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ECONOMICS 303Y1:

The Economic History of Modern Europe to 1914

(The Industrialization of Modern Europe, 1750 - 1914)

THE MASTER LIST OF “A” AND “B” LIST ESSAY TOPICS:

for 2012 - 2013

The following is the “Master List” of all the “A” and “B” List essay topics for this course, for the entire year with some notes explaining their importance (and relevance to both economics and history). Many of these were tutorial topics for several former versions of this course, when the Economics Department was able to finance tutorial sessions.

The A- List essay topics are the ten topics (five per term) chosen to be the primary essay topics for this year.

The significance of the A-List Topics are two-fold:

- (1) All then of these topics are guaranteed to appear, in some form (perhaps in combination) on the final examination.
- (2) For each term, a Course Reader is supplied with the most important readings for each of these A-List Topics: about five readings per topic, on average.

The B-List essay topics, though of equal importance, are not those selected as this year’s primary topics, in part because many of them were last year’s A-List topics, and will again become A-List topics in future years. By reading through these topics you will gain a good idea of the important questions to be raised in this course, and of the major debates currently concerning economic historians (and economists) in this field.

Please also observe, however, that these are very general debate topics and are not to be taken as ideal essay topics, because they are much too broad. You are advised instead to select a much narrower aspect of the ‘debate’ topic -- i.e., a sub-topic -- so chosen from this list, after consulting the bibliographies available for each topic. For each term I have selected five of these topics (i.e., 10 in total for the year), and will give the class a one or two-page bibliography, with some major questions; but you are free to select any of the other topics on this list, so long as they are relevant to the course material for that term. All of the bibliographies, in short and long formats, are posted on my Home Page, under Eco. 303Y1, in both html and pdf formats. (See the URL or website location on the top of this page).

Several of these topics involve Marxian economics, which, for many of you may seem irrelevant or out of date. Although I myself am unsympathetic to Marxian economics, and believe it to be based on false premises and thus illogical, I nevertheless recognize the fact that Marxist historians (chiefly from the West) have made very valuable contributions to the development of economic history by asking questions that we other ‘bourgeois’ economists and historians had never thought to ask. Whether or not we agree with the Marxists, we must deal with the questions that they have raised; and, if necessary, seek alternative solutions to them.

You are in effect requested to write an essay in the form of a journal article, not a full length book! It is thus up to you to frame the exact essay topic; but if that task does not appeal to you, you may instead select one of the alternative and pre-defined topics on the supplementary list of essay topics (for which, however, no bibliographies will be provided).

TOPICS: FROM THE A AND B LISTS

1. **The ‘General Crisis of the Seventeenth Century,’ c. 1620 - c. 1740: Hobsbawm’s ‘Marxist’ Thesis on the Origins of Modern Capitalism and the ‘Industrial Revolution’**

Are Marxists correct in arguing that modern European industrialization fundamentally depended upon radical or ‘revolutionary’ changes in the structure of both society and economy: a radical transformation from a ‘feudal’ to a modern ‘capitalist’ society?

This is one of the several topics that deal with Marxist theory and Marxist writings in European economic history, as noted in the introduction. And this particular debate, over some very fundamental principles of Marxism, was sparked by the writings of Professors Eric Hobsbawm (Marxist) and Hugh Trevor Roper (conservative) on the supposed economic and ‘general crises’ of the 17th and early 18th centuries. Hobsbawm contended that these economic crises, resulting from the ‘internal contradictions’ of 16th-century European expansion, led to the essential transition from a ‘feudal’ economy to a modern ‘capitalist’ economy. His opponent, Trevor-Roper, had already achieved fame in attacking Tawney's ‘Rise of the Gentry’ thesis [a topic for Eco 201Y1], which was similarly on the theme of the transition from ‘feudalism’ to ‘capitalism;’ and echoes of that attack can be found in this debate.

What makes this debate so fascinating is that some of the very harshest (nastiest) critics of Hobsbawm's thesis subsequently proved to be fellow Marxists, particularly from the now former Soviet bloc.

Some questions to be posed: was there in fact a fundamental, European-wide general economic crisis in the 17th century; or were there a series of unrelated economic crises or disturbances in various but not all parts of Europe over this century? Were the causes of such crises internal (endogenous) or external (exogenous) to the structure of the early-modern European economy? What regions benefited and which regions suffered from the economic changes of the era 1620-1740? How and why do some historians argue that the foundations of the modern Industrial Revolution can be found in the economic changes of this century, especially in Great Britain. For Great Britain in particular, what was ‘New Colonialism’: what is its relationship, if any, to early-modern Mercantilism; and what was its importance to European industrialization?

2. **Mercantilism: Money, Economic Nationalism, and the State in Early-Modern Europe**

How important was the **state** -- i.e., national governments and their economic policies and activities -- in providing the foundations for modern industrialization: especially those monetary, fiscal, commercial, and industrial policies that are considered to be both ‘bullionist’ and ‘protectionist,’ and especially those pursued in Great Britain? Beyond these material considerations, how important was **economic nationalism** as a socially competitive driving force in European economic development, from the 16th to 18th centuries? The important point to stress here is a competitive spirit amongst communities and nations, rather than individuals, though not excluding individual competition.

