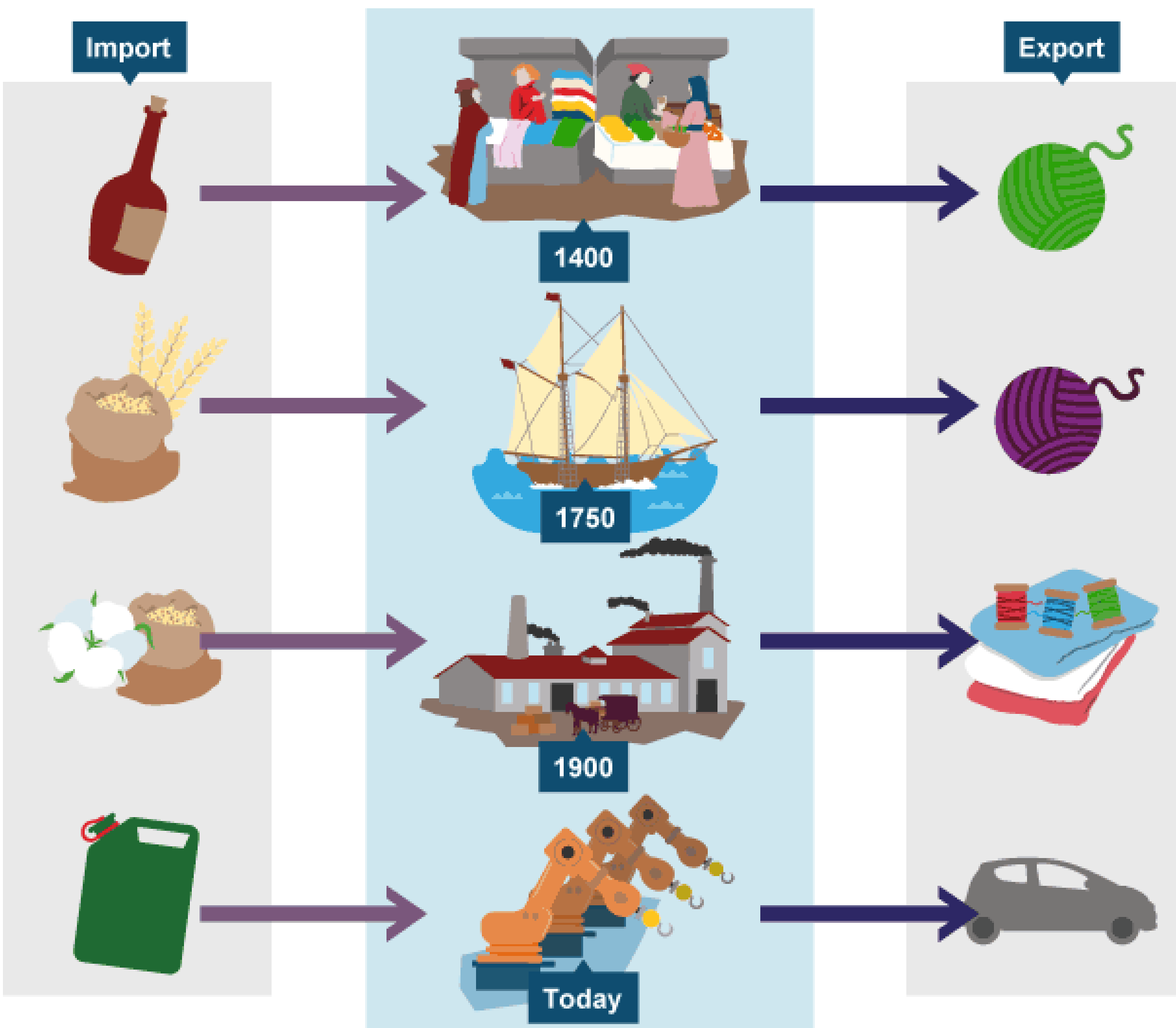
HISTORY OF ECONOMIC DEVELOPMENT IN U.K

The word ‘economy’ refers to the activity of producing goods and services and making money from their sale or trade. The UK economy greatly changed between 1750 and 1830. In 1883, the historian **Arnold Toynbee** decided that this change was the result of an 'Industrial Revolution'. Before that time, he suggested, Britain's economy, though growing slowly, was mainly backward and stagnant. For Toynbee, the Industrial Revolution kick-started growth, and produced the world we inhabit today.

