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Revised: 3 January 2006

Eco. 301Y1: Economic History of Later Medieval and Early Modern Europe

Topic No. 7 [14]: The European Price Revolution Era c.1540 - c. 1640: The Problem of Inflation and Economic Growth in Early-Modern Europe

A. On the Causes of the Price Revolution

- * 1. R. B. Outhwaite, Inflation in Tudor and Early Stuart England, Studies in Economic and Social History series, 2nd edn. (London, 1982), pp. 11 - 60. Good overview, but weak on economic analysis.
- * 2. Peter H. Ramsey, ed., The Price Revolution in Sixteenth Century England (London, 1971): the Introduction, pp. 1-18. Read also the negative review by D. McCloskey, The Journal of Political Economy, 80 (1972), 1332-35. These essays are also very weak in economics.
- * 3. John Munro, 'The Monetary Origins of the "Price Revolution": South German Silver Mining, Merchant-Banking, and Venetian Commerce, 1470-1540', in Dennis Flynn, Arturo Giráldez, and Richard von Glahn, eds., Global Connections and Monetary History, 1470 - 1800 (Aldershot and Brookfield, Vt: Ashgate Publishing, 2003), pp. 1-34. See also: John Munro, 'The Central European Mining Boom, Mint Outputs, and Prices in the Low Countries and England, 1450 - 1550', in Eddy Van Cauwenberghe, ed., Money, Coins, and Commerce: Essays in the Monetary History of Asia and Europe (Leuven University Press, 1991), pp. 119 - 83.
- * 4. Jack A. Goldstone, 'Urbanization and Inflation: Lessons from the English Price Revolution of the Sixteenth and Seventeenth Centuries', American Journal of Sociology, 89 (1984), 1122 - 60. Advances an interesting if questionable 'Velocity' explanation of the Price Revolution.
- * 5. Peter Lindert, 'English Population, Wages, and Prices: 1541 - 1913', Journal of Interdisciplinary History, 15:4 (Spring 1985), 609-34, especially pp. 618-29. Offers a modified version of the Goldstone 'Velocity' model.
- * 6. Nicholas Mayhew, 'Population, Money Supply, and the Velocity of Circulation in England, 1300-1700', Economic History Review, 2nd ser., 48:2 (May 1995), 238-57. Reviews the 'Velocity' model.
7. Harry Miskimin, 'Population Growth and the Price Revolution in England', Journal of European Economic History, 4 (1975), 179-85. Reprinted in his Cash, Credit and Crisis in Europe, 1300 - 1600 (London: Variorum Reprints, 1989), no. xiv. Original proponent of the Velocity model.
- * 8. Douglas Fisher, 'The Price Revolution: A Monetary Interpretation', Journal of Economic History, 49 (December 1989), 883 - 902. For an earlier attempt at using this model see Dennis Flynn, 'A New Perspective on the Spanish Price Revolution: The Monetary Approach to the Balance of Payments', Explorations in Economic History, 15 (1978), 388-406.
9. David Hackett Fischer, The Great Wave: Price Revolutions and the Rhythm of History (Oxford,

1996), pp. 70-80. Similar to Ramsey, in presenting fallacious explanations of the Price Revolution. See my review of this book on the web, at: *EH.Net Review* <ehreview@eh.net>, 24 February 1999.

- *10. Michael D. Bordo, 'Explorations in Monetary History: A Survey of the Literature', Explorations in Economic History, 23 (1986), 339-415. On the Price Revolution: see pp. 373-74, with comments on Lindert and Goldstone, and critiques of the Velocity model.
- *11. John H. Munro, 'Patterns of Trade, Money, and Credit', in Thomas A. Brady, jr., Heiko O. Oberman, and James D. Tracy, eds., Handbook of European History, 1400-1600: Late Middle Ages, Renaissance and Reformation, Vol. I: Structures and Assertions (Leiden/New York/Cologne: E.J. Brill, 1994), pp. 170-79. Another critique of the 'Velocity' model.
- *12. Ralph Davis, The Rise of the Atlantic Economies (London, 1973), chapter 6, pp. 88-107.
- *13. Donald C. Coleman, The Economy of England, 1450-1750 (Oxford, 1977), chapter 2, 'Population and Prices, Mainly to 1650', pp. 12-50. Very good survey indeed.

