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The economic modeling of migration and consumption patterns in the English-speaking world

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ABSTRACT

Recent literature suggests that there was a marked intensification of consumerism in the Anglophone world in the latter half of the nineteenth century, though little systematic empirical evidence of the phenomenon or its origins has to date been provided. This paper develops an economic model to redress this situation. Using a fixed-effects panel data model, it shows that the enduring racial ties, cultural affinity and sense of connectedness of British emigrants in Australasia, Canada and the US between 1879 and 1913, as evidenced by their remittance flows, were reflected in a strong preference for consuming British products.

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1. Introduction

In recent years, the study of material culture has grown apace. *Inter alia*, scholars in the field have noted and attached significance to a perceived intensification of consumerism across parts of the English-speaking world in the decades after 1850 (Young, 2003; Stearns, 2006, pp. 30–47; Trentmann, 2008; Magee and Thompson, 2010). As a language of ‘needs’ was displaced by one of ‘wants’, particularly in the sphere of household goods, so habits of consumption among settlers seemed to have converged. Whether it was in the parlors and dining rooms of Sydney, Toronto, Auckland or Philadelphia, consumers in this period appeared unprecedentedly eager to acquire the latest British manufactured products. Some go so far as to describe this trend as symptomatic of an emerging ‘transnational Anglo culture’ that was steadily being forged by a rising middle-class for whom changing metropolitan tastes in food, fashion and furnishings were an important marker of social status as well as British national identity. Others have argued that engineers, mechanics, and manufacturers strewn across the empire likewise exhibited a similar predilection for the British-made capital good, with which, due to their training and experience, many were already familiar (Buchanan, 1986, 1989; Burton, 1994; Faith, 1990). Such a burgeoning ‘transnational Anglo material culture’, though, was not just, it is said, colonial imitation of the ‘mother country’ but rather an expression of an authentic cultural continuity — a desire to

sustain historic bonds, traditions, practices and familial ties — which extended across an Anglophone world (Young, 2003).

What made even the potential of such a world of co-ethnic consumers possible in the latter half of the nineteenth century were the mass movements of people characteristic of the time (Belich, 2009; Hatton and Williamson, 2006; Magee and Thompson, 2010; Weaver, 2003). Waves of emigration from all parts of the globe not only helped to integrate large portions of the world materially, spiritually and politically, but engendered new, more transnational, ways of thinking. Of these mass migrations, Britain's was almost unrivaled for its degree of dispersal. An unprecedented number of people left the British Isles between 1850 and 1914 in search of greater opportunity in the wider world (Baines, 1986; Baines and Wood, 2004; Richards, 2004). Such migration made transnationalism — living in and identifying with more than one country or place at once — a normal way of life for many British people in the half century before 1914. Leaving ‘home’ did not necessarily mean abandoning ‘home’. Indeed, in the eyes of many, those who had migrated to Britain's settler colonies, or whose forefathers had migrated there, remained ‘British’, or at least partly so (Bridge and Fedorowich, 2003). Nor was it a question of identity alone: being British also had material implications. Not only did it shape one's tastes and preferences, it thickened information flows with families back home, and, within this white settler community, if not beyond it, laid a solid basis of trust, mutual understanding and connectedness upon which trade between Britain and its colonies developed (Magee and Thompson, 2010).

While some largely anecdotal evidence of this ‘transnational Anglo culture’ can be found in the growing volume of British products being purchased across the English-speaking world, the empirical foundations of the claims have not yet been rigorously examined. The main

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objective of this paper is redress this situation by investigating empirically whether 'British' consumers behaved in distinctive ways, and, if so, whether at least part of the explanation for this lay in the economic effects of a shared material culture. Using a balanced panel data model with fixed effects to explore the determinants of the comparative proportions of income devoted to the consumption of British goods in Australia, New Zealand, Canada and the United States between 1879 and 1913, it concludes that the ongoing sense of connectedness of British emigrants with 'home' did indeed contribute to stronger preferences for British products in each of the markets studied. The notion of a 'transnational Anglo material culture' does appear to have some empirical basis.

The rest of the paper is organized as follows. In the next section, a measure of relative consumption is introduced which outlines the pattern of consumption in selected English-speaking countries in the period studied. A model of relative consumption which incorporates *inter alia* cultural connectedness is developed in Section 3. Section 4 uses a panel data approach to estimate relative consumption and then explains the meaning of the model's estimated parameters. The final section contains some concluding remarks.

2. Relative consumption

Cultural connectedness and preferences are concepts that do not lend themselves easily to quantification, especially retrospectively. Take the case of preferences. In the absence of detailed cross-country household consumption data, the level of preference exhibited toward British products in different societies is hard to establish. Fortunately, trade data provide an alternative source of information from which cross-country comparisons can be drawn: the share of income devoted to British goods in one setting relative to those found on average in other similar societies where no special preference for British products is observed. Such a measure, which we call here the index of relative consumption, provides a standard against which the extent of the 'over-consumption' or 'intensification' of British products in different locations can be directly and consistently compared. The distinction between the usual and the unusual can, thus, be better drawn.