This topic provides an examination of the special roles of the state, of national governments, in the economies of early-modern Europe, from the 16th to the late 18th centuries: the political economy of ‘power and plenty’. Included in this will be a discussion of the various monetary, financial, military, industrial, and

other 'protectionist' policies pursued in this era to enhance national power and national prosperity (wealth). Were these goals of national 'power and plenty' contradictory or complementary?

What does the term 'Mercantilism' mean: are we entitled to apply it to any specific school of economic thought, to any coherent economic philosophy? Or more generally, what is meant by the label 'mercantilist,' in terms of both general economic attitudes and administrative measures and government legislation? What were the medieval monetary roots of 'mercantilist' measures: in what is called 'bullionism;' and what roots may be found in medieval urban and guild protectionism?

Finally, those engaged in this debate should also discuss whether such mercantilist policies promoted or hindered economic development in general and industrialization in particular, in Western Europe (principally England, France and the Netherlands). For a better perspective, one should also compare such early-modern 'mercantilist' policies with those of present-day national governments.

3. The Economic Decline of the Netherlands in the Eighteenth Century: Cause or Consequence of the British Industrial Revolution?

Was dominance in both commerce and finance, two closely intermingled economic sectors in early-modern Europe, a necessary requisite for modern industrialization? If so, then why did the Netherlands, so successfully dominating European commerce and finance from the sixteenth century, not become the homeland of the modern Industrial Revolution?

Did the decline of the Dutch economy permit or foster the beginnings of the British Industrial Revolution by permitting or promoting a transfer of commercial and financial power to Great Britain, including the export of Dutch capital to Great Britain. Or did the Dutch economy succumb to the superior power of the British economy once the latter had begun the processes of the modern Industrial Revolution, from the 1760s?

This topic provides a most interesting case-study of the potential relationships, both positive and negative, between commerce and industrialization: a case study of the commercial leader of early-modern Europe, the Netherlands, which exercised commercial and financial hegemony for almost two centuries, but then failed to industrialize -- i.e., failed to achieve the industrial transformations and economic growth that Great Britain did from the later 18th century, possibly because of its commercial structure, which provided readier transition to finance than to industry. Thus this topic also examines how and why the Dutch ultimately lost their commercial and financial supremacy in early-modern Europe to Great Britain; and indirectly it asks the question why the Industrial Revolution began in Great Britain.

In relation to the questions posed in Topic No. 2, on 'Mercantilism,' this topic also offers a series of debates: (1) on whether the decline of the Dutch economy was due primarily to the Netherlands' failure to pursue the Mercantilist policies of their neighbours; (2) whether the causes of decline were primarily internal or external, and/or endogenous or exogenous to their economic structure; (3) whether the Dutch decline facilitated the coming of the British Industrial Revolution; (4) whether the Dutch economic decline, if there indeed was one, was absolute or merely relative. Implicit in all these questions is whether or not such a small community as the Netherlands had the manpower and the resources to sustain a world-wide empire, especially in an age of increasingly expensive warfare. [See topic no. 4]

4. Warfare and the Industrial Revolution in Western Europe, 1760 - 1815

Did European warfare and the state financing of warfare promote or hinder economic development in England, the Netherlands, and France during the century 1715 - 1815: in particular, during the French

Revolutionary and Napoleonic Wars, 1793 - 1815?

Did warfare stimulate technological change? What industries were aided by such warfare; what industries or sectors of the economy were injured, and in what wars, and why? What were the consequences of taxation and state borrowing to finance warfare? Was the real burden of taxation higher in Britain, France, or the Netherlands in this era? Was Britain's economic leadership in 19th-century Europe achieved only through the exercise of military force?

See also the topics on: Early-Modern Mercantilism (no. 2); the Decline of the Netherlands (no. 3); the Causes of the Industrial Revolution (no. 5); the Standard of Living Debate during the Industrial Revolution (no. 9); and Impediments to Continental Industrialization in France, Germany, and Russia (nos. 10 - 12); the Role of the State in 19th-Century Industrialization (no. 13); Entrepreneurship in 19th-Century Industrialization (no. 14).

5. The Causes of the British Industrial Revolution, 1750-1830: Exogenous or Endogenous?

Were the economic (and social) changes that finally led to modern urban industrialization fundamentally evolutionary or revolutionary in nature, both in their causes and in consequences, especially in Great Britain?

Is the term 'Industrial Revolution' at all justifiable in describing the economic and social changes that Great Britain underwent from ca. 1750 to ca. 1830? If so, why did this Industrial Revolution occur first in Great Britain -- and not in the Netherlands (Topic No. 2); or in France (Topic No. 10 below), or in Germany (no. 11), or in some other country? Furthermore, why did the British Industrial Revolution occur when it did, not earlier or later? Why in textiles and metallurgy? Was the Industrial Revolution 'inevitable' -- the result of prior developments in agriculture, trade, banking, and industry itself? Was it the natural culmination of evolutionary changes; or were there fortuitous and stochastic elements in the Industrial Revolution? What role did British science, scientific technology, education, religious and social attitudes, capital investment, demographic changes (Topic no. 7), market growth, entrepreneurship (Topic no. 14), etc. play in the coming of the Industrial Revolution?

