

# Los orígenes de la mentalidad capitalista y los agentes económicos activos: una hipótesis global

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**Resumen:** La Anglosfera, el norte de Europa y la Sinósfera son conglomerados de países que incluyen poblaciones con mentalidades afines a la economía de mercado. Estos países tienden a tener instituciones conducentes a la eficiencia económica. Este trabajo, basado en una intuición de F. Hayek, presenta la hipótesis de que la mentalidad capitalista se origina, en buena medida, en las estructuras agrarias del pasado, más concretamente en la proporción de la población acostumbrada a interactuar en el mercado sin grandes restricciones. Esta situación generó una comprensión y aceptación del funcionamiento y virtudes de las economías competitivas. En el resto del mundo, por contraste, una gran parte de la población rural estaba limitada por restricciones feudales o sufrían de interferencias comunales, gubernamentales o tribales. Otra parte se desempeñaba pasivamente en una situación de esclavitud o como trabajadores en haciendas. Esta situación generó una cierta pasividad que se trasladó a una mentalidad más propensa a aceptar la intervención gubernamental.

**Palabras clave:** capitalismo; mercado; historia; economía

## ***The origins of capitalist mentality and active economic agents: a global hypothesis***

**Abstract:** The Anglosphere, Northern Europe and the Sinosphere are conglomerates of countries that include populations that manifest the highest degree of pro-market ideology. These nations tend to have institutions that are conducive to economic efficiency. Following F. Hayek's intuition, this paper presents the hypothesis that the capitalist mentality of these countries originates in their historical agrarian structures, given that they all included many economic agents accustomed to actively interacting in the market without strong restrictions. This situation generated an understanding and acceptance of the operation and virtues of competitive economies. In the rest of the world, by contrast, a large part of the rural population was marked by feudal constraints or suffered from strong communal, tribal, and governmental interference; another part were proletarians or slaves in large plantations or haciendas. This condition provoked passivity in laborers, since they perceived their actions to be limited to a large extent by other agents or organizations. This passivity translated into a mentality that had a higher propensity for the acceptance of government intervention.

**Keywords:** capitalism; markets; history; economy

## I. Introduction

Douglass North (2005) recognized the importance and need to understand the impact of economic culture on economic performance, who acknowledged that good institutions were ultimately based on a shared ideology that predominated in a specific society at a time. If a population's culture was supportive of a market system, this would have strong practical effects because economic freedom seems to generate the conditions for economic growth<sup>1</sup>. In his *Backwardness in Historical Perspective*, Alexander Gerschenkron (1962) dedicated many pages to the impact of public hostility towards entrepreneurs and capitalism in different societies. He stated that adverse dominant social attitudes could significantly affect economic development (which for him meant industrialization) if they crystallized into governmental action in institutions. For Gerschenkron (1962), there was a “crying need” for further research on the topic, especially relating to questions such as cultural persistence or what he called the “coefficient of changeability” of a society. For Michael Porter (2000), the basis for institutional frameworks favorable for growth is popular support for competition, openness to globalization and international trade, an understanding that free markets benefit a majority of society, and an awareness of the pernicious effects of government favoritism. Porter argues that without this paradigm, it is probable that an alternate view may take root: a view that is more favorable to the existence of noncompetitive rents, such as those granted by protectionist economic policies. A similar point has been made by Deirdre McCloskey (2016), who shows the importance of “articulated ideas about the economy”, or more precisely “about the sources of wealth, about positive-sum as against zero-sum economic games, about progress and invention” (McCloskey, 2016: 503).

The Anglosphere, Northern Europe and the Sinosphere are conglomerates of countries that have populations that manifest the highest degree of pro-market ideology. These nations also have to a large extent institutions conducive to economic efficiency. These variables are interconnected: if in the popular culture of a country there is a favorable view of competition, private property, the market, a limited role for the state, and the expansion of private initiative, this will tend to be translated (via the political system) into legal frameworks appropriate to the achievement of prosperity and economic growth. In fact, the three conglomerates mentioned generally have high levels of income and productivity (see a list of countries belonging to each region in Appendix A). The Sinosphere is a special

case, since some of its member nations have experienced the traumas of communist rule, in which non-democratic governments have imposed institutional and organizational frameworks that have not had popular support manifested through democratic mechanisms. But even in these nations the pro-capitalist ideology of their populations seems to bring about a transition towards less centralized systems. The rest of the world, by contrast, shows lower values for the indicators considered: in them the low popular acceptance of the capitalist economy seems to correlate with more interventionist governments and lower income levels. Table A presents indicators for several global regions related to these topics: The Free Market Mentality Index (FMMI) elaborated by Czegledi and Newland, the Fraser Economic Freedom Index corresponding to 2016, and Income Per Capita estimated by the IMF for 2018.

