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"UNECONOMIC FACTORS IN 19TH CENTURY ECONOMIC DEVELOPMENT"

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UNECONOMIC FACTORS IN 19th-CENTURY ECONOMIC DEVELOPMENT

A. General

1. Handicrafts are as old as man, we may fairly believe; Homo Sapiens Sapiens and his tools of wood or stone entered the world together. Merchanting, exchange of commodities, also seems to have come naturally to human beings. There has been trading among very 'primitive' peoples, for instance--along with gambling--among Red Indians. Merchant capital has been ubiquitous, but it has not by itself led to any decisive alteration of the world. It is industrial capital that has brought revolutionary change, and been the highroad to a scientific technology that has transformed agriculture as well as industry, society as well as economy. Industrial capitalism peeped out here and there before its sudden rapid expansion in modern times; but on any considerable scale it was evidently too unnatural to spread far. Unlike handicrafts or trade, it has been a strange aberration on the human path, not a logical next step. Forces outside economic life were needed to bring it into existence, by a sort of Caesarian operation. Only very complex, exceptional conditions could engender the entrepreneurial spirit. It is not surprising that many historians have looked for its origin in a radical shift of religious attitudes, whereas commerce ~~or finance (moneylending)~~ has been at home with any sort of religion. There have always been much easier ways of making money than long-term industrial investment and the hard grind of running a factory. It is much easier to sit in a back parlour on Wall Street, smoking cigars and playing solitaire, like J.P.Morgan. The English, who first discovered the industrial highroad, were soon deserting it for similar parlours in the City of London, and looking for byways, short cuts, and colonial Eldorados.

2. Far away in time or place from the western Europe where industrial capitalism first got under way, conditions might often seem to have been propitious to it. Rome provided a vast unified market, good roads, orderly administration, and a legal system founded on the sanctity of property. But it had no bourgeoisie, in the modern sense of the term; the Equestrian or moneyed class could prosper more easily by way of politics, empire profits, moneylending. In China at the start of this century that intrepid woman traveller Isabella Bird, going up the Yangtze, saw myriads of coolies dragging boats, sometimes seven hundred men to one heavy junk, with bamboo ropes that might be half a mile long; and many others toiling for minute wages in mines. But, as Dermigny ~~mm~~ emphasized, the ambition of the Chinese moneyed class had always been to get out of business into the elite class which studied the Confucian classes and entered the mandarinate. Likewise in Europe, economic advance was delayed for very long by the ambition of successful merchants and financiers to enter the aristocracy; and to buy land and acquire titles was all too easy. To break this centuries-old circuit, something was needed to bring the two propertied classes into conflict: something that could only, it would seem, be pressure

of discontents from below. As important as the rivalry of classes was that of countries. Stalin's opponents argued that 'socialism in one country' was impossible; however that may be, capitalism in one country was impossible, even in China or India with their size and resources and many other favourable features. For the Big Leap into capitalism to take place, there had to be a congeries of States, in close proximity and constant interaction; and this existed nowhere except in Europe.

3. Direction of energies and resources towards industry required a convergence of varied impulses. Religion must have activated some of them, but Protestantism, or Calvinism, in many areas had no such creative influence. Puritan or Huguenot types of religious thinking may have been less important as promoting a 'work ethic' than as inculcating honesty, trustworthiness between partners, reliability between buyers and sellers. But more enigmatic elements entered into the mixture as well. Hazlitt wrote eloquently of how caprice, passion, imagination, may enter into even the most selfish moneygrubbing. The aspirations leading towards capitalism could not have been fuelled merely, or perhaps even mainly, by simple appetite for gain. One of Walter Scott's comic characters is a Yorkshireman in the remote Shetland Islands, full of grand impractical schemes for economic improvements; Scott laughs at him, but he pays tribute, only half ironically, to 'that noble spirit which scorns to balance profits against outlay, but holds the glory of effecting a great change on the face of the land to be, like virtue, in a great degree its own reward.' Scott himself was one of the earliest to hail the advent of gas-lighting, and even served as chairman of a gas company.

4. Wide variations to be found within capitalism go with the fact that it has not taken its place in the world by revolutionary breakaways from the past, but has developed very much within moulds shaped by the past. A good deal of the Puritan sense of duty, fidelity, 'vocation' or station in life, came from the feudal social order. Altogether, capitalism came into being in part by way of feudalism transforming--of the very exceptional west-European kind--transforming itself. The two structures were not simple opposites. Their modes of thinking were not mutually exclusive. The ideology of a dominant class spreads downward, as Marx and Engels saw early; the ideas of any class may be, like religion, surprisingly flexible and adaptable. As Laura Stevenson shows, Londoners of Shakespeare's day could look back on London's great men not as great businessmen but as merchant-princes, animated by the same nobility of spirit as any feudal lords of their time. Three centuries later American workmen were calling themselves 'Knights of Labour'.

5. 'There is no "pure" capitalism in the world, and there can be none', Lenin wrote during the first World War, 'but there always are admixtures either of feudalism or of the petty bourgeoisie, or something else.' It is through its composite nature that capitalism has been worked on, sometimes pushed forward, sometimes held back, by influences alien to its essential being.

Societies like individuals seem to shrink from too much unfamiliarity, and to need a reassuring presence of old habits, beliefs, institutions; a balance between these and the new broom of innovation may be the most congenial to growth. Everywhere capitalism has been modified and coloured by local environments and their legacies from the past. Each capitalist class owes much to these, and to its own ancestry, and its relations with other classes.

