

the industrialized heart of Europe and from the London capital market—to the periphery.

*Third*, the comparative stability of the monetary standard in the earlier era (actually during the period of the international gold standard which emerged following 1870) stands out.

The first era of globalization can be broken down into two periods: 1820-1870 and 1870-1914. The extent of convergence was very limited in the earlier period.<sup>2</sup>

	Joined Convergence Club	Possible Members	Fallen Out
1820 to 1870	Britain, North-Eastern U.S., Belgium		

Economic progress was also being realized elsewhere in this period. As Dowrick and DeLong note “Industrialization had begun to spread elsewhere, to Canada, to the rest of the United States, of the Netherlands, to Germany, to Switzerland, to what is now Austria and the Czech Republic, and to France.” However, as they go on to observe, “all of these economies found themselves further from Britain in industrial structure in 1870 than they had been back in 1820.”

This record can be contrasted with the ensuing period when the convergence club expanded dramatically. Dowrick and DeLong attribute this wave of entrants to the first “era of globalization, [and] the coming of the steamship and the telegraph ... [which] made the technology transfer to enable this ‘rich peripheral’ industrialization feasible.”<sup>3</sup>

<sup>2</sup> Members of the “Convergence Club” are taken from Steve Dowrick and J. Bradford DeLong, “Globalisation and Convergence”, paper given at the *Globalisation and International Trade Workshop*, University of Sydney, May 1-2, 2002, [www.econ.usyd.edu.au/global/trade.htm](http://www.econ.usyd.edu.au/global/trade.htm). They defined entrants as economies which experienced per capita GDP convergence relative to the North Atlantic level, and also a similar extent of industrial development and structural change as well. This means that not only did economies have to catch up to a moving target (the expanding economic power of Britain or the United States), but must also had to improve their level of industrialization vis-à-vis Britain or the U.S. to be considered a member.

<sup>3</sup> Steve Dowrick and J. Bradford DeLong, “Globalisation and Convergence”, Presented at the *Globalisation and International Trade*