Modern historians dispute this interpretation. They point out that growth in the years 1750–1830 only occurred in certain areas of the economy - cotton, iron and coal. They think that the economy was vibrant and enterprising even in the Middle Ages, and especially in the Early Modern Age. They argue that it would be a mistake to think of medieval England as primitive, and they see the Early Modern Age as a time of progress which laid the foundations of Britain's Industrial Age in the 19th century.



Britain's economy in the Middle Ages

Medieval England was overwhelmingly agricultural

At the start of the Middle Ages, agriculture was based on the manor – controlled by the Lord of the Manor under the **feudal system**. Farming took place in the huge open fields that surrounded the village, and was controlled by the 'reeve' - the lord's steward. Peasants worked the land, the 'hayward' supervised growing the crops and a 'pinder' looked after stray animals. However, later in the Middle Ages the peasants began to pay a rent in money rather than in service though labour.

There were also advances in farming during the Middle Ages – including draining marshlands, watermills, windmills and the introduction of sheep-farming.

Towns grew during the Middle Ages

Many towns got a charter from the local lord, or from the king. This gave them the right to trade and hold a market, and to organise a town government and taxes. This gave them a sense of independence and enterprise and stimulated their desire to be successful, helping the economy of the country as a whole to grow.

By the 1300s, Norwich, Bristol and Newcastle had more than 10,000 inhabitants each, and London may have had 80,000.

In the new towns, industry was well organised and produced high-quality goods. Craftsmen were members of guilds (a medieval association of craftsmen or merchants). After 1400, England stopped exporting wool to Flemish textile workers, and started to export cloth made in England.

There was also thriving international trade and discovery:

- The Company of Merchant Adventurers of London sold wool and cloth to Northern Europe, and returned with their ships full of rope and wood.
- Richard Whittington (1350s-1423) was a London merchant who made a fortune exporting English cloth to Europe and bringing back luxury silks and velvets. He was the inspiration for Dick Whittington in the folk tale.
- English fishermen had reached America before Christopher Columbus. In 1497 the Italian explorer John Cabot, financed by English merchants, discovered new lands in Canada.

Britain's economy 1500-1750

The historian **Hugh Trevor-Roper** suggested in 1959 that the 1600s were a time of crisis and economic breakdown. Historians nowadays see the Early Modern age as a time of progress which laid the foundations of Britain's industrial age in the 1800s.

After 1500, the English economy began to expand

Agriculture experienced a revolution. Many of the new techniques that historians used to ascribe to much later, occurred at this time:

- Enclosure turned the great open fields and wastes of medieval times into fenced fields, either for sheep, or as farms. By 1700, most of England apart from the Midlands had been enclosed. This helped to maximise the productivity of each small enclosure.
- Richard Weston brought clover and turnips from Holland. These fodder crops meant that animals could be kept alive through the winter.
- Thomas Tusser (1557), and Gervase Markham (1614) wrote books that spread the best farming practices.

Industry also began to get going:

- The mining industry expanded, especially after Thomas Newcomen's Atmospheric Steam Engine (1712) allowed miners to drain mines.
- By the 17th century, the cloth industry had developed into a major industry. Most cloth was made in workers' homes under the Domestic System. Master clothiers supplied the wool and bought the cloth back from the clothworker. A small cotton industry was beginning to grow up in Lancashire. In 1733, John Kay invented the flying shuttle, which speeded up weaving.

English seamen sailed and traded all over the world

English businessmen began large-scale commercial enterprises – the German historian Max Weber (1930) put this down to a Protestant work-ethic, and suggested it was the beginning of 'capitalism':

- Between 1577 and 1580, **Francis Drake** sailed round the world. English 'privateers', government endorsed pirates, attacked Spanish treasure fleets. English traders sailed to North America, Africa and Japan. After 1612, the East India Company began to set up trading posts in India.
- Sir John Hawkins made the first slaving voyage in 1562. In 1713, the Treaty of Utrecht gave England the Asiento – the right to supply slaves to Spanish South America.
- The era saw the first foundations of the British Empire. The first colonies were founded in North America (Virginia, 1607) and the West Indies (Barbados, 1625).
- The Bank of England was established in 1694, and the Stock Exchange was founded in 1698, to trade stocks and shares.

Britain's economy in the 19th century

In 1883, the historian **Arnold Toynbee** suggested that in the years between 1750 and 1839 there was an **Agricultural and Industrial Revolution** in Britain. Many historians now challenge this idea and they put the turning point much earlier, and suggest that change was much more gradual than Toynbee said.