6. The Protestant Dissenters and the Industrial Revolution: the role of religion in entrepreneurship and modern industrialization

This topic, though more frequently offered in courses on early-modern European economic history, in conjunction with the Protestant Reform movements of the 16th and 17th centuries, has just as much relevance for the modern Industrial Revolution of the later 18th and early 19th centuries. For undisputed is that fact that, in England during the Industrial Revolution, more than 50 per cent of the known or documented industrial entrepreneurs, scientists, and other innovators belonged to Calvinist religious sects known as 'Dissenters' -- dissenting against the established Church of England, when such Dissenters comprised only about 5 per cent of the English population, a vast majority of whom were considered themselves to be Protestants. They were thus an excluded minority: excluded from all government offices (national and local), from all established schools and universities, and excluded from much of the social structure of English society. Hence the obvious question: if minority status was the key to their amazing success, why did other religious minorities (other than Jews -- perhaps) not display the same propensities for aggressive and productive entrepreneurship as did these Calvinist Dissenters?? The same can be said for their co-religionists in North America during the 18th and 19th centuries.

Thus closely linked to this topic is the ongoing debate about historical relevance of the older sociological theses of Max Weber and Richard Tawney on the development of the modern ethos or ‘spirit of capitalism’ and the so-called ‘Protestant work ethic,’ associated with the spread of Calvinist religious sects. But more generally it provides an examination of the religious, social, and cultural barriers to modern European economic development that were a product of medieval feudal and ecclesiastical society. It also involves a comparison of the various attitudes of the Roman Catholic and the Reformed (Protestant) churches towards economic questions, in the early-modern era: concerning profit, interest, prices, labour, enterprise, and the market economy. Did European economic attitudes really change from late-medieval to early modern times; and did those attitudes really matter? Did there develop, in early-modern western Europe, a new social predisposition to save and to invest productively, and to maximize all forms of incomes, a socially widespread and acceptable predisposition fundamentally different from that to be found in the traditional feudal or medieval society?

The more broadly focused question is this: what influence did religion have in shaping the cultural ethos of modern European ‘capitalism,’ especially in terms of the profit motive and the work ethic? **Profit maximization** by economically rational individuals and business firms lies at the heart of modern micro-economic theory. Is this economic principle valid for all times and places; or did it arise only in early-modern Europe? Furthermore, why is a ‘backward bending’ supply curve not the normal supply curve for modern industrial labour, while much more typical of medieval labour? What explains a work ethic that leads both entrepreneurs and labour to continue pursuing a business, craft, or occupation and to seek incomes beyond those necessary to satisfy their basic needs and wants?

7. Population Growth and the Industrial Revolution, 1750 - 1830: A Cause or Consequence of Modern Urban Industrialization?

Was the modern ‘Industrial Revolution’ accompanied, in Great Britain, by an equally dramatic demographic revolution? Did the so-called ‘Industrial Revolution’ occur because of or despite that rapid growth in population? Was the British Industrial Revolution a consequence, in part, of population growth; or was the British Industrial Revolution itself the fundamental cause of that unprecedented rapid growth in population?

This topic offers a debate about the causes, nature, and economic consequences of rapid demographic growth: a veritable explosion of population growth that occurred in the same era that historians have generally assigned to the Industrial Revolution, ca. 1750 - 1830. Some economic historians have contended that previous eras of population growth in western Europe (the 13th and 16th centuries) resulted in ‘Malthusian’-type crises, or problems that curtailed economic growth. Can the same arguments be made about 18th-century Europe?

If you agree that 18th-century Europe did experience such demographic problems, then why was Britain in particular evidently so much better able to escape this so-called ‘Malthusian Trap,’ or a vicious cycle of ‘diminishing returns,’ in order to achieve sustained economic growth and demographic growth, with, eventually, rising per capita incomes?

On the other hand, is there substantial evidence that this 18th-century demographic revolution was accompanied by falling living standards, especially during the Industrial Revolution era itself, or perhaps until as late as 1850? Are there possibly non-demographic reasons, especially in Great Britain, that might instead better explain such declines in real incomes during this era?

What caused this population growth: rising birth rates, falling death rates, or migration? What factors were European-wide in the 18th century; and which ones were peculiar to Great Britain? What factors

were endogenous to the economy (part of the economy) and which were exogenous (external)? Did population growth directly promote economic growth; did industrialization promote (further) population growth; how did the two forces interact? Did population grow faster in the new industrial areas: because of migrations or because of natural birth and death rate factors? How was the population of Britain redistributed during the Industrial Revolution era?

8. Labour and The Enclosures of the Industrial Revolution Era in England: The Social Costs of Agricultural Modernization , ca. 1760 - 1830

Was the modern Industrial Revolution itself fundamentally dependent upon a contemporary and radical transformation of the agrarian sector, or rather upon completing that transformation, in terms of individual **property rights**: specifically, a completion of the Enclosure movements? Was that radical transformation, supposedly dispossessing English smallholders and separating agricultural labourers from the land, fundamentally responsible for producing the labour supply for the British Industrial Revolution?

Since the Industrial Revolution era is the one in which the Enclosure movement was essentially completed in England, this topic is as important to historians, Marxist and non-Marxist, as is that of the earlier era of Enclosures, the so-called Tudor Enclosures of the late 15th and 16th centuries. To complicate matters even further, some historians are now trying to argue that the ‘in between period’ of the seventeenth century marked the phase of most extensive enclosures in England; but this debate topic will still focus on the more traditional period of the Industrial Revolution era (ca. 1760 - 1830).