6. In most cases the 'nation-state' was built much more by the State than by the nation, or people; and to a great extent the same is true of its economy. It has been recognized, for instance, that Mercantilism was largely a translation into economic terms of the bureaucratic administration set up by the 'absolute monarchies'. There must always have been mutual exchanges between the methods and techniques of the counting-house and factory, and those of officialdom. Each would stimulate the other, someones one the businessman in the lead, as in 19th-century Britain, sometimes the bureaucrat, as in 18th-century Germany with its 'Cameralism'. Capitalism may be as laissez-faire as Victorian Manchester, or as paternalistic and <u>étatiste</u> as in Japan; but so far as dealings between government and business are concerned, the difference is smaller than it has sometimes appeared. Laissez-faire meant that business did not want government to interfere with it; it did, on the other hand, want government to <u>help</u> it, whenever there was occasion. Manchester wanted cotton textile production in British India to be restricted, in order to reduce competition. Free enterprise, with all its rugged individualism, has always been ready to accept aid or gifts , possibly in the spirit of Pooh-Bah the aristocratic Pooh-Bah pocketing bribes in order to mortify his excessive family pride. Churchmen long continued to pray for national prosperity; hard-headed businessmen learned to approach their governments for subsidies. Much more reluctantly, they had to learn to submit to the State as regulator, in the interests of social peace. An Isabella of Castile or a Louis XIV would execute an occasional nobleman who was behaving too villainously; in the interest capitalists are not executed, but they sometimes have to be restrained, for the benefit of their class as a whole.

7. Eastern Europe had a neo-feudal development, going on into the last century, of demesne farming by noble landowners employing safe labour, and producing largely for the market and for export. This involved the imposition of much harsher conditions of serfdom, only possible because landowners had the backing now of States and their regular armies; these were needed especially in Russia, where the peasants were most rebellious. Most landowners were small men, in Prussia notably; in Russia they were also mostly new men, with pedigrees much shorter than Pooh-Bah's. They were all the more in need of State protection, therefore, and in of market profits, which they did not feel to be any blot on their noble blood. Some developed forms of 'manorial industry', as well as working their land. Iron-working in Bohemia was initiated by feudal lords, lay or clerical,

who continued to run their enterprises or rented them out , along with a supply of serf labour, to businessmen. The monopoly right of the seigneur to operate a mill and oven on his estate belonged to the same economic order. Feudal rule encouraged local enterprises of this sort much as the absolutist State later on fostered industry on a national level. Food and timber produced by serf labour in the east assisted early modern industry in western Europe. Slave labour on plantations in the New World then became, as Marx observed, an indispensable buttress of modern industrial capitalism.

8. Serf- and slave-owners did not pay wages, but only supplied their workers with food (or land on which to grow food) to keep them alive. True, early factory wages did not do much more than this. Mercenary soldiers, a very numerous species in late medieval and early modern Europe, received wages, and were in a sense an early proletariat, but not a productive one. Industrial capitalism in the full sense, of wage-labour employed on production of commodities for sale, had some growth in some Italian cities in the 16th century, but petered out there before long. It had a more promising growth in the later 16th and 17th centuries in Holland, but failed to reach the really decisive point , the employment of steam-power in addition to water and wind. There has been much debate over why these two regions fell short of this critical achievement; one reason that suggests itself is the lack which they shared of a strong enough national government to shepherd them towards it. It was in England that the goal was being approached, by the roundabout route --taken nowhere else--of <u>agrarian</u> capitalism , nation-wide though organized in small units. It was capitalism of a very bastard kind, working within a framework nearly as 'feudal'as the serf-estates of eastern Europe. Here too State power was essential to get it going, and police it, mainly in the period when a peasantry was being converted into a landless labour-force available for hire. The system could then be run by the landlord who rented his land to farmers, each a petty capitalist, and controlled the labourers on their behalf by his authority as Justice of the Peace. As such he could perpetrate almost any <u>injustice</u>. 'His decree', a writer could still complain in the 19th century, 'so far as his labourers and cottage tenants are concerned, is as good as law.' In other countries by then it was capitalist <u>industry</u> that governments were helping to set up; in England this was less necessary because centuries of capitalist <u>agriculture</u> had familiarized the use of wage-labour, and inured the masses to submission to it.

9. Inseparable from the rise of modern States were their standing armies and navies. How much war helped or hindered the rise of industry has been a very controversial question. Warfare was terribly destructive, at least before the 18th century, though it could provide opportunities for a good many. Northampton's staple trade of shoemaking got its start through orders for footwear for the Parliamentary army during the Civil War, and every war for the next two centuries gave it a further fillip. A less mixed blessing than war was Europe's perpetual preparation for war. Armies generated

all sorts of subordinate activities, from building of forts to sewing of uniforms. Many parallels can be seen, moreover, between the running of a regiment and that of a factory; there is a similarity of organization and chain of command. Armies provided an example which could encourage the transition from scattered cottage industry or 'putting out' to labour brought together under the factory roof; they displayed the advantages of regular planning and discipline. Popular phrases like 'Captain of industry'--coined it seems by Thomas Carlyle--or 'Napoleon of finance' show how analogies between military and capitalist organization caught men's attention. Their ordinary routine, their habit of living by a timetable, their need of combined effort, and so on, might qualify an individual to be either a useful officer or a useful manager. At the summit, both war and industry have required a flair for the unconventional and original; and full acceptance of industrialism as the new way of life required great shocks to the old order, painful disturbances for all changing societies. What above all provided the necessary earthquake-upheaval was the span of years from 1789 to 1815, when a great revolution was followed by two decades of European war. Neither revolution nor war by itself, but the two things working together, transformed Europe, or prepared its people's minds for the grand transformation. Prominent among their results was the hammering out on their anvil of the new religion of nationalism, with capitalism as its alter ego.

B. Britain

1. Industrialism had its rise in the later 18th century not in isolation but as part of a general climate propitious for advances in knowledge, technical skills, expectation of progress. Much of its intellectual and scientific curiosity represented a secularizing, redirection, of energies stirred up by the excitements of Reformation and Counter-Reformation polemics. Here was another factor lacking outside western Europe. Russia had no Reformation; the Muslim world was sunk in stagnation; China, under foreign rule again from mid-17th century, had got no further than neo-Confucianism. It was the West's mental alertness that produced individuals of such wide-ranging interests as Marx and Engels, or Naesmyth, industrialist, inventor of the drop-hammer, and selenographer. This Scotsman was also a good representative of the spirit of emulation showing itself in various countries hitherto backward, and particular in Scotland with its own remarkable Enlightenment, and its patriotic desire to catch up with England.

