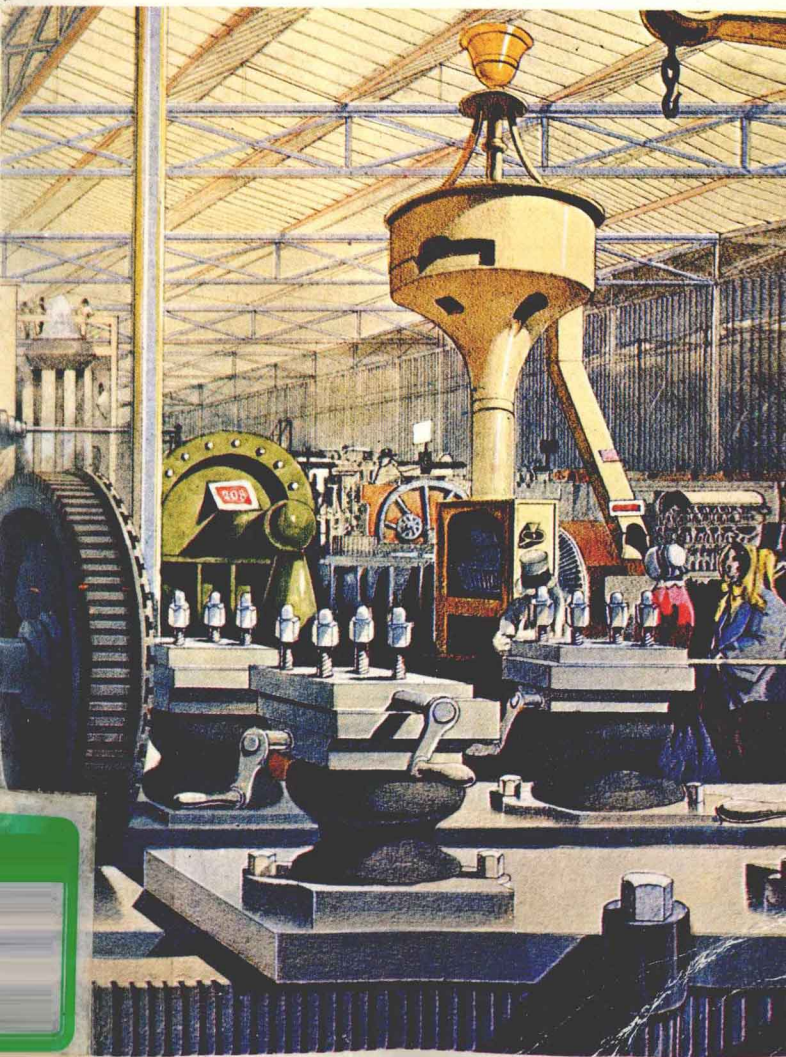


The Pelican Economic History of Britain Volume 3



Industry and Empire

E. J. Hobsbawm



PELICAN BOOKS

INDUSTRY AND EMPIRE

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INDUSTRY AND EMPIRE

From 1750 to the Present Day

E. J. HOBSBAWM



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For Marlene

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PREFACE

THIS book will certainly be read by some who wish to pass one or other of the numerous examinations in economic and social history which face students today, and I naturally hope that it will help them to do so. However, it is not designed simply as a textbook, nor can it be used very profitably as a book of reference. It attempts to describe and account for Britain's rise as the first industrial power, its decline from the temporary domination of the pioneer, its rather special relationship with the rest of the world, and some of the effects of all these on the life of the people in this country. All these matters should be of interest to any intelligent citizen, and I have therefore tried to write in as non-technical a way as possible and to assume no prior knowledge of any of the social sciences in the reader. This does not mean that the questions asked (and I hope answered) here in ordinary prose could not be reformulated in the more technical language of the various disciplines. However, I have assumed an elementary knowledge of the outlines of British history since 1750. It would be helpful if readers who happen not to know what the Napoleonic Wars were, or are ignorant of names such as Peel and Gladstone, were prepared to find out on their own.

Since neither the questions nor the answers about British economic and social history are universally agreed upon, I am unable to say that this book represents the consensus of scholars. If the study of the Industrial Revolution and its consequences had not been so strikingly neglected for a generation before the 1950s, it might be possible to speak with more confidence about it, but at present the discussions which have fortunately revived are far from concluded. They deal not only with highly general problems such as the nature of economic development and the social aspects of industrialization, but with particular problems such as the origins of the Industrial Revolution, what, if anything, went wrong with the British economy in the last third of

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the nineteenth century, the emergence of the working class, the effects of the inter-war depression, the character of 'imperialism', not to mention even more precisely defined questions. Specialists will probably recognize the interpretations I have adopted, but there are plenty of rival ones. There are also plenty of areas in which there has been very little recent work, and where the historian has no choice but to accept what his predecessors have written, or to leave a blank.

