaring in 1848 in a celebrated address in Brussels that "free trade hastens the social revolution (1848, p. 270)." Ever the pragmatist, Engels, in contrast, reasoned that protective tariffs would bolster jobs and membership in trade unions, and into the 1880s his opinion prevailed among Germans socialists – the leading and most influential movement on the continent.<sup>3</sup> The 1890s saw a *volte face*.<sup>4</sup> A younger cohort of Marxists, led by Eduard Bernstein, rejected Bismarckian social and commercial policy and extolled instead the benefits of globalization.<sup>5</sup> This history was well known to an older generation of historians, Alexander Gerschenkron (1943) and Paul Bairoch (1989) in particular, who attributed the revival of worker support for free trade in the Old World to the import of cheap grains from the New World.

A recent generation of historians has challenged this view. Gérard Noiriel (2001) and Charles Tilly (1995) have argued that globalization generated a backlash among European workers.<sup>6</sup> The modern nation state, which is identified with the rise of welfare state, was a

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<sup>1</sup> The POB program demanded "le remplacement des impôts de consommation et des taxes douanières par un impôt progressif sur le revenu (Delsinne, 1955, p. 71)." Into the interwar years, this demand was repeated at the annual conference of the POB (*Rapports*). On the POB, see Abs (1969, 1974).

<sup>2</sup> An exception was the French socialist party which remained ambivalent toward free trade. On French socialists and globalization, see Berger (2003). For contemporary reviews on workers and free trade across New and Old Worlds, see Hollande (1913) and Prato (1912).

<sup>3</sup> The late Marx was less sanguine on the benefits of free trade. "...[I]deas on free trade [h]ave long since lost any and every theoretical interest, even if they may be still be of some practical interest to some state or another." *Capital*, vol. III, (1886, p. 922).

<sup>4</sup> At its Gotha congress in 1876, the German socialists declared themselves "étrangers à la lutte entre la protection et le libre-échange," but in Stuttgart in 1899, echoing the POB, their view had dramatically changed. "La politique protectionniste est inconciliable avec les intérêts du prolétariat, des consommateurs, de l'évolution économique et politique... et la démocratie (Milhaud, 1899, p. 41)." On German socialists and trade, see Ashley (1905, p. 61); Steenson (1991, pp. 92-94).

<sup>5</sup> The classic statement is Bernstein (1901, p. 693). See Gay (1952).

<sup>6</sup> This line of reasoning has become the standard view in recent 'world history' textbooks. Bayly (2004, p. 243) wrote: "After the 55 years from about 1815 to 1870, when free trade was the order of the day, economic protectionism on national lines was more and more apparent as the century drew to an end. While flows of international trade, labor, and capital grew exponentially, nation states sought rigorously to control and direct them to their own ends."

reaction to the unfettered forces of international economic integration. Hapless in the wake of these forces, workers demanded safety nets because they rejected free trade. Taking a different perspective, Frank Trentmann (1997) has argued that although the British Labour Party officially supported free trade at its 1904 conference, this masked growing unease with Britain's traditional commercial policy. In particular, Trentmann sees demands for the welfare state, like those projected by the Fabians, as a clear rejection of free trade.

In this paper, I propose a reinterpretation of workers' attitudes to free trade. I will argue that the older school of historians had it right, but that the grain invasion is only part of the story since worker support for free trade on the continent lagged at least twenty years after the initial decline in grain prices. Nor did the renewed interest in free trade mark a return to sentimental Marxian internationalism. Rather, in the late nineteenth century workers gave increasing weight to more and better labor and social reforms. For both ideological and practical considerations, the left tied these demands to free trade. By the 1880s workers had come to reject tariffs as a means of generating state revenues, because protectionism generally redistributed income to landlords and employers in key sectors. Free trade would compel states to find alternative sources of revenue based on more equitable tax measures that would lay the basis for new labor protection and social entitlements at the national level. As opposed to tariff protection that tended to guarantee employment security for only selected industries and regions, the 'welfare state' would be universal. At the practical level, labor's consistent support for free trade demonstrated its credibility as a coalition partner, and throughout Europe with the support of Liberal parties, it was able to push for labor and social reforms. I conclude that globalization was the handmaiden of the modern nation state, not its archrival.

The Belgium example is illustrative of the major turning points labor traversed in its adoption of free trade. Belgian economic and political development was an amalgam of European models. Like Britain, its industrialization was built on coal and cotton, and, as in Germany and France, its agricultural sector remained politically if not economically significant into the late nineteenth century. But as a small open economy its development resembled that of the Netherlands and the Scandinavian countries. The development of the Belgian welfare state was also representative. In previous work (Huberman and Lewchuk, 2003; Huberman, 2004) I have shown that in a sample of European countries it sits on the regression line that best fits the

relation between labor and social legislation and levels of openness. This paper goes one step further. I contend that the dynamics *underlying* the relation between openness and social legislation in Belgium illustrate the wider tendencies across the continent.

As elsewhere, worker support for free trade in Belgium was not assured. Support only coalesced in the 1880s; until then workers' attitudes to trade represented sectoral interests. I attribute this lag to limited interindustry factor mobility that prevented workers from having a common voice on commercial policy. With the expansion of the train network and subsidized transportation, mobility increased and workers came to take a unified position on trade that was reflected in the stance of the POB at its first congress. By the turn of the century, the POB was the most ardent supporter of free trade in the Belgian parliament. Political support for free trade was important to the well being of workers because improvements in real wages, driven by cheap grain from the New World, did not materialize to the same degree as elsewhere. Taking advantage of its increasing electoral support, the POB formed strategic coalitions and demanded improved labor regulation and social legislation. Workers took the benefits generated by free trade in the form of better work conditions and social entitlements as opposed to increased monetary rewards.

The paper proceeds as follows. In the first section, I address the question why Belgian workers were slow to adopt a pro free-trade stance. In the second section, I use a newly constructed data set to analyze wage convergence across time. The wage data confirm that the mid-1880s marked a transition from a world of immobile to mobile labor. The timing meshes with the POB's acceptance of the virtues of *laissez-faire*, exactly what one would have anticipated from standard trade theory. In the third section, I document how the POB exploited its role as the voice of labor to derive improved labor regulation and social entitlements.

## **Globalization in Belgium**

### *Measures of Openness and Movements in Factor Prices*

Workers in Belgium, an Old World country rich in labor relative to land, were in good position to benefit from the wave of globalization before 1914. On the export side, Belgium's labor-intensive industries, like textiles, ought to have expanded and on the import ledger the

country would have benefited from cheap grain from abroad. These forces combined, real wages should have converged to levels in less labor-abundant and more land-rich countries (O'Rourke and Williamson, 1999). Trade policy ought to have reflected Belgium's factor endowments. Labor would have much to gain from supporting free trade, while landed interests would have opposed it. This is the familiar Stolper-Samuelson result invoked by political scientists (Rogowski, 1989) and economists (O'Rourke and Williamson, 1999). But factor rewards in Belgium did not move in line with theory. In this section, I trace the evolution of wages and land rents and how their movements affected attitudes of the key social groups toward trade.

Belgium was an active player in the move toward free trade initiated by the Cobden-Chevalier treaty of 1860.<sup>7</sup> It signed its own trade agreement with France in 1861, followed rapidly by treaties with Britain (1862), the Netherlands (1863) and later with Prussia (1865) (Degrève, 1982, p. 36). Tariff schedules were complicated, but they can be broken down into three groups: duties on cereals, livestock, and manufactured items. Across all groupings, because of the large number of treaties signed and the extension of most favored nation clauses, the special tariff was widely applied and the general tariff rarely invoked (Bairoch, 1989, p. 43).<sup>8</sup> In 1873 this translated into free trade in cereals and tariff rates of 5-8 percent on selected manufactured items (although all duties on linen and hemp were abolished) and livestock. As elsewhere, there was upward pressure on all agricultural tariffs beginning in the 1880s when the initial ten-year agreements came up for renewal, but Belgium seems to have escaped the strong protectionist tendencies that gripped Germany and France. Again in 1894, Belgium introduced only marginal increases in its duties, an episode I will return to later. On balance, for most of the last quarter of the century Belgium had pretty much free trade in cereals, the major component in working class diets.

Trade flows mirrored policy. In Europe, Belgium had the highest degree of external exposure before 1914. Its level of openness (values of its exports and imports divided by GDP) was about 60 percent in 1870, rising to about 80 percent by the War. These levels far surpassed

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<sup>7</sup> Even before Cobden-Chevalier, under the leadership of Walthère Frère-Orban, Belgium had negotiated bilateral trade agreements with Britain and the Netherlands (Kossmann, 1978, p. 232; Degrève, 1982, pp. 34-35).

<sup>8</sup> The tariff figures are from Bairoch (1989). According to Foreman-Peck and Lains (2000), who provide a composite measure, tariff rates never exceeded 2 percent between 1870 and 1913. Estevadeordal (1997) gives rankings of protectionism in 1913 based on adjusted trade intensity ratios. Belgian duties generally fall between, on the one hand, those of the Dutch and British, and, on the other, those of Italy and France.

those of other small countries.<sup>9</sup> The volume of imports from the New World impacted on domestic prices and production in the same order as magnitude as they did in Denmark – whose transformation is cited by Kevin O’Rourke and Jeffrey Williamson (1999) as the classic open-economy response to the grain invasion. Between 1878 and 1913, the value of cereal production fell in Belgium by about 25 percent, while livestock output doubled (Blomme, 1993, p. 396).<sup>10</sup> Figure 1 compares agricultural price declines in Belgium and Denmark. In both countries, while cereal prices contracted severely, feed prices hardly changed.