2. Governments, the British and French in the lead, were competing for colonies that could be useful or profitable at home. Most of the colonial products that were coming in were semi-luxury consumer goods--coffee, tea, sugar, tobacco,--bad for European health but good for stimulating demand and furnishing a new motive for exertion. They could be sold on the Continent and bring wealth into Britain, part of it available for investment; but the chief service they must be credited with was to induce labour in

Britain to work harder and more regularly in order to be able to buy them, and to suffer hardships more patiently because these tranquillizers were available to workmen and their families. When Napoleon tried to close the Continent to colonial goods, because Britain had got control of all of them, he was going against one of the strongest currents of the age. The North American colonies provided some more utilitarian wares, and a prosperous market for British manufactures. Their loss was vastly more serious than France's loss of Canada, because they had come to seem vital to the British economy. It could be expected to precipitate a search for new sources of wealth. This can be seen most obviously in India, where Warren Hastings began his expansionist reign as its first governor-general in 1773, shortly before discontent in America turned into rebellion. It may be possible to detect another such link, if a less direct one, between America's rebellion and the industrial revolution.

3. At any rate, in the late 18th century Britain, or rather a limited region of it, was taking the fateful step into use of steam-machinery, a far greater advance over wind- or water-power than they had been over animal-power. Their harnessing to machinery could be derived from their much earlier uses in agriculture; steam-power could not. It may be that the most immediate motive for its enlistment in industry was to put the workman in his place. England's civil wars had brought him little enough gain, and the rural masses had continued to be pressed down , but for one reason and another manufacturing workers had come to be comfortably off in the 18th century. They were too comfortable, and too expensive, in the opinion of many. It was regularly assumed that Dutch trade prospered because Dutch labour was cheap. A pamphleteer of 1713 made the same complaint about France. 'The French did always out-do us in Price of Labour: Their common People live upon Roots, Cabbage, and other Herbage; four of their large Provinces subsist entirely upon Chestnuts...' Smollett, travelling in France and Italy in 1766, compared the high living standard and high cost of English labour with foreign cheapness. He saw no birds in southern France because they were all eaten. There is a persuasive ring in the dictum of Ure, the philosopher of the industrial revolution, that steam had to be called in'to subdue the rebellious hand of labour'. It is known that some subsequent improvements in machinery were designed to overcome resistance to wage-reductions. Mechanization was part of class struggle.

4. In a general way, often indirectly or unintentionally, the activities of Britain's ancien regime had pushed the country towards industrialism; but for the final step across the threshold men of a new stamp were needed, separate from the main body of the old society, ready for new departures. In earlier modern times migrants, often exiles, refugees, had played a big part in the European development of trade and crafts; men like the Netherlanders who fled to England from Philip II, or Huguenots from Louis XIV. In the early stages of the industrial revolution there was a marked element of Quakers and other Dissenters, excluded from parliament and the

universities, alien to the world of the squirearchy. Industry was making its home in remote valleys in the north of England and southern Scotland; the resulting division of the country has become a permanent one. It was an entry to an untried, hazardous life, bringing with it moods of doubt and foreboding; it had a natural accompaniment in religious revivalism, Evangelical or Methodist, somewhat as our generation's entry into the nuclear age has been turning people into Born Again Christians or devotees of holy men from the mysterious East. E.P.Thompson's remarkable analysis of Methodism relates it to labour discipline, as a key problem of industrialization: it promoted self-discipline, helped to turn the worker into a willing servitor of the machine. But it must be added that Methodism was helping to acclimatize labour not exclusively to industrial capitalism, but to urban industrialism altogether, including trade-union organization and political movements like Chartism. It may be surmised that one delaying factor in French industrialisation was the absence there of anything comparable with Methodism. Religious revivalism in France could be only Catholic, negative, reactionary.

5. It was a further isolating aspect of the early industrial revolution in England that it was to a great extent not English at all. Labour , needed by the northern mills, was not very mobile, especially before the railways; most recruits were moving only short distances. There was however a great exception, the reservoir of cheap labour represented by the Celtic regions of the British Isles--the same regions which supplied a large part of the manpower for the army that conquered the British empire. They were miserably poor, and suffering evictions of peasants from the land: two facts representing an important if unintended contribution by English landlordism to the progress of industrialism. Poverty, in Ireland culminating in famine, compelled men and women to move longer distances in search of work. Lancashire was geographically well placed to draw on labour from both Wales and Ireland; the Glasgow area, similarly, from the Scottish Highlands. Scotland could supply in addition much managerial talent; it had more educated men, hungry for opportunity, than England: some of them were to be found later on managing the jute mills of Calcutta. If it had not been for England's possession of these colonial regions within the British Isles, industry might have been expected to spread more evenly, instead of being confined to its strongholds in the north.

6. All these features of the new factory industry, so strange to the mode of life of rent-collecting, fox-hunting, southern England, make it easy to understand why the Tory ruling class looked at it askance, and never fully came to terms with it. All obsolescent aristocracies have been nervous of any coming together of common people, and they were coming together in restless multitudes in the mill areas. It was of course easy for conservative critics to find fault with the new class of manufacturers: critics like Wordsworth, or Scott who had much to say about their social irresponsibility and egotism, and--with less insight--about the little value of the manufacturing system to the country. Between an unfriendly

ruling class and a hostile working class the pioneers of industrialism were uncomfortably placed.

