

Lessons from History: Oxford Lectures in the City

2008 and All That: Policy Responses to Economic Crisis and their Results, from the Middle Ages to Today

On Monday 30th September 2019, alumni and supporters of the Faculty of History gathered for the first lecture in the Lessons from History series. The event, generously hosted by Sarasin and Partners, brought together historians from across the University of Oxford to discuss policy responses to economic crises and their results, from the Middle Ages to today.

Chairman Guy Monson, Senior Partner and Chief Investment Officer at Sarasin and Partners, started proceedings with a presentation on the 2008 financial crisis. Guy emphasised the severity of the crash, unprecedented back to the 1930s depression. As he explained, the effects of the crisis varied significantly between countries. While average earnings in the UK stagnated, a different situation unfolded in China. With extraordinary speed, the Chinese government implemented a stimulus programme and invested in infrastructure. As Guy concluded, the crisis produced both “winners” and “losers”. The “winners” being householders and asset prices, and the “losers” being renters and indebted governments.

Having neatly established the context for discussion, Guy introduced three historians who would reflect on earlier periods of crisis and the lessons to be drawn for 2008. John Watts, Chair of the History Faculty and Professor of Medieval History, spoke first and took us back some six centuries to the time of the Black Death. Between 1348 and 1450, the population fell by more than half. A prosperous and diverse working class, significant advances in economic rationalization and considerable threats to traditional social hierarchies resulted. The immediate policy response - conservative and repressive - led to revolution in the short-term and the persistence of popular activism in the longer-term. As John pointed out, however, severe sanctions cannot prevent socio-economic change. The developments unleashed by crisis often force governments to reimagine policy. In this example, better legal solutions to common social problems, a new tax system, policy to protect the economic interests of all classes and the greater availability of justice to ordinary people eventually resulted and laid the foundations for the Tudor state.

Leaping forward to the eighteenth-century, Chris McKenna, Reader in Business History and Strategy, reflected on lessons learnt from the South Sea Bubble. The South Sea Company, one of the largest companies ever to exist, attracted investors with promises to convert debt into stock. After it passed legislation stifling the activities of its competitors, the Company ‘bubbled’ before eventually collapsing in 1720. Drawing parallels to the fallout that followed the Black Death, Chris emphasised that the political consequences of a crisis are often more severe than its economic consequences. Eighteenth-century investors had grown used to bubbles. It was only a century later during the later railway bubble, that the South Sea Bubble became the totemic example of an economic scheme gone wrong. Chris made the point that minority groups shouldered the blame for the share collapse, a recurrent occurrence at times of crisis.

Patricia Clavin, Professor of International History, delivered the final presentation of the evening on Britain and the making of global order after 1919. Patricia described the character of the peace

following the end of the First World War as 'war-like'. Britain responded to the crisis by committing itself to the League of Nations, which facilitated the establishment of central banks and promoted free trade. Patricia pointed to the lessons that we might draw from League members who produced a body of knowledge concerning international relations. Built by crises, the League of Nations drew in policymakers who understood that you have to prepare yourself for crisis, which may arise at unexpected moments. Ideological alignment, as Patricia emphasised, did not guarantee agreement. Coordination was key at a time when one of the problems the world faced was the failure of democracies to cooperate.

A lively question and answer session followed the lecture, with conversation continuing over drinks.

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