More formally, our index of relative consumption is expressed as:

$$RC_i = x_i/x_j$$

where x_i and x_j stand for the value of British goods consumed in markets i and j as a share of their national incomes. Of these two markets, j is a neutral market in which British goods must compete on price and quality of service alone, whereas i is a market in which some degree of preference for British wares may exist. While in practice no market is completely neutral we have chosen the average share of income spent on British goods in the four most industrialized countries of Western Europe during the nineteenth and early-twentieth centuries: France, Germany, Belgium, and Holland (FGBH), none of which have ever been claimed to exhibit any widespread preference for British commodities.

Table 1 presents a comparison of the index of relative consumption of British wares across parts of the English-speaking world. Among

Table 1
The index of relative consumption in parts of the English-speaking world, 1879–1913 (quinquennial average).

Period	Australia	NZ	Canada	USA
1879–84	3.66	3.82	2.13	0.41
1885–89	3.87	3.80	2.20	0.47
1890–94	3.27	3.74	1.90	0.47
1895–99	3.95	4.24	1.70	0.39
1900–04	3.93	5.14	2.04	0.35
1905–09	3.16	4.59	1.90	0.32
1910–13	3.43	4.57	2.07	0.30

Source: see Data appendix.

other things, it reveals Australians and New Zealanders as comparatively heavy consumers of British products. While the Australian figure oscillated around 3.5 through this period, the relative consumption of British goods in New Zealand witnessed a notable increase from about 3.8 in the 1880s to over 4.5 by the turn of the century. Canada is also shown by the RC index to be more favorably disposed to British products compared with the FGBH average, though somewhat less so than the other Dominions. The US, by comparison, was decidedly less inclined to spend on British goods. Its RC, already low in 1879–84 at 0.41, fell steadily from 1890–94 to be 25% lower, or just 0.30, in 1910–13. Despite sharing a common language and history with Britain, not to mention deep family ties among British settlers, the US, it seems, remained comparatively resilient to the allure of British wares.

3. Modeling remittances, cultural connectedness and relative consumption

What are the sources of the cross-country differences in the proportion of income devoted to British goods summarized in Table 1? One explanation suggested by the literature lies in the connection between the enduring sense of cultural attachment to 'home' felt by British emigrants and their consumption choices in the new world. Concentric circles of community among people at home and British emigrants overseas produced concentric circles of preference; as this sense of community strengthened across an Anglophone world toward the end of the nineteenth century, so too did the transnational dimensions of consumption (Magee and Thompson, 2010).

In practical terms, the technological and communication advances of the late-nineteenth century meant that departure from Britain no longer necessarily resulted in either the severing of ties with friends and family left behind or the total abandonment of products once enjoyed. Cheaper and easier oceanic and rail travel, rapidly developing postal services, rising real wages and enhanced earning capacities ensured that the migrant's demand for the tastes of 'home' could be increasingly met wherever he or she was. The migrant of the later-Victorian and Edwardian era and their descendants could and did 'buy British' in volumes unthinkable to all but the richest of previous generations of migrants. As a result, large and lucrative markets across a range of goods opened up in places that had hitherto demanded little from Britain, a process facilitated by the flow of information and capital along transnational networks nurtured by the migrants themselves. In many ways, these developments were part and parcel of the unfolding course of nineteenth-century globalization (Magee and Thompson, 2010). As markets integrated and the transnational expansion of peoples intensified across the second half of the century, the relationship between migration and trade flows appear to have drawn ever closer. If true, then such a relationship implies that relatively higher proportions of income devoted to British products across English-speaking countries could in part be explained by the arrival, stock and on-going cultural attachments of British migrants in different locations.

This raises the question of how we can measure the rather intangible strength of cultural attachment of British migrants to 'home'. We believe that remittances sent back by migrants to the home country can be a powerful proxy measure of the strength of such attachment. As recent scholarship has shown, remittances were an important component of life within a nineteenth-century transnational community (Gabbacia, 2000; O'Farrell, 2000; Payton, 1999; Schrier, 1958; Schwartz and Parker, 2001). For many migrants, sending remittances was part of an implicit contract that existed between them and those back 'home', a form of remuneration to family members and friends for assistance extended to them prior to their departure (Lucas and Stark, 1985, pp. 901–08; Glytsos, 1988, pp. 524–49; Hoddinott, 1994, pp. 459–76; Magee and Thompson, 2006a, pp. 188–96). Remittances were also frequently sent to provide support for the community, particularly in times of economic crises; to build up nest eggs for an eventual return; and to promote social, political and religious causes and charities in their land of birth

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