7. What came to their rescue was the long-drawn period of war, from 1793 to 1815, against first Revolutionary and then Napoleonic France. It brought the older and newer propertied classes closer together, in face of common enemies both abroad and at home. Patriotism could be invoked against opposition of any sort; labour unrest and political sedition could be bracketed together. With half a million men mobilized for army and navy, there was always armed force available for repression. Men of all respectable classes were putting on uniform, turning themselves into a National Guard, under the title of Yeomanry Corps. These were ostensibly preparing to deal with Bonaparte if he made his threatened appearance; but the 'Articles of Enrolment' of a corps raised at Doncaster in Yorkshire included among its duties that of helping to put down 'Riots and Tumults', and this was an understood part of the common purpose of all of them. Capital accumulation must have benefited very greatly from the war-profiteering of those years, whose extent had an index in the ballooning of the National Debt--the indebtedness, that is, of taxpayers mostly of the middling or poorer sort to those with plenty of money to lend the government; industry might be benefiting, but the financial interests and their aristocratic allies still more. Even labour must have derived some benefit from the removal of so much man-power from the labour market. It might be possible to trace the Luddite or machine-wrecking outbreaks towards the end of the period to improvements in machinery designed to make up for shortage of labour. It must be possible to see a general analogy between this period and that of the 'Eighty Years War' against Spain in Dutch history, when Holland was being transformed into a capitalist republic. One thing happening then was an influx of refugees from the southern Netherlands, providing a labour force more easily exploited than the old craft labour, protected by its guilds. It is another reminder of how great social-economic changes have needed catastrophic events to break the ground for them.

8. The entente between landed aristocracy (in control of the armed forces down to at least 1914) and industrial bourgeoisie, a gift from Robespierre and Napoleon, continued after 1815, and sustained confidence in the stability of the industrial sector. There were frictions between the two wings, increasingly severe until the compromise of 1832, as the newcomers, pushed on by mass pressure from below, pressed for constitutional reforms which Toryism had been sheltered from by its patriotic war-pose. The Corn Laws, giving tariff protection to agriculture and landlord rents, showed where conservative inclinations really lay. They were not abolished until 1846. Still, it was increasingly necessary for government to display sympathy for industry. Population was swelling, and Parson Malthus's gloomy forecasts aroused much alarm, though his Church of England (or Scotland) brethren, with their enormous families, were not in a good position to preach abstinence. The alternative was to provide more jobs, and if possible rather better wages. Opinion at

large was coming round to a more favourable view of industrial growth, as the antidote to social discontent instead of as the cause of it. Macaulay's Third Chapter, in his History of England, drew a vivid picture of expanding prosperity.

9. Railway-building, as in other countries later, signalized the first full involvement of the propertied classes in capitalist expansion; but, because of England's lopsided development, in an unhealthily speculative atmosphere. It might have been expected that government would take more interest in it, if only from a strategic point of view. All railways were 'strategic' in the sense of strengthening law and order, helping to defend governments as well as nations. An engraving of 1835 shows a train on the new Birmingham-Liverpool line, with two of its waggons full of soldiers. It was a time of unrest and agitation, and swift movement of troops by rail, and of messages by telegram, were valuable reinforcements of authority. Wellington, however, the oracle or panjandrum of Tory wisdom, was too far behind the times to care about railways; their construction was left to private enterprise, and was consequently unplanned and wasteful. The collapse late in 1845 of the 'Railway mania' can be seen as a foreshadowing of the decline of industrial growth that set in a generation later. Ownership and control of railways drifted out of the hands of the industrial bourgeoisie into those of the City financiers.

10. The ideology, or self-image, of any class has an important bearing on its fortunes. Industrialism had its feet, or one of them, in the Enlightenment, and shared its visions of a new and better world, the pacific and rationalizing outlook of before the French Revolution and conservative Europe's attack on it. Every 'mode of production' has found ways to idealize itself. There had been a Utopian feudalism, with its fantasy of chivalry, and there has been a Utopian capitalism as well as socialism. The mythic harmony expounded by the classical economists gave new form to the lingering belief in a golden age that mankind seems always reluctant to abandon. There were glimpses of a mass market where the poor too would be able to buy and consume. Arthur Young the agricultural improver deplored the misery of too many French peasants as incompatible with national prosperity--'a large consumption among the poor being of more consequence than among the rich...' Poets and philosophers lent their sanction to the doctrine that free enterprise would be a blessing for all, not for its leaders only. Providence 'bade self-love and social be the same', wrote Pope, to be echoed nearer our day in the celebrated dictum that 'What is good for General Motors is good for the United States.'

11. However much or little millowners were caught up, like some of their workers, in the turbid current of religious revival, something of the earlier secular hopes had a more tangible rebirth in the creed of the 'Manchester School'. It had its two chief prophets in Cobden and the Quaker Bright, and its popular confirmation in the adage that 'What Manchester thinks today, England will think tomorrow.' Its first principle was laissez-faire, or 'the businessman knows best'.

This was pushed so far as almost to call for a withering away of the State, like the one Marx was to preach from his different pulpit. Perhaps every class that feels itself to be marching in the van of progress has some such feeling that government has become unnecessary: it needs no artificial prop, and is convinced that everyone must admire it and trust to its leadership. Free trade was to spread from Britain across the seven seas,--universal peace would be securely based on mutual advantage,--there would be, in Tennyson's words, a 'Parliament of man'. There was some force of true idealism here, and there might go with it some notion of the poor having their share of the feast, of a social levelling up. About 1860 an Englishman declared that for him the meaning of the Millennium was that 'every man will then possess a thousand a year.' But too much of the mentality of the ordinary bourgeois was crude money-greed, for Manchester philosophy to be able to guide England towards any kind of socialism, or even towards continued expansion of capitalist industry. Too much of it was negative, denunciation of the old ruling class, its corruption, its taste for war and conquest; too many of its ostensible followers were privately eager , like their merchant forerunners, to enter the old class. They were soured by the hostility of the workers to their self-appointed tutors, which came into the open in clashes between Anti-Corn Law free-traders and Chartists. Cobden and Bright looked forward to a genuine, independent middle-class culture, and were disgusted in their later years by the fashionable aping of aristocracy. London--not an industrial city--was sucking into it, and often sterilizing, talent of every sort. Engels removed there from his Manchester factory as soon as he could, and Joseph Chamberlain from Birmingham, to pursue their respective political interests. Novelists congregated there and turned out hundreds of tales of high life for middle-class readers.