**Table A. Global ideological, institutional and economic regions**

Conglomerate	Free Market Mentality Index (2004- 2015)	Fraser Economic Freedom Index (2016)	GNP per capita in USD (2016)	Active Economic Agents in 1800
Anglosphere	0.64	8.1	46,360	High
Northern Europe	0.58	7.7	55,743	High
Sinosphere	0.53	7.5	23,821	High
Southern Europe	0.46	7.4	29,826	Intermediate
South East Asia	0.45	7.5	18,395	Intermediate
Latin America	0.45	6.6	9,641	Intermediate
Sub-Saharan Africa	0.43	6.4	1,594	Intermediate/low
Central/South Asia	0.42	7.0	3,323	Intermediate/low
Northern Africa	0.42	5.6	3,436	Intermediate
Eastern Europe	0.40	7.1	10,870	intermediate/low
Middle East	0.39	6.5	9,012	intermediate/low

Sources: GNP Per Capita: <https://knoema.com/pjeqzh/gdp-per-capita-by-country-statistics-from-imf-1980-2023?country=Ukraine> (<https://knoema.com/pjeqzh/gdp-per-capita-by-country-statistics-from-imf-1980-2023?country=Ukraine> (current USD)); FMMI: Czegledi and Newland (2018a); Economic Freedom: Gwartney et. al. (2018). Active Economic Agents: Appendix B.

The relevant question is what the three most capitalist regions have in common that help explain their mentality, with its consequent institutions and level of income. The challenge is not to find features common to the more individualistic Northern Europe and Anglosphere, but that are also found in the Sinosphere, which has its own particular cultural legacy. For the first two

regions, Max Weber (1905) offered an explanation based on Protestantism and its beliefs and values. Recently, Deirdre McCloskey (2016) has culturally explained the origins of pro-market ideology (or rhetoric, in McCloskey's terms). According to McCloskey, a radical change has occurred in mentality at an increasing pace since 1600. Beginning in Northern Europe, first in Holland and then in Great Britain, it included a new recognition and praise of business activity and improvement, which encouraged individual creativity and initiative. This was a switch that implied the appearance of a more pro-capitalistic stance, becoming incarnated in beneficial institutions. Why did this happen in Northern Europe? An array of factors collided: religious reformation, revolutions (Dutch, English and French), and the diffusion of reading, all of which brought to individuals a sense of liberty and independence from many personal submissions. McCloskey's account would, however, require an explanation for the Sinosphere pro-business mindset, which cannot be attributed to the factors present in the Northern European case. The same must be said about the explanation given by Horst Feldman (2019), who argues that populations with languages not allowing Pronoun Drop (fundamentally English and idioms belonging to Northern Europe) tend to give primacy to the individual rather than the collective, leading (in our interpretation) to a pro-market mentality. Again, this would leave out the Sinosphere, since oriental languages like Chinese or Japanese permit Pronoun Drop. The challenge, therefore, is to provide an explanation of pro-market mentality that will include the Anglosphere, Northern Europe and the Sinosphere simultaneously.

## **II. An Hypothesis: The Exercise of Economic Choice**

The hypothesis of this paper is that the managerial experience and the exercise of economic choice in production that many individuals performed in these regions has had consequential effects on ideology formation. Friedrich Hayek (1966) proposed the relationship between the proportion of active economic agents (AEAs) and a mentality prone to capitalism. He argued that in any society the individuals who perform managerial roles have an intuitive understanding of the functioning of a market system, in which they operate constantly. They empirically grasp the function of competition, private property and the gains from mutual collaboration. Finally, they connect market retribution to productivity and effort. Hayek's proposition is highly compatible with the sociological views of Berger and Luckman (1967), who see mentality as a consequence of how individuals usually interact with each other. Popular ideology is, to a great extent, a consequence of human

