The Economic History of Britain since 1870

Reading list

Lecture 1: Introduction and Britain in the international economy at the end of the Industrial Revolution.

A conventional (although somewhat old and Marxist) broad overview of the British Victorian economy as the, perhaps fading, ‘workshop of the world’ can be gleaned from


On the other hand,


provides a more recent and growth orientated view.

Lecture 2: Late nineteenth century globalization.

The relationship between Europe, particularly Britain, and the rest of the world, particularly the areas of recent European settlement, became one of the main themes of the late nineteenth century. A summarized of the long-term relationship of international trade to the British economy in


Some recent research has centred on globalization and income convergence.


Williamson’s work highlights important trends but I have some reservations.


The development of multilateral trading relationships and a multilateral pattern of balance of payments settlement was an important aspect of the late nineteenth century international economy.

The role of the service industries associated with the international economy within Britain may be appreciated from


Expansion of the Atlantic economy opened massive new territories that hitherto had been only sparsely settled. This involved the movement of people and capital from the older “central” areas of the Atlantic economy to the “periphery”. An overview of the migration of people is presented in


Britain was particularly involved in the process of expansion. Not only did it provide migrant labour but probably more importantly it was a major source of capital. For an overall perspective see


**Lecture 3: Britain’s loss of technological leadership and the “American system”**.

In the late nineteenth and early twentieth century British firms lost the technological leadership that had accompanied the Industrial Revolution. Many have attributed this loss of leadership to failure of British entrepreneurship. An example is


American firms assumed industrial leadership in mass-production industries. American productivity was considerably higher than that of British manufacturing firms. For a discussion of labour productivity differences see


At the same time, American firms increased in size and developed new corporate forms of managerial capitalism which the British did not immediately emulate.
3. **Chandler, Alfred D. [1990]**; *Scale and Scope: The Dynamics of Industrial Capitalism*, Chapters 1, 7-9 (See also the review article by B. Supple [1991], *Economic History Review*, vol. 44, no. 3, August, pp.500-514).


This view has its challengers. See


“New Economic Historians” in the 1960s and 70s challenged an interpretation of British performance that rested on an hypothesis of entrepreneurial failure.


I have participated to some extent in this debate. See


**Lecture 4: Technological leadership. Case studies: engineering, cotton, and iron.**

The debate is perhaps best followed in the discussion of two industries, cotton textiles and iron and steel. The British cotton industry appears to have lagged in the adoption of the most modern techniques developed in America.


Britain also seems to have fallen behind in iron and steel. McCloskey denies a problem


His conclusions were challenged.


Considerations of the timing of investment and embodied technology add an interesting additional dimension to the issue.


**Lecture 5: War finance and money in the context of the nineteenth century Gold Standard.**

The late nineteenth century international economy operated under the ‘classical’ gold standard.


Credibility of convertibility was seen as crucial. So too was occasional international cooperation. The war introduced great strains on this arrangement.


The war disrupted economies. Governments needed to finance unprecedented expenditure. Business patterns were interrupted. In addition, the war fundamentally changed economic and political relationships domestically and internationally. The war left problems for government finance, the
money supply, reparations and the balance of payments. The economic effects of the war are discussed in


**Lecture 6: Post-war monetary adjustment: continental inflation.**

An important book that looks at the political economy of conflict in post-war Europe is


The economic situation is discussed in

2. **Eichengreen, Barry [1995]; Golden Fetters,** Chapter 4 “Postwar Instability” and Chapter 5 “The Legacy of Hyperinflation,” pp. 100-152.

Major problems arose from governments' financing the war and the subsequent debt-overhang.


The overhang of wartime debt, domestic political stalemate and the international problems of reparations and war debts create inflationary situations in most of Europe. A famous discussion of the dynamics of inflation and particularly the role of expectations in inflations and their ending is


**Lecture 7: The restored Gold Standard and British unemployment.**

The war fundamentally changed international economic relationships. In particular, Britain was weakened as both a trader and as a financial centre, primarily to the advantage of the U. S.


While inflation troubled most of the post-war continental countries, after a postwar boom Britain strove to restore the credibility of the gold standard by policy designed to support the old gold parity.
Unemployment plagued interwar Britain. The predominant explanation was Keynesian. The connection between unemployment was spelled out in (try to visualize this argument in terms of aggregate demand and aggregate supply)


The prolonged unemployment has been the subject on much recent analysis.


Interwar unemployment became an issue between Keynesians and anti-Keynesian macroeconomists. An influential analysis suggested that much of the interwar unemployment was a response to higher rates of unemployment benefits (put this in a choice theory framework).


