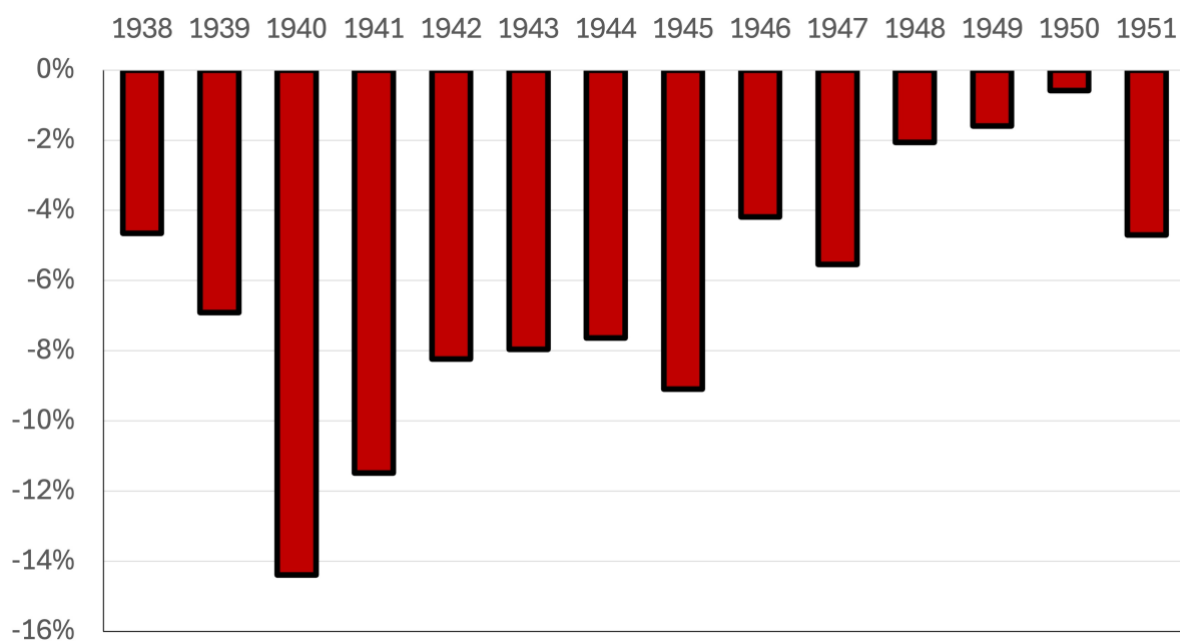


## 7SSPN231 – 2024/25 – Seminar 5

*Work in pairs. Feel free to look at slides, lecture notes, Wikipedia, etc. if useful.*

- 1) The figure below shows the UK trade deficit as a % of GDP in each year between 1938 and 1951. Discuss the changes in the trade deficit over time: what caused them? How was the trade deficit financed, before, during and after the war? (The figure does not include imports covered by the lend-lease program, but you can and should still discuss the role of lend-lease).

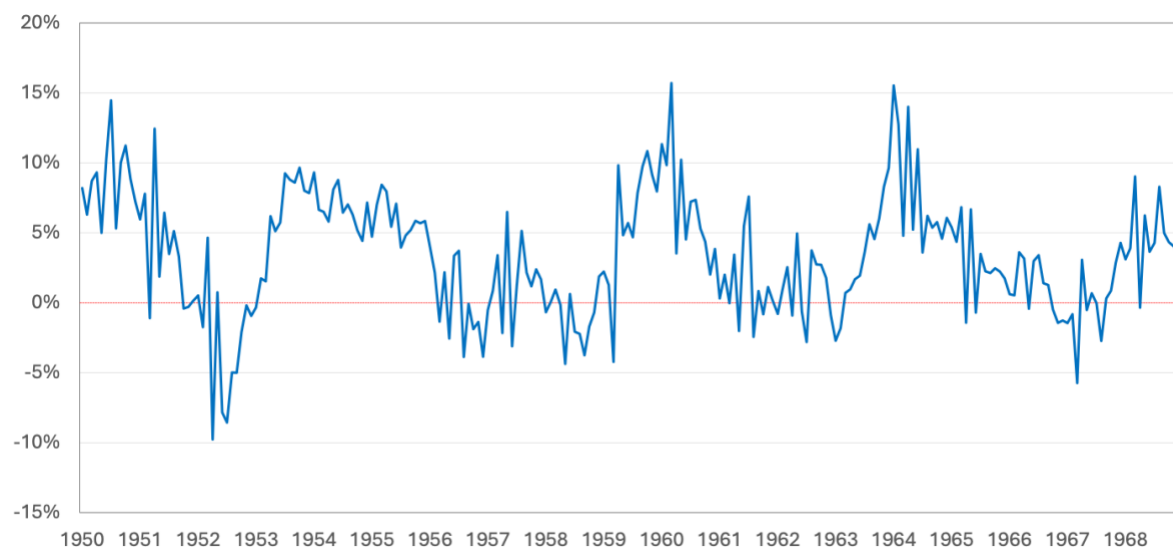
**Figure: UK trade deficit (exports – imports) as a % of GDP, 1938-1951**



*Source: Bank of England, 'A millennium of macroeconomic data'*

- 2) The figure below shows the year-on-year growth rate of monthly industrial production in the United Kingdom between January 1950 and December 1967. The year-on-year growth rate is defined as the percentage change over the same month of the previous year (for example, the data point for January 1950 is the percentage change between January 1949 and January 1950). How many cycles can you see in the data? How do they relate to fiscal and monetary policy actions? Discuss how the main fiscal and monetary policy actions of this period were a response to and/or a determinant of the movements in economic activity.

**Figure: UK monthly industrial production, year-on-year growth, Jan 1950-Dec 1967**



Source: Bank of England, 'A millennium of macroeconomic data'

- 3) Read (or re-read) pages 25 to 29 of the excerpts from Kynaston's book available on Keats. Specifically, from the second paragraph of page 25 ("The question during 1964...") to the first paragraph of page 29 ("...where none had shown themselves."). Discuss what you read. In particular (a) put the events described in the text in macroeconomic context (b) what gives rise to the tensions between politics and finance that the Cromer-Wilson "historical stand-off" reveals (c) what does this suggest about the Bank-Treasury relation and the post-nationalisation arrangements.