

ECON3100: Spring 2015

The British Economy from the Industrial Revolution to the Present

Outline: This course examines the evolution of the British economy from the origins of the Industrial Revolution to the present day. The Industrial Revolution is widely regarded as the turning point that triggered modern economic growth, though the topic is still surrounded by debates as to its causes, timing, and the economic and social effects resulting from it.

Other European countries and, subsequently, the United States, eventually eclipsed Great Britain, whose economic performance was further undermined by the huge costs, in terms of wealth and manpower, of the First World War and its aftermath, above all, the government's decision to restore sterling to its pre-War parity with gold.

As with most other countries, Britain abandoned the gold standard in the early stages of the Great Depression after which its economy rebounded strongly, far more rapidly in fact than in the United States.

Post-1945, Britain remained preoccupied with building a welfare state and preserving its overseas empire, with even greater consequences for its economy. The causes of Britain's continuing economic regression are examined within an international context, focusing mainly on the conduct of stabilisation policy, the size and performance of the public sector, technology, labour relations and management quality.

Next the factors contributing to renewed growth will be reviewed, above all, privatisation, financial liberalisation and structural change, during the Thatcher years; consolidation and excess under New Labour; and the causes, impact and aftershocks of the 2007-2008 financial crisis.

Learning outcomes: Upon completion of this course, students will understand:

- (a) How economic theory is be used to explore important historical issues;
- (b) Competing perspectives on whether there was an Industrial Revolution, and the arguments adduced to support the different perspectives.
- (c) The causes of Britain's relative economic decline beginning in the late nineteenth century, and the persistence of sluggish economic through the late 1970s;
- (d) The relationship between economic policies and economic performance, from the Gold Standard through Privatisation, through the decision not to join European Monetary Union;
- (e) The origins of the global financial and economic crisis, the differential impact it had on European countries and the role of monetary integration in instigating the economic difficulties that continue to plague the Continent.

Readings: (* Required).

1. Books

***Allen (2009): *The British Industrial Revolution in Global Perspective* (Cambridge University Press).** A recent study of the Industrial Revolution that emphasises the role of energy behind the growth of industrialisation.

***Mokyr (2009): *The Enlightened Economy: Britain and the Industrial Revolution 177-1850* (Penguin Books).** In contrast to most other economic histories, stresses intellectual rather than material forces as driving the Industrial Revolution.

Floud and Johnson (2004): *The Cambridge Economic History of Modern Britain, Volume 1: Industrialisation, 1700-1860*.

Floud and Johnson (2004): *The Cambridge Economic History of Modern Britain, Volume 2: Economic Maturity, 1860-1939*.

Floud and Johnson (2004): *The Cambridge Economic History of Britain, Volume 3: Structural Change and Growth*. Essential compendium on the economic history of the modern era from the Industrial Revolution through the early Blair years.

King (2013): *When the Money Runs Out* (Yale University Press). How Britain got into current financial difficulties and a proposed way out.

Mathias (2001): *The First Industrial Nation: The Economic History of Britain, 1700-1914* (Routledge). A classic but dated history of the Industrial Revolution. The current edition is a reissue of the book's 1983 second edition.

***Scott (2004): *Off Whitehall* (I.B. Tauris).** An intelligent and informed view of economic policy making during the Blair government, focusing on the feud between the Prime Minister and the Chancellor of the Exchequer, by the former's economic adviser.

2. Classic articles that adopt different perspectives on the Industrial Revolution and its impact.

Berg and Hudson (1992): "Rehabilitating the Industrial Revolution," *Economic History Review* New Series, 45, (24-50).

Crafts (2002): "The Solow Productivity Paradox in Historical Perspective," (London: Centre for Economic Policy Research Discussion Paper No. 3142).

De Long and Shleifer (1992): "Princes and Merchants: European City Growth Before the Industrial Revolution," *Journal of Law and Economics*, 36 (671-702). Interesting background study of the historical factors leading up to the Industrial Revolution.

Temin (1997): "Two Views of the British Industrial Revolution," *Journal of Economic History*, 57 (63-82).

Williamson (1984): "Why Was British Economic Growth So Slow During the Industrial Revolution?" *Journal of Economic History*, 44 (687-712).