B. On the Consequences of the Price Revolution: Hamilton's Theory of 'Profit Inflation'

- 1. Earl Hamilton, 'American Treasure and Andalusian Prices, 1503-1660: A Study in the Spanish Price Revolution', Journal of Economic and Business History, 1 (1928), reprinted in P.H. Ramsey, ed., The Price Revolution in Sixteenth-Century England (London, 1971), pp. 147-81. The study that sparked the modern debate, though his monetary ideas were obviously not original.
- 2. Earl J. Hamilton, 'American Treasure and the Rise of Capitalism, 1500-1700', Economica, 27 (Nov. 1929), 338-57.
- * 3. J. U. Nef, 'Prices and Industrial Capitalism in France and England, 1540 - 1640', Economic History Review, 1st ser. 7 (1937); also in E.M. Carus-Wilson, Essays in Economic History, vol. I (1954), 108-34. On the industrial consequences of inflation; and a critique of Hamilton.
- * 4. David Felix, 'Profit Inflation and Industrial Growth: The Historic Record and Contemporary Analogies', Quarterly Journal of Economics, 70 (1956), 442-63; reprinted in Roderick Floud, ed., Essays in Quantitative Economic History (Oxford, 1974), pp. 133-51. Critique of Hamilton.
- * 5. J.D. Gould, 'The Price Revolution Reconsidered', Economic History Review, 2nd ser., 17 (1964-65). Reprinted in Peter Ramsey, ed., The Price Revolution in Sixteenth-Century England, Debates in Economic History series (London, 1971), pp. 91-116. Perhaps the best analysis of the impact of inflation on factor costs.
- * 6. Robert C. Allen, 'The Great Divergence in European Wages and Prices from the Middle Ages to the First World War', Explorations in Economic History, 38:4 (October 2001), 411-47.
- * 7. Robert C. Allen, 'Progress and Poverty in Early Modern Europe', The Economic History Review, 2nd ser., 56:3 (August 2002), 403-33.
- * 8. Kevin H. O'Rourke and Jeffrey G. Williamson, 'After Columbus: Explaining Europe's Overseas Trade Boom, 1500 - 1800', Journal of Economic History, 62:2 (June 2002), 417-56.

- * 9. John Munro, Prices, 'Wages, and Prospects for 'Profit Inflation' in England, Brabant, and Spain, 1501 -1670: A Comparative Analysis': Economics Department Working Papers Archive: <http://www.economics.utoronto.ca/ecipa/archive/UT-ECIPA-MUNRO-02-02.html>

QUESTIONS: There are two main questions.

1. What were the chief *causes* of the European-wide inflation of the period ca. 1540- ca. 1640: monetary, or real; or some combination of the two? Was this a 'demand-pull' or 'cost-push' type of inflation? If the latter, could such inflation have been 'justified' without a corresponding monetary expansion? That involves changes in the flow (velocity) as well as the stock; and changes in money include credit as well as coin. In your discussion, be sure to distinguish between changes in *relative* prices and in the *price level*.
2. What were the economic *consequences* of the Price Revolution?
 - (a) Did inflation stimulate and promote economic growth; or did it distort and retard economic growth? How did the consequences vary according to the several sectors of the economy?
 - (b) Who gained and who lost by inflation? What economic groups and social classes?
 - (c) Did inflation cheapen *any* of the relative factor-costs of production: the costs of land (rent), labour (wages), and capital (interest)?
 - (d) Discuss in particular Hamilton's thesis of 'Profit Inflation': that inflation produced a widening profit margin, as wages fell behind industrial commodity prices, to stimulate the growth of larger-scale industrial capitalism. See also no. 18 above (Gould).