

Week 1: Introduction to Britain and the World Economy, 1850-1914

Dr. Gabriel Geisler Mesevage

gabriel.mesevage@kcl.ac.uk

Office Hours: Wed. 10-11am & Thurs. 2-3pm

13 January 2020

Today's Plan

- Introductions
- Course mechanics
- Lecture
- Discussion

Introductions

About me

Name: **Gabriel Geisler Mesevage** (Call me Gabe/Gabriel; he/him)

Field: **Economic and Financial History**

I'm really interested in understanding asset price bubbles in history, how people understood investments, and how markets produced information for investors. I've worked on company promotion, white-collar crime, the financial press, links between politicians and companies, and rating agencies, all in the 19th century, mostly in the UK. I've also done some work on networks: how and when they are useful objects and how to work with network data. I like making graphs.

About you...

Course Mechanics

Assessment

- 1 × 4,000 word essay **due 23 Apr 2020 - 16:00!!**
 - KCL is *unrelenting* about deadlines -- must be submitted by 15:59:59 on the day!
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- For essay **you will come up with a question**
 - Come discuss your question with me
 - Must be related to course (obviously) but can be interpreted broadly
- In weeks 6-10 we will set aside class time for each of you to discuss your essay question/approach and get feedback (not graded)

Mechanics: Submitting assignments

The screenshot shows a web browser window with the Firefox address bar displaying the URL <https://keats.kcl.ac.uk/course/view.php?id=63233>. The page header includes the King's College London logo and navigation links: My Courses, All Courses, College Services, Quick Links, Staff Help, and Student Help. The user is logged in as Gabriel Mesevage, a Student.

The main content area displays the course title **7AAH3013 Britain & the World Economy, c.1850-1914**. Below the title, a paragraph of text describes the course content: "Britain dominated the global economy for most of the nineteenth century; success was built upon its agricultural prosperity, its international trading position, a technological superiority in industrial production, and the emergence of London as the world's New recording ire. While an advanced understanding of this leading position constitutes the core element of this module, the decades between c.1850 and 1914 also witnessed anxiety about the onset of depression and a questioning of British business methods. A wider understanding of economic developments elsewhere, of the workings of the gold standard, and of the patterns of growth and decline which occurred in different sectors of Britain's economy, particularly from the 1870s onwards, will all be examined and contemporary accounts of such changes set against more recent historical research." The tutor is identified as Professor David McLean.

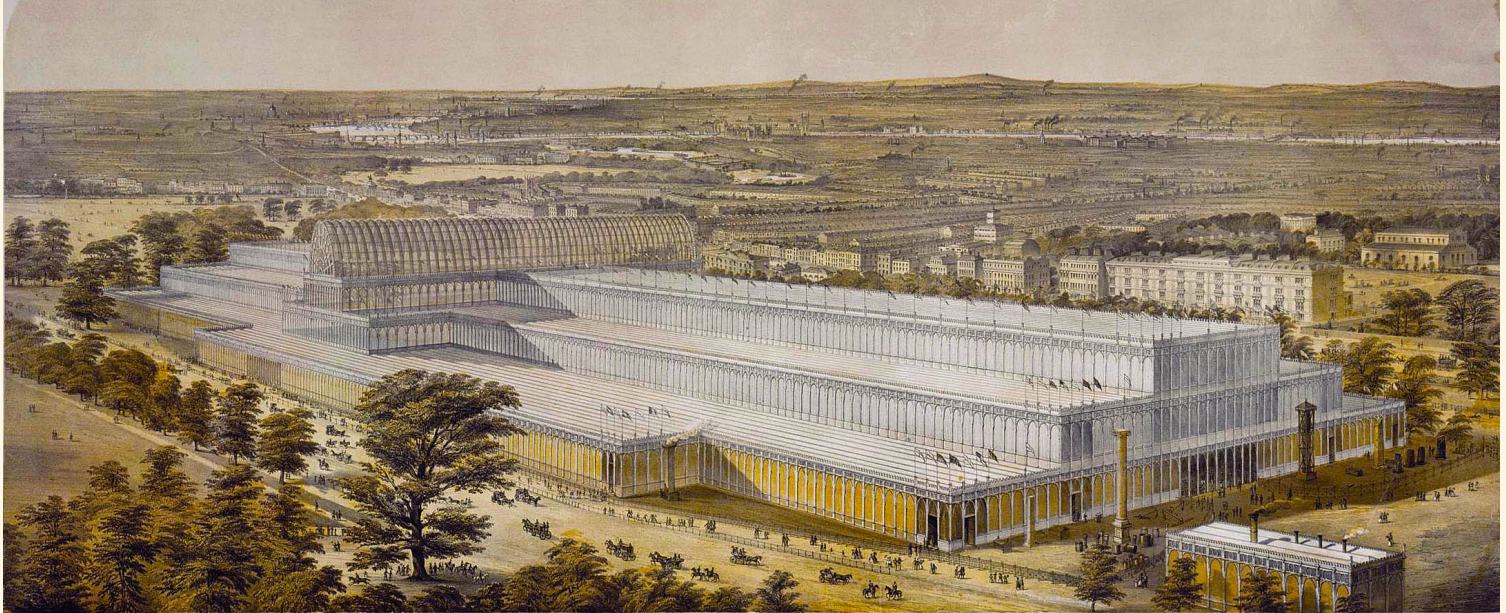
On the left, the Administration section includes links to Course administration and Media Gallery. Below this, a list of resources is shown: Announcements, General news and announcements, Lecture Capture, and Reading List. At the bottom, there are buttons for Open all and Close all, and a section for Module Documentation and Assessment.

