

The british economy  
from 1873-1896  
essay sample



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The British economy before 1873:

-Britain was the economic superpower of the world, due to her huge empire and monopoly of industrial global output.

-50% of worlds Coal, 50% of worlds Iron & Steel and 50% of all Cotton goods were produced by Britain; not to mention much engineering goods, ships and arms.

-from 1873 onwards, Britain's rivals- especially the U. S. A- began to carve out a stake in international trade.

So, to what extent was there a “ Great Depression” and what are the arguments against it?

There was a “ Great Depression” because:

-The economic growth rate slowed; as in the British economy was growing slower than it had been in previous years. Britain's economic growth rate was slower than her rivals; in that the U. S. A, Germany & France were gradually producing more and more goods than Britain.

However, the economy was still growing. Just because other countries were starting to find there feet, does not mean that there was a “ great depression” in Britain. It could be argued that the international market was transforming from a Monopoly to an Oligopoly- a shared market between a few dominant countries.

-Britain's share of the export market declined; as in British goods were being gradually bought less and less abroad.

However, Britain was still the largest exporter. In 1899 33% of all exports were from Britain. Therefore it is only by comparing the standards of their past that we as historians deem there was a “ great depression”. At the time the British market was still very strong.

-Britain became more dependent on imports; in that foreign goods were being used more and more in Britain than in previous years.

However, there were variations in different sectors of the economy- as shall be discussed shortly in terms of Industry and Agriculture.

Therefore it is clear that there are ways in which the term “ Great Depression” can be used appropriately. However there are arguments against these points.

What were the reasons for decline in Industry?

-Entrepreneurial failure: There was a decline in “ Industrial spirit” in that many businessmen wanted to be elite landowners. These X-Industrialists used the profits that they made from their firms to bring a better quality of life to themselves and their families; instead of re-investing and increasing industrial output. It is argued that this caused the relative decline that was experienced between 1873 and 1896.

-However: Many domestic businessmen were not hostile to trade and commerce. It was also true that many industrialists never bought into the elite upper-class image as most firms remained in first generation hands. Therefore this argument should be seen as a generalisation and a bit of a

scapegoat for economic failure. Nevertheless there will be some truth somewhere in the argument.

-Overseas Investment: It is argued that a major factor towards British economic decline was that much money and resources was invested into foreign markets, rather than being used domestically to boost output.

-However: this point can be countered with the fact that Britain's domestic industry had more than enough funds, and that foreign investment into the empire far outweighed the disadvantages.

-Over-commitment to the staple industries: This school of thought argues that Britain was too committed to the production of cotton, steel, coal and iron. British over-commitment resulted in a dependence upon foreign markets and investing in a sector that possessed low growth potential. Investment should have been directed at faster growing sectors such as electricity, motor-cars and chemicals.

-However: the production of the staple industries did actually increase in the relevant years. It is also true that by committing to this sector the country maintaining a reliable and safe economy.

-Science, Technology & Industrial Structure: Britain's failure to invest in these sectors to a high extent secured relative decline. This is because Britain's rivals produced major innovations while Britain remained committed to out of date production methods.

-However: there was less of a reason to invest in such sectors at that time in Britain. This is because there was a large labour supply and the wage costs  
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were low. Other obstacles were the fact that trade unions were strong and that the old industrial plants were still up and running. There was not the same adrenaline rush as in the U. S. A and other newly industrialised countries.

-Early start theory: Britain was the first country in the world to industrialise. Therefore as her rivals rapidly began this process, the growth rates that they would achieve would be more significant and this would lead to them becoming competitors for markets. In addition, the geography of other countries allowed them to exploit more and more sectors of the global economy.

-However: it could be argued that this was a period of relative decline of Britain as a global economic power, rather than the British economy performing poorly at a National or Sub-National level.

What were the reasons for decline in Agriculture?

-The Climate: British agriculture was affected badly by the weather from the year of 1869 onwards. Heavy rainfalls and unusually cold summers lead to the disruption of good harvests for over two decades. The main areas that were affected were those that relied upon cereal farming as the main sector of employment and industry; such as Essex in the South East of England. Moreover, the wet and cold ignited much disease in livestock such as foot & mouth and Liver-rot. Therefore it is clear how the climate had a negative effect on the Agricultural Industry in Britain and how it added to the " Great Depression".

-Foreign Imports: The Agriculture sector was also badly affected by cheap food imports from abroad. Mainly coming from the mid-west of the U. S. A, these grain and wheat imports were sold at a much cheaper price than that of the British products. This created a significant problem. The British livestock sector was also badly affected. As refrigeration technology advanced, the ability to import cheap, frozen meat into Britain became a reality. This clearly represented a problem for British livestock farmers. Therefore it is evident how foreign imports created a different problem coming from a different angle that, in combination, would exist as the “Great Depression”.

Conclusion.

-The term “Great Depression” is an appropriate term to use, as it is a general term. It is clear that there was relative decline in both Britain’s industry and her agriculture sectors. Due to a number of reasons, of which have been discussed above, it is clear that the theme that is present in both agricultural decline and in industrial decline is the rise of new countries, such as the U. S. A and France, as international competitors for British markets. Decline was inevitable; not just in the economy but in Britain’s place at the top of the world in every aspect. For in the long run, a country the size of the U. S. A was bound to move into Britain’s penthouse, and secure a nice view over all that would soon be hers