That said, the agricultural landscape in Belgium and Denmark was hardly similar. The cooperative movement was a strategic player in the sustained increase in livestock production in Denmark – a tendency that was already in place before the grain invasion. This tradition was lacking in Belgium where a patchwork of owner-occupiers, tenants, and leaseholders of various types dominated the countryside. But differences between Belgium and Denmark went deeper than that of agricultural organization. The key variable in the O’Rourke and Williamson model of late nineteenth century globalization is the wage-rental ratio. In both countries land rents hardly changed during the period of the grain invasion, but while for Denmark this reflected the profitability of the cooperative movement, in Belgium stubbornly high rents were the result of increased crowding in the countryside. Contemporaries concurred that beginning at mid-century, the number of tenants increased while that of owner-occupiers fell (Vandervelde, 1903; Rowntree, 1913).<sup>11</sup> For whatever reason, Belgians congregated in the countryside. Urban migration slowed down after 1850, and, unlike the Danes, they did not emigrate abroad (Mahaim, 1910).<sup>12</sup> As a result, they did not realize the same real wage increases as other open economies. Between 1870 and 1913 wages rose by 2.63 percent per annum in Denmark; 2.73 percent in Sweden; and a paltry 0.92 percent in Belgium (O’Rourke and Williamson, 1999, p. 19). Table 1

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<sup>9</sup> Exports per capita (in \$1990) in 1913 were: Belgium – \$954; the Netherlands – \$702; Denmark – \$500. Population and export values from Maddison (2001).

<sup>10</sup> For the same period, the arable price index fell by 30 percent; livestock prices increased by 4 percent (Blomme, 1993, p. 415).

<sup>11</sup> Vandervelde (1895, p. 12) reported that the number of tenants doubled between 1846 and 1880, amounting in the later year to 68 percent of the rural population.

<sup>12</sup> Hatton and Williamson (1998, p. 10) report that rate of Belgian emigration in its peak decade of 1881-90 was only 25 percent that of Denmark’s. As for rates of urbanization, the percentage of the population living in towns with over 25,000 inhabitants, increased by about 50 percent from 1846 to 1880, but only by 35 percent from 1880 to 1910. Calculated from Flora (1983, p. 253). Belgium had comparatively a higher proportion of its population in smaller centers. In 1900, 25.4 percent of its population lived in cities of 5 to 20,000; France had 11.3 percent; Germany, 13.5 percent (Mahaim, 1910, p. 149).

summarizes the combined influences of population movements and agricultural organization in Belgium and Denmark. While the wage-rental ratio hardly budged in the former, it nearly doubled in the latter.

*Free Trade: Class vs Industry*

Belgium's hybrid economic development was manifested in the divergent attitudes of its leading social actors toward free trade. Despite the growth in international exposure far exceeding that of other small countries, its rural population – landlords and tenants – carried an important economic and political weight similar to that of France and Germany (Van Molle, 1989). Lacking comparative advantage in agricultural commodities, rural interests were favorable to protectionism. Even the left was sympathetic to rural demands. Belgian socialists were more inclined than their German comrades to support the interests of tenants and small-landholders to remain on the land.<sup>13</sup> Émile Vandervelde (1897, 1899, 1903), the foremost Belgian socialist of the period, wrote that the resolution of the agrarian problem was a prerequisite to the improved welfare of all workers. As long as agricultural interests retained some importance to members of the left, political support for free trade was restrained, at least until the formation of the POB in 1885. Urban Belgium was itself indecisive about the merits of free trade. Antwerp, whose fortunes were based on its external commerce, had a strong predisposition to *laissez-faire*, but Ghent cotton textile manufacturers and their workers demanded protection from foreign competition (Scholliers, 2001).

The divergence in attitudes toward commercial policy among social actors does not sit well with Stolper-Samuelson. The basic model depends critically on the assumption that factors of production, while immobile internationally, are perfectly mobile within the domestic economy. The perfect mobility of the factors assures that trade affects owners of each factor in the same way no matter where they are employed in the economy. The implication is that owners of the same factor share the same preferences with respect to trade policy. But into the 1880s Belgian labor was hardly mobile, from agriculture to industry as well as within industry (De Bradbender, 1981). The country seems to have been closer to the fixed-factor world of Ricardo-Viner in

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<sup>13</sup> On the agrarian question and European socialists, see Gerschenkron (1943); Mitrany (1951).

which the gains of openness are not distributed evenly to the abundant factor.<sup>14</sup> In this model, globalization creates ‘winners’ and ‘losers’. Where workers are immobile attitudes to trade policy will cleave along industry as opposed to class lines, exactly as they did in Belgium until 1885.

Sometime before the turn of the century workers’ attitudes toward trade did become more homogeneous, as a broad class-based political coalition replaced sectoral interests. The turning point, Belgian historians (Cassier, 1980a, pp. 162-163; Polasky, 1995, pp. 18-22) assert, was the extension of the rail network and the widespread use of the subsidized transport that allowed workers to commute on a daily basis non-trivial distances. The standard account is as follows. In 1870 the state began to buy up private lines, leading to the establishment in 1884 of the Société nationale des chemins de fer vicinaux (SNCV). Public ownership assured that control of the rail network would remain in Belgian hands. It was initially groups of employers, especially in the iron and steel and mining industries in the south, that demanded state intervention to assure a plentiful and steady supply of labor. A dense, secondary train network linking rural villages with larger conurbations was rapidly built over a small land mass. Workers could stay in the countryside but have jobs in the city, thereby breaking down regional and sectoral divisions.

Provoked by employers’ demands, the state actively encouraged ridership. In the 1870s the state put in place formal schemes based on distance to subsidize workers’ travel.<sup>15</sup> Figure 2 plots the percentage of the Belgian labor force that commuted on a daily basis to their place of work. By the eve of the First World War, at least 15 percent of Belgian workers took advantage of subsidized transport. These figures are an underestimate because they did not include the number of workers who traveled less than six times per week, and they do not adjust for the fact that the vast majority of the commuters were male. The average commuting distance (in one direction) also increased, from 12 km in 1870 to 19 km in 1910.<sup>16</sup> The greatest number of workers bought tickets for travel within the fast growing industrial region of Brabant and to its immediate south, although workers came as far as Western Flanders and Limbourg. Luxembourg was an important starting point for travel to Liège and Namur. Both skilled and unskilled workers seem to have

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<sup>14</sup> For various approaches in political science and economics to testing trade theory models, see Gourevitch (1986); Hiscox (2001, 2001a); Irwin (1996); Rogowski (1989).

<sup>15</sup> With the discount, the average worker spent roughly about 5 percent of his weekly salary on transportation. All statistics in this paragraph are from Mahaim (1910).

<sup>16</sup> Commuting distances varied by region. 25.6 percent of commuters traveled between 16-25 km to Brussels. The corresponding figure for Liège was 20.0 percent; Ghent, 6.2 percent.

taken advantage of the program. Figure 3 gives the breakdown of ticket holders by industry for 1910. Workers moved to industry and not vice versa. Overall, regional industrial specialization was pretty much stable in the last half of the century, despite some increased concentration in engineering and textiles (De Brabander, 1981, pp. 67-69; Vandermotten, 1991). The upshot is that the train network tapped into the large mass of workers of all skill levels who lived the countryside and in smaller towns in the slower growing regions and industries in the west and the extreme south.

Belgian labor and social historians have long asserted that the train system broke down divisions within the working class. The local buyers' market for labor in the countryside had contracted by the early 1890s and a new national labor market took root in which "les abonnements ouvriers sont devenus le régulateur de l'offre et de la demande (Mahaim, 1910, p. 175)." With the resolution of the agrarian question, divisions within the left abated. It was not happenstance then that the extension of the network coincided with the formation of the POB. Its leader, Vandervelde (Vandervelde and Destrée, 1898, p. 308), was convinced that the train network brought workers together and was instrumental to the fortunes of the party. The origins of the rail system, he wrote, could be attributed to employers' demands, but the scheme had unintended consequences.

"On espérait ainsi réduire les syndicats à l'impuissance, inonder le marché de forces de travail à vil prix, abaisser le *standard of life* des populations industrielles par la concurrence des ouvriers. Seulement, il est arrivé, et il devait nécessairement arriver, que les armes que l'on dirigeait contre nous se retournent contre nos adversaires. Les charbonniers flamands, qui font tous les jours, jusqu'à deux heures de train pour aller travailler dans les mines du borinage et du centre, les maçons, les menuisiers, les plafonneurs qui débarquent tous les matins à Bruxelles, n'ont pas tardé à se développer, au contact de leurs camarades. Ils ont acquis les mêmes besoins, manifestent les mêmes exigences et professent les mêmes opinions. Tous les soirs, dans les trains qui les emportent, on entend des chansons socialistes, et c'est à eux, en grande partie, qu'il faut attribuer nos progrès électoraux dans les arrondissements qu'ils habitent."

In all, the train network is posited to have had the effect of transforming an immobile labor force into a mobile one, the crucial assumption underlying Stolper-Samuelson. Seizing the initiative, and speaking as the voice of labor, the POB in 1885 was then in position to make free trade integral to its program.

## Interindustry Factor Mobility, 1850-1913

In this section, exploiting new wage data, I test Vandervelde's proposition about the rail system and class formation. The logic is straightforward: Coalitions along class lines – a precondition of worker support for free trade – are more likely where factors are mobile. I use rate of return differentials as an indicator of factor movement. Where mobility is high, wage differentials should be arbitrated away and all workers share in the benefits of openness (Stolper-Samuelson); where mobility is low, wage dispersion persists and globalization creates 'winners' and 'losers' (Ricardo-Viner).

My source is the international data set on wages and hours assembled by the U.S. Department of Labor (1900) in its *Fifteenth Annual Report* under the supervision of Carroll Wright.<sup>17</sup> The report was restricted to official government sources only. Wright exploited data collected in foreign government reports – in fact about 65 percent of observations for Belgium actually came from these sources, mainly from the U.S. and British consular reports.<sup>18</sup> For all countries, the *Report* recorded wages (dollars per day) by occupation, of which there were nearly 4,500 entries. (The average wage of a cotton spinner in a selected firm in 1872, for example.) I have grouped the Belgian observations into 16 major industries.<sup>19</sup> This breakdown is similar to that used by Hiscox (2001, 2001a) who studied interindustry mobility for the same period for a sample of countries, including the United States and France. Table 2 gives the descriptive statistics by industry. Although not exhaustive, the data certainly cover workers in all regions and industries who exploited subsidized train travel (Table 2). Conforming to Belgium's industrial structure, observations are concentrated in mining (16.7 percent), iron and steel (14.5 percent), and construction (10.8 percent). For 10 percent of the sample, women were workers were identified; female labor force participation which was declining over the period was concentrated in cotton (33.0 percent), manufacturing (14.8 percent), and services (9.1 percent). The *Report* also recorded hours of work for slightly more than 25 percent of the sample. As for periodization,

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<sup>17</sup> Huberman (2004) reviews the biases contained the *Report*.