action, which is then embedded in social norms and legislation. To the contrary, if the main experience of most individuals of any society is strongly limited by external decisions, a process of passive acceptance is generated. The same can be said when a strong government interference exists in the form of high levels of taxation or regulation or through imposing forced labor. An individual that is continually conditioned by other actors will generate what psychological studies have called “internalized oppression”<sup>2</sup>. Accustomed to a more externally regulated life, for him or her the full experience of a decentralized economic system and private property will not be natural, and it will be more familiar to sense that betterment originates from an outside action, be it of the landowner, slave owner, tribal chief, feudal lord, businessmen, rural village or the central administration<sup>3</sup>. Regions characterized by this type of social structure will therefore tend to have greater support for state regulation and interference, and also of governments based on strong political leaders<sup>4</sup>.

To advance with this explanation, it is necessary to conjecture about the proportion of the labor force in each society composed by AEAs around 1800. This is a historical moment in which economic mentality consolidated to a level and intensity that would persist in time to a considerable degree. In the primary sector this category includes small (family-based) farmers renting land or under sharecropping arrangements, small and middle-sized farmers/proprietors, or owners/managers of large estates. In the secondary sector, the category covers construction and rural proto-industrial and industrial manufacturers and independent artisans. Finally, in the service sector it incorporates a great variety of occupations, like transporters, possessors of inns and taverns, and traders and shopkeepers. In their activities these agents contracted factors of production, searched for finance, tried to reduce risk, and had to be able to generate goods or services efficiently enough to sell them later, whether directly or in more distant markets. For any historian, the difficulties of this estimation will be obvious. In the most favorable cases, censuses exist, but they frequently present ambiguous occupational categories. In other instances, imperfect contemporaneous estimates may be used. Therefore, the taxonomy presented here should be treated with caution, as it is only indicative due to the frail documentary base and the assumptions implied. In Table A, we show, to the best of our knowledge, the level of AEAs the regions possessed at the end of the eighteenth century, using only three scales: high, intermediate and low. We do not show numerical values, which would imply that the magnitudes had an exactness they do not possess<sup>5</sup>. Since the rural population represented

more than 70% of the labor force during that period, the primary sector dominates the estimates, except for Great Britain and Holland. We must note it that this variable was probably high (around 50%) in most urban centers due to the numerical importance of independent artisans, shopkeepers and traders.

The regions that show the highest share of AEAs around 1800 also have the highest appreciation of capitalism today: The Anglosphere, Northern Europe and the Sinosphere. There, small farmers (that initially traded on short distances, later further away) were predominant or played a central economic role. The Sinosphere (China, Japan and Korea) had a demand oriented peasant economy, with innumerable self-managing and independent family farms mainly cultivating rice, using labor-intensive techniques<sup>6</sup>. With owned or leased plots, these units produced grain for their own consumption and for the market, together with handcrafted goods, made during non-agricultural labor time. The need for jointly administered small-scale irrigation systems promoted collaboration and trust between producers (Aoki, 2013). It seems that in these societies, especially in China, economic agents performed their activities in a favorable institutional framework without heavy taxation. A similar situation existed in Northern Europe: we find large numbers of independent small farms from Sweden down to Flanders. These rural units were larger than in the Sinosphere, and with a more capital-intensive and diversified pattern of production (Sugihara, 2004). In Northern Europe, a more sophisticated rural manufacturing sector also developed, with its merchant coordinators directing their business not only to local but also to more distant consumers. Great Britain and Holland had had an agrarian structure with many small farmers who owned or leased land long before 1800. Although this group was gradually being reduced in Britain due to enclosures and increasing farm size, this fall was compensated for by a growing number of entrepreneurs in the secondary and large service sectors<sup>7</sup>. In the United States family rural units were common: the dominant characteristic was that a large part of the farmers owned the land they worked, which undoubtedly developed in them a great support for private property. According to Allan Kulikoff, American farmers adopted an individualistic culture, which meant freedom to make binding contracts and to use their property as they pleased. This mentality spread to rural merchants and urban manufacturers. Thus, Kulikoff concluded in his book

on the history of rural America: “Capitalism began in the countryside” (Kulikoff, 1992: 264).