This article has generated a large literature. An excellent summary and important contribution is


Also see


For discussion based on macro-economic models see


Lecture 8: Monetary crisis: Central Europe, UK and America.

Barry Eichengreen documents the decent into depression in


He emphasizes the negative role of the interwar gold standard. Peter Temin presents a similar story but with somewhat different emphasis


Kindleberger’s older work provides a somewhat different version of the story that places blame on the United States for failing to provide leadership


Germany, reparations and international capital flows played central roles in the European collapse. A nice recent analysis connecting German policy in the 20s with difficulties in the 30s is


Lecture 9: Gold, money and the course of the Great Depression.

Many, particularly Americans, place primary weight on poor policy and particularly monetary collapse in the United States. A macroeconomic textbook overview is of the Great Depression in America

1. Mankiw, N. Gregory [2003]; *Macroeconomics (5th Ed.*), pp. 295-301; 488-9 (p. 325 also discusses the role of devaluation in the 1930s recovery).

The classic treatment of the Great Depression as the consequence of incompetent U.S. monetary policy is


The literature on this issue is discussed in

Lecture 10: The policy regime and recovery in the 1930s.

The modern monetary explanation of the depression now extends to an explanation of the recovery. Eichengreen (and Sachs) clearly states the argument that abandonment of the gold standard began recovery.


The idea that a Keynesian expansionary fiscal policy initiated recovery is a myth in both Britain and America.


In the 30s state intervention became more general, presaging the post-war world. Recall


One school of thought sees 20th century Britain failing because an institutional structure of small firms that could not co-ordinate markets and the failure of government to co-ordinate economic change. Many felt that there was a need for more planning and coordination.


The government vacillated and its policy had varying impacts


Balanced recent views are presented in


A challenging story that points to both benefits and costs from policy emerges from


Lecture 11: The war effort, post war challenges and economic policy.

The war, of course, was a major challenge.


The process of recovery challenged policy makers in the post-war years and beyond.


Lecture 12: Socialism and the welfare state.

The growth of the economic functions of the state has been one of the hallmarks of advanced countries in the twentieth century.


The British welfare state, as Lindert points out, has deep roots.

Nonetheless, the welfare state is particularly associated with the period since the Second World War.

The welfare state was also particularly associated with the post-war Attlee Labour government. Within the Labour government plan, Nationalization assumed a large role.


The years from the mid-1950s to the mid-1970s were an era of exceptional economic growth in Europe. The growth slowed after the mid-1970s. For overviews see:


Of course, much of the growth was a catch up with the United States.


For details of catch-up in a long-run perspective see


Britain’s particular place in European context is outlined in


A somewhat different perspective on British experience appears in


For Europe as a whole, American aid, conditioned by the cold war with Russia, played an important role in the initial recovery.


Nonetheless broader institutional issues were involved


German growth was particularly spectacular, but probably depended on special circumstances.

Lecture 14: A ‘social contract’ basis of the golden age of low unemployment and high growth?

Sustained low level of unemployment and rapid economic growth was a gratifying difference from the interwar experience but it seems to have been achieved at a cost to productivity growth. Some have suggested that this may have reflected post-war developments that included the welfare state. The regime change the Temin identified as “socialism in many countries” carried over into the post-World War II years as we have seen in discussion of the Attlee government. An historian’s overview is


Barry Eichengreen has emphasized the institutional support for the reconstruction and the golden age.


A somewhat darker interpretation on the “postwar settlement” is presented in a series of papers that continues the Broadberry and Crafts’ view of the interwar years.


Lecture 15: Regime shifts in macro policy: unemployment, balance of payments, inflation.

Through out the quarter century after the war the balance of payments presented a challenge to British economic policy makers. Since the late 1960 inflation has taken centre stage.


provide overviews. Interesting perspectives from ‘treasury knights’ of the early and late second half of the twentieth century are in


Many Keynesian thinkers saw the balance of payments as a constraint on growth (as well as evidence of underlying failure).


A more monetarist perspective on the international monetary system emphasizes the fact that the fixed exchange rate made money and prices internationally determined and unsustainable expansionary policy emerged as balance of payments crises.


Modern thinking about the balance of payments connects balance of payments experience to monetary developments. Overviews of respectively of monetary policy is


A useful monetary textbook discussion of British monetary policy since 1945 is

The following chapters in N. F. R. Crafts and N. W. C. Wooldward, eds., *The British Economy since 1945* provide a discussion that draws more fully on economists thinking


**Lecture 16: Economic growth over the long-term. Was there a decline?**