

Britain was the
richest country in
Europe in the 1870 –
1914 period essay
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“ In the half century or so before the 1914 war . . . if any nation had truly made a bid for world power, it was Great Britain. In fact, it had more than made a bid for it. It had achieved it.” 1. By 1914, Britain was considered as the world’s greatest power; it controlled the world’s largest empire, a fifth of the world’s land surface and a quarter of the world’s population. The British navy was the worlds finest; it was even more powerful and larger than the next two navies combined. In its zenith, Britain was the manufacturing workshop of the world, with one third of all manufactured goods coming from her shores; it produced “ two thirds of the worlds coal and half of the world’s cotton, cloth and iron” 2. From this position, it conducted over one quarter of the worlds trade and in 1914; the registered shipping tonnage was more than the whole world combined. Not only was Britain considered economically rich but also politically and socially, she had one of the world’s highest living standards, healthiest population and most progressive governments.

The period 1870 - 1914 in Britain, conjure images of power and expanding empire, however it was these years, which are associated with the beginning of Britain’s one hundred year decline. This period saw growth in industrial production decrease, as did her share in worlds manufacturing capacity, Germany became the worlds centre of manufactured goods and by 1914 her share in world trade decreased by almost a third of 1870. This period saw Britain ‘ caught napping’³ whilst the rest of the world was catching up, she had rested on her laurels and did little else aside from watching those laurels begin to wilt. However, although Britain was showing signs of decline this

essay shall illustrate that she was still the richest country in Europe and the reasons for this.

In 1870, British businessmen looked back at years of unstained economic expansion. At home, British industry moved into a period of remarkable prosperity where growth had averaged 3-4% per annum; agriculture enjoyed a similar 'Golden age' known as high farming and abroad Britannia ruled the seas and the empire brought untold riches to the British homeland. Britain had the world's most democratically progressive governments and the legislation brought forward by government made British society one of the most dynamic and zestful societies of Europe.

The end of 1914 had truly established Crown imperial; British assets abroad were enormous. The end of the ninetieth century saw incredible growth, with an extra 60 million people and 4.5 million square miles added to the empire. The total land under the Raj, was astounding, the dominions of Canada in the West and Australia in the East, India and much of Africa. Every important point on the globe was coloured pink; the Suez Canal safeguarded trade routes to India, Gibraltar guarded the meditation and the British in Aden controlled the mouth of the Red Sea.

Britain controlled all of the seas, the Pacific was controlled through naval bases in Singapore and Hong Kong and islands sprinkled all over it, the Atlantic was controlled from the West Indies, Canada and West Africa and the tips of Africa and south America were safeguarded by colonies in Cape Town and the Falklands respectively. Kuwait, which was added to the empire in 1899, added control of the Middle East. These colonies not only brought

enormous prestige but also enabled Britain to own much of the world's mineral wealth either directly through the empire, as in the tin of Malaya and the diamonds of South Africa, or indirectly through British companies such as British Companies in South America. London was the world's financial capital and Britain's overseas investment totalled 40% of the world total. The whole world was under the dominance of Great Britain.

An example of Britain's power and wealth, or even brashness is the buy out of the Egyptian share of the Suez Canal in 1875. The khedive of Egypt looked to sell his 44% share in the Suez Canal, the French government whose companies owned the majority of shares were interested. However, before the French could react, Disraeli had promised Egypt 'i½4 million tomorrow'. The deal was successful and Britain became the largest shareholder in the Suez Canal that was so essential to her trade. Disraeli commented 'the French government has been out-generaled', this illustrated to the rest of Europe that Britain possessed the money, backing and resolve to do whatever she pleased.

The Queen was made Empress of India in 1876, as lord Curzon the viceroy to India once stated, 'as long as we rule India we are the greatest power in the world, if we loose it we shall drop straight away to a third rate power'4. Although India was the major market for British cotton imports, Curzon was not referring to this. He like much of the British public felt that Britain's economic loftiness lay upon her empire, which instead of being the cause of her power was the consequence of power; the cause being British industrial and economic dominance.

The foundations of this economic and colonial bliss had been the mercantile policies followed by politicians for the last 250 years. Since the fifteenth century, Britain had followed a policy of laissez faire and trade in primary commodities within a world market based upon colonies. This continued throughout the 1870 -1914 period where “ Tariffs in the UK were 0% compared with Frances 20% and Germanys 13%” 5 This resulted in British industry being able to buy cheap raw materials and flood the world market with its cheap manufactured goods.

Britain was the first nation to industrialise and utilised this with an intelligent division of labour based upon the exchange of primary products for manufactured goods. There was little competition from abroad and therefore European countries were, just as British colonies were, important buyers of British manufacturers.

For the early part of the 1870-1914 period, Britain kept at the forefront of technological fields. New processes in the metal industry such as Bessemer's converter system, which could produce steel at much lower prices and Siemen's open-hearth process, which could produce a stronger type of steel, encouraged growth in engineering industries. This combined with the increase in population caused the demand for manufactured goods at home to increase dramatically. Noticeably the railway industry saw enormous injections of investment; the ' railway boom' resulting in a total of 14, 510 miles of track in 1880. This not only created extra jobs but also created a large market for the iron industry; coal industry and most importantly enabled the transportation of manufactured goods of all kinds to ports much more quickly. This coupled Britain's strangle hold on the seas in merchant

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shipping played a vital role in the increase of British exports. The great spurt of industrialisation meant Britain not only longer dominated the world economy through its navy and its extensive colonies, but now more importantly through its productivity of its leading industries.

