Abstract economic theory may be timeless and potentially universal in its application, but macroeconomics has to be seen in its historical context. The nature of the policy regime, the behaviour of the economy and the beliefs of professional economists all interact, and influence each other. This short historical account of monetary regimes since 1900 shows how the role of policy has changed, and how this has related to experience of inflation and the real economy, as well as to changes in political philosophies.

The narrative concentrates on developments in America, Britain, Germany, France and Japan. It begins with the era of the classical gold standard and ends with the ‘neo-liberal’ regimes of today. The decades in between saw much more active policy intervention, and much less faith in the stability of markets. The ‘grand narrative’ of the century is a journey ‘to Utopia and back’. It is argued that no school of macroeconomics is right for all time; different theoretical models may be appropriate for different periods and regimes.

ANDREW BRITTON has been a Visiting Professor at the University of Bath since 1998. He was Director of the National Institute of Economic and Social Research between 1982 and 1995, when he left to join the Churches’ Enquiry into Unemployment and the Future of Work. His other books include Macroeconomic Policy in Britain 1974–1987, The Goal of Full Employment and The Trade Cycle in Britain, 1958–1982.
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Monetary Regimes of the Twentieth Century

ANDREW BRITTON
# Contents

*List of tables*  
ix  
*List of figures*  
x  
*Preface*  
xi  

**Introduction: economics and history**  
1  
To Utopia and back  
2  
Macroeconomics and history  
4  
Monetary regimes  
7  
Rules versus discretion  
8  
Laissez faire and monetary policy  
10  
Nation states and the global economy  
13  
Monetary theory and monetary practice  
17  

1 **Before the First World War (1900–1914)**  
23  
The world under the gold standard  
23  
Laissez faire  
28  
Hegemony and cooperation  
34  
Neoclassical economics  
38  

2 **The First World War and after (1914–1925)**  
43  
Conflict and disorder  
43  
Mobilisation and economic management  
49  
The quest for peace and stability  
55  
The interpretation of instability  
60  

3 **Crisis and depression (1925–1939)**  
66  
Failure of the market system  
66  
New deals  
74  
Striking off the fetters  
81  
The origins of macroeconomics  
87
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## Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Consumer prices, 1900–1913</td>
<td>24</td>
</tr>
<tr>
<td>1.2</td>
<td>Indices of GDP, 1900–1913</td>
<td>25</td>
</tr>
<tr>
<td>2.1</td>
<td>Consumer prices, 1913–1925</td>
<td>44</td>
</tr>
<tr>
<td>2.2</td>
<td>Indices of GDP, 1913–1925</td>
<td>47</td>
</tr>
<tr>
<td>3.1</td>
<td>Consumer prices, 1925–1939</td>
<td>67</td>
</tr>
<tr>
<td>3.2</td>
<td>Indices of GDP, 1925–1939</td>
<td>68</td>
</tr>
<tr>
<td>3.3</td>
<td>Financial indicators, USA and UK, 1925–1939</td>
<td>69</td>
</tr>
<tr>
<td>3.4</td>
<td>Unemployment, 1925–1939</td>
<td>70</td>
</tr>
<tr>
<td>4.1</td>
<td>Rates of consumer price inflation, 1939–1950</td>
<td>96</td>
</tr>
<tr>
<td>4.2</td>
<td>Indices of GDP, 1939–1950</td>
<td>97</td>
</tr>
<tr>
<td>5.1</td>
<td>Consumer price inflation, 1950–1965</td>
<td>122</td>
</tr>
<tr>
<td>5.2</td>
<td>Growth rate of GDP, 1950–1965</td>
<td>123</td>
</tr>
<tr>
<td>6.1</td>
<td>Consumer price inflation, 1965–1980</td>
<td>150</td>
</tr>
<tr>
<td>6.3</td>
<td>Short-term interest rates, 1965–1980</td>
<td>152</td>
</tr>
<tr>
<td>6.4</td>
<td>Unemployment, 1965–1980</td>
<td>153</td>
</tr>
<tr>
<td>6.5</td>
<td>World money and prices, 1965–1980</td>
<td>154</td>
</tr>
<tr>
<td>7.1</td>
<td>Consumer price inflation, 1980–1990</td>
<td>180</td>
</tr>
<tr>
<td>7.2</td>
<td>Growth rate of GDP, 1980–1990</td>
<td>181</td>
</tr>
<tr>
<td>7.3</td>
<td>Short-term interest rates, 1980–1990</td>
<td>182</td>
</tr>
<tr>
<td>7.4</td>
<td>Unemployment, 1980–1990</td>
<td>183</td>
</tr>
<tr>
<td>8.1</td>
<td>Consumer price inflation, 1990–1999</td>
<td>208</td>
</tr>
<tr>
<td>8.2</td>
<td>Growth rate of GDP, 1990–1999</td>
<td>209</td>
</tr>
<tr>
<td>8.3</td>
<td>Inflation in Europe, 1992 and 1999</td>
<td>210</td>
</tr>
<tr>
<td>8.4</td>
<td>Unemployment in Europe, 1999</td>
<td>211</td>
</tr>
</tbody>
</table>
Figures

1 Inflation       page 21
2 Output growth   21
3 Unemployment    22
4 Interest rates (long-term government bond yields) 22
Preface

The turn of the century seems an appropriate time for reflection, interpreting the past so as to imagine the shape of the future. Often, in my career at the Treasury and at the National Institute I have tried to give an account of economic events in one country, in one year, or even in one month. But it is impossible to make sense of the detail unless one has some conception of the broader pattern to which it belongs. This book is my attempt to make that conception explicit.

Writing this book has been one of the most congenial tasks that I have set myself since I retired from the post of Institute director. I am very grateful to my successor, Martin Weale, for encouraging me to take it up, and providing assistance essential to carrying it out. I have been able to make full use of the Institute’s library, including the many fascinating old books and periodicals hidden away in the basement. I am very grateful to Claire Schofield, the Institute’s librarian, for her help in obtaining research material from this and other sources. One of my happiest hunting grounds was the library of the Bank of England; I would particularly like to thank Howard Picton for enabling me to make the most of that valuable collection.

Whilst working on this project, I was also, amongst other things, a visiting professor at the University of Bath. I was able to use draft chapters of the book as the basis for lectures to MBA students. I believe that they found both the historical perspective and the global context valuable to understanding economic conditions today. I am thankful for the encouragement that they gave me.

My warm thanks are also due to friends and colleagues who read my text in draft and commented on it: Martin Weale, Charles Goodhart and (especially) John Flemming. Responsibility for the finished product is, of course, my own. And, finally, I am very grateful also to Fran Robinson,
who has done an excellent job in preparing the text for publication, as she has done for the other books that I have written for the Institute over the years.