### **III. Areas with Low Share of Active Economic Agents**

In most of the rest of the world, there was a lower share of AEAs, and it is in these regions where the appreciation of capitalism is also weaker today. The most subjugated part of the global labor force comprised slaves, which in the Caribbean in 1800 represented more than 80% of the inhabitants of much of its islands (as in Jamaica, Antigua, Barbados and Saint Domingue), and around one third of the Cuban population. Slavery also accounted for about one third of the Brazilian labor force, and probably a similar proportion in Sub-Saharan (Lovejoy, 2012)<sup>8</sup>. Serfs were also part of this alienated group, since they only partially controlled their economic ventures and were in varying degrees’ subject to the will of landlords and communes using their time, land and capital<sup>9</sup>. They did not have freedom of movement, and to a great extent could not own property. They were also different from free renting farmers in that their “lease contracts” were permanent and could not be discontinued or renegotiated. In Eastern Europe, feudalism had not weakened in the modern era. By 1800, it continued to be entrenched to varying degrees, with the most extreme case in Russia, where the serfs could to a great extent be sold separately from the land and where they accounted for more than 50% of the labor force (Lyashchenko, 1949). In Ethiopia, a feudal framework seems to have intensified (as in Eastern Europe) in the seventeenth and eighteenth centuries. In this case, much of the land occupied by rural inhabitants was gradually transferred to the lords and ecclesiastical organizations. In those areas the condition of many workers was much more similar to serfs than to a free peasantry (Habtamu Mengistie, 2011). In Peru, the Spanish established a system of forced labor (the mita) to recruit the indigenous population for the main mining district: every indigenous community had to deliver every year one seventh of its labor force to Potosí.

In many regions of the world, communes or villages also had a fundamental role in determining rural economic activity, especially when they controlled land use. When this was the case, the independence of the peasant was limited by corporate or tribal decision making on the use of available resources. Moreover, when taxes and forced labor were imposed communally and not individually, it was not in the village’s interest to allow individuals to migrate<sup>10</sup>. In Spanish America much of the indigenous population lived in communal settings, which they could not exit easily: some also worked as wage labor in large neighboring rural properties, in many

cases to be able to pay the taxes imposed on them (Ouweneel and Hoekstra, 1998). In India – where bonded labor and pastoral commons were also frequent (Remani, 2015)<sup>11</sup> –, village interference in agricultural production limited individual initiative or possibilities: the lower castes were condemned to servile labor and could not acquire managerial roles or become significant landowners, no matter how enterprising they proved to be. Movement between different activities or professions was also constrained (Béteille, 1990). In Russia the communal organization (mir) complemented the feudal system: its roles included the regulation of use of common land, labor dues, conscription for military service and collecting and apportioning taxes. In the Slav world, in general, it was the commune that bore tax responsibility and decided on common land distribution: it was not in this organization's interest to allow peasants to migrate. In Africa, communal land tenure was also present in the precolonial period, and it implied collective decision-making for agricultural and pastoral activities<sup>12</sup>. In this continent tribal organization was dominant; it was structured by patron-client relationships controlled by chiefs or dominant groups (Berman, 1988). In addition, a large section of the population lived in subsistence economies, where most inhabitants were only marginally exposed to market interaction.

Finally, wage labor, also a part of the non-AEA section of the population, existed in many parts of the world in rural units, like haciendas, ranches, cortijos or plantations. The strong presence of these organizations in Latin America meant that a large part of the laboring population was composed of rural proletarians. In Chile, at the end of the eighteenth century, peons represented about three-fourths of rural working males (Baer, 1971)<sup>13</sup>. In Southern Spain, the proportion of rural jornaleros was similar (Solana Ruiz, 2000). In other areas, as in Central and South America, a system of debt peonage was frequent, which could make some laborers function in semi-bondage conditions.