It is pleasant to observe that British economic and social history of the past 200 years is now a subject in which research is intense and discussion lively and sometimes passionate, but of course this makes the task of the historian who wishes to give a general interpretation of the entire period much more difficult, and his work much more provisional. Whether the answers given in this book will prove to be true is uncertain, though naturally I hope they will. Whether they make sense and a coherent whole is something which readers must judge for themselves.

Any book such as this is, of course, a product of a particular period in yet another way. It reflects not only the state of knowledge, but also the interests of the present, which are not always those of the past and may not be those of the future. For instance, twenty years ago economic historians would undoubtedly have paid a great deal of attention to the fluctuations of the British economy, since both they and economists still lived under the impact of the inter-war depressions. Today they are preoccupied rather by the problems of economic development and industrialization, and – under the impact of the great movements of political decolonization – by the sharp and growing cleavage between the 'developed' and the 'underdeveloped' or 'emerging' world. It will be obvious to readers that this book reflects such preoccupations of the 1950s and 1960s, and neglects some of the others, sometimes deliberately.

This is a work of synthesis, rather than of original research, and therefore rests on the labours of a great many other scholars. Even its judgements are sometimes those of others. To acknowledge all my debts fully would require an elaborate and bulky apparatus of references and, although an act of courtesy to my

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colleagues, would be of little value to ordinary readers. I have therefore confined references on the whole to sources of direct quotations and occasionally of facts taken from fairly recondite sources. Nor have I attempted to give full references where, as in some parts of the book, I have relied on primary sources and not secondary works. The guide to further reading and the bibliographical notes attached to each chapter mention some of the works on which I have drawn, those to which I am particularly indebted being marked with an asterisk. These guides do not constitute a proper bibliography. Works containing good bibliographies are marked (B).

One final word of warning. Economic history is essentially quantitative, and therefore uses statistics a good deal. However, figures have limitations which are not often understood by laymen and sometimes neglected by specialists who, since they need them, accept them with fewer questions than they might. So it is worth listing a few. There can be no statistics unless someone has first done the counting. In history often nobody has until relatively recently. (For instance, there are no figures for coal output before 1854, no adequate figures for unemployment before 1921.) In such cases we have no statistics but only informed estimates, or more or less wild guesses. The best we can expect is orders of magnitude. However much we may want to get more out of such figures, we may be unable to. Nobody can build a bridge carrying heavy trucks out of a few rotten planks. Statistics collected for any purpose have a margin of error, and the earlier they have been collected, the less reliable they are. All statistics are answers to specific and extremely narrow questions, and if they are used to answer other questions, whether in their crude form or after more or less sophisticated manipulation, they must be treated with extreme caution. In other words, readers must learn to beware of the apparent solidity and hardness of tables of historical statistics, especially when presented naked without the elaborate wrapping of description with which the skilled statistician surrounds them. They are essential. They allow us to express certain things with great conciseness and (for some of us) vividness. But they are not necessarily more reliable than the approximations of prose. The

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ones I have used come largely from that admirable compendium, Mitchell and Deane's *Abstract of British Historical Statistics*.

I am indebted to Kenneth Berrill who read much of this book in manuscript, but is not responsible for its errors, though he has eliminated some. I am also grateful to those readers who have drawn my attention to several misprints and other errors, which have been corrected in the present edition. Apart from a few small changes, the text has not been modified. Though occasionally glancing beyond, it ends, for practical purposes, with the advent of the Labour government of 1964.

London, 1967 and 1968

E.J.H.

INTRODUCTION

THE Industrial Revolution marks the most fundamental transformation of human life in the history of the world recorded in written documents. For a brief period it coincided with the history of a single country, Great Britain. An entire world economy was thus built on, or rather around, Britain, and this country therefore temporarily rose to a position of global influence and power unparalleled by any state of its relative size before or since, and unlikely to be paralleled by any state in the foreseeable future. There was a moment in the world's history when Britain can be described, if we are not too pedantic, as its only workshop, its only massive importer and exporter, its only carrier, its only imperialist, almost its only foreign investor; and for that reason its only naval power and the only one which had a genuine world policy. Much of this monopoly was simply due to the loneliness of the pioneer, monarch of all he surveys because of the absence of any other surveyors. When other countries industrialized, it ended automatically, though the apparatus of world economic transfers constructed by, and in terms of, Britain remained indispensable to the rest of the world for a while longer. Nevertheless, for most of the world the 'British' era of industrialization was merely a phase – the initial, or an early phase – of contemporary history. For Britain it was obviously much more than this. We have been profoundly marked by the experience of our economic and social pioneering and remain marked by it to this day. This unique historical situation of Britain is the subject of this book.

