

Britain and the Economic Problem of the Cold War: The Political Economy and the Economic Impact of the British Defence Effort, 1945–1955. By *Till Geiger*. Aldershot: Ashgate, 2004. xiii + 357 pp. Index, notes, bibliography, figures. Cloth, \$99.95. ISBN: 0-754-60287-7.

Reviewed by Peter Howlett

This book addresses a topic that has been much debated in British economic history circles, though less so in recent times: was there a link between the relatively slow growth of postwar Britain and its relatively high defense expenditure? The answer provided by Till Geiger is that “the large defence effort hampered postwar recovery slightly, but did not precipitate the relative economic decline of the British economy in the post-war period” (p. 325).

The subtitle of the book locates its main themes and period: *The Political Economy and the Economic Impact of the British Defence Effort, 1945–1955*. Thus, the key political and economic issues relate to the immediate postwar adjustment, the onset of the cold war, and the Korean War. Although the title suggests 1955 as the end point, a more logical cut-off point offered by Geiger is 1957, as until then the most important influence on British defense policy was the experience of the Second World War. This, he argues, meant that, for example, the “policy-making community did not necessarily take account of the advances in weapons technology and the nuclear revolution” (p. 55). The 1957 Defence White Paper changed this culture by embracing “a military posture based on national deterrent and collective defence arrangements in western Europe” (p. 46). In terms of historiography, Geiger’s key text is *British Economic Policy since the War* by Andrew Shonfield (1958), although concerns about policy, technology, and economic growth means that he also engages with more modern historians and economic historians, such as Corelli Barnett, David Edgerton, Alan Milward, Jim Tomlinson, and Nick Crafts. Of course, ending in 1955 does minimize probably the most notable feature of British defense expenditure in the postwar decades: its rapid decline as a proportion of government expenditure. During the Korean War just over a quarter of gross government

expenditure went to defense, but then there was a steady decline, so that by the mid-1970s defense outlay only absorbed about a tenth of gross government spending. But Geiger skillfully demonstrates how the political and economic issues raised by defense expenditure in the first postwar decade reveal much about wider concerns, such as state policy, industrial development, research and development, and international economic relations, especially with the United States. A novel argument made by Geiger is that in the realm of defense expenditure, the Labour Government relied more on market mechanisms than did its successor Conservative government and hence inflicted less damage on the economy.

In terms of methodology, there is some resort to quantitative, though not cliometric, analysis, but in the main the arguments are based on a close reading of the historiography and an impressively thorough examination of the relevant historical documents. An interesting aspect of the book is the discussion by the author of the limitations of his approach (pp. 312–16)—if only more of us were so bold! From the perspective of a business historian, the book does offer nourishment, especially in Part Two and chapter nine, in the form of insight into the relation between businesses involved in the defense industry and the state. There is, for example, an interesting discussion of the decision by Rolls Royce to locate a plant in Scotland (pp. 285–57), but not surprisingly Geiger's main preoccupation is with the state.

The book consists of nine substantive chapters organized into three parts, each comprising three chapters. Part One, which addresses the question of why Britain spent more on defense than other leading nations, treats it as an issue of political economy, and in doing so gives prominence to Anglo-American relations. Part Two is concerned with why the defense expenditure was not used more effectively. Geiger argues that the policy of the supply departments in this period was not conducive to economic growth, as it “exacerbated the overall excess demand in the economy first by subsidising inefficient production [1946–50] and then by expanding the defence sector unduly during the Korean War” (p. 138). He also argues that, in this period, the British warfare state underperformed by spreading its orders over too many firms, rather than concentrating them on the most efficient, or reliable, firms. Part Three considers the economic impact of the defense budget but starts with probably the weakest chapter in the book: the consideration of defense spending,

investment, and economic performance in chapter seven requires a more sophisticated technical strategy. Although Geiger does not feel that defense expenditure played a major role in the relative postwar decline of the British economy, in Part Three he is generally critical of its impact on the economy: for example, he argues that it prevented the machine-tool industry from moving more decisively toward market orientated fields of production and that it disrupted regional policy.

Overall this book makes an important contribution to the subject of the political economy of British defense spending in the decade after the Second World War. Although the approach does sometimes lead to repetition, on the whole it succeeds in drawing out the myriad strands of this topic. The author provides us with a thorough tour and critique of the existing literature and relevant historical sources. He is scrupulous in dealing with different views, and he asks occasionally difficult questions, but ultimately he guides his reader to conclusions that derive from careful argumentation and balanced considerations.

Peter Howlett is senior lecturer in economic history at the London School of Economics. His publications encompass work on the British economy in the First World War and the Second World War, historical internal labor markets, and economic growth and convergence since 1870. Recent publications include "Blood, Sweat and Tears: British Mobilisation for World War II" (edited with S. Broadberry), in R. Chickering, S. Forster, and B. Greiner, World at Total War: Global Conflict and the Politics of Destruction, 1937–1947 (2005); and "The Internal Labour Dynamics of the Great Eastern Railway Company, 1870–1913," in Economic History (2004). At present he is working on a project on the Indian Green Revolution.