<sup>18</sup> The Report listed these Belgian source: Ministère de l'Intérieur et de l'Instruction Publique – *Annuaire statistique*, 1887, 1898; Office du Travail – *Revue du Travail*, 4 vols., 1896-1899; Commission du Travail – *Rapport*, 3 vols., 1887; Ministère de l'Agriculture, de l'Industrie et des Travaux Publics – *Salaries et budgets ouvriers en Belgique au mois d'avril 1891*; Ville de Bruxelles – *Minimum de salaire, Enquête du mai 1896*.

the first observation is for 1830, but the bulk of the data is restricted to the period 1870-1900. The last three columns of Table 2 give the breakdown of the sample for these decades. With the exception of cotton and woolen industries, the observations are generally spread out evenly over these years.

After adjusting for cost of living changes, I have collected the data by industry in five-year intervals beginning in 1870 using a moving average procedure. In other work (Huberman, 2004) I used regression analysis to correct for the unbalanced nature of the sample (both over time and across industries), but for this paper there were a sufficient number of data points to use the more simple procedure.<sup>20</sup> Figure 4 provides a check on my procedure. The top panel compares my series for mining with that of Puissant (1979) for the Borinage region. Puissant's series is generally lower because it is restricted to pit workers, while my series includes workers above and below ground. That said, the two series move together. The second panel compares my figures for male workers in cotton textiles with those of Scholliers (1996). The former comprises all male workers in cotton, while the latter is limited to male spinners in one firm located in Ghent. This may explain the divergence in the first half of the period; nonetheless, after 1885, the two series coincide. In the last panel, I have calculated a series of average wages for non-agricultural workers.<sup>21</sup> Over the period, the annual growth rate of wages was 0.5 percent; Scholliers, who constructed an average wage series for seven industries, calculated a growth rate of 0.8 percent per annum. Panel 3 also traces the fates of workers in two sectors. Until 1880, farm laborers saw their wages contract; iron and steel workers were more fortunate. This is exactly the result anticipated in a world of immobile labor. After 1880, farm laborers' wages begin to converge to the average wage, a finding that is consistent with increased mobility.

Figure 5 presents a more systematic analysis of trends in interindustry mobility using information from all occupations. I use the coefficient of variation (c.v.) of real wages to test for increased labor mobility. Using all observations, and without any controls, the c.v. fell by slightly

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<sup>19</sup> Huberman (2004) uses a smaller sample (N = 172) of observations for Belgium. In this paper all Belgian observations in the *Report* are included.

<sup>20</sup> More precisely, I used a five year moving average centered on 1870, 1875, etc. I have experimented with different specifications along the lines of Huberman (2004), but regression analysis performs poorly. All wages in Figure 2 have been deflated by Schollier's (1995) price index.

<sup>21</sup> The non-agricultural wage series in Figure 2 panel 3 is weighted using employment figures from the censuses of 1846 and 1896. Source: De Brabander (1981, p. 82).

more than 20 percent from 1850 to 1900; and by about 35 percent from peak to trough.<sup>22</sup> The long-run trend reoccurs when observations are grouped into occupations, but note that between 1875 and 1880 wage dispersion actually widens, a result that is consistent with Ricardo-Viner. After 1880, Stolper-Samuleson takes hold. The c.v. falls because the expansion of subsidized train transport narrowed wage differentials.

Undoubtedly, occupational grouping affords only a basic control of the data. It can be argued that changes in the variance of wages across industries may reflect not so much changes in underlying factor mobility, but changes in skill composition of workers in various industries or the wage premium paid to skilled versus unskilled workers (Kreuger and Summers, 1987). I have controlled partially for heterogeneity by separating adult male workers from women and adolescents. As expected, the dispersion of this narrower group is smaller than for all workers, but, again, the changes in dispersion (across occupations) indicate increased factor mobility, especially in the 1880s. It could be that changes in the relative attractiveness of working in different industries over time are affecting the measured shifts in wage differentials. I control for different conditions of work using the subset on work hours contained in the *Report*. Conditions of work did vary considerably, but the downward trend in the dispersion of wages 1880 is unmistakable.

Figure 6 examines the question of skill in more detail. It may well be that the narrowing of wage dispersion was the result of changes in skill levels in one direction or another, regardless of changes in mobility. I examine this possibility by comparing the 10<sup>th</sup> and 90<sup>th</sup> centiles of the wage distribution for three industries discussed in the historical literature that experienced technical and organizational changes (Scholliers, 1991a). The deskilling of high-wage workers or the accumulation of new skills by low-paid workers would have led to a rise in the pay ratio. The ratios fluctuate over the period, especially in mining, but any trend in skill within industries was minor if not insignificant.<sup>23</sup>

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<sup>22</sup> Scholliers (1991a), exploiting census wage data, estimated a c.v. of 0.31 in 1846, and 0.18 in 1896, about the same order of magnitude I report for the two closest years in Figure 3. The average decline in Belgian wage dispersion is similar to that reported by Hiscox (2001, 2001a) for the United States and Great Britain. For France, the c.v. was relatively flat. I discuss the French case below.

<sup>23</sup> Any trend toward the regional specialization of industry would tend to bias the results against narrowing wage differentials, because local attributes may have widened wage dispersion. As discussed above, regional specialization did increase in engineering and textiles, but the overall change in industrial concentration was minor.

Vandervelde was right. Subsidized train transport was the smoking gun in the formation of the Belgian working class. By the late nineteenth century, labor had coalesced into a homogeneous entity – at least from an economic perspective. The preconditions were in place for labor to have a unified stance on commercial policy, however without political clout workers would go unheard.<sup>24</sup>

### **‘Le manchestérianisme belge’**

#### *The 1894 Tariff Debate*

Drawing on standard trade theory, Acemoglu and Robinson (2003) asserted that democracy is correlated with globalization. Openness, the argument goes, narrows income inequality in less developed countries, giving elites the incentive to extend the franchise since voters, whose wages have risen, are now less likely to support redistributive policies. This interpretation does not mesh, however, with Belgian experience. Elites were hard-pressed to extend voting privileges. It was only after the social upheavals of 1886 that the dominant Conservative Party began to plan for a larger voting population, and when universal male suffrage was introduced in 1893 it granted certain property holders multiple votes.<sup>25</sup> The new electoral system actually increased the representation of rural landlords (Van Molle, 1989, p. 362). Contrary to the standard model, globalization before 1914 generated only modest wage gains in Belgium, even in the period of strong interindustry factor mobility. Productivity improvements from 1870 to 1900 were more than double wage increases.<sup>26</sup> Workers did not and

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<sup>24</sup> The creation of ‘capital’ would have coincided with the formation of ‘labor’ – and for the same reasons. The proposition here is that capital would have concentrated their investments in a single sector of activity, because, if capital is mobile, narrowing profit differentials would have made them indifferent between different sectors of activity. There is evidence of this for the mining sector (Wauthelet, 1975). When capital is less mobile, we should expect more equity financing as opposed to borrowing, because lenders are more reluctant to invest in specific assets and charge premia for the added risks. Also, when capital is less mobile, returns vary between sectors and investors have a greater incentive to diversify their portfolios (Hiscox, 2001a, p. 403). Profit rates for a sample of firms are not available to test this proposition, but historians (Duriviaux, 1947) of finance report that Belgian banks acted as main lenders in financial markets, while the equity market was of secondary importance.

<sup>25</sup> Men over thirty-four years of age with a family and living in a rateable house were given a second vote, while those with some property or professional qualifications obtained still another. On the development of *le suffrage universel plural*, see Kossmann (1978, p. 373).

<sup>26</sup> Using new information on worktimes, Huberman (2004) calculated that output per worker in Belgium grew by 1.73 percent per annum between 1870 and 1913. Vandermotten (1980, p. 283) estimated productivity gains of 2.6 percent between 1840-86; 1.2 percent, 1880-96; 1.5 percent, 1896-1910. Sectoral evidence confirms that productivity gains outstripped wage increases. In cotton spinning, productivity increased by 3.2 percent p.a. from 1850 to 1910

could not capture an increasing share of the surplus. Despite mobilizing workers in a series of national strikes, on the shop floor unions were less successful in negotiating wage increases.<sup>27</sup> Employers exploited their divisions along both religious (Catholic vs non-Catholic) and political lines.<sup>28</sup> Ever the keen social observer, Vandervelde wrote that even in the heartland of industrial conflict, the mining regions, workers had become distrustful of collective action.<sup>29</sup> Thus workers' fate was in the hands of their elected representatives, the POB. Figure 7 traces the evolution of support for the POB in the key elections before and after the introduction of universal suffrage in 1893. At the expense of the liberals, support for the POB came initially from the mining and iron and steel districts in the south, and in Brabant, but by the early 1900s the party had made inroads in rural Flanders. Garnering a quarter of eligible voters before 1914, the POB was well positioned to represent labor.

In the first parliament after the extension of the franchise, the conservatives introduced a bill to make comprehensive changes to Belgium's tariff structure. Faced by the renewed protectionism of its two main trading partners, France and Germany, the Belgian government was under strong pressure from employers in key sectors and from landlords to retaliate. Nonetheless, the government argued that the planned changes were necessary because of declining state revenues. The government proposed to raise tariffs, from around 5 to 10 percent, across a broad range of manufacturing and agricultural products.

In an earlier round of tariff renegotiations in 1884, before universal suffrage, conservatives and certain liberals had spoken on behalf of workers, invoking their support of protectionist measures in cotton spinning and other import sensitive sectors.<sup>30</sup> And at the outset of the 1894 tariff debate, citing the examples of large continental neighbors, the government anticipated that

(Van Houtte, p. 230); in mining, the increase of output per worker was about 1 percent p.a. from 1860 to 1900 in the Borinage (Puissant, 1979, p. 630).

<sup>27</sup> The Netherlands, whose population was smaller than Belgium's before 1914, had nearly double the number of strikes per year between 1896 and 1913. Source: Flora (1983, pp. 696, 753). Belgian unions lost more than 60 percent of their strikes between 1896 and 1913. Source: Neuville (1979, p. 217).

<sup>28</sup> Catholic and socialist unions had about equal membership in 1914 (Leboutte, Puissant, and Scuto, 1998, p. 94). On political and ethnic divisions at a local level, see Strikwerda (1997).

