

Part I, Paper 5 – 2016-2017

British Economic History

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Paper Content

This paper surveys the development of the British economy from c. 1750 to 1939. Economic theory and quantitative methods are applied to the historical findings, showing both the relevance of economic analysis to our understanding of history and the importance of the historical context in interpreting changes in the economy.

Aims of the Paper

- To encourage students to analyse economic developments in an historical context
- To encourage students to use economic theory in historical analysis
- To use historical evidence to evaluate economic theories
- To emphasise to students the importance of historical context in understanding economic problems

Objectives of the Paper

By the end of the course, students should have acquired a basic knowledge and understanding of:

- British economic growth in long-run perspective
- the role played in the British industrial revolution (1750-1850) by population, agriculture, proto-industry, transport, finance, technology, and trade; and the effect of industrialisation on measures of welfare;
- the nature and extent of British economic decline, and the role played in the British economy by capital exports, entrepreneurship, education and technology from 1850 to 1914;
- the nature and causes of cyclical slumps and economic recovery between 1918 and 1939, and the role played by policy regimes and institutional change.

Lecture Courses

There are three lecture courses, each dealing with a different episode in British economic history:

British Industrial Revolution (Dr S. Horrell, 16 lectures, weeks 1-8)

The first 12 lectures look at the nature and possible causes of the Industrial Revolution and cover topics such as population growth, agricultural development, trade and developments in the financial system, technology, economic growth, and the effect of industrialisation on living standards. The last four lectures focus on recent research that sets Britain's industrialisation in its long-run and global context. The material in these four lectures will not be explicitly examined but will provide information relevant to the earlier topics.

British Economic History 1850-1914 (Dr S. Horrell, 12 lectures, Lent Term, weeks 1-4)

During the late Victorian period Britain, it is argued, lost the lead it had gained by being the first country to industrialise. These lectures examine the nature and extent of the decline and then investigate the alleged causes for the poor performance, for example, the effects of high capital exports on investment in domestic industry, and failing entrepreneurship caused by complacent attitudes and inadequate education which manifested itself in a failure to adopt the most efficient technologies in staple industries or to develop the science-based industries important to future growth.

Interwar Economic History (Dr. S. Horrell, 4 lectures, Lent term, weeks 5-8 and Dr S. N. Solomou, 8 lectures, Lent term, weeks 5-8).

The interwar period is an interesting epoch for the study of issues such as economic growth, the impact of shifting policy regimes and institutional change. The themes covered in the lectures include unemployment, explanations of the cyclical slumps (such as 1920-1 and 1929-32), the nature of the economic recovery 1932-7, and policy issues such as the return to gold in the 1920s, the devaluation of 1931 and the imposition of the General Tariff in 1932.

Recommended Reading

Textbooks:

R. Floud, J. Humphries and P. Johnson (eds.), *The Cambridge Economic History of Modern Britain: Volumes 1 and 2*, CUP 2014.

S. N. Solomou: *Themes in Macroeconomic History: The UK Economy 1919-1939*, CUP, 1996

Further Useful Background Readings:

P. Hudson, *The Industrial Revolution* (1992)

S. Pollard, *Britains's Prime and Britain's Decline* (1989)

Supervision

Supervisions should be organised by your Director of Studies

Exam

The examination paper consists of around 10 questions. The students are asked to answer 4 of these. Past exam papers can be obtained from the Faculty website:

<http://www.econ.cam.ac.uk/intranet/exams/Index.html>

Sample Examination Questions

1. The term “industrial revolution” is justified by the rapid structural change observed during 1780-1820, but cannot be taken to imply a widespread, rapid growth in per capita output or productivity. Explain and discuss.
2. “Welfare gains imputed from male earnings may overstate actual improvements in the standard of living of the working classes between 1780 and 1850”. Discuss.
3. “The British economy from 1870-1914 was not stagnating but growing as rapidly as permitted by the growth of its resources and the effective exploitation of the available technology.” Discuss.
4. “Although high overseas investment benefited the British economy during the period from 1870 to 1913, in the long term it hastened relative economic decline.” Is this borne out by the evidence?
5. Compare and contrast the reasons for the persistence of high levels of unemployment in Britain in the 1920s and 1930s.
6. “The nature of economic recovery in the 1930s was largely determined by changes in trade policy.” Discuss.