12. In its pioneer years as the sole industrial country, destined as Manchesterians supposed to be 'the workshop of the world', England had little foreign competition to stimulate it, and its industries grew sluggishly. When serious competition began to spring up later in the 19th century, with economic nationalism and tariffs to invigorate it, England was easily discouraged. Its rulers had never had never had more than a half-hearted commitment to industry. Foreigners had British industry to compete with, and then Germany and America, having quickly left it behind, had each other. Scots took more readily than Englishmen to the advance from light industry to heavy. War requirements were important here, and they did not fit well into Cobdenite pacifism. Of the wars on the Continent before 1914 Britain took part only in the Crimean, which was fought mostly with the same primitive equipment as the Napoleonic wars. Britain's army was not large; its colonial forces were larger, but not heavily armed. After railway-building in Britain ended , ~~ship-building~~ and the new iron-clad navy led the way in ship-building; and there was a growing world market for warships and armaments. But these artificial stimulants were not enough to keep Britain in the lead.

13. Nor was the ever-expanding empire. It markets were narrow, and there was very little promotion of economic development to enlarge them; in India none until the 1850s, and after that not much. Colonial administration was in the same gentlemanly hands as the civil service at home, which prided itself on knowing more Latin than economics; the disdain of a member of the Indian Civil Service for the 'Box-wallah' or British businessman was an extension of class attitudes in England. Tea, coffee, tobacco, sugar, the luxuries needed to sweeten class relations in Britain, could be grown cheaply in India and other colonies; when slavery there came to an end millions of coolies were exported from India and China to work on plantations across the world, in conditions only slightly different from slavery. China was still being compelled to buy Indian opium to pay for China tea for Britain. Indian jute exports were becoming a vital item in Britain's foreign balance of payments. These colonial subsidies could not be a healthy influence on the British economy; without them it would have had to make much more effort to stay in the industrial race.

14. Industrial growth could provide more jobs and better wages, and was doing so, very slowly, in the second half of the 19th century; but the easier way to dispose of the discontented poor was to get rid of them. Britain had unique facilities for emigration, thanks to its geographical position and to English being the language of North America, with its unprecedented growth and demand for labour. Earlier on, George Borrow had noticed how many Englishmen were pining to get away there; now railways and steamships were making it much easier. After Chartism faded out, about 1850, the reduced tension between rich and poor must be attributed a great deal to this safety-valve; what improvement there was in living conditions must have been largely due to reduced pressure on the labour market. Britain was losing men and women of varied talents and skills, whose energy could have helped to keep British industry moving. Still more, it was losing much of the dynamic of struggle between labour and capital, which might have forced the government to take a more active hand in the economy, and insist on industry being pushed on.

15. Britain's early industrializing had left it with a crop of mostly small businessmen who could not easily combine into the aggregates required for the bigger-scale enterprises of the later 19th century, in face of German combines and American Trusts. For the same reason they were lacking in class solidarity, and more vulnerable to the lures of aristocratic life. If the more energetic worker wanted to emigrate to America, the more successful bourgeois wanted to emigrate out of his class; he was sending his son to Oxford, to learn the value of a good tailor. The combined plutocracy forming after about 1870, when agricultural profits declined, inherited much of the old landlord spirit, an essentially parasitical preference for living at the expense of others instead of working and producing. The plutocracy was at home in the City, where railway company directorates were the nearest that most of its members came to industry--, and in the empire. A big estate and a colony were very similar forms of property. Ireland was both a colony

and a collection of estates of absentee English landowners. When Gladstone proposed Home Rule for Ireland, and most of the wealthier members of the Liberal Party left it and joined the Tories, not only a political shift was taking place: it was an accompaniment of the social-economic shift from manufacture to finance. More and more capital was being exported (as it is again today). British banks, unlike German, had little interest in investment in industry; for one reason, because so many bankers were foreign immigrants, who had virtually no connection with Britain outside the square mile of the City. Capital export and imperial flag-waving went together; enthusiasm over colonial wars and annexations helped to keep the ruling class in power and prevent any serious move towards democracy. John Bull's sense of superiority to his colonial subjects also fostered an attitude of haughty indifference to the wants of foreign customers: if they did not choose to buy what he offered, it was their loss. All this was happening first in Britain, for special British reasons, but today it shows many signs of happening elsewhere. It may be reasonable to think of industrial capitalism, that freakish aberration, following a universal curve from entrepreneurial activity to rentier sloth. There may be something symbolic in the fact that the word 'undertaker', which formerly meant a business contractor, now in England means only a mortician.

C. Europe

1. It may be an illusion to suppose that economic advance, of any dramatic kind, has been favoured by peaceful, humdrum conditions. In quiet times men collectively as well as individually have been too prone to sink into dull repetition. Political upheavals, even disasters, have compelled them to improvise, to find new ways. Modern wars have promoted inventiveness, not so much through direct military needs as by fostering an atmosphere of change and expectation. It has been in some ways a misfortune for Britain--never fully belonging to Europe and its destinies--that in modern times it has never lost a war, except with America, and unlike every other country in Europe has never been invaded. Napoleon's wars had a great deal of this effect. He claimed (he was not a man to stick to the exact truth) to have created French industry, and he accelerated industrial growth in some other regions too. It brought with it new social conflicts. But its absence, now that it was under way in some countries, could come to seem a worse drawback. It could not escape notice that Britain, with most industry, came through the fateful year 1848 with least disturbance (except for Spain, which had just finished one of its civil wars). After 1848 all governments had to think of economic expansion as a means of allaying social unrest. Besides, the Revolution and Napoleon between them had done more than anything else to ignite modern nationalism. Older forms of patriotism had developed without the aid of capitalism, not only in Europe; but it may be true that neither the modern brand of it nor industrial capitalism could really blossom without each entwining itself round the other. It was increasingly obvious that in the 19th century a country without industry must be a weakling.