On the right, the Search forums section includes a search bar and a Go button. Below this, the Latest announcements section states: "(No announcements have been posted yet.)". The Upcoming events section states: "There are no upcoming events". The Quick Links section includes links to eLearning student guide, IT support pages, and IT systems update. A purple circle with the number 2 is visible in the bottom right corner.

Mechanics: Readings

<https://keats.kcl.ac.uk/course/view.php?id=63233>

Britain in 1850



1850 as an apogee?

- Highest GDP/capita worldwide
 - (we think)
 - (not highest wages!)
- Military security
 - Period of 'Pax Britannica' post-Napoleonic pre-Crimea
- Rising prosperity

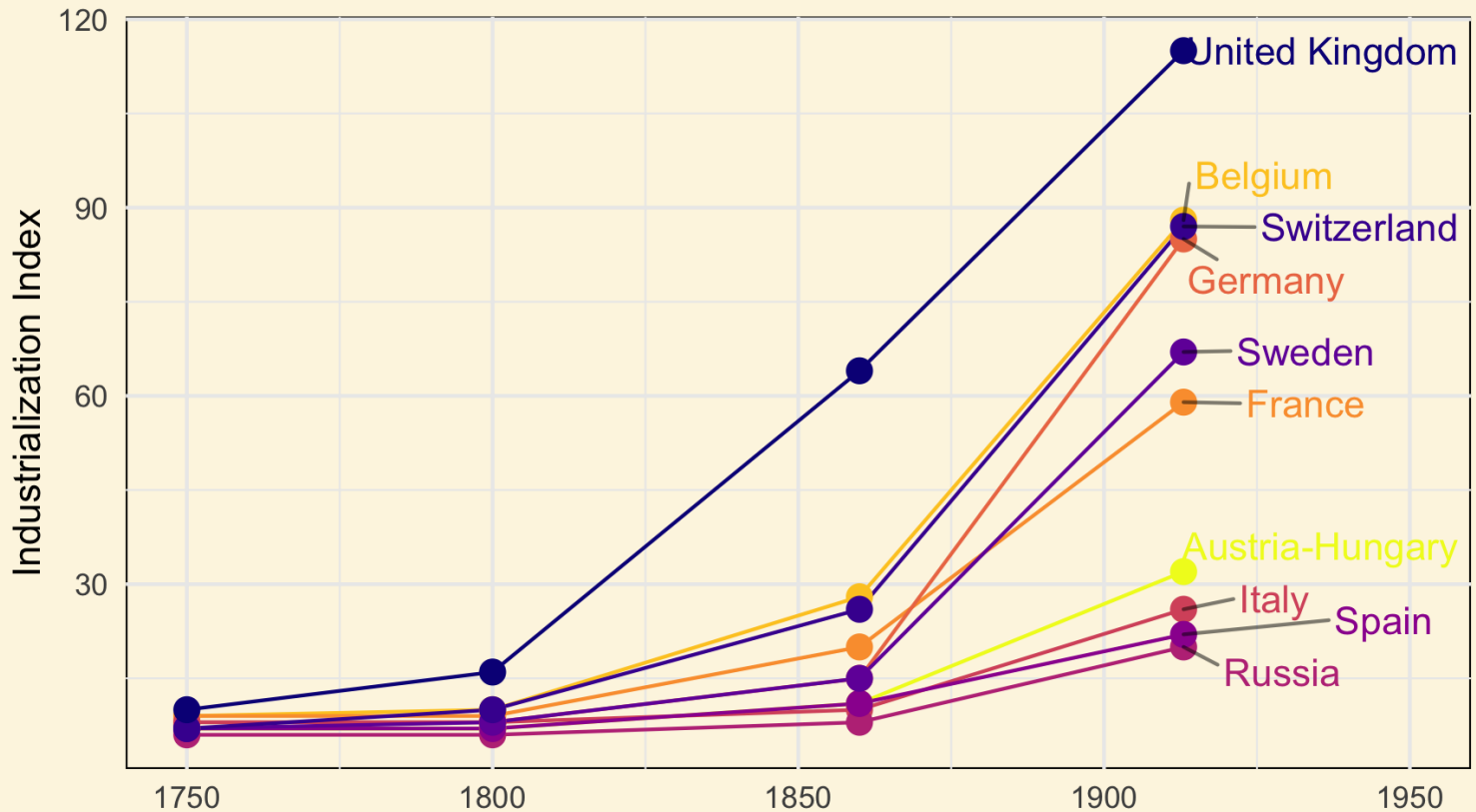
But

- Social dislocation of industrial transformation

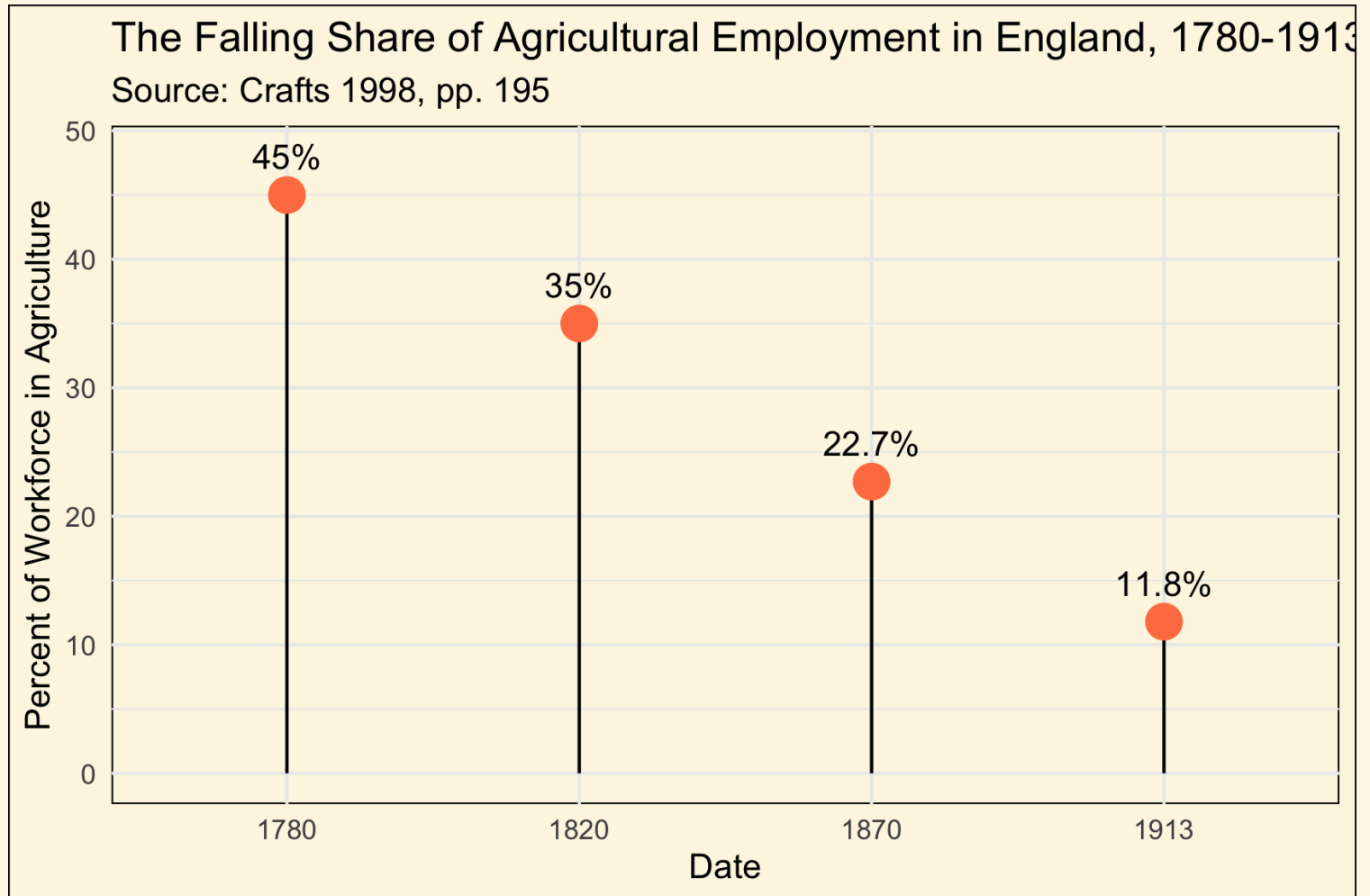
More Industrial

British Industrialization in European Perspective

Source: Bairoch 1994.

