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# Intra- and international commodity market integration in the Atlantic economy, 1800–1913<sup>☆</sup>

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## Abstract

In this paper, the course of intra- and international market integration in the nineteenth century Atlantic economy is investigated. The most fundamental contribution of the paper is in consistently sketching the course of commodity market integration over the long run. Additionally, this study suggests that the nineteenth century has been somewhat misread in terms of the development of markets as the evidence, especially on price convergence, points to dramatic improvements in intra- and international market integration in the years prior to the mid-century. A collective task for economic historians, then, is to link these developments with the revolutionary commercial and technological developments of the post-1850 period.  
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*Keywords:* Globalization; Commodity market integration; Wheat markets

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## 1. Introduction

What this paper sets as its task is to investigate the course of both intra- and international commodity market integration for a sample of 10 countries—namely Austria–Hungary, Belgium, France, Germany, Italy, Norway, Russia, Spain, the United Kingdom, and the United States—which participated in the Atlantic economy of the long nineteenth century from 1800 to 1913. Along the way, market integration is divided into two separate but related sub-processes, that of price convergence (roughly, the size of price differentials and their diminution over time) and price adjustment (roughly, the speed at which profitable price differentials are arbitrated away). On this basis, a set of two criteria are formulated and then put to work as a means to assess the course of intra- and international market integration on a country-by-country basis.

The most fundamental contribution of the paper is in consistently sketching the course of commodity market integration over the long run. Additionally, this study suggests that the nineteenth century has been somewhat misread in terms of the development of markets as the evidence, especially on price convergence, points to dramatic improvements in intra- and international market integration in the years prior to the mid-century. A collective task for economic historians, then, is to link these developments with the revolutionary commercial and technological developments of the post-1850 period.

## 2. Motivation

As has been noted many times before, the process of market integration (generally explored under the aegis of the law of one price) has proven to be an area of abiding theoretical and empirical interest. Naturally, for the nineteenth century as well, no small number of scholarly works have been published in this vein which can be split into two distinct lines of inquiry: intra- and international.

In regards to the intranational line, there is an abundance of case studies to lead the way for us, the most informative of which are those for Austria–Hungary (Good, 1981; Szabad, 1961), the Benelux countries (Buyst et al., 2000; Dejongh et al., 2000; Griffiths, 1982), France (Chevet and Saint-Amour, 1991, 1992; Ejrnæs and Persson, 2000; Roehner, 1994), Germany (Fremdling and Hohorst, 1979; Gerhard and Engel, 2000; Kopsidis, 2002; Kuczynski, 1960), Norway (Hodne and Gjøberg, 1981), Italy (Sereni, 1947, 1966; Zamagni, 1983), Russia (Metzer, 1974, 1977; Milov, 1995), Spain (Barquín Gil, 1997; Gómez Mendoza, 1987; Peña and Sánchez-Albornoz, 1984), the United Kingdom (Chartres, 1995; Gourvish, 1970; Paterson and Shearer, 2001), and the United States (Coelho and Shepherd, 1974; Jue, 1999; Slaughter, 2001). However, while sharing a common unit of analysis—the nation-state—none of these studies presents comparable results, conclusions, or most importantly, methodologies. The primary contribution of this paper, then, is the application of a consistent set of criteria for commodity market arbitrage, in order to arrive at the most salient cross-country features of intranational market integration.

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