2. Classes and nations each need an ideology of some appropriate kind, even to keep them in a state of equilibrium and well-being, far more to equip them for any decisive advance. Cobdenism could not supply one for long to the English bourgeoisie; it could not spread much beyond Britain, because its free-trade axioms implied a British claim to industrial monopoly. A sort of French parallel to its more idealistic--and muddled--elements may be recognized in the Saint-Simonian thinking that had some influence on the Second Empire. More generally , the European bourgeoisie had its creed of Liberalism, full of inconsistencies and often unstable under trial: least unstable in England, because there it was cautiously pragmatic, and not subjected to abrupt pressures of change. To a great extent it was displaced by nationalism, when this took on a more aggressive character in the later stages of industrialization, closely tied to the State by way of tariffs, subsidies, government orders. Patriotism was now quickly pre-empted by right-wing parties and interests, the custodians of each nation's traditional symbols and institutions: crown, army, Church, flag. Aristocracy had the firmest, as well as most archaic and irrational, ideology in its code of honour, and in the right to rule which it had never renounced. Because as Gollwitzer says the bourgeoisie had no equivalent 'culture' of its own, it 'succumbed to a certain process of feudalization'. There were always contradictions in its nature, going with an indeterminate position between social strata above it and below. After 1870, it is true, the French bourgeoisie found itself committed, at least half-unwillingly, to republican government, and had to nail its colours to this and to anti-clericalism, and of course chauvinism. Yet the surviving monarchist-clericalist strata were able to maintain a strong position in army and diplomacy. In monarchical Germany 'feudalizing' went much further. Businessmen, and perhaps still more professional men, were eager to don uniform, and sometimes to show their spirit by fighting duels. Because of other national variants, and to the always-to-be-remembered unnaturalness of capitalism, this masked-ball behaviour did not have the same soporific effect as in England, but rather the contrary.

3. To conservatives the new factory proletariat looked outlandish and fearsome, a Caliban monster, or--as was often said--the barbarian invaders of the Roman empire coming back to life to destroy civilization over again. Events like the Paris Commune gave rise to lurid tales resembling the 16th-century tales about John of Leyden and the Anabaptist insurrection at Münster. Over much of Europe there was a long-drawn triangular contest, working class against bourgeoisie and bourgeoisie against aristocracy and autocracy; Napoleon III, Bismarck, Disraeli, could flirt at times with the workers , as a counterweight to the bourgeoisie, but usually as a means of frightening the latter into acceptance of their rule and their protection. Only armed force, ever vigilant, could be depended on to hold Caliban in check, and this Bismarck and his Prussian generals, covered with the medals of their victories abroad, could be depended on to supply. Militarism had become indispensable to bourgeois

society, wrote Liebknecht the German socialist leader: 'Capitalism and its mighty servant militarism by no means love each other', but each accepted the other as a necessary evil. His book on European militarism, which got him into prison in 1907 on a charge of treason, showed very clearly how the armies and their propaganda served to bolster capitalism and see it safely through its difficult earlier decades, by combating socialism, helping to break strikes, and so on. None of the armies of that era in Europe were overtly in control of governments, but they employed much the same tactics to safeguard capitalist interests as in our day are employed by military dictators outside Europe. One special need for them was that industry was sometimes growing most quickly in national-minority regions, like Catalonia and Russian Poland, where labour unrest was complicated by nationalist feeling. Another was that capital and technology were often coming in from more advanced countries, and foreign investors required, as in their colonies, firm maintenance of 'order'. Spain and Russia are again examples. Between constitutional and industrial progress, it has been pointed out, there might be very little correspondence; Tom Nairn observes that from 1870 to 1914 the Hapsburg empire had a much better growth rate than Britain. Francis Joseph, its ruler for more than half a century, never showed himself in public except in army uniform, as if to emphasize that this was an empire conquered by the sword, whose cosmopolitan army was the army of the Hapsburg dynasty.

4. In all this a crucial part was played by the system of conscription. Formerly liability to service had been selective; in the decades before 1914 it became universal. Army discipline, drilling, indoctrination, could be expected to produce not only obedient soldiers but docile workers; employers in Germany showed a definite preference for men who had done their spell in the army. A good part of the manpower for Britain's army and navy in the Napoleonic wars was conscripted; the system helped to get Germany fairly smoothly through its far more rapid industrialization, in spite of the strength of the socialist movement there; in France it was often made use of to break strikes, since workmen could at any time be declared soldiers, and brought under martial law. Altogether, industrial capitalism was developing oppositely from what Cobden and Bright had hoped for, with a dangerous slant towards authoritarian and military habits. Most of the German Liberals turned themselves into 'National Liberals', in much the same spirit that many British Liberals became 'Liberal Unionists', an appendage of the Tory party. They submitted, if often with nervous qualms, to the continuing archaic structure of government, and Kaiser William's posturing, fist-banging style of foreign policy, largely because this Superman attitude could counteract socialism by impressing or overawing the masses.

5. In France the bourgeoisie had been spoonfed by the old monarchy, and accustomed to paternalistic treatment. Its revolution of 1789 left it floundering, in fear of the mass excitements that had been let loose, and ready to submit to the dictatorship of Napoleon. He put the workers back in their place, subsidized industry, gave

prizes to manufacturers, and provided them with a spacious European market under French occupation, with British competition excluded. It was in fact very largely his desire to overthrow Britain by economic means, after failing to invade it, that inspired his encouragement of French industry. But it also helped to inspire his ambition to dominate all Europe, and his excessive devotion to war. Marx, at least in his early years, thought of Napoleon as the evil genius, not the good angel, of French industry. He left it in 1815 in no mood of rapid expansion. Border regions that had been under his rule--Belgium, the Rhineland--went ahead more rapidly. The French bourgeoisie now had, among other advantages, a far more up to date law code than the British, founded on property and individual rights. Fear of the working class must have been one reason why, in spite of this, expansion was for long sluggish. The experience of revolution ensured that capital and labour would clash more violently than in Britain, as they did in 1848 and 1871 especially.