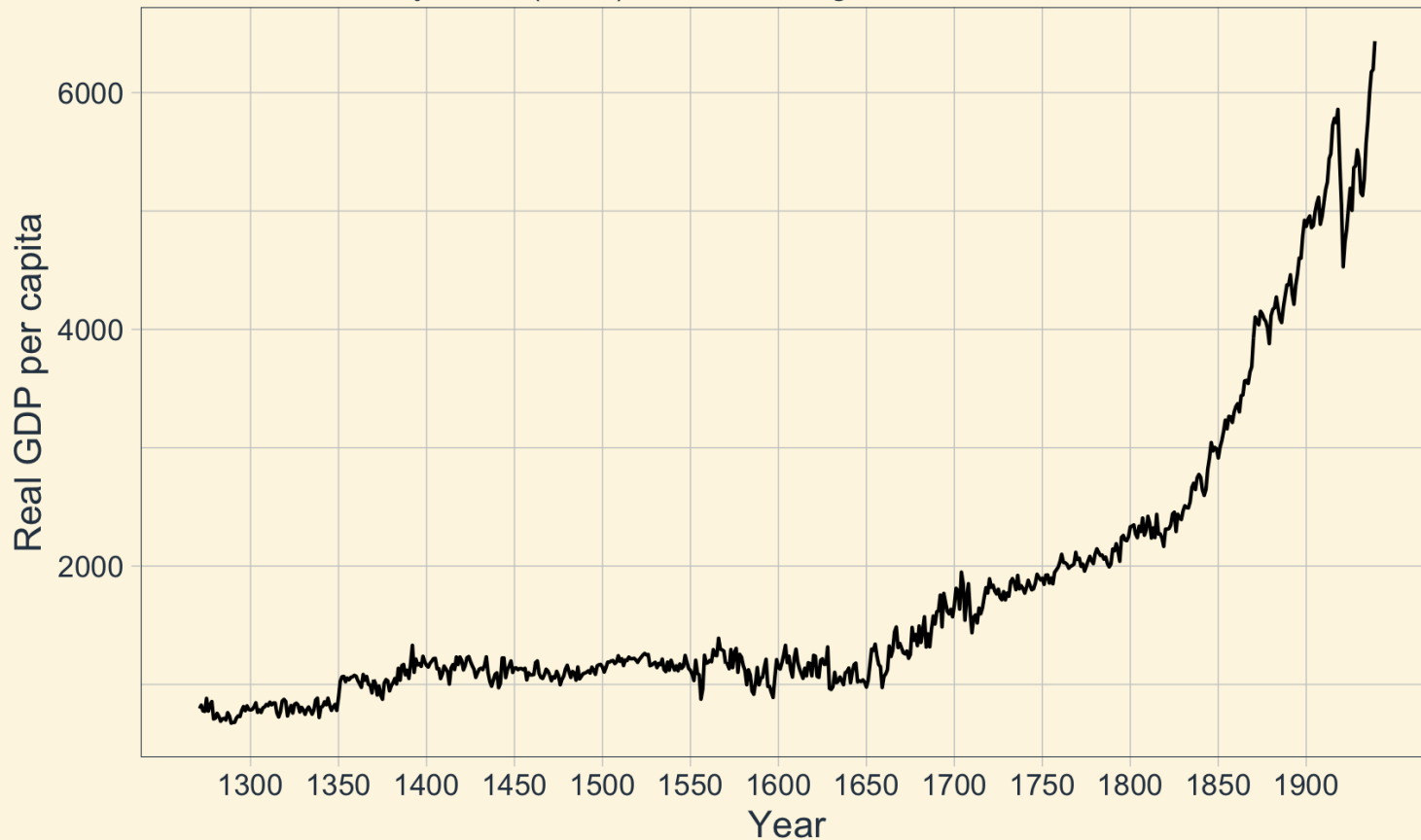


Less agricultural



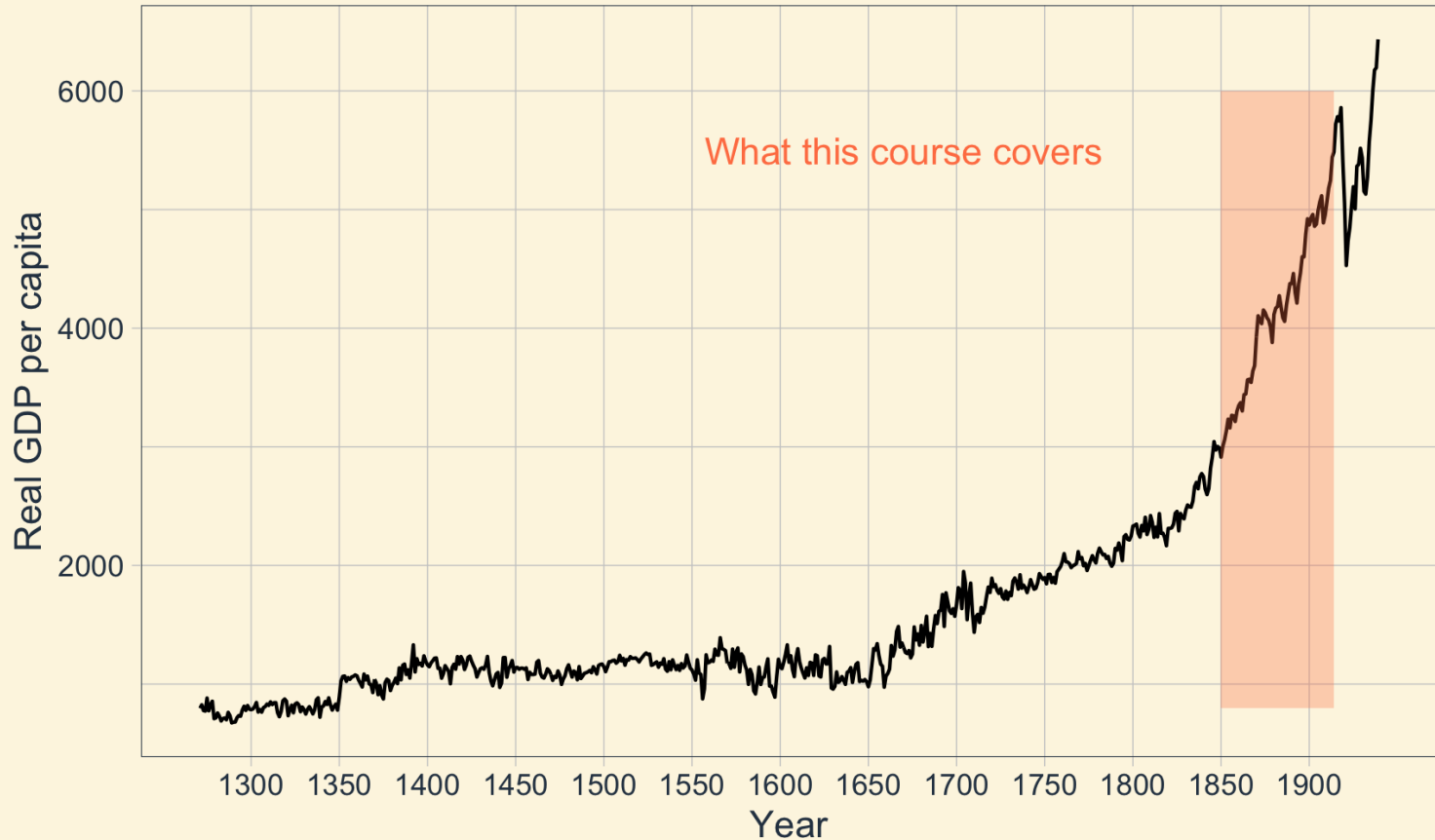
