

“In the decades after the Napoleonic Wars, trade barriers fell dramatically, and capital and labour became exceptionally mobile. A dismantling of the byzantine tariffs, prohibitions, and regulations of the eighteenth century mercantilist empires began the process. From mid-century, the technology of iron and steam conquered distance, dramatically reducing the natural protection that transportation cost had hitherto provided. In the last quarter of the century, political reaction to imports and immigration slowed international convergence somewhat but did not eliminate it. To observers today, the globalization of factor markets seems even more striking than that of trade. Labour migrated largely free from government regulation and technological improvement made international travel swift and safe. Foreign investment faced few regulatory impediments while the new telegraph and improved stock markets made information more easily available and the international gold standard provided an international monetary standard whose stability investors today can only envy.”¹

With a few minor changes, this would serve as an account of the era of globalization that followed World War II, when the trade barriers erected during the 1930s were dismantled, when the ongoing technological revolution in transportation and telecommunications further reduced the natural barriers of distance, and when global trade and investment boomed.

There are several striking features in this comparison.

First, the key elements of globalization are evident in both eras; indeed, 19th Century globalization apparently faced fewer barriers—labour and capital mobility was greater than today.

Second, in contrast to the recent era, during the earlier era of globalization skilled labour and capital flowed from the core—

¹ C. Nick Harley, “A Review of ‘O’Rourke and Williamson’s Globalization and History: The Evolution of a Nineteenth Century Atlantic Economy”, *Journal of Economic Literature*, Vol. XXXVII (December 2000): 926-935; at pg 926-927.