Indeed you should ask to what extent there was now a symbiosis between industrial and agricultural change (perhaps missing in the earlier two eras): to what extent did urban industrialization promote a speed-up and completion of Enclosures, to what extent did that industrialization break down rural handicraft industries that were still part of the agricultural structure (see the Proto-Industrialization topic, no. 8); and conversely to what extent did Enclosures promote urban industrialization, in terms of supplying more free or displaced labour, more raw materials and foodstuffs, a larger market for industrial goods, etc? Again the chief focus of the discussion is on the economic and social consequences of Enclosure and agricultural modernization, not their causes:

- (a) Who gained and who lost by these Enclosures: agricultural labourers, cottagers, copyhold peasants, free-holders (small-holders), large tenants, and landlords? What happened to those part-time farmers also engaged in rural industry?
- (b) Did Enclosures promote greater agricultural productivity, of both land and labour; did Enclosures result in aggregate agricultural expansion and increased agricultural employment, as the conservatives suggest? Or did Enclosures result merely in a further ‘expropriation of the peasantry’ (‘capturing the economic rent on land’), decreased employment on the land, etc., as the neo-Marxists allege? Did Enclosures result in wholesale evictions of the peasantry, driving farmers and labourers off the land to become, eventually, a cheap source of elastic labour for the new urban industries of the Industrial Revolution?

9. The ‘Proto-Industrialization’ Debate: Agriculture, Rural Handicraft Industries in Early Modern Europe, and the Transition to Modern Urban Industrialization

Again a really fundamental question in European economic history: what were the agrarian origins of modern industrialization? This topic poses a particularly interesting question: did modern, urban factory-industrialization paradoxically grow out of rural, peasant handicraft manufactures, in what were known as ‘domestic’ or ‘cottage industries,’ operating on a ‘putting-out’ system of production, chiefly in textiles?

Remember that the cotton industry, originally rural, constituted the heart of the modern British Industrial Revolution (according to many historians).

This debate, perhaps the most recent and still prominent debate to entertain and vex economic historians, was spawned by the article of the late Franklin Mendels, 'Proto-Industrialization: The First Phase of the Industrialization Process,' *Journal of Economic History*, 32 (1972), in which he contended that the 'rapid growth of traditionally organized but market-oriented, principally rural industry' in early-modern Europe, which he calls 'proto-industrialization' (phase one), 'induced the passage to modern industry' and '... paved the way for factory industrialization' (i.e., the Industrial Revolution as phase two). His seminal article inspired a very considerable volume of periodical and monograph literature, especially by neo-Marxist historians, whose culminating achievement is arguably *Industrialization before Industrialization* (German edn. 1977; English trans. 1981), by P. Kriedte, H. Medick, and J. Schlumbohm, who see proto-Industrialization as an integral part of the 'transition from feudalism to capitalism.' A very important component in Mendels' and other Proto-Industrialization models is the impact of population growth upon agrarian society and on the mix of agricultural and industrial production, which was never a concern of Marx or of his early followers.

Indeed, even if Mendels' views differ in several respects from the neo-Marxists, and are not specifically Marxist, Mendels is clearly indebted to that renowned British Marxist historian Eric Hobsbawm, whose article 'The Crisis of the Seventeenth Century,' *Past and Present*, Nos. 5-6 (1954) also sought to provide a new explanation for the Marxist thesis of the 'transition from feudalism to capitalism.' (See Topic No. 3, above.) Hobsbawm also viewed the spread of rural 'putting-out' industries in early-modern Europe as a 'protean stage of industrial development,' arguing that they were 'a most effective dissolver of the traditional [feudal] agrarian structure, and provided a means of rapidly increasing industrial production before the adoption of the factory system.'

Finally, so important had this debate become, at least to one group of economic historians, that in 1982 the 8th International Economic History Congress devoted one of its two major sessions to 'Proto-Industrialization,' with Mendels himself as the keynote speaker. One of the commentators and chief critics at that session was Prof. Donald Coleman (Cambridge), who subsequently summed up his views in the article 'Proto-Industrialization: A Concept Too Many,' *Economic History Review*, 36 (Aug. 1983). Both the Mendels and Coleman articles will be the required readings for this topic.

10. Banking and the 'Industrial Revolution': A Comparison of the Role of Dutch and British Financial Institutions in Promoting Economic Growth, 1660 - 1850

What role did financial institutions, both public and private, play in financing modern European economic growth in general, and modern industrialization in particular? How and why did the Dutch come to acquire and exercise financial hegemony in the European economy during the 17th and 18th centuries; and how and why did they come to lose that financial leadership to Great Britain during the Industrial Revolution era? Were the fundamental causes of that shift in financial power endogenous or exogenous to the Dutch economy? What role did political and military factors, in particular the international warfare of the 18th and early 19th centuries play in that shift of financial and economic power from the Netherlands to Great Britain, especially after c.1760?

For the Dutch economy in particular, explain the relationship between the Dutch acquisition of commercial supremacy, above all supremacy in shipping and the European carrying trades, and their achievement of financial supremacy. What role did their banking and financial institutions play in financing their own shipping trades, commerce, and European commerce in general during the later 17th and 18th centuries. What role did the chief public bank, the Wisselbank [Exchange Bank] van Amsterdam play in

facilitating these functions and in promoting growth in the Dutch economy? What was the Dutch Bourse [Beurs], and what financial role did it play, especially as an international exchange centre or market for commodity ‘futures’, stocks in joint-stock companies, and government securities (*rentes* or annuities)? What role did all these Dutch financial institutions play in helping to develop modern negotiable credit instruments and the use of ‘bank moneys’? Why did these Dutch financial institutions fail to play any significant role in financing Dutch industrialization: in other words why did the Dutch, with financial and commercial supremacy, fail to achieve or inaugurate an Industrial Revolution?