<sup>29</sup> "Il faut dire, les Borains [résidents of the Borinage mining district] ont été souvent victimes de leur bonne foi: il s'est trouvé des individus qui, ayant la confiance de leurs camarades, en ont profité pour les voler." Cited in Puissant (1979, p. 325).

<sup>30</sup> Belgium, *Annales parlementaires*, 1884-84, p. 1490.

extending the voting list would lead to larger support for protection.<sup>31</sup> But contrary to the government's calculation, greater democratic representation was not necessarily antithetical to globalization. The 1894 parliamentary debates revealed clear-cut cleavages along class lines, exactly as Rogowski (1989) predicted for a labor abundant country. While the Liberal Party was willing to support laissez-faire on ideological grounds, the Conservative Party saw itself as the spokesperson of protectionist landlords, and the POB stood as the unabashed voice of free-trade labor. Vandervelde was unambiguous: "Nous ne demandons pas de protection pour aucune industrie (p. 1675)."

In many respects, the POB's arguments were well rehearsed by earlier proponents of free trade in Belgium and elsewhere. The import of cheap grain from the New World had a direct affect on workers' pocket books. Across the country, the labor movement had established *Maisons du Peuple*, cooperatives that ensured workers of a cheap and steady supply of bread, the main staple in their diets (p. 1575).<sup>32</sup> Echoing Manchester liberals, Belgian socialists argued that low grain prices would translate into lower wage demands on employers.<sup>33</sup> International competition also meant competitive prices for meat products, the consumption of which, Hector Denis, a leading social reformer argued, was essential to sustain Belgians over their long workdays (p. 1856). Providing detailed documentation of family budgets, Denis also calculated the effect on workers' clothing expenses of higher tariffs on cotton textiles and other manufacturing items (p. 1912). On the production side, the POB's representatives observed that the proposed tariff rates on key inputs, like wood and raw materials, would raise costs (p. 1571). To remain competitive, workers in the export sector would face downward pressure on their wages. Finally, taking a page from basic theory, the POB saw that free trade would act as a 'wake-up-call', forcing employers in export challenged industries to make the necessary investments in technology and organizational changes (pp. 1571, 1879, 1895).

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<sup>31</sup> The debate was prolonged, extending from March to June 1895 and covering more than 600 pages in the *Annales parlementaires*, 1894-95. Unless otherwise noted, all page references in this section are to this volume.

<sup>32</sup> On the cooperative movement, see Leboutte, Puissant, and Scuto (1998, pp. 91-92).

<sup>33</sup> During the debate, all political parties referred to free trade as "le manchestérianisme." Stella Cobden Sanderson, daughter of Richard Cobden, was Vandervelde's sister-in-law.

While these arguments are standard fare, the novelty of the POB's position on free trade was its link to improved welfare programs.<sup>34</sup> In response to the government's claim that tariff reform were essential to the state budget, the POB argued that higher rates would distribute income only further to landlords and selected employers at the expense of workers. Turning their backs on Bismarck, Belgian socialists maintained that tariff policy was inherently inequitable across regions and industries, depending as it did on the political muscle of the key actors.<sup>35</sup> The POB proposed a more equitable system of income and property taxation *alongside* reduced tariff barriers (p. 878). Vandervelde argued in parliament that removing trade barriers would pressure the State to find alternative sources of revenues; under the new system, since all segments of the population would share the burden, all would have the right to benefit. Thus, for the left, free trade was complementary to redistributive policy, a program Vandervelde referred to as an "alternative" policy mix. Recognizing that globalization generates losers as well as winners, revenues would be channeled to introduce new social entitlements, like unemployment insurance, and new initiatives like job-exchanges, exactly those types of measures that workers in sectors facing strong foreign competition would need. In agriculture, state revenues would go to introducing insurance for farmers (pp. 879-80). In all, the POB's line of reasoning of the link between government expenditures and levels of openness foreshadowed Dani Rodrik's (1998) argument by 100 years.

In the end, the government was able to get through some minor tariff changes. But the debate had two effects on the direction of social and commercial policy in Belgium until 1914, if not thereafter. First, the POB had demonstrated to the other political parties workers' unequivocal commitment to free trade. Given the POB's electoral share, future governments would have been ill advised to raise the tariff question again, and, in fact, after the 1895 debates, protectionism seems to have lost favor even among conservatives. Second, unlike Marx's Panglossian view on the association between internationalism and free trade, the POB's approach was resolutely

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<sup>34</sup> The aim, as one parliamentary representative put it, was to: "...[S]'aventurer à concilier l'interventionnisme en matière de travail et de salaire avec la proscription de toute protection douanière (p. 1685)."

<sup>35</sup> Vandervelde's words were direct: "Il est inutile de rappeler que, dans un pays comme la Belgique, qui ne produit pas la moitié de ce qui est nécessaire à sa subsistance, les droits protecteurs constituent un impôt direct, payé au profit de quelques-uns, par la grande masse des consommateurs (p. 879)...[Le protectionisme est] un système dans lequel le grand capitaliste de Gand, et les agrariens de Flandres se mettent d'accord pour savoir ce que les ouvriers individuels devront payer non pas en faveur des ouvriers agricoles, mais en faveur des capitalistes et des propriétaires (p. 1891)."

national in scope and purpose. Labor had turned the debate about free trade into a debate about national social policy. Recall that Acemoglu and Robinson (2003) asserted that during periods of globalization elites would have an incentive to extend the franchise, because new voters, whose wages were rising, would not support redistributive policies. In Belgium, in contrast, workers saw that free trade and redistribution went hand-in-hand.

### *Small was Beautiful*

So far, I have argued that changes in interindustry mobility in the 1880s was the basis of class-based politics that became transparent in the 1894 tariff debate. But if the debate certified the POB's presence as the voice of labor, it did not ensure that the party's program of low tariffs and social reforms would be realized. How, then, was the POB program achieved?

In the tripartite politics of the period, coalition building was often resorted to both by the ruling and opposition parties.<sup>36</sup> With the move to proportional representation (PR) in 1899, coalition politics became an obligation. The moment was propitious for the POB. The tariff debate gave the party credibility, a necessity in coalition building, if only because of the steadfastness in its approach to commercial policy.<sup>37</sup> On social issues, except for the religious question, the POB may have been closer to the conservatives who advocated reforms, albeit to curtail militancy (Puissant, 1986; Strikwerda, 1997, p. 262); as for the liberals, they were less disposed on ideological grounds to support labor and social legislation that impinged on who could work and when, but they did share with the POB common ground on the virtues of free trade. Since the Liberal Party needed worker support if it ever hoped to retake power, they moved closer to the POB.<sup>38</sup> By the late 1890s a Lib-Lab coalition was in place, with the anticipation that the combined influence of the two partners was greater than the sum of the parties.<sup>39</sup>

The move to PR also had implications for Belgium's commercial policy and its rejection of protectionism. Rogowski (1987) observed that PR polities are most likely to support openness because representatives of large electoral districts are more insulated from regional and sectoral

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<sup>36</sup> Strikwerda (1997) gives some examples.

<sup>37</sup> PR demands trust among political parties of diverse stripes. Excluding extremist factions, various combinations of political parties can come together at any time to set the policy agenda, but to do so the parties need to demonstrate their willingness and ability to be reliable, if not trustworthy, partners.

<sup>38</sup> The liberal strategy paid off. The liberals won more seats than the socialists between 1904 and 1914 (Kossmann, 1978, p. 477).

pressure.<sup>40</sup> After reviewing a number of key episodes – and contrary to the received wisdom – Rogowski found that in PR systems political parties tend to be “more disciplined, more coherent and more ideological” and more secure against sudden shifts in voter sentiments. Large constituencies in small countries, like that found in Belgium, make PR more exact, further encouraging workers, employers, and landlords to vote along class as opposed to regional or sectoral lines.<sup>41</sup>

In coalition with liberals and reinforced by PR, the POB was able to lever its support of free trade to improve Belgium’s labor and social legislation. Before 1890, Belgium was notorious for its poor working conditions; social entitlements were unknown (Huberman and Lewchuk, 2003). The country was in Marx’s phrase a “capitalist’s paradise,” and in Vandervelde’s (1889, p. 4) eyes a “workers’ purgatory.” Factory inspection began in Britain in 1833, Germany 1853, and France 1874, but was introduced in Belgium only in 1889. The first factory acts were also approved in that year. By 1900, among European countries it ranked 10<sup>th</sup> out of 16 in the tightness of its labor laws and the provision of social entitlements. Even latecomers like Spain and Sweden had superior safety nets. Thereafter, under the Lib-Lab coalition, which exploited their control of the key committees where social and commercial policy was designed, Belgium’s body of labor and social protection rapidly improved. Old age pensions were introduced in 1900, accident compensation in 1903, and unemployment insurance in 1907, and in 1909 women’s night work was curtailed. Similar reforms were in place elsewhere, but the Belgium case stands out for the speed of their introduction. By 1914, the protection offered to workers was only slightly inferior to that of France and Germany, and it far surpassed Denmark’s at this date. Throughout this period, it should not go unnoticed, there was no movement to protectionism, and

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<sup>39</sup> The POB did forsake its demands regarding women’s right to vote (Hilden, 1993, p. 301).

<sup>40</sup> Rogowski (1987, p. 200) summarized the main idea: “When automakers or dairy farmers entirely dominate twenty small constituencies and a powerful minority in fifty more, their voice will be heard in a nation’s councils. When they constitute but one or two per cent of an enormous district’s electorate, representatives may defy them more freely... The smaller the size of each constituency, the more homogeneous is each district, the fewer is the number of special interests that are likely to exist per constituency, and the greater will be the political influence of each pressure group in that district. Small electoral districts encourage patronage and pork-barrel politics... [and] yield trade policy that covers more types of goods and services than would be the case in a country characterized by large electoral districts and less influential interest groups.”

<sup>41</sup> Rogowski (1987, p. 215) reports that in the 1980s population per constituency in Belgium was about the same order as other small countries like Sweden and Denmark. The Netherlands is an extreme case with only one constituency (perfect PR). It is difficult to find comparable figures for 1914 because PR was introduced after the war in the Netherlands, but comparing Belgium in 1911 and Netherlands in 1919, the number of parliamentary seats per voter was about the same in the two countries (Mackie and Rose, 1991).

levels of openness actually increased. State revenues, along with worker and employer contributions in some cases, financed the new programs.<sup>42</sup> Vandervelde's "alternative" policy mix was realized.