English Real GDP per capita, 1270-1939

Source: Broadberry et. al. (2015) & Bank of England



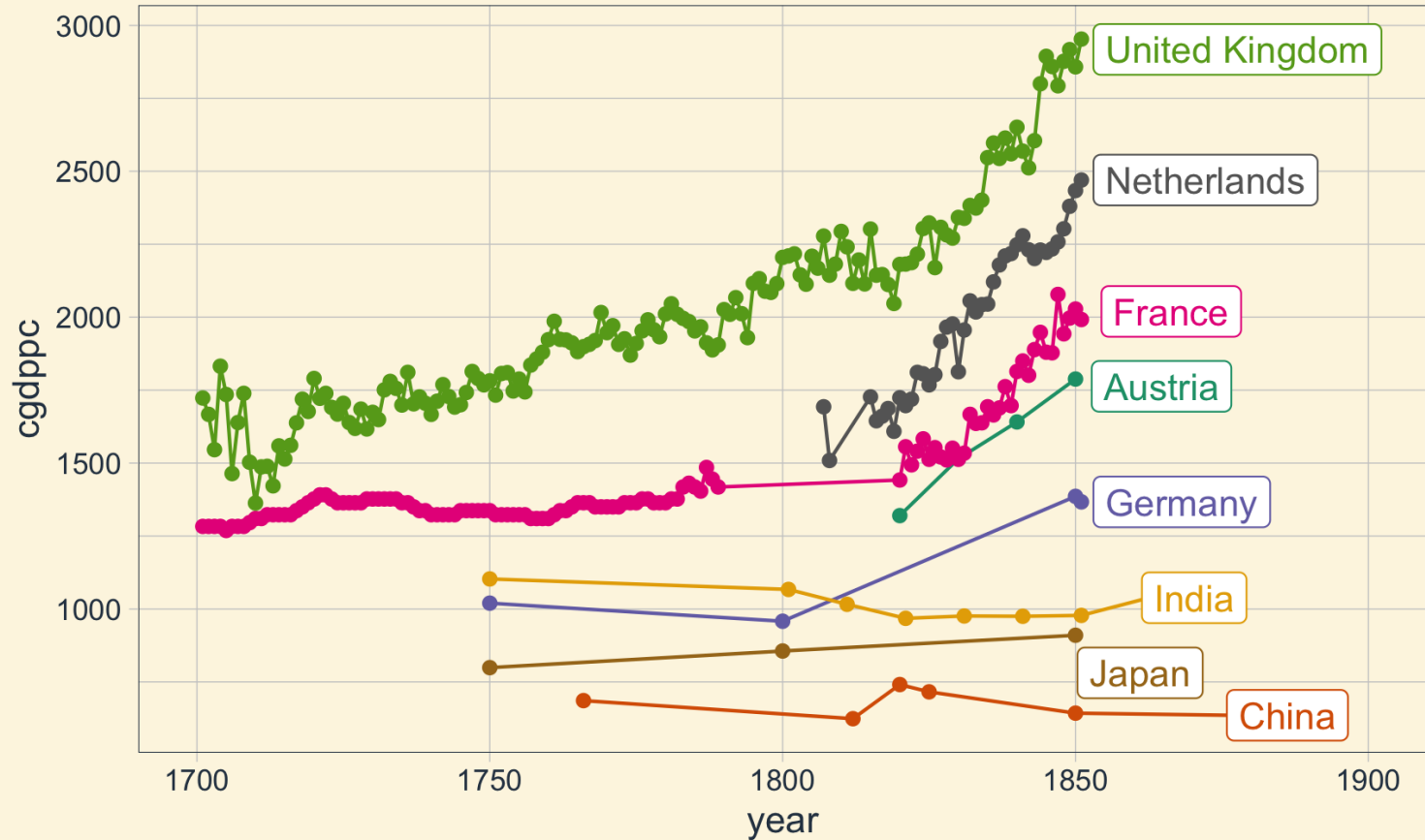
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