For the British economy of the later 17th and 18th centuries, explain the evolution of private banks and banking institutions from the 1660s: in particular, the ‘goldsmith banks’ and their use and development of negotiable credit instruments, discounting, and bank note issues (paper money).

Explain the origins and development of the Bank of England from 1694; and explain how and why it fundamentally differed from the Wisselbank van Amsterdam as a public bank and a government banker. What role did the Bank of England play, in terms of its relative strengths and the relative weaknesses of the Wisselbank, in securing financial hegemony for Great Britain by the late 18th century. What role did the Bank of England play in organizing and developing the structure of Britain’s public debt, particularly in the form of negotiable, transferable annuities. Explain the importance of the consolidation of the British public debt in 1749-52: ‘Pelham’s Conversion’ and the ‘birth of the consols’. What role did the Bank of England play during the French Revolutionary and Napoleonic Wars, 1792- 1815: in essence, in helping to ‘finance both guns and butter’. What was the significance of the financial events of 1797: in radical changes in Bank rediscounting and in the issue of the ‘paper pound’?

Explain the emergence of so-called ‘country banks’ in England, along with the first phase of the Industrial Revolution era? What specific roles did British banking institutions serve in financing and promoting the development of modern industrialization, and why did they do this so much more successfully than the Dutch institutions? Explain the nature of and differences between partnership or family banks and joint-stock banks, in both England and Scotland; and analyse the crucial differences between English and Scottish banks in financing the Industrial Revolution. Why were Scottish banks so much stronger than the English ‘country banks’? What was the significance of English banking legislation in the 1820s, in allowing English banks to acquire some of the stronger and more efficient features of Scottish banking?

11. The ‘Imperialism of Free Trade’, 1840-1870: Were Free Trade, the Free Trade Movement, and Overseas Colonialism Economically and Philosophically Compatible?

Were ‘Free Trade’ and ‘Imperialism’ or Colonialism incompatible, as 19th century Liberals argued; or did the two in fact go together during the 19th Century? Were the Marxists more correct in contending the modern Industrial and Financial Capitalism inevitably became ‘Imperialist’? How did Free Trade come about in Great Britain in the mid-19th century; and how successful was the Free Trade Movement in spreading the gospel of Free Trade and Laissez-Faire abroad. How successful was Great Britain in engineering free-trade or freer-trade treaties with her European neighbours? Did the concepts and practices of Free Trade apply to Britain’s overseas colonies, or other colonies? Why and how did Great Britain acquire more overseas colonies in the mid- to later-19th century? How is the ‘Imperialism of Free Trade’ related to topic no. 20: The Age of ‘New’ or ‘Capitalist’ Imperialism?

12. The Social Consequences of Urban Industrialization in Great Britain: The Standard of Living Debate, 1770-1850

In broad terms, this very important topic – one of the most important topics in European economic history – deals with one of the most fundamental issues of economic growth, in terms of the Kuznets U-shaped curve (proposed by the renowned Harvard economist, who won the Nobel Prize in Economics in 1971). This theorem contends that economic growth, in its initial stages, invariably results in a more highly skewed distribution of wealth and income: transferring resources from the lower to upper income strata of societies, especially to entrepreneurs. Only later, with sustained economic growth and thus sustained long-term gains in Total Factor Productivity (including labour productivity) are these income effects reversed, providing the lower income strata of society to achieve more than proportional gains in real incomes. In the context of the Industrial Revolution era, there is much evidence to indicate more highly skewed wealth and income distributions – and thus declining real incomes for the lower strata of society – from about the 1770s to the 1820s, but some doubts about the changes thereafter until the 1860s. Nobody, however, disputes the evidence that from the 1860s and into the present day, real incomes for the working classes have achieved substantial gains, both in absolute (real) and relative terms.

More generally, however, this perennial debate topic is presented in terms of the Marxist literature in European economic history, focussing on the negative impact of modern industrialization on British labour from the 1770s to the 1840s or 1850s: but **not** theretofore. Hence the major questions, in terms of both Marx and Kuznets: Was modern urban industrialization, specifically the so-called Industrial Revolution in Great Britain, financed by ‘exploiting the working classes,’ as Marxist historians contend, or financed at their expense, as Kuznets and his disciples believe? In simpler terms; was the modern Industrial Revolution dependent upon an increased level of capital formation that was necessarily achieved at the social cost of declining real incomes and living standards of the working classes, because of a necessary diversion of national income shares from wages to capital?

Did the standards of living of the working classes rise or fall, during the British Industrial Revolution, from ca. 1770 to 1850? What changes occurred in real wages within this 80-year period? Were there cycles of rising and falling real wages?

The focus of this topic is a now very famous debate between a leading British Marxist, Eric Hobsbawm (of topic no. 1) and a leading British conservative, R.M. Hartwell: with analyses of the impact of industrial and agrarian changes upon living standards; the nature of urbanization under industrialization, within this period. Since that debate began with Hobsbawm's article in 1957, we have been subjected to a veritable deluge of economic literature, much of it econometric, and very technical on this subject (but generally much less ideological in focus).