Some countries that had a considerable number of peasants, nevertheless, today show an anti-capitalist bias. Many political units in the Mediterranean vicinity fit this definition. In most of these nations farmers operated in fairly permanent extractive environments, characterized by high levels of taxation or regulation and imposing forced labor for military, economic or public works objectives. Egypt is an example: in the first half of the nineteenth century its innumerable small farmers were subject to high levels of taxation, and the imposition of state corvée labor and military service. On top of this, the government regulated what could be cultivated and



imposed a fixed price for agricultural produce. It also confiscated land to favor large estate (Richards, 1982). Peasants belonging faced a similar condition to the Ottoman Empire: they suffered from arbitrary levies and service requirements together with land confiscation and administrative corruption. This fostered a submissive attitude towards government (Dimitrova-Grajzl, 2007). In India, in many areas in the eighteen century, local landlords were to apply a high level of taxation that could exceed 50% of production. Farmers and their families were treated with violence or evicted if they did not fulfill tax obligations (Habib, 2008; Fukazawa, 2008). In other nations, extreme arbitrary government action was less common, although a high level of taxation existed. In France at the end of the Ancien Régime farmers payed taxes that represented about one third of their income (including the hated *taille*). French peasants were also forced to participate in public works or serve in the militia (Sée, 2003). In Iran, in the early nineteenth century, a similar situation also existed (Gilbar, 1979).

#### **IV. Natural Conditions**

A question that naturally arises is whether certain natural conditions helped to generate small agricultural units in some regions, leading to a high proportion of rural AEAs. The answer lies to some extent in the combinations of land and the climate that encouraged crops with low economies of scale. This occurred particularly in the case of so-called fine grains, such as wheat and rice, dominant in Northern Europe and Asia. Their cultivation required effort and continuous care in the soil's preparation, the application of fertilizers and the elimination of pests. In the case of wheat, a rotation and a greater investment in plows and pack animals, both very vulnerable to personal care, were also required. Although in areas dominated by wheat and rice there could be communal or government mechanisms that intervened in rural production, these were not dominant enough to affect productivity. This conditioning would have generated by 1800 a level of high productivity and income in nations such as China, England, the Netherlands or the United States (Allen, 2009).

In the rest of the world, other crops with simpler production requirements (such as the so-called coarse grains) were more dominant. This was the case of rye in Eastern Europe and millet and sorghum in Africa. These plants would develop in better harmony in feudal, communal or tribal environments, since they allowed for monoculture and required less personal effort with respect to weeds and pests, less investment in equipment and less animal work and fertilizers<sup>14</sup>. Since there was a lesser impact of individual

effort on the crops, the peasants were less affected by the work requirements of feudal lords, communities or tribal chiefs. Finally, in the plantation economies, as in the Caribbean or Brazil, the rural sector was dominated by crops such as sugar and coffee with clear economies of scale and where work by gangs was efficient. This situation generated a significant mass of dependent workers (Engerman and Sokoloff, 2002).

## V. Conclusion

This paper has tried to contribute to explain the existence in the Anglosphere, Northern Europe and the Sinosphere of a popular culture more favorable to capitalism. This culture has been connected to an agricultural past dominated by independent farmers who would have intuitively understood the benefits of markets – an awareness that generated a mentality and institutions that did not put obstacles in the way of increasing economic efficiency. A higher number of these farmers resulted to some extent from soils and climate that fostered crops where there were no strong economies of scale, such as wheat and rice. All societies had and have supporters of a market economy. However, in these three regions, support is higher than in the rest.

If the proportion of independent farmers and active economic agents in general, was an influential source of a pro-capitalist mentality, this could reduce the claimed effect of religion. It is not only or mainly Catholic, Orthodox or Muslim values that explain backwardness, nor Protestantism that generated economic success, but a certain past rural structure. On the other hand, the anti-capitalistic attitude we find today, for example in Eastern Europe, may have to be not only blamed on its more recent socialistic experience (with government efforts to eliminate independent economic agents) and indoctrination, but also to legacies of feudalism and village control. Finally, this account is less compatible with Acemoglu *et al.* (2001) view that the presence or not of certain populations in certain geographical regions determined their institutional structure and evolution. It was not the absence of a significant number of white colonizers that conditioned future institutions and success, but the (low) share of AEAs in those societies. On the other hand, if certain types of soil and climate mattered because they generated a lower share of AEAs (as in the case of plantation agriculture) or because they favored smaller family farms (as in New England), this explanation is compatible with that proposed by Engerman and Sokoloff (2002), although here the importance of the economic mentality generated in the population is stressed, while they point out the effects of the resulting inequality on institutional development.