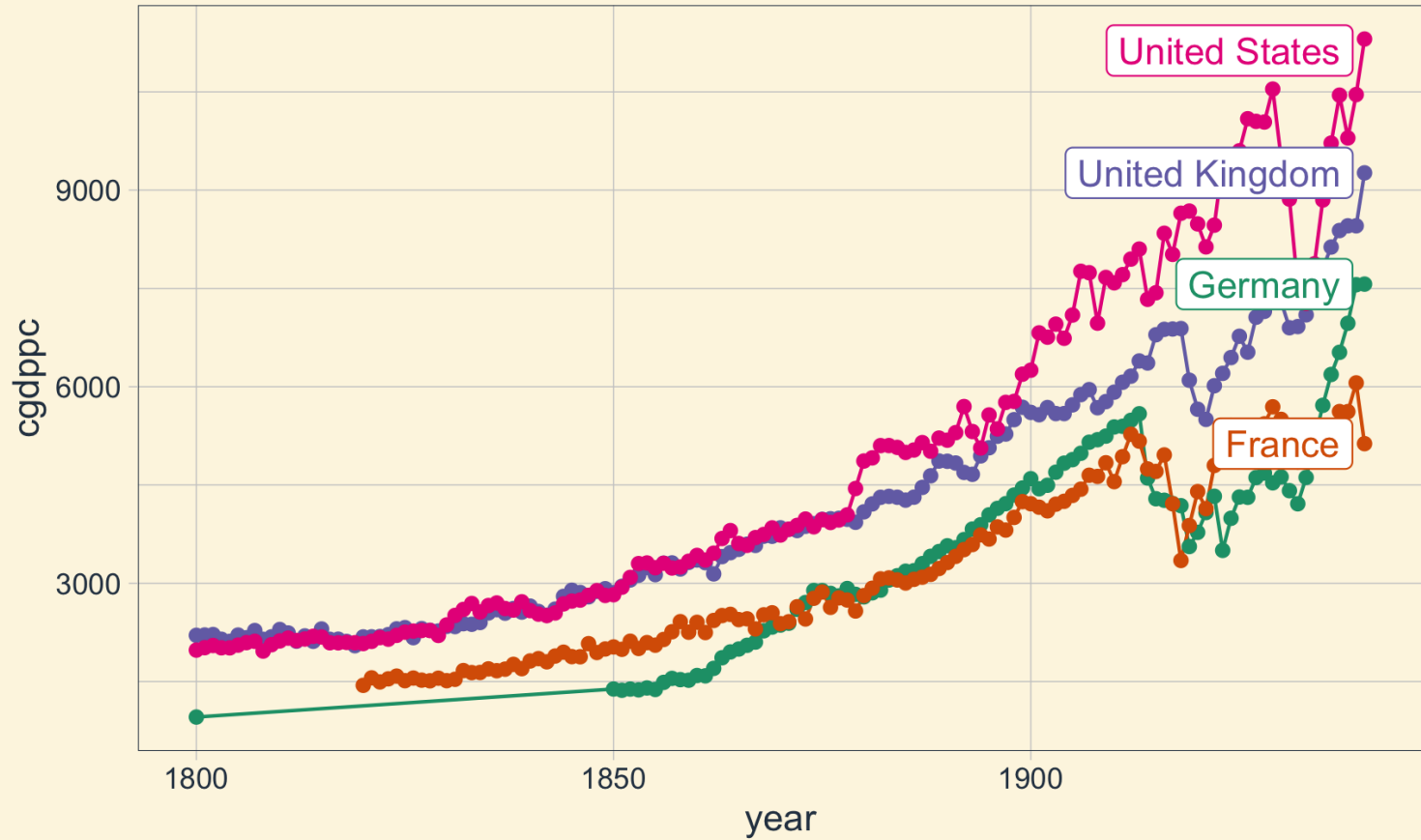
British GDP per capita in a global mirror