This topic should also examine other factors that affected living standards in this era: warfare, inflation, bad harvests, population growth, much of which is considered in related topics.

13. Impediments to Continental Industrialization: France, From the Revolution to World War I (1789 - 1914)

This topic also poses, in a different fashion, that fundamental question raised earlier, in two topics: why was Great Britain rather than some other European country or region the homeland of modern urban industrialization? What particular relative disadvantages for industrialization did other countries face in the 18th and 19th centuries?

The first of these three topics on Impediments to Continental Industrialization concerns France. It provides an examination of the various social, economic, political, cultural, and geographic forces that hindered French economic development in general and industrialization in particular, from the French Revolution to World War I: from 1789 to 1914. Specific topics and aspects to be considered are the

agricultural systems, market structures, natural resource endowments, transportation facilities, social structures and attitudes, etc; the impact of warfare and of government economic policies. This topic may also consider the Landes thesis on the role of the family in the economy, and on business organization and attitudes.

14. Impediments to Continental Industrialization: Germany, 1815-1914

Why did Germany, relatively so 'backward' in the eighteenth and early nineteenth centuries, provide Great Britain with its strongest challenge for industrial and economic hegemony, from the later nineteenth century to the eve of World War I? This topic is a similar exercise in comparative economic history, now centring on Germany: with a discussion of why Germany overcame the various impediments to economic development and industrialization so much more successfully than did either France or Russia, in the nineteenth century. It also seeks to explain how and why in some key economic areas, a united Germany also succeeded in overtaking Great Britain as the leading industrial power by 1914.

This topic will also examine the agrarian structures of what became Germany, east and west of the Elbe; and in particular, the elimination of serfdom in eastern Germany. To what extent did a united Germany achieve a radical agrarian re-organization, after abolishing serfdom, more on the British model than on the French?

Other aspects include geographic factors, natural resources, and the development of transport networks; and also social and institutional structures, the role of the state, financial institutions, and the reasons for the development of industrial cartels.

The subject of cartels will also include a debate on whether perfect competition, imperfect competition, oligopolistic competition, or monopolistic cartel structures provide the better or best models for modern industrialization, especially in terms of financing and promoting technological innovation.

15. Impediments to Continental Industrialization: Russia, 1815-1914

Why was Russia, a vast land so rich in natural resources, the most economically 'backward' (least developed) of the major European powers in the 19th century; and to what extent had it succeeded in achieving a modern industrial base before the Bolshevik Revolution of 1917?

Was Russia's greatest economic curse in the nineteenth century the heritage of centuries of serfdom? In 1861, the Russian government abolished serfdom (just before Lincoln issued a decree to abolish the American version of serfdom). But could the consequences of serfdom be so easily abolished? To what extent was agriculture in the vast Russian Empire transformed by 1917 -- and how important were the regional differences?

Secondly, to what extent was Russia dependent upon foreign technology and foreign capital to commence its industrialization after 1861? And what were the consequences, positive and negative, and foreign capital investments and foreign industrial transplants: did a 'dual economy' emerge? To what extent was Russia, as Lenin claimed in 1916, the 'victim of West European Imperialism,' of 'Finance Capitalism,' in particular? [See topic no. 19]

If Russia's other great economic curse was vast distances so inadequately covered by primitive transportation facilities, these issues also deserve discussion, along with social and institutional barriers to

development.

16. The Role of the National State in European Economic Development, 1789-1914: Great Britain, France, Germany, Russia

What impact did the state and government economic policies have upon industrialization in 19th-century Europe: with the formation of new or reorganized nation states, following the French Revolution and Napoleonic Wars? In particular, did the various economic and social policies pursued in Great Britain, France, Germany, and Russia, promote or hinder national economic development, from 1815 to 1914?

Were both political freedom and economic liberalism necessary for economic growth? Is 'laissez-faire' in 19th-century Europe just a myth? Did any government in these countries in fact abstain from intervening in the economy?

Assess the relative costs and benefits of 'laissez-faire' and state-intervention: particularly in terms of Free Trade and Protectionist policies.

Discuss the positive and negative consequences of the agrarian, fiscal, monetary, commercial, industrial, and social-welfare policies pursued in one or more of the following countries: Great Britain, France, Germany, and Russia.

17. Entrepreneurship and Business Organization in European Industrialization During the 19th Century: Great Britain, France, and Germany, and Russia

How important was entrepreneurship -- this fourth factor of production -- in the industrialization of Britain, France, Germany, and Russia, during the nineteenth century?

How important was entrepreneurship for the **British** origins of the modern Industrial Revolution? Did the quantity, quality, and energy of British entrepreneurship decline in the later 19th century, as some contend? How did British business organization change in the course of the 19th century? Did successful entrepreneurship lead to larger-scale enterprises? Were large-scale corporations the source of most industrial innovations in the later 19th and early 20th centuries? Were family firms more conservative, less innovative -- or is that criticism equally or more applicable to large corporations?

Can **France's** slower pace of industrialization in the 19th century be attributed to, blamed on a structure of small-scale, conservative, largely family-controlled firms? What role did large corporations, and large family-firms, play in the French economy of the later 19th century?

Apply the same questions to 19th-century **Germany**. Why did Germany gain European or world leadership in the electrical, chemical, and (some aspects of the) steel industries? What role did cartels play in German industrialization: positive or negative? The subject of cartels will also include a debate on whether perfect competition, imperfect competition, oligopolistic competition, or monopolistic cartel structures provide the better or best models for modern industrialization, especially in terms of financing and promoting technological innovation.