Size may have mattered here. Economists and political scientists (Alesina, Baqir, and Easterly, 1999) have argued that the provision of public goods is greater where populations are more homogeneous. Belgium offers a clear counter example. The state overcame historic divisions and new universal programs were established with the consent of all groups. Strong interregional mobility – made possible by the dense train network – meant that the country was organized along class lines and not by region or industry. In this sense, the forces of smallness overcame any movement against the provision of public goods arising from historic social divisions.

The decline in workhours gives an idea of the success of the new legislation. Belgians had the longest workday in Europe into the late nineteenth century, 600 hours per year more than the British in 1880. By 1913, however, Belgian worktimes had converged to the European average, about 100 hours per year less than in France. The comparison with the Hexagon is illustrative of some the broader forces underlying the role of legislation. Cut off from the benefits of globalization, it would be expected that wage gains in France would have been moderate at best, thereby exercising little downward effect on worktimes. Moreover, because of regional divisions, changes to national worktimes would have been difficult without legislation from a central authority. As an open, labor-abundant economy, Belgians should have seen significant wage gains, and rising incomes should have led to a reduction in worktimes. With an integrated labor market, centralized legislation would have been less important in reducing worktimes.

Table 4 reports regressions that test these propositions. The underlying data for both countries comes from the U.S. Department of Labor *Report*. All regressions include control variables for industry and sex. Regression 1 and 3 show that changes in hours of work were more sensitive to real wages in France than Belgium. The Belgium coefficient is significant at the 10

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<sup>42</sup> Progressive income taxation was introduced in Belgium immediately after the War, but changes in the pre-War period clearly paved the way (Kossmann, 1978, p. 651). According to Lindert (1994, p. 10), government social spending rose from 0.26 percent of national product in 1900 to 0.43 percent in 1910. This increase was greater than in any other country Lindert studied, including Denmark and the United Kingdom. Lindert's figures for Belgian government expenditure may be an underestimate because some of the programs, like unemployment insurance, were partially financed by municipalities.

percent level. As previously discussed, Belgian workers had very little bargaining power, and evidently this constrained their ability to reduce workhours, despite the regional integration of the labor market. Protected behind a tariff wall, French workers were able to negotiate lower hours as their wages rose. Next, I compare the addition of a dummy for legislation to the baseline regression of hours on wages. Belgian legislated a reduced workday for women and children in 1889, and France passed comparable regulations in 1892.<sup>43</sup> Because of the nature of legislation in both countries, the regressions also include interaction terms between sex and legislation. For Belgium, legislation did have an impact on worktime; taking into account labor regulation, the real wage loses much of its explanatory power. In France, legislation appears to have had no impact on limiting the length of the workday. The upshot is that, while in France hours were sensitive to wage changes and not to legislative interference, Belgian workers' well being, broadly defined to include the length of the workday, was not directly connected to the classical Stolper-Samuelson effects of rising real wages. Belgian workers had to rely on legislation to get worktimes down.

That said, openness was related to labor legislation. As elsewhere, Belgian employers in the export sector had claimed that legislation would raise their costs making them uncompetitive. Vandervelde (1896, 1897, 1920), in his interventions in the 1894 tariff debate and then in a series of articles, saw otherwise. Labor market regulation was not antithetical to competitive advantage. He argued that, in contrast to a protected economy like Germany, where the costs of legislation could be passed on to consumers, increased external exposure would force firms to modernize, and because of productivity increases they could absorb the added costs of regulation and social programs. In low-wage countries like Belgium, labor and social reforms were an important vehicle, if not the only means, for workers to see improvements in their standard-of-living. In the aftermath of the initial 1889 legislation, Vandervelde observed that in the cotton textile industry new machinery was installed, firm sizes increased, and cloth exports to Britain rose. On the same basis, he argued for further limitations to the workday in textiles and, in 1909, he advocated a nine-hour workday in coal mining (Vandervelde, 1911).<sup>44</sup> In the end, Stolper-Samuelson did

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<sup>43</sup> For Belgium, see Vandervelde (1896); France, Rist (1898).

<sup>44</sup> Van Houtte (1949) later corroborated many of Vandervelde's claims about cotton textiles. Between 1896 and 1910, the average size of spinning firms increased from 190 to 216 workers (p. 102). Over the same period, yarn output increased by more than 80 percent (p. 257) and exports doubled (p. 265).

come to Belgium and workers' well being improved, but the vehicle was not the classical wage effects, but labor and social legislation.

### **Conclusion: Free Trade in Historical Perspective**

Rationalizing its policy shift in the 1860s and anticipating modern trade theory, the Belgian government made the claim that the new liberal trade environment would have a positive effect on wages (Witte and Craeybeckx, 1987). However, for much of the late nineteenth century wages did not move as expected and pay rises were unevenly distributed across industries. In the absence of interindustry mobility, globalization in these years produced winners and losers. As a result, a divided left was less than enthusiastic about free trade, even though in principle the representative worker had everything to gain. The extension of the train network and subsidized transport in the mid 1880s changed this dynamic. A unified workers' party, the POB, openly endorsed free trade beginning in the mid 1880s as labor became more mobile and workers came to share a common position on the benefits of trade. This position was clearly enunciated by the left in the parliamentary debate on commercial policy in 1894.

Political support for free trade was instrumental to workers' well being because of the failure of wages to rise in a regular fashion. Exploiting its growing political voice, the POB used coalition politics to gain support for labor and social reforms. In this way, globalization was the trigger for workers to become more active in mass politics, giving them the clout to raise their living standards, broadly defined to include their conditions and entitlements of work. The basis of the welfare state was not created in opposition or as a backlash to the pressures of economic integration, but was complementary to it. Indeed, if workers had exercised their voice to moderate the forces of globalization, their claims for more labor regulation would have been weaker.

The logic of the POB was also evident in the approaches of the left in most European countries. In Germany, a new generation of socialists chose openness and universal social programs over protectionism and Bismarck's targeted welfare programs, and, even in France groups of workers welcomed globalization on similar grounds. In liberal Britain, contemporaries referred to Lloyd George's fiscal reforms of 1909 as the "Free Trade Budget" – although

historians have since called it the People's Budget – because of its link between redistributive policy and traditional trade policy, and in contrast to the attempt by the Conservatives a decade earlier to initiate tariff reform to protect jobs (Dangerfield, 1935, p. 30). But it was in Europe's small countries that the connection between social policy and globalization was most obvious. Based on the Belgium experience, the virtues of being small in the late nineteenth century were threefold. First, smallness permitted the rapid transition from a world of immobile to mobile labor; second, small European countries tended to institute proportional representation that, combined with a national labor market, encouraged workers to vote clearly along class lines which in labor-abundant countries meant support for free trade; third, smallness was a factor in the provision of public goods because it acted as a countervailing force against historical divisions, linguistic, ethnic, or religious.

Does smallness matter today? Labor markets even in small countries may be less integrated than in 1914 because of the increased role of human capital that makes workers less mobile. Because this means that globalization today produces winners and losers, the demand for governments to support the welfare state is probably greater than ever. But governments seem to be less disposed to maintain traditional social programs, claiming that international competitiveness has limited their influence on the national policy agenda. Labor's reaction has been to turn its back on globalization. At least for small countries, this response seems very much a case of throwing out the baby with the bathwater. The first great wave globalization points to an alternative route. In making its claim for more not less social protection, labor can draw comfort from its own history and the compelling arguments it once made for the natural affinity between free trade and the welfare state.

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**Table 1**  
**Wage-Rental Ratios: Belgium and Denmark**

Year	Belgium		Denmark	
	Land rents	Wages	Wage-Rental	Wage-Rental
1880	100	100	100	100
1885	81	121	149	175
1910	101	122	121	223

Sources: Belgium – Blomme (1993); Denmark – O'Rourke (1997).