6. The 1830 revolution ushered in the reign of a narrow financial oligarchy; 1848 brought the industrial bourgeoisie to the front, but in a very nervous mood after the workers' revolt in Paris in June. Napoleon III came to power by guaranteeing to protect it, and to bring about social peace through economic expansion. His regime did give industry a big push forward, with railway-building in the lead. But he had to balance and manoeuvre among many contradictory interests, his fumbling foreign policies brought one war after another--he could not be a Napoleon without proving that he could win battles--, the industrial boom ran down. Social discontents revived, and the defeat by Germany in 1870 revealed class antagonism still more extreme than in 1848 .With the Third Republic parliamentarism came in; but it was inaugurated by the massacre of tens of thousands of Communards, and subsequent government interventions in favour of capital were often more arbitrary than anything in contemporary Britain. Bourgeois and power and capitalist profits were helped by national hatred of Germany, and by many workers rejecting socialism as a German idea. Politicians preached a war of revenge. It was obvious now, as it had not been after 1815, that for France to reestablish its power in Europe industrial strength was a necessity, especially with German industry expanding so rapidly. On the other side of the frontier the same argument could easily be reversed. Patriotic bellows fanned capitalist activity on both sides.

7. Since 1945 Germans have been showing that they can organize successfully either a capitalist or a socialist economy; whereas Poles, before and since 1945, have failed at both. Germany was far later than Poland in becoming a united State, but it had far more background of orderly, regulated life and concerted effort. German business life had before it the model of bureaucratic administration known as cameralism, pedantic no doubt but thorough and conscientious, very unlike the loafing amateurism of Whitehall. In Prussia the army and its separate treasury had been the nucleus of the State, and of something like a planned economy. Frederick the Great tried to add

a new dimension to it by calling into existence a commercial class, by inviting immigrants to settle, prominent among them the Huguenots who made Berlin for a time a town more French than German. But industry grew up mostly in the west, the Rhineland provinces which after long incorporation into France were handed over in 1815 to Prussia. They did not welcome this; and in some measure the industrial activity they showed in the following years may be seen as an attempt to strike out on a line of their own, since under Prussian rule they could have no political life. In all parts of Germany where it existed, the Liberal bourgeoisie wanted national unification, but not in the way it came in the 1860s, through Prussian conquest. It then had to make the best of the Bismarckian dispensation. Industrial capitalism here, by contrast with free-trade England, was national capitalism (one chapter in whose history was to be called 'National Socialism'). Germany was a late starter, with resentful neighbours, and had to build its economy quickly. Powerful combines were the most effective means; and there may have been a carry-over from the movement for national union to nation-wide concentration of capital. This strengthened business competitiveness against foreign rivals; it was needed also to ensure political influence for the bourgeoisie over a non-bourgeois government. There had been no call for this in laissez-faire England, and industry had remained small-scale and decentralized.

8. German business might have to fawn on the 'All-Highest' State and its Hohenzollern embodiment; on the other hand the State understood that it must do what capitalism wanted in the economic sphere, if it wished to keep its own prerogatives in the political-- and the Hohenzollern family, like other royalties, had very big private investments of its own. Bismarck's alliance with Austria against Russia was a diplomatic revolution, but a more prophetic one was his training the diplomatic service to push German trade in markets all over the world. Aristocratic English ambassadors thought this very undignified; they, like others, had to follow suit, but they did so grudgingly. Class influences in Germany ran in both directions, however. German capitalists may have owed some part of their energy, initiative, ruthlessness, to the same qualities they were coming to admire in the Prussian military caste; and its ambition of dominating Europe must have fostered thoughts of a parallel economic domination. All economic trends are conditioned by the prevailing collective mood, and the headlong expansion of German industry was the result, as well as cause, of a post-1870 atmosphere of triumph and self-assertion; capitalist as well as philosopher could share in the Nietzschean Will-to-Power. Businessmen were marrying their daughters to aristocrats, sometimes acquiring titles for themselves. It may be of course that if this had gone on unchecked they would have begun to sink into the same decline as their English cousins. Luckily for German capitalism, two crushing defeats in war were to pulverize both the ancien régime and its Nazi substitute.

9. The prevailing mood had its influence on the working class as well. As everywhere, industrialisation created strains and imposed sacrifices, which could be muffled by appeal to the national

needs; this psychological asset may have been worth more than the purely economic benefits of the unified national market. There were indeed more tangible inducements to the workers to work hard. As Marx and Engels had recognized, before the industrial take-off imports from Britain, undercutting handicraft products, had built up a 'latent proletariat'. Now industry offered jobs, however ill-paid, to millions who hitherto had little choice but to go hungry or to emigrate. Bismarck followed Napoleon III in appreciating the value of social conciliation, and his programme of insurance for workers, however meagre, could do something to blunt the Socialist case. But in addition, ideas from the long feudal-absolutist era could find entry into the working-class mind as well as that of the middle classes. Industrial revolution was coming suddenly and swiftly in Germany, and men's thinking could not alter at the same pace. Habits of fidelity to prince, submission to landowner, could make loyalty to employer a sort of instinct. Army service fortified all such ideas, and they could survive for long. It seems that many Germans from a working class soaked for two generations in socialism or communism took quite seriously their compulsory oath of loyalty to Hitler, and felt bound by it. Before 1914 Liebknecht was convinced that the military men were planning for the great day when the workers would revolt and the army could shoot them down, and were hoping it would come soon, before Socialism grew too strong. But the great day never came; and Liebknecht himself pointed out that direct army meddling in industrial disputes was less common in Germany than in nearly all other countries. Their handling could be left to the police and gendarmerie.