Source: Maddison project



British GDP per capita in a global mirror

Source: Maddison project



The fear of relative decline

- An enormous literature and contemporary commentary on why Germany/USA caught up
 - 'Climacteric' debate
 - Entrepreneurial failure debate
 - Export of capital/political economy of colonialism debate

Globalization and Deglobalization in Historical Perspective

Economic History and Contemporary Challenges to Globalization

KEVIN HJORTSHØJ O'ROURKE

The article surveys three economic history literatures that can speak to contemporary challenges to globalization: the literature on the anti-globalization backlash of the nineteenth century, focused largely on trade and migration; the literature on the Great Depression, focused largely on capital flows, the gold standard, and protectionism; and the literature on trade and warfare.

TRANSACTIONS OF THE ROYAL HISTORICAL SOCIETY PRESIDENTIAL ADDRESS

By Martin Daunton

BRITAIN AND GLOBALISATION SINCE 1850: I.
CREATING A GLOBAL ORDER, 1850–1914

The first economic globalization?

- In quantitative terms first period of intense economic integration
- Unrestricted capital movement
- Largely unrestricted population movements
- Major liberalization of trade
 - Some direct political moves to free-trade (e.g. Corn Laws)
 - Some a product of technological change (improved transport, refrigerated shipping, etc.)
- Political consequences of economic integration?

Globalization and politics

Why did Globalization collapse?

- 3 hypotheses (James, *The End of Globalization*, 2001)
 - Speculative finance
 - Nationalist resentment of distributional consequences (pressure on wages, sectors)
 - Growth of national structures to cope with global forces

"The history of the modern world economy illustrates two points. First, economies work best when they are open to the world. Second, open economies work best when their governments address the sources of dissatisfaction with global capitalism." (Frieden, *Global Capitalism*, p. 476)

Globalization and politics

The distributional consequences of integration

- The Trilemma
 - The 'inconsistent quartet' with trade
 - Expanded to 'incompatible quintet' with migration/labor market

Table 1 *Policy trade-offs between domestic economic polities, capital mobility and fixed exchanges, c. 1870–1990*

	Fixed exchanges	Capital mobility	Active economic policies
Gold standard to 1913	yes	yes	no
1925–31	yes	less	tentatively
Off gold, 1931–9	no	no	yes
Bretton Woods to 1973	yes	no	yes
Float from 1974	no	yes	yes

Source: Adapted from Obstfeld and Taylor, *Global Capital Markets*, 40.

The consequences of economic globalization?

A cause of the Great Depression?

"To the extent that the Depression was caused by malfunctioning international capital markets, or the gold standard that was thought at the time to underpin them, we have yet another case of globalization undermining itself, since the Depression was the major cause of interwar protectionism" (O'Rourke 2019, 371-2).

A cause of WWI?

"...capital flows and technology transfer helped Russia converge on the established powers. This disrupted pre-existing geopolitical equilibria and led Germany in particular to devise military strategies to counter the threat. ...the spread of the Industrial Revolution to Germany had earlier undermined the geopolitical equilibrium in Europe.." (O'Rourke 2019, 373).

Quick review of syllabus

Discussion

| Is something not covered that you hoped to cover?

Discussion

| Is something not covered that you hoped to cover?

| Is the late-19th century the first era of globalization?

Discussion

- | Is something not covered that you hoped to cover?
- | Is the late-19th century the first era of globalization?
- | What do we mean by the term 'globalization' anyway?