**Table 2**

**Wage Observations by Industry (\$ per day)**

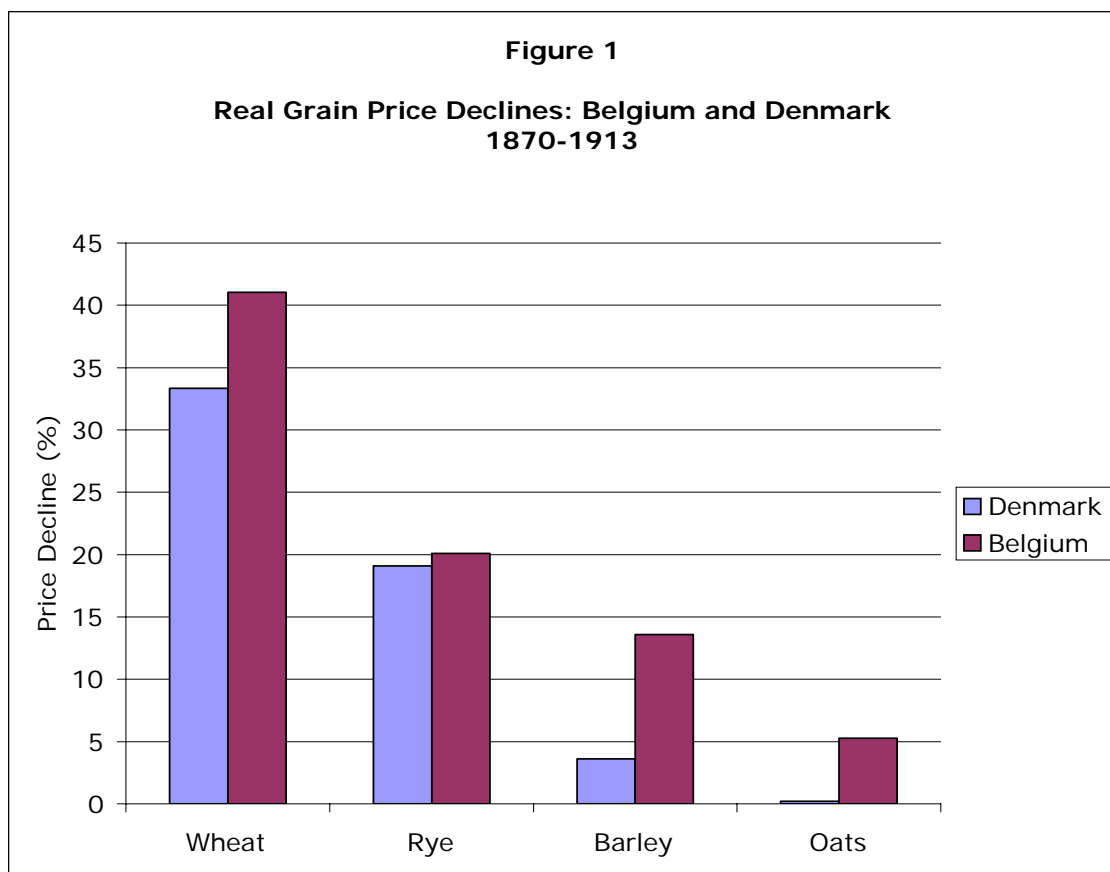
Industry	Observations	Mean (median) Wage (\$ per day)	s.d.	Percentage of observations by decade		
				1870-79	1880-89	1890-99
<i>Stove</i>	78	0.69 (0.66)	0.21	0.28	0.33	0.37
<i>Furniture</i>	146	0.66 (0.70)	0.20	0.25	0.31	0.35
<i>Food</i>	42	0.74 (0.75)	0.29	0.14	0.38	0.45
<i>Iron and Steel</i>	378	0.71 (0.67)	0.24	0.22	0.52	0.18
<i>Glass</i>	127	0.99 (0.85)	0.68	0.18	0.28	0.50
<i>Machinery</i>	220	0.66 (0.65)	0.17	0.29	0.42	0.26
<i>Paper</i>	77	0.69 (0.69)	0.28	0.21	0.29	0.47
<i>Brick</i>	97	0.73 (0.73)	0.24	0.16	0.26	0.55
<i>Clothing</i>	152	0.64 (0.64)	0.28	0.13	0.34	0.38
<i>Woolen</i>	80	0.60 (0.58)	0.24	0.06	0.51	0.26
<i>Cotton</i>	219	0.60 (0.53)	0.39	0.09	0.53	0.21
<i>Mines</i>	438	0.57 (0.55)	0.22	0.24	0.32	0.18
<i>Rail</i>	74	0.75 (0.57)	0.53	0.20	0.47	0.31
<i>Services</i>	149	0.62 (0.62)	0.29	0.13	0.50	0.35
<i>Construction</i>	284	0.59 (0.58)	0.19	0.24	0.35	0.36
<i>Farm labourer</i>	49	0.28 (0.24)	0.18	0.18	0.27	0.29
<i>Men</i>	2368	0.68 (0.65)	0.31	0.22	0.39	0.29
<i>Women</i>	242	0.36 (0.33)	0.18	0.06	0.41	0.39
<i>(w/h)*100</i>	691	1.04 (0.97)	0.55	0.01	0.52	0.43
<i>All</i>	2610	0.65 (0.63)	0.32	0.20	0.39	0.30

Source: U.S. Department of Labor (1900).

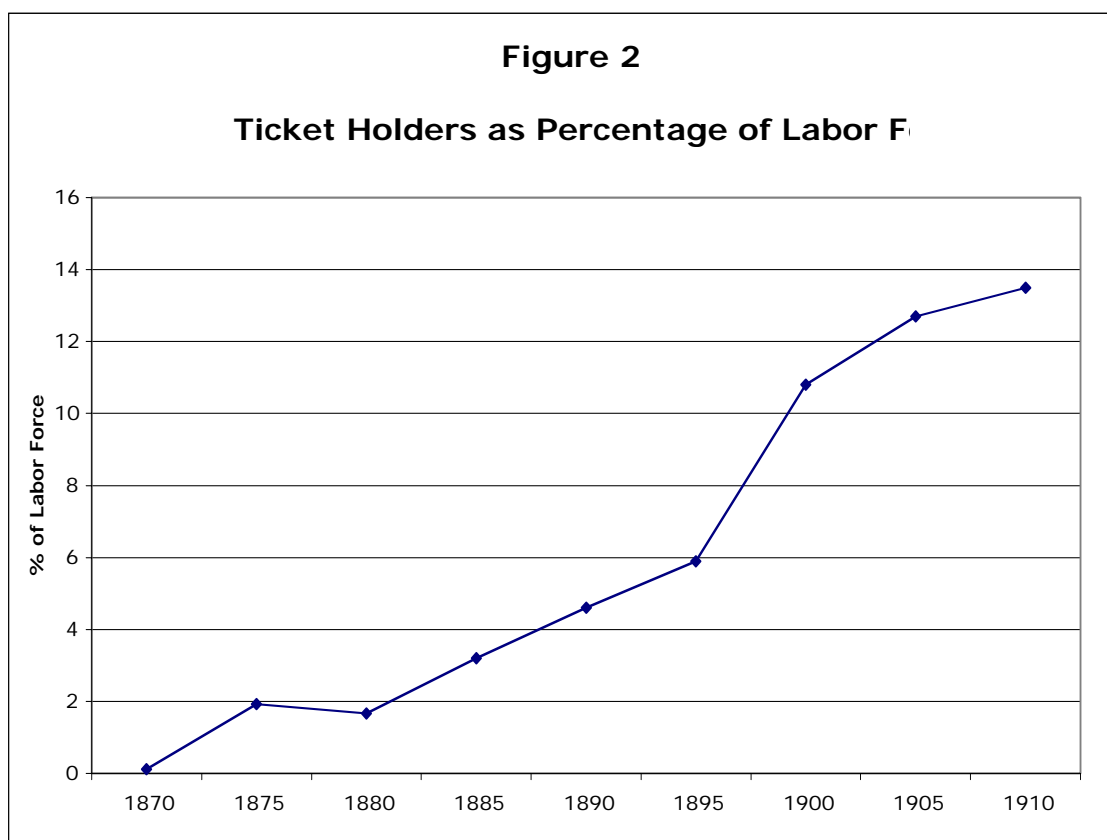
**Table 3****Labor Legislation Regressions: Belgium and France**

Dependent Variable: log weekly hours				
	Belgium		France	
	1	2	3	4
Constant	4.179 (210.44)	4.30 (185.37)	3.979 (102.153)	3.982 (102.34)
Sex	-0.012 (0.11)	-0.018 (0.40)	-0.026 (-0.03)	-0.012 (-0.81)
LnWage	-0.029 (-1.70)	-0.022 (-1.59)	-0.034 (-4.31)	-0.035 (-4.37)
Legislation		-0.132 (-2.73)		-0.072 (-0.98)
Legislation * sex		0.077 (2.37)		-0.021 (-1.21)
Sector dummies	Yes	Yes	Yes	Yes
R <sup>2</sup>	0.17	0.22	0.20	0.21
F	17.27	19.88	23.65	18.32
N	691	691	583	583

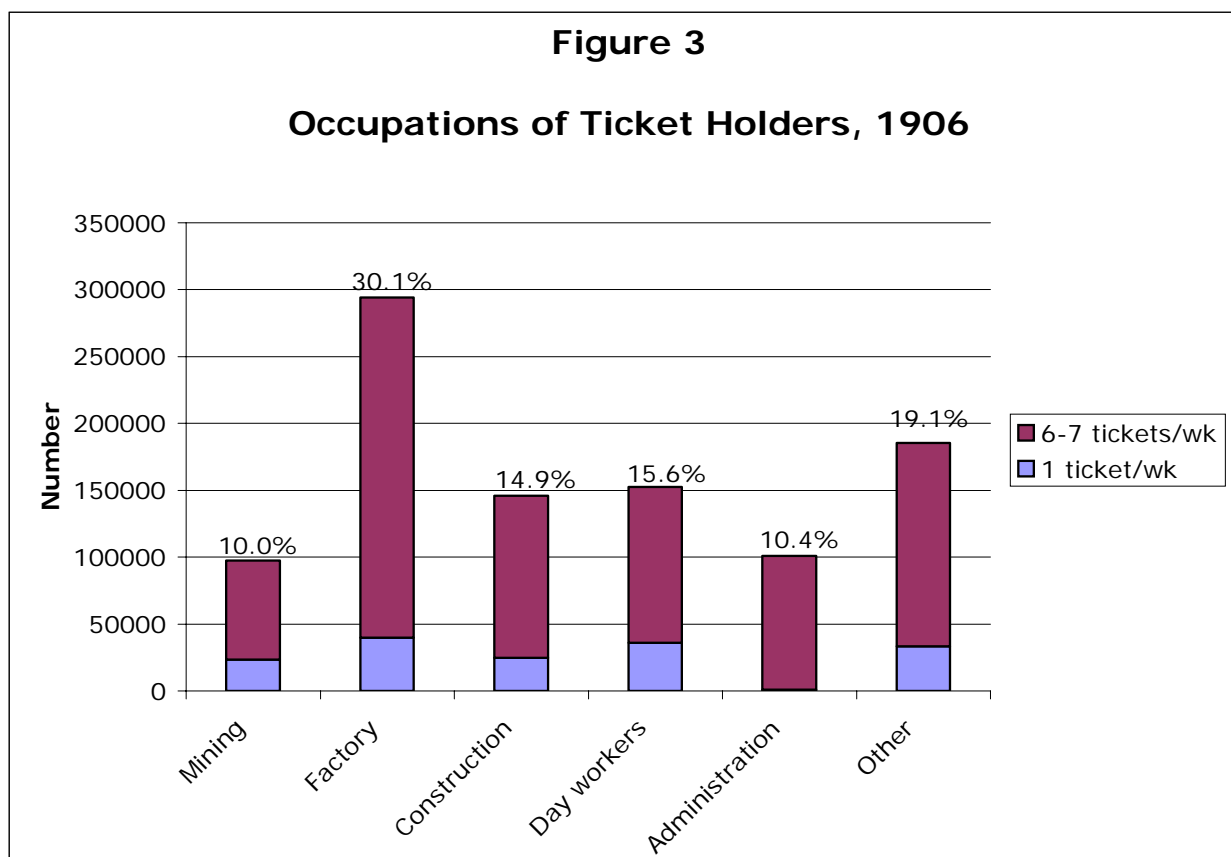
Notes and sources: OLS estimates; t statistics in parentheses. Dependent variable is weekly hours from US Department of Labor, *Report*. For Belgium legislation is a binary variable = 1 for 1889 to 1900, 0 otherwise. For France legislation is a binary variable = 1 for 1892 to 1900, 0 otherwise.