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<sup>1</sup> See also North and Denzau (1994).

<sup>2</sup> See this concept applied to racism in Hudson Banks and Stephens (2018).

<sup>3</sup> This is the basic argument made by Berdiaev (1915).

<sup>4</sup> It must be noted that it is not a specific income level that separates AEAs from non-AEAs. In fact, in many cases wage earners may have higher levels of income than self-employed individuals.

<sup>5</sup> I presented some crude AEA estimates in Appendix B.

<sup>6</sup> On Japan, see Hayami (2015) and Jones. (1988: 195). On China Pomeranz (2000: 86-87).

<sup>7</sup> Also present in Holland. See De Vries (1997: 561-594).

<sup>8</sup> A similar proportion of slaves can be found in Madagascar (Regnier, 2012). In Mauritius, a plantation economy, the proportion was about 80% (Allen, 1999). For the high proportion of slaves in areas of Nigeria, see Fenske (2000). For Ethiopia, see Bonacci and Meckel (2017). Slaves and serfs had, however, some economic autonomy. Slaves were frequently provided by their owners of small plots where they could produce for self consumption or the market. See Cardoso (1988).

<sup>9</sup> According to Kula (1980), serfs in Poland had a negative incentive to possess capital in the form of draught animals, since the lord of the manor could use them for the labors of the demesne.

<sup>10</sup> On the oppressiveness of the Russian commune (mir), see Rancour-Laferriere (1995, pp. 215-217). On the effects of the communes in serfdom, see Ogilvie and Carus (2014).

<sup>11</sup> Robb (1992) stresses the low degree of economic autonomy faced by indian peasants in the eighteenth and nineteenth centuries.

<sup>12</sup> For the case of Zimbabwe, see Mupfuvi (2014, pp. 36-41).

<sup>13</sup> In Chile, the "inquilinaje" arrangement in the rural sector meant that peasants leasing land from haciendas did so frequently in a scheme that had similarities to the feudal system, with its patriarchal and paternalistic connotations. The use of land was most usually exchanged for labor dues. See Gongora (1960).

<sup>14</sup> For the Russian case, see Gorshkov (2018).



## Appendix

### Appendix A: Free Market Mentality Index: average values corresponding to the fifth and sixth World Values Survey waves (2005–2009 and 2010–2014)

Country	FMMI	Conglomerate
United States	0.697	Anglosphere
New Zealand	0.686	Anglosphere
Switzerland	0.671	Northern Europe
Taiwan	0.646	Sinosphere
Canada	0.621	Anglosphere
Norway	0.615	Northern Europe
Sweden	0.611	Northern Europe
Great Britain	0.600	Anglosphere
Australia	0.596	Anglosphere
Hong Kong	0.575	Sinosphere
Trinidad and Tobago	0.568	Latin America
Viet Nam	0.553	Sinosphere
Finland	0.549	Northern Europe
Romania	0.547	Eastern Europe
Ecuador	0.547	Latin America
Japan	0.539	Sinosphere
Ethiopia	0.535	Sub-Saharan Africa
Germany	0.524	Northern Europe
Azerbaijan	0.515	Central/South Asia
Uzbekistan	0.513	Central/South Asia
Peru	0.512	Latin America
Rwanda	0.507	Sub-Saharan Africa
Belarus	0.506	Eastern Europe
Georgia	0.504	Central/South Asia
Mexico	0.502	Latin America
China	0.500	Sinosphere
Yemen	0.499	Middle East
Libya	0.499	Northern Africa
Netherlands	0.496	Northern Europe
France	0.494	Southern Europe
Indonesia	0.493	South East Asia
Qatar	0.488	Middle East
Italy	0.488	Southern Europe
Brazil	0.483	Latin America