Nevertheless, the years after 1750 were a time of great change. The developments in industry were linked with the growth of the **British Empire**.

Economic developments of the 19th century

Developments during this time altered the nature of life, not just in Britain, but all over the world.

There were huge population changes:

- The population grew 260 per cent in the years between 1750 and 1900.
- In 1750, about 15 per cent of the population lived in towns, but by 1900 it was 85 per cent. By 1900, London had 4.5 million people, and Glasgow had 760,000.

In industry – although historians now question the idea of an **Industrial Revolution** – the period 1750–1914 definitely saw industrial growth:

- some historians have called this period 'the Factory Age' that traditionally started with Richard Arkwright's cotton mill at Cromford in 1771
- in the century 1815–1914 textile production increased 15-fold, coal production increased 20-fold, and iron production increased 30-fold

Transport and communications improved:

- Thomas Telford built roads and canals in the early 1800s. George Stephenson and Isambard Kingdom Brunel oversaw the 'Railway Mania' of the 19th century.

Britain's economy in the 20th century

In the first half of the 20th century Britain's traditional manufacturing industries declined – this led to social problems in the north of England, Scotland and South Wales. The worst decline was in the 'heavy' industries - coal, steel and shipbuilding.

The Depression of the 1930s

The worst period of decline was the Depression of the 1930s. Unemployment rose to 3 million - a quarter of the workforce. In Jarrow, a ship-building town near Newcastle, it reached 73 per cent. Men formed the Jarrow Crusade (1936) and marched to London to petition the government to help. Unemployment meant that people relied on charities and the government for their money, which caused a big strain on the economy. However, the lack of a proper welfare state at this time (where benefits are paid to the poor) meant that many people were left homeless or without what they needed. Thus, people resorted to crime and this cost the government and the economy more money.

Britain's economic recovery after the World War Two

After World War Two the country was initially in debt. However, this was the case over most of the world so Britain had time to catch up. The loss of empire allowed Britain to concentrate its money on development at home rather than funding wars elsewhere. This meant that the new welfare state helped even the poorest classes experience some of the country's economic success.

- Britain became a world leader in many high-tech industries such as aerospace and computer software, and as a provider of financial services.
- New economic theories gave the government the means to control the economy.
- Britain benefited from the communications revolution – eg the motor car, air travel, TV, the internet, mobile phones and social networking. The world 'shrank'.
- Until the 1960s, Britain was part of a trading community based on the Empire. In 1973, Britain joined the European Economic Community, and became part of a trading community based on free trade between the countries of Europe.

By the end of the 20th century, governments were seeking, not just prosperity and economic growth, but 'sustainable development'. This is growth that will not wreck the environment or use up non-renewable resources, meaning that such resources will be available for the country to continue to use in the future, allowing the economy to carry on growing.

Britain's economy in the 21st century

By this stage, unemployment had increased slightly to 1.6 million although the economy continued to grow, the UK was continuing to lose large numbers of manufacturing jobs due to companies encountering financial problems or switching production overseas to save labour costs. This was particularly evident in the car industry, with General Motors (Vauxhall) and Ford having significantly cut back on UK operations, while Peugeot (the French carmaker who had bought the former Rootes Group and Chrysler Europe operations in the late 1970s) had completely withdrawn from Britain. These closures resulted in thousands of job losses, although the biggest single blow to the car industry came in 2005 when MG Rover went into liquidation; more than 6,000 jobs were lost at the carmaker alone and some 20,000 more were lost in associated supply industries and dealerships, not to mention the business failures and job cuts which befell businesses that had relied largely on trade from the carmaker's employees. This was the largest collapse of any European carmaker in modern times.

Growth rates were consistently between 1.6% and 3% from 2000 to early 2008. Inflation though relativity steady at around 2%, did rise in the approach to the financial crash. The Bank of

England's control of interest rates was a major factor in the stability of the British economy over that period[

The pound continued to fluctuate, however, reaching a low against the dollar in 2001 (to a rate of $1.37 per £1), but rising again to a rate of approximately $2 per £1 in 2007. Against the Euro, the pound was steady at a rate of approximately €1.45 per £1. Since then, the effects of the Credit crunch have led to a slowdown of the economy. At the start of November 2008, for example, the pound was worth around €1.26; by the end of the year, it had almost approached parity, dropping at one point below €1.02 and ending the year at €1.04.

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