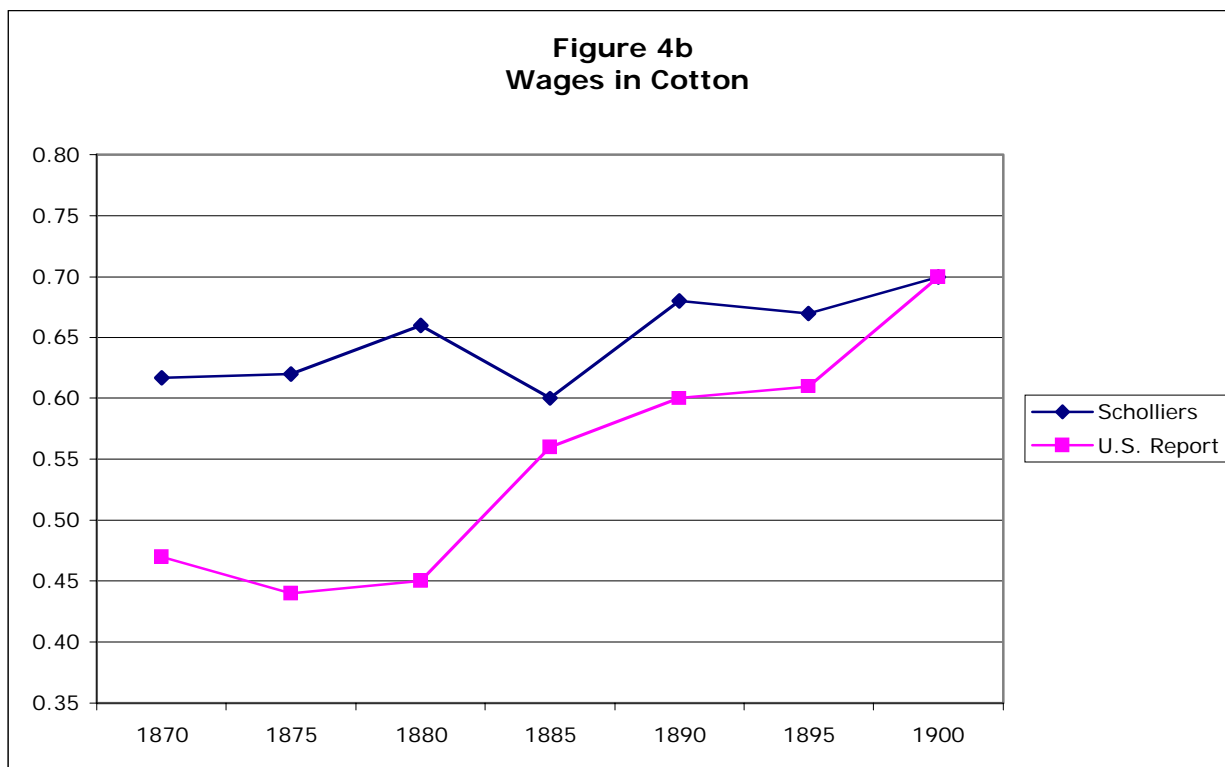
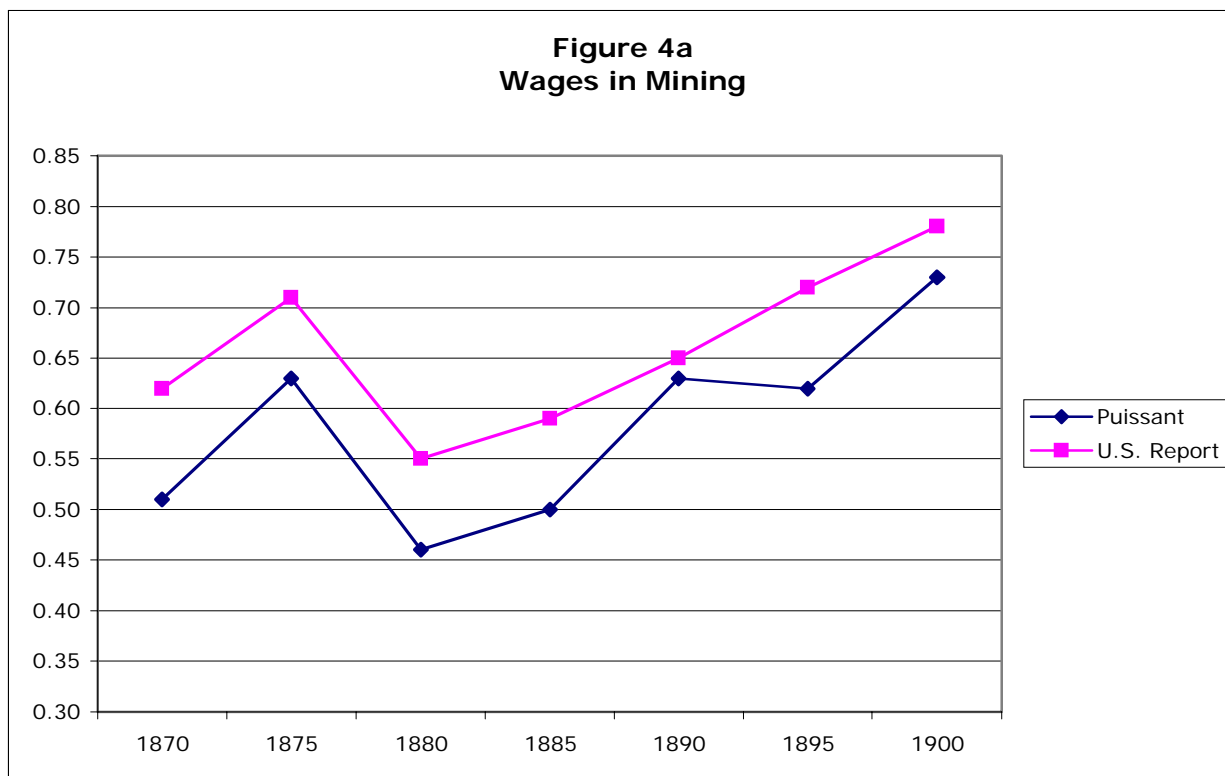
Sources: Belgium – product prices for 1877-1913 from Blomme (1993, pp. 418-419); cost of living from Scholliers (1995, pp. 111-13); Denmark – 1870-1913 from O'Rourke (1997, p. 785).

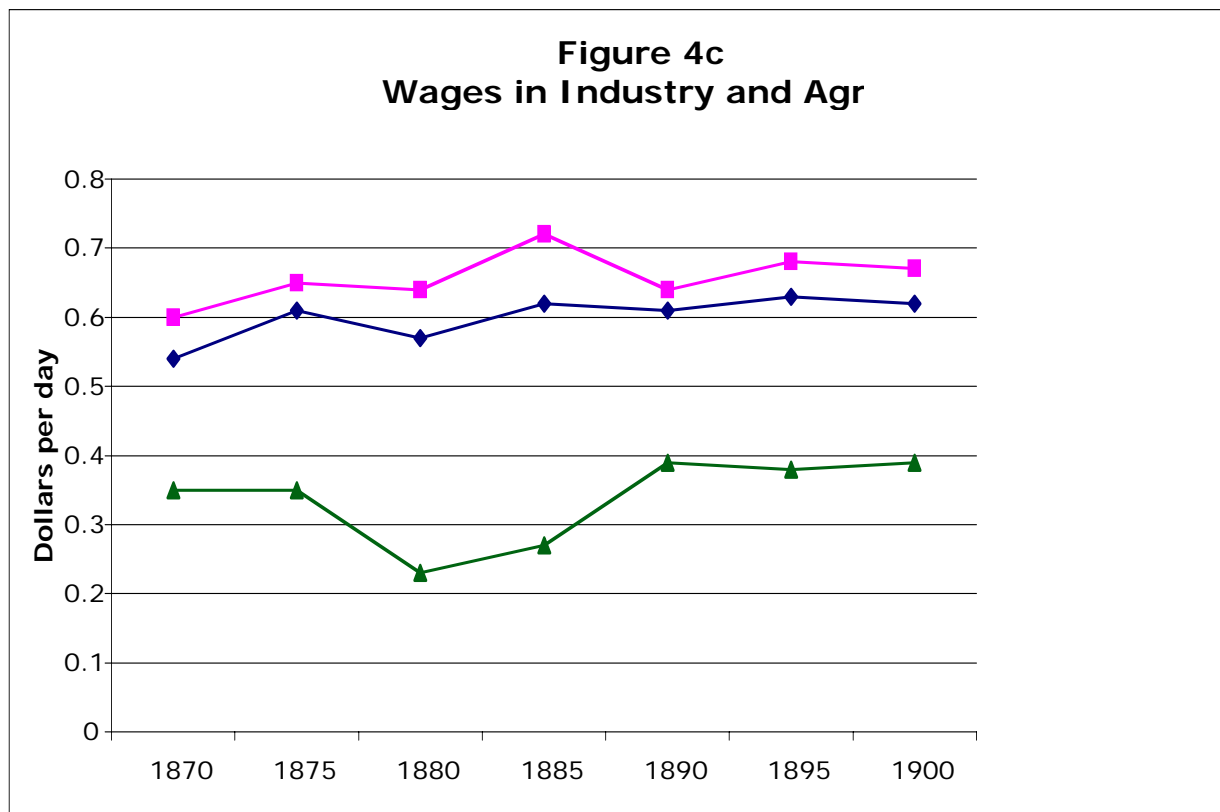


Notes and sources: Daily ticket holders calculated from Mahaim (1910, p. 38); labor force from Mitchell (1980, p. 161).