Economists and economic historians have discussed the characteristics, advantages and disadvantages of being an industrial pioneer at great length and with different conclusions, depending mainly on whether they have tried to explain why undeveloped economies today fail to catch up with developed ones, or why early industrial starters – and most notably Britain – allow themselves to be outdistanced by later ones. The advantages of making

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an industrial revolution in the eighteenth and early nineteenth centuries were great, and we shall consider some of them in the chapters discussing this period. The disadvantages – for instance, a rather archaic technology and business structure which may become too deeply embedded to be readily abandoned, or even modified – are likely to emerge at a later stage; in Britain between the 1860s and the end of the nineteenth century. They will also be briefly considered in the chapters on that period. The view taken in this book is that the relative decline of Britain is, broadly speaking, due to its early and long-sustained start as an industrial power. Nevertheless this factor must not be analysed in isolation. What is at least equally important is the peculiar, indeed the unique, position of this country in the world economy, which was partly the cause of our early success and which was reinforced by it. We were, or we increasingly became, the agency of economic interchange between the advanced and the backward, the industrial and the primary-producing, the metropolitan and the colonial or quasi-colonial regions of the world. Perhaps because it was so largely built round Britain, the world economy of nineteenth-century capitalism developed as a single system of free flows, in which the international transfers of capital and commodities passed largely through British hands and institutions, in British ships between the continents, and were calculated in terms of the pound sterling. And because Britain began with the immense advantages of being indispensable to underdeveloped regions (either because they needed us or because they were not allowed to do without us), and indispensable also to the systems of trade and payments of the developed world, Britain always had a line of retreat open when the challenge of other economies became too pressing. We could retreat further into both Empire and Free Trade – into our monopoly of as yet undeveloped regions, which in itself helped to keep them unindustrialized, and into our functions as the hub of the world's trading, shipping and financial transactions. We did not have to compete but could evade. And our ability to evade helped to perpetuate the archaic and increasingly obsolete industrial and social structure of the pioneer age.

The single liberal world economy, theoretically self-regulating,

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but in fact requiring the semi-automatic switchboard of Britain, collapsed between the wars. The political system which corresponded to it, and in which a limited number of Western capitalist states held the monopoly of industry, of military force and of political control in the undeveloped world, also began to collapse after the Russian Revolution of 1917, and very much more rapidly after the Second World War. Other industrial economies found it easier to adjust themselves to this collapse, for the nineteenth-century liberal economy had been merely an episode in their development. Indeed their emergence was one reason for its eventual breakdown. Britain found itself much more profoundly affected. It was no longer essential to the world. Indeed, in the nineteenth-century sense there was no longer a single world to be essential to. What new base for its economy could be found?

Unsystematically, often unintentionally, the country did indeed adjust itself, changing rapidly from an unusually small-scale and uncontrolled into an unusually monopolist and state-controlled economy, from relying on export-based basic industries to home-market-based ones, and, rather more slowly, from older technologies and forms of industrial organization to newer ones. Yet the great question remained unanswered: could such adjustments provide a basis sufficiently large for the relatively gigantic economy of what still remained in 1960 the third economic power in the world to maintain itself on its accustomed scale? And if not, what were the alternatives?

Social historians have discussed the peculiarities due to Britain's pioneer start less often than economists. Yet they are very marked. For Britain combines, as everyone knows, two at first sight incompatible phenomena. Its social and political institutions and practices maintain a remarkable, if superficial, continuity with the pre-industrial past, symbolized by all those things which, by their very rarity in the modern world, attract the foreign sightseer and a fortunately increasing amount of foreign tourist currency: Queen and Lords, the ceremonials of long-obsolete or archaic institutions and the rest. At the same time this is in many respects the country which has broken most radically with all previous ages of human history: the peasantry

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most completely eliminated, the proportion of men and woman earning their living purely by wage (or salaried) labour higher than anywhere else, urbanization earlier and probably greater than elsewhere. Consequently this is also the country in which class divisions were, at least until recently, more simplified than elsewhere (as indeed were regional divisions). For in spite of the usual existence of a fairly large number of levels of income, status and snobbery, most people in fact tend to work on the assumption that there are only two classes which count, namely the 'working class' and the 'middle class', and the British two-party system has reflected this duality to a considerable extent. That it has not produced the political consequences which the early socialists anticipated is quite another matter.

Both phenomena are evidently connected with Britain's early economic start, though their roots go back, at least in part, to a period before the one dealt with in this book. How drastically the formal political and social institutions of a country are transformed in the process of turning it into an industrial and capitalist state depends on three factors: on the flexibility, adaptability, or the resistance of its old institutions, on the urgency of the actual need for transformation, and on the risks inherent in the great revolutions, which are the normal ways in which they come about. In Britain the resistance to capitalist development had ceased to be effective by the end of the seventeenth century. The very aristocracy was, by continental standards, almost a form of 'bourgeoisie', and two revolutions had taught the monarchy to be adaptable. As we shall see, the technical problems of industrialization were unusually easy, and the extra costs and inefficiencies of handling them with obsolete institutional equipment (and especially a grossly obsolete legal system) were easily tolerable. And when the mechanism of peaceful adjustment worked worst, and the need for radical change seemed most urgent – as in the first half of the nineteenth century – the risks of revolution were also unusually great, just because if it got out of control it looked like turning into a revolution of the new working class. No British government could rely, like all nineteenth-century French, German or American governments, on mobilizing the political forces of country against city, of vast