Malaysia	0.482	South East Asia
Singapore	0.481	South East Asia
Slovenia	0.474	Eastern Europe
Zimbabwe	0.474	Sub-Saharan Africa
Cyprus	0.460	Southern Europe
Ghana	0.458	Sub-Saharan Africa
Colombia	0.454	Latin America
Bulgaria	0.447	Eastern Europe
Moldova	0.445	Eastern Europe
Egypt	0.432	Northern Africa
Pakistan	0.429	Central/South Asia
Uruguay	0.424	Latin America
Philippines	0.424	South East Asia
Andorra	0.419	Southern Europe
Thailand	0.417	South East Asia
Tunisia	0.415	Northern Africa
Morocco	0.414	Northern Africa
Burkina Faso	0.412	Sub-Saharan Africa
Kyrgyzstan	0.409	Central/South Asia
Armenia	0.409	Central/South Asia
Estonia	0.407	Eastern Europe
Kuwait	0.405	Middle East
Spain	0.404	Southern Europe
Nigeria	0.387	Sub-Saharan Africa
South Africa	0.387	Sub-Saharan Africa
Palestine	0.386	Middle East
South Korea	0.385	Sinosphere
Lebanon	0.385	Middle East
Mali	0.377	Sub-Saharan Africa
Iraq	0.376	Middle East
Iran	0.370	Middle East
Jordan	0.364	Middle East
Poland	0.359	Eastern Europe
India	0.359	Central/South Asia
Turkey	0.346	Middle East
Algeria	0.343	Northern Africa
Serbia and Montenegro	0.341	Eastern Europe
Zambia	0.339	Sub-Saharan Africa
Argentina	0.323	Latin America
Chile	0.316	Latin America
Hungary	0.301	Eastern Europe

Kazakhstan	0.283	Central/South Asia
Ukraine	0.283	Eastern Europe
Russia	0.241	Eastern Europe

*Source: Czegledi and Newland (2018a).*

## **Appendix B: AEA shares**

We estimate the shares of AEAs in total employment for some nations around 1800 (unless otherwise indicated). The sources are as follows.

Sinosphere: 1) China: 50%. According to Pomeranz (2011, p. 1) proletarians represented there from 10 to 18% of the rural workforce. 2) Japan: 50% (Moll-Murata, 2011).

Northern Europe: 1) Sweden: 60%. In 1800 the majority of the male population in the rural sector was owners or leasers of land used for independent farming. Lundh (2005, p. 99). 2) Germany: 50%. Tilly (1983, p. 51) presents data for Saxony, which also seem to have an AEA share of around 50% in the second half of the eighteenth century. Also see Slichter Van Bath (1963, p. 314). 3) Belgium (c. 1850): Vanhaute (2001). 4) Holland: 50%. We do not have a direct general source for its estimation. In the rural sector farmer ownership of land was high. See de Vries (1997, p. 554). In the province of Overijssel in 1795 day laborers represented 18% of the rural population. The rest were farmers or cottagers owning cattle. The proportion of farmers that contracted external wage labor was 57%. The rest were family-based labor units (Slichter van Bath, 1963, pp. 316-317).

Anglosphere: 1) Great Britain: 50%. Lindert and Williamson (1982). Even by 1851, after a strong process of land concentration, 33% of those working on the land in England were independent farmers (Overton, 1996, p. 178). 2) United States: 50% in 1800 (Turner, 2015, pp. 268-271). The proportion would have been higher had slavery not existed in the country.

Southern Europe: 1) Spain: 43%. Calculated according to the Spanish Census of 1797 (Lana-Berasain, 2016). In this country there clearly was around 1800 a regional differentiation, with the center-north of the country with a higher presence of independent farmers, in opposition of the center-south with a very high participation in the labor force of proletarian workers. (Malefakis, 1970, p. 61). 2) France: 43%. Morrison and Snyder (2000, p. 66).

South East Asia: 1) Indonesia: Java around 1800 seems to have a high AEA, near 50%. Bosma (2011). In Java in 1815 71% of the farmers were landowners. Booth (1998, p. 294).

Latin America: 1) Chile: 25% (Baer, 1971). 2) Mexico (1790): 30%. Calculated from Secretaría de Programación y Presupuesto (1977). 3) Brazil (1808): 30% (Botelho, 2016). Caribbean: 20% (Paterson, 1982, and Bergad, 2007). Argentina (1800-1820): (Grupo, 2004; Arcondo, 1995; Maeder, 1964; Comadrán Ruiz, 1971).

Eastern Europe: 1) East Prussia: 20% (North, 2014, p. 150). 2) Hungary: 30% (Warriner, 1965, pp. 38-39). 3) Russia: 15% (Khitrov, 2016).