Debate **Landes'** thesis concerning family firms, scale of business, entrepreneurship, and industrial innovations in Britain, France, and Germany, and Russia, 1860-1914.

Normally, only one of these countries will be considered under this topic. See also the topics on Impediments to Continental Industrialization: France, Germany, and Russia (nos. 12 - 14); the Role of the State in Continental Industrialization (no. 15); the 'Great Depression' of 1873-96 (no. 17); British Industrial 'Retardation,' 1870 - 1914 (no. 18); and the 'New Imperialism,' 1870 - 1914 (no. 20).

18. The 'Great Depression' of 1873-1896 in the European Economy: Myth or Reality?

Did the European economies, or at least the British economy, experience a major economic slump, deserving the term 'Great Depression,' from 1873 to 1896? Does deflation with a fall in nominal prices, rents, interest rates, and profits, constitute a true 'depression'? Was that phenomena the consequence of more rapid industrialization in both Europe and North America, or of other, exogenous factors?

This topic provides a discussion of various and often contradictory explanations, involving 'real' and 'monetary' factors, for the steep decline in prices, profits, and interest rates in Britain and other countries from 1873 to 1896. The debate also considers whether or not such a deflation constituted a depression; and, if so, whether that 'depression' was international in scope, or chiefly British. If not, did the cyclical downswings in this era outweigh the cyclical upswings -- in Britain and/or on the continent? What was the nature of these cyclical economic swings?

Did Great Britain suffer the loss of world industrial leadership in this era? What happened to Britain's foreign trade and capital flows in this era? What industries experienced 'hard times,' setbacks and misfortunes in this period; what industries grew and prospered? How did the working classes fare in this period: did their real wages rise or fall? In what industries?

See also the related topics on: The Role of the National State in the European Economy (no. 15); Entrepreneurship in 19th-Century Industrialization (no. 16); on British Industrial 'Retardation,' 1870 - 1914 (no. 17); on International Price Movements under the Gold Standard (no. 19); and on the 'New Imperialism,' 1870 - 1914 (no. 20).

19. Problems of the British Economy, 1870-1914: The 'Industrial Retardation' Debate

Did Great Britain experience 'industrial retardation,' i.e., a slower rate of economic growth, and particularly of industrial output, as other countries industrialized, from the 1870s to World War I? Were national growth rates in Britain less (slower) in that era, than before (ca. 1840 to 1870) and/or after World War I? In terms of the so-called 'Great Depression,' in which period were growth rates the highest: in 1850-1873, 1873-1896, or 1896-1914?

In so far as some British industries clearly did experience difficulties in this era, were such problems more attributable to foreign competition, under a regime of the International Gold Standard and Free Trade? Or were they more attributable to various internal defects of the British economy, including failures of entrepreneurship? What British industries demonstrated successful innovation and enjoyed significant growth in this period? How did other sectors of the British economy fare in this era: shipping and trade; money, banking, and finance; agriculture?

20. International Trade, Capital Flows, and Price Movements under a Gold Standard, ca. 1860 - 1914: What Role did Gold in the International Economy?

This topic revives the debate of the Sixteenth-Century Price Revolution era in a more modern context: did real or monetary factors predominate in determining long-term international price movements in the nineteenth century, or more particularly from the 1840s to World War I?

From the 1840s to World War I, as the world economy became more and more integrated, we can discern three major long-term price trends, or swings in international price movements: (1) a period of inflation from the 1840s to 1873; (2) a very sharp and well defined deflation, from 1873 to 1896; and (3) an equally pronounced inflation from 1896 to 1914, with the outbreak of World War I.

During this period, as a veritable transportation revolution in railroads and steam shipping opened up vast new areas of the world to economic development and more closely integrated them, as international trade barriers were reduced, until the 1880s, and as more and more countries adopted the British-based gold standard, price changes were communicated across countries much more rapidly and completely. Under the international gold standard, national currencies were based upon or valued in terms of fixed quantities of gold, and were freely convertible into gold and into each other at those fixed gold rates. Exchange rates could not fluctuate by more than the cost of shipping gold to settle international balances.

Were monetary factors responsible for these price swings, especially under such a gold standard? Each of the two periods of inflation seem to have commenced with gold mining booms: in California and Australia in the 1840s; and in South Africa and the Yukon in the 1890s. The intervening deflationary era (1873 - 1896) seems to have occurred as more and more countries went on to the gold standard (isolating gold stocks in central banks to back their currencies) and as world production and trade expanded at a faster rate than did world gold supplies.

Most economic historians are convinced, however, that real factors, in particular the increased rate, the nature, and interaction of technological changes, combined with quantitative and qualitative changes in international capital investments, explain in particular the deflation of 1873 - 1896 [i.e., in terms of $M.V. = P.y$, where y stands for real net global or world income, at constant 1870 prices, that $\Delta y > \Delta \sum(\Delta M.\Delta V)$, measuring M in world gold stocks].

Can the real and monetary factors be integrated and reconciled; and in particular what combination of real and monetary factors explain the two inflationary eras, before and after the so-called 'Great Depression' era of 1873 -96?

Did the adoption of an international gold standard from the 1870s ensure international stability of prices and interest rates?

