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‘Feinstein fulfilled: Updated estimates of UK GDP 1841-1920, and their implications for cycles and growth’

This paper attempts to bring together some of the improvements to C19th national income estimates since the publication of Charles Feinstein’s 1972 volume *National Income, Expenditure and Output of the United Kingdom, 1855-1965*. Most of the improvements and refinements were made by Feinstein himself and this paper makes a start in bringing the different elements together focusing chiefly on reconstructing the income-based estimates, but also outlining where improvements might be made on the output and expenditure sides. We have also incorporated the improvements of other scholars and provided a new set of benchmark compromise estimates, although this paper focuses on the implications of the income-based measure.

We consider the sensitivity of the estimates to three important measurement issues relevant for the assessment of business cycles, long cycles and trend growth in the C19th and early C20th UK economy. The first is related to the assumption made about evasion for those components derived from the income tax data. The second is measurement of the GDP deflator required to deflate the income estimates. Third is related to the derivation of annual estimates of profits from tax assessments made on a multi-year basis.

Using modern econometric techniques for assessing trends and cycles, based on a wavelets approach, we analyse the implications of the updated estimates for the slowdown in productivity per hour in the late C19th and early C20th. This has recently been reviewed by Crafts and Mills (2019) using the previous estimates of GDP growth based largely on a balanced estimate of Feinstein's (1972) data. Our updated data and methodology provisionally support their conclusion that the productivity slowdown of the early 20th century was relatively modest and that more attention should be paid to the underlying slowdown in labour productivity growth that started in the 1870s. The implications of the new data for business cycle turning points and long cycles are also analysed.