The years preceding 1870 saw the volume of British goods manufactured and exported increase, however their share in world exports declined; from 18.9% in 1870 to 13.9% in 1913. Although exported goods as a percentage of world trade showed a decline, Britain was still ahead of its nearest European rival Germany who had a world share of 13.1% in 1913. Moreover in absolute per capita terms Britain was still the most successful country in Europe, "taking British national product per capita as = 100, continental Europe had been 44 in 1890 and risen only to 50 in 1910". Individually Britain had a per capita product of 1302 US\$ whereas the nearest rival Belgium had a reading of 1110 US\$ and Germany only a value of 958 US\$. The index of Manufacturing per head of population, shows that (USA = 100) in 1913 Britain was 90, Belgium Britain's nearest rival was 73 and Germany was 64. Britain was still manufacturing more goods per head than any other country in Europe. 6

Although the turn of the century saw the rate of British growth in exports and manufactured goods decline, individual British companies remained at the height of their industries. "The manufacture of textile machinery and the manufacture of steam engines remained a British forte" 7. By the end of 1914, a leading British firm supplied almost half of the cotton spindles in Britain, and at least one third of those installed around the world. British

companies pioneered technologies in industries such as medicines, artificial fibres and consumer goods, like soap and cosmetics.

Although Britain during this period was the richest country in absolute monetary terms, the economic prominence had begun to disappear. The growth in economic production, which had been 3-4 % throughout the Nineteenth Century, had slowed to 1.5% during 1875 and 1894. The amount of world exports, as discussed remained higher than any other European country, yet it was on a slippery slope downwards. Disraeli wrote in 1838 'The continent will not suffer England to be the workshop of the world'⁸; he believed as many did, that the greater resources of central European powers would eventually dethrone the tiny island. Although this was true in some respects, it was due not only the rising industrial power of European powers, especially Germany, but also the signs of 'decline' in Britain herself.

By the turn of the century, Britain was a satiated power, it had all the territory it sought and wanted to be left alone "in unmolested enjoyment of vast and splendid possessions"⁹. This speech was echoed by Salisbury famously stating Britain was "floating lazily downstream", talking about Britain's foreign policy. Britain wanted peace because not only did she already know she was the world's richest country and had so much, but because influential commercial companies demanded it. This new loss of entrepreneurial spirit had turned the vitality and vigour of British society into malaise and lethargy. This was very contrary to other European powers, markedly Britain's chief rival Germany.

The start of the twentieth Century brought concern to the British foreign office, it saw the appearance and growth of the unified Germany, “ Bismarck sticks in my throat” 10, wrote the Dean of St Paul’s cathedral. Germany since the re-unification in 1871 had the resource base and wherewithal to challenge Britain’s world supremacy. Although by 1914 this had not occurred, Germany had made marked gains, during the ‘ scramble for Africa’ their empire had increased, the 1905 Anglo - German naval act allowed Germany a greater naval fleet and German industry was now industrialising and challenging the safe export position of British firms. For example, the German chemical industry rose from “ obscurity in 1870 to undisputed world leadership in dyestuffs, synthetic drugs and photographic chemicals” 11 by the end of 1914.

Britain fault was that it concentrated on the wrong industries, those that enabled her to achieve an early economic lead, but had no future left. The British public felt more at home in the rural surroundings of the country rather than workshops, “ the greatest social prestige belonged not to the engineer but the lawyer” 12. Germany on the contrary had universities specifically for science and engineering where students with innovative and creative attitudes flourished; a thought in new industries such as chemical and electrical dominated. Germany was only now undergoing industrialisation and thus where benefiting from new machinery; Britain who had been first to industrialise did not change their old machinery, firstly because of the additional costs and secondly they felt the old machines still operated at a profit.

Germany was not only the only European country catching up with Britain's lead, the French whose growth rate was comparable until 1890 became faster than the British rate in 1914. These countries were rapidly eating into the lead, which Britain had accumulated in the previous century. However, in absolute and per capita terms Britain was still ahead of leading European economies, undoubtedly they were catching up with Britain but they had not overtaken her and by 1914 Britain was still the richest country in the whole of Europe.

1914 saw all European powers on the verge of a catastrophic war, Britain which in 1870 had been the unanimously unchallenged country in Europe was now confronted by its nearest economic rival Germany. Hitler commented "We can safely make one prophecy: whatever the outcome of this war the British Empire is at an end it has been mortally wounded." 13

At the beginning of the 1870 -1914 period Britain was at the technical frontier of all industries, it ruled one fifth of the whole world, had an unequalled naval force and was the richest country in Europe. In 1914, Britain retained much of this, the basis of which came from political and economic policy followed for the previous century. Britain still enjoyed the fruits of being the first country to industrialise, the abandonment of protectionist tariffs for the adoption of total laissez faire economic policy and the vast resource of its empire.

Although economic growth in Britain had slowed, it was still growth; Britain's share of world trade had also fallen; yet, it was still the largest single share. "

The roots of world power were withering even if the visible foliage seemed more impressive than ever". 14

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