Perhaps more important are the questions concerning the role of gold and international monetary structures under a Gold Standard system: what roles did they play in promoting international trade and capital flows (and, indirectly, labour flows with international migrations)?

An interesting case study may be made in examining why Russia came to adopt the Gold Standard in 1894 - 97, particularly in the context of government policy designed to promote foreign investments within the Russian economy.

21. The 'New Imperialism' of 1870-1914 (the Era of 'Capitalist Imperialism'): Foreign Trade, Capital Exports, and the Overseas Colonial Empires of Britain, France, and Germany up to World War I

Was Lenin justified in contending that ‘Imperialism is the Highest Stage of Capitalism,’ as the chief European and American industrial powers extended their economic control, formally in the form of political colonies, or more informally, over the less developed regions of the world? In the Marxist literature, what was the role of ‘Finance Capitalism’ in facilitating the spread of European Imperialism? Did Great Britain (along with France and Germany) become more ‘imperialist’ from the 1870s, when Britain retained retaining Free Trade while the others returned to Protectionism? Was Protectionism more conducive to colonialism and Imperialism? Were there any fundamental changes in European overseas trade, capital exports, and colonial acquisitions from the 1870s? Are there other more valid explanations, non-Marxist and perhaps even non-economic explanations, for European colonialism and imperialism in the era from ca. 1850, and especially from the 1870s to World War I (1914)?

This topic involves an examination of the various Marxist theories of ‘capitalist imperialism,’ often also called ‘New Imperialism’ during this era; and it therefore requires some basic understanding of the principles of Marxian economics, in particular the ‘labour theory of value,’ and the principle of ‘the historic tendency of falling profit [margins].’ When this topic is presented, the class will receive a brief, 10-page summary of Marxian economics.

Among the possible economic relationships to be discussed are: foreign trade, foreign investment and capital flows, international finance, and colonial acquisitions by various European powers from ca. 1870 to World War I. In general, therefore, a discussion of various theories -- economic and non-economic, Marxist, neo-Marxist, and non-Marxist -- to explain late nineteenth-century European Imperialism, and the role of capital flows and overseas colonies in European industrialization in this era, 1870 - 1914.

If you do concentrate on the post-1870 era, you nevertheless should try to make some comparisons of European overseas expansion with the two prior eras of colonialism, namely:

- (a) the Free Trade era, or the era of ‘Imperialism of Free Trade’, 1840-1870 [topic no. 11]
- (b) Mercantilism in Early-Modern Europe, ca. 1640 - ca. 1780 [topic no. 2]

COMMENTS AND NOTES on these topics:

1. Why these topics will give you a better understanding of the course:

Students specializing in History, Political Science, Geography, Sociology, or Anthropology rarely, if ever, ask me why they should study economic history: for them, the reasons are self-evident. Regrettably, though understandably, that is not so for many students in Economics and Commerce & Finance. Reading over the explanatory notes on the topics listed above should provide them, and indeed all students, with a better answer to that question. These topics should provide some insight into how economic theory and economic history or historical economic development are related, and how economic history constitutes an integral part of modern economics; and the introductory notes for each of these 18 topics will illustrate some of the important economic themes to be discussed.

2. A Selection of Some Economic Themes to be Emphasized:

Theories and dynamics of economic growth and change; the relationships between

‘diminishing returns’ and technological change; endogenous and exogenous factors in structural changes to the European economy; the economics of demographic (population) changes; the importance of **property rights** in economics; the concept of **economic rent** and its historical applications; the economic impact of changes in income and wealth distributions; the economics of monetary-financial institutions and of monetary changes; the macro-economics of changes in price levels, and the micro-economics of changes in relative prices, and their historical interactions; relative-price changes as inducements to technological changes; the determination of monetary and fiscal policies.

3. **Alternative Viewpoints (and Marxism):**

As noted in the introduction, many of these essay topics will also serve to provide viewpoints, both in economics and history, different from those of the lecturer: in particular Marxist views that I do not personally share. Nevertheless, Karl Marx and his disciples or followers have played a very major role in the literature of European economic history; and, whether or not one agrees with their ideological framework or conclusions, one is forced to respect much of this literature for asking very important questions, questions so often neglected or poorly treated by us traditional economic historians.

In an obituary, on the late British economic historian Brinley Thomas, in *The Economic Journal*, 106:437 (July 1996), J. Parry Lewis wrote (p. 986):

Marx’s greatest contribution to economics was his attempt to formulate a theory of economic development. The later Victorian theorists had not continued the classical questioning of the nature of economic evolution. [Quoting Brinley Thomas:] ‘The territory of economic dynamics was abandoned and the vacuum was filled by the Marxists, who have been highly skilled in extracting the maximum of surplus value from their intellectual monopoly.’

The essay topics in Eco 303Y1 with a substantial Marxist content are those on: the ‘General Crisis’ of the Seventeenth Century (no. 1); Labour and English Enclosures during the Industrial Revolution era (no. 8); Proto-Industrialization (no. 9); the Standard of Living Debate, during the Industrial Revolution (no. 12); The Era of ‘The New or Capitalist Imperialism’ of 1870 - 1914 (no. 21).

Also available is a handout on the *Principles of Marxian Economics*, which may be useful in writing on one or more of these topics. It may be found on my Home Page as follows:

A Layman's Guide to the Basic Principles of Marxian Economics:

<http://www.economics.utoronto.ca/munro5/MARXECON.pdf>