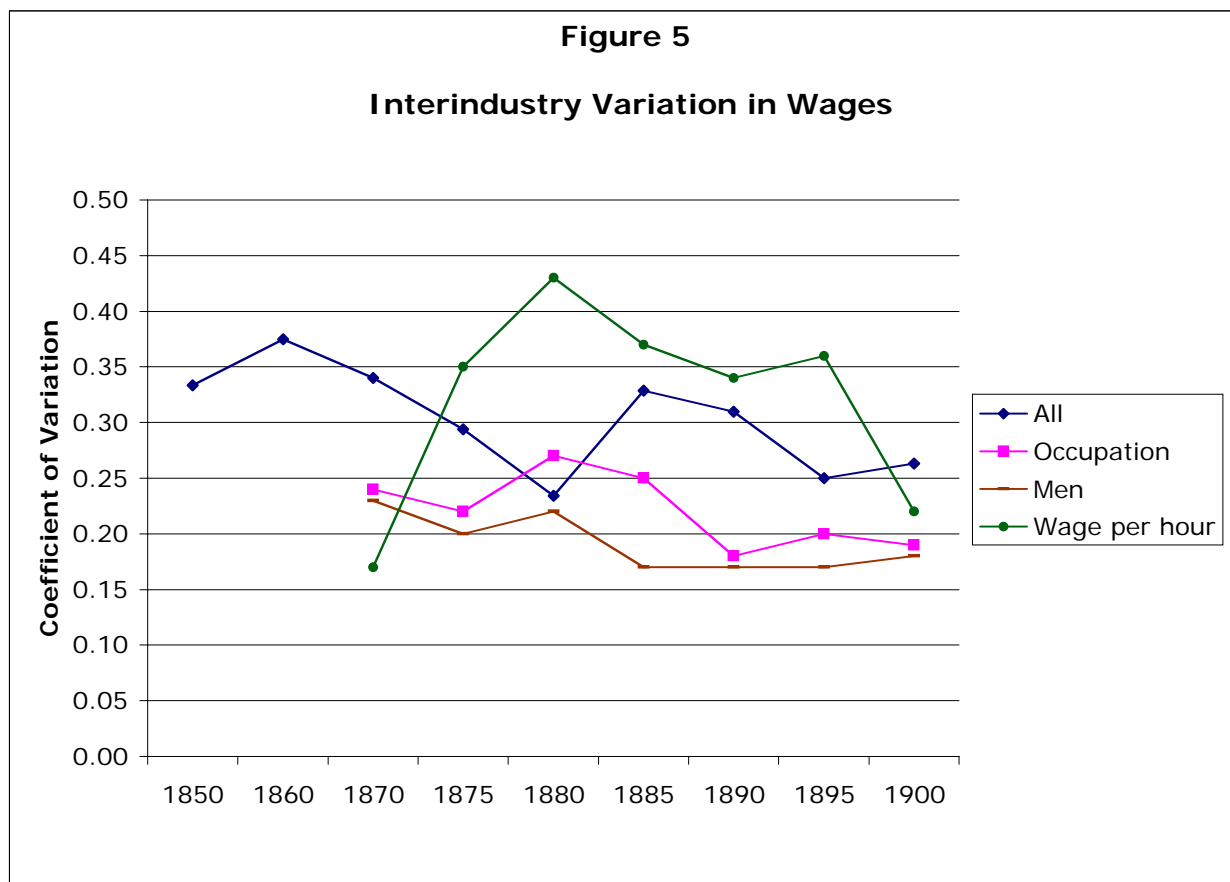


Source: Mahaim (1910, p. 103)

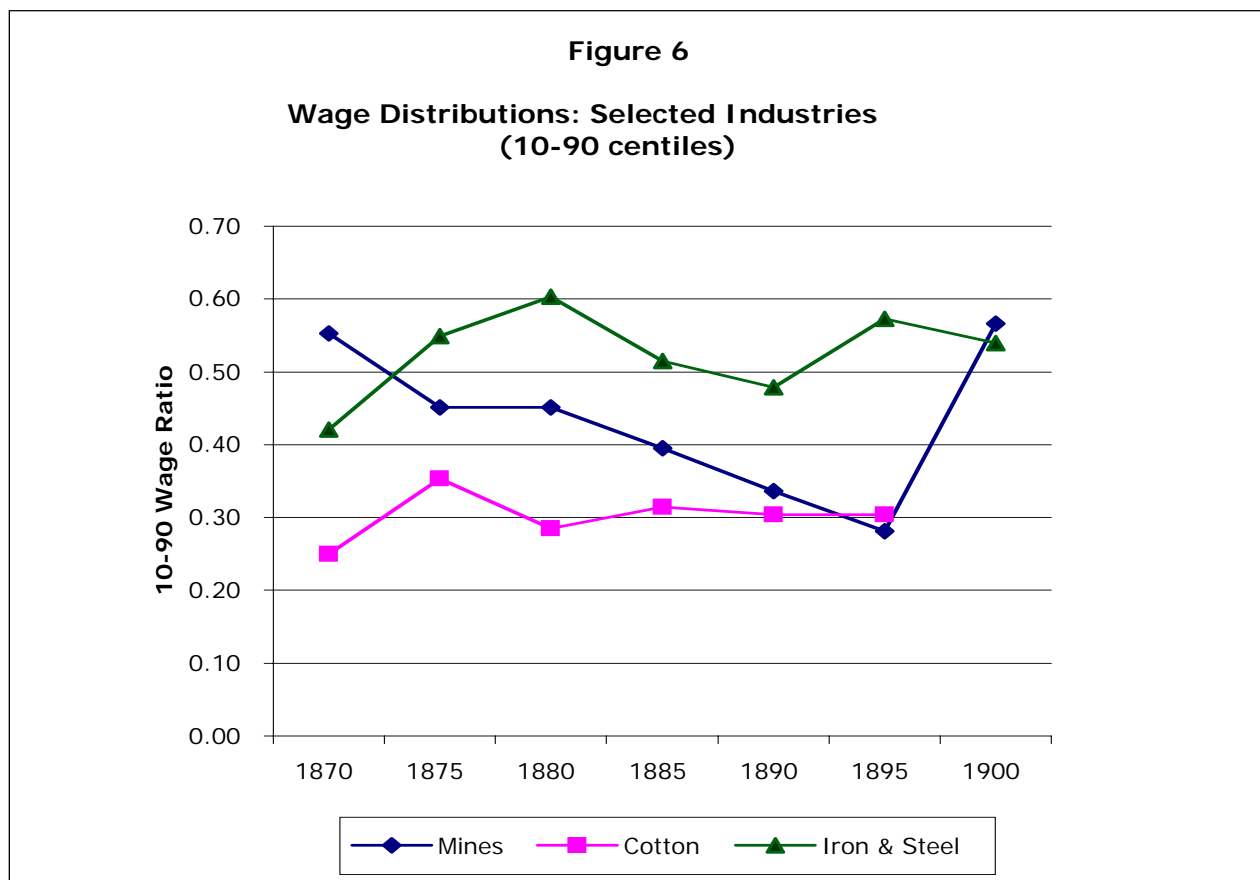




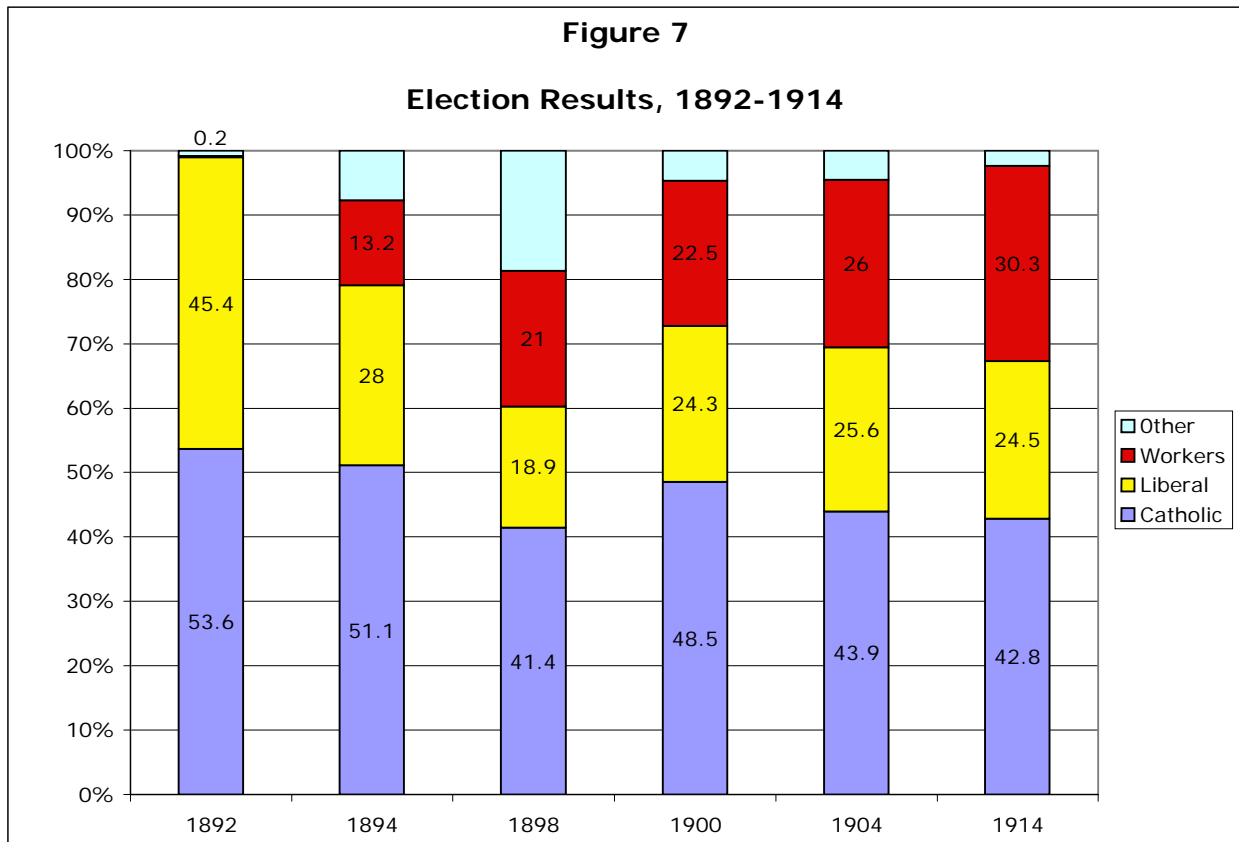
Notes and sources: Coal miners from Puissant (1979, pp. 630-31); cotton spinners from Scholliers (1996, p. ); all other series from U.S. Department of Labor (1900). The non-agricultural wage series in panel 4c is weighted using employment figures from the censuses of 1846 and 1896 (De Brabander, 1981, p. 82). All series adjusted using a five-year moving average.



Source: U.S. Department of Labor (1900).



Source: U.S. Department of Labor (1900).



Source: Mackie and Rose (1991).