10. In Russia tsarist rule began in close association with the rich merchantry of Moscow; mining and iron-working were State enterprises in the 18th century, often employing serf labour. Nascent industry received official encouragement. One factor in the breach between Alexander 1 and Napoleon in 1812 was that the cotton industry wanted freedom to import its raw material, in defiance of the Continental System. After the disasters of the Crimean War, in the era of modernization, emancipation of serfs, army reorganization, the importance of railways and industry could not fail to be seen. They could not be developed without massive State support; it was often the government that raised loans abroad and funnelled capital into industry. In such a country, always simmering with mass unrest, where peasants left their villages to work in factories with their minds already infected, army and police vigilance were as necessary as capital to give Russian and foreign investors confidence. Economic change calls for national spirit as well as State backing. Isaac Deutscher doubted whether Russia industry could really have got going, on the course it was following until 1914.

11. 19th-century capitalism held two related convictions, which must have reinforced each other: first, that there was a limited wage fund, so that the poor would always have to stay more or less poor; second, that there was a limited pool of world trade, so that if one country got more of it, others would be left with less. The second idea was a useful means of keeping the workman's mind from dwelling too much on the first. The workman could be persuaded to

believe that his real enemy was not his employer but the wicked foreigner who was trying to ruin the country by unfair competition, and in the end by armed force. Britain would use its navy to blockade Germany, Germany would use its army to seize French or Belgian ports. In the years before 1914 an immense clamour about wicked foreigners filled the European press; politicians, journalists, economists, philosophers, bishops, all joined in. Norman Angell wrote his famous book The Great Illusion in an attempt to dispel this nonsense, but in vain. In some ways it was he himself who was suffering from illusions. He was an old-fashioned Cobdenite at bottom, good at exposing economic fallacies, but taking capitalism for granted as the norm of human existence, and surprised, as Cobden and Bright had been, that it could not behave more rationally. Apart from its need of a flood of propaganda to reconcile its workers to their lot, it was finding increasingly that the quickest way to the biggest profits was to get more and more orders for armaments and army supplies of every kind. Mass armies and expensive navies were making war-~~x~~ preparations a more and more important sector of the European economy. It was the one moreover where bribery and corruption had their most open field; the career of Sir Basil Zaharoff was only one lurid illustration of this. The worlds of business and politics were converging, intermingling, as they have continued to do in our own times. Industrial expansion was taking on too much of the character of an arms race. This could benefit a growing number of workers as well. No more loyal and devoted work-force~~x~~ could be found anywhere than at the Krupps factory, where the Kaiser was fond of delievering sabre-rattling speeches. A kind of deification of war was taking place, reminiscent of Wordsworth's panegyric--'Carnage is God's daughter'. All this was preparing the way for the delirium of 1914.

D. Postscript

1. After 1918 and the downfall of the old autocracies, the inter-war years belonged very much to the new Fascist ideology. It may be seen as the final intensification of the State as something standing ostensibly--and in part really--outside the economic sphere, as saviour and reinvigorator and costumier of capitalism. World War II put an end to this dangerous experiment in its turn. Since 1945 there has been a throwing off of disguises, a complete taking over of the State by capitalism, now compelled to rule and undertake responsibility directly. From some if not all points of view, the outcome has been beneficial; a more rational, straightforward State-system, within which capitalism has to stand or fall by its ability to 'deliver the goods'. So far, it has been successful; for one weighty reason, because the Western countries have had to sink their differences, stop painting one another in diabolical colours, and concentrate on meeting the challenge of socialist production and welfare in the USSR.

2. In making this grand shift, Europe has come much closer to what the USA has always been. America began life with a ready-made bourgeoisie and business habits, no aristocracy for it to hide behind, and no need of a powerful State to protect it. Resources and opportunities were unlimited; serious discontent could not build up, because

Americans, like Europeans, were free to emigrate westward. When an industrial proletariat built up , much of it was foreign-born and polyglot, fairly easily controlled by the simple expedient adopted for instance at Buffalo, of putting German police officers in charge of Polish districts, and so on. In fact the task could be left, to a greater extent than anywhere in Europe, to private enterprise, in the shape of the Pinkerton men whom my colleague R.Jeffreys-Jones has been studying. Otherwise, State aid was wanted chiefly for tariff protection, and for handing over public lands to railways and other enterprises. For purposes like these, politicians were easily bought.

3. Japan was America's antithesis. Its slow awakening from medieval dreams was suddenly hastened by the danger of its being occupied by Russia or one of the other expanding empires, and reduced to a colony. The State set about creating a modern industry, which was then handed over to private enterprise; Mikado-worship was elevated to a national religion, in order to keep the masses docile; the feudal samurai code of Bushido, chivalric loyalty, was extended to the entire people, as an ideology of extreme nationalism, or racialism, and militarism. Workers in factories--many of them women, shut up like in barracks--, and conscripts in the army, were treated very firmly by a high-handed police, but also paternally. Foreign conquests were soon being undertaken; industrialism and imperialism, modernization and ultra-conservatism, proceeded rapidly, hand in hand.

4. Defeat in 1945 forced both Japan and Germany into new paths, but in Japan at least much of the old spirit or psychology lives on; and it stands out that these two (apart from the USA) most successful of contemporary capitalist economies belong to the two countries the most highly disciplined and militarized before 1945, and in earlier times among the most thoroughly feudal. In European evolution there had always been a strong element of what may be termed 'military capitalism'; this now shows itself in perfected form, fully fledged, in the most successful economies of the Third World, headed by South Korea. Here we see a measure of agrarian reform, or social modernizing (as in Japan under the American occupation), and a combination of military dictatorship with foreign capital and technology, foreign military and political support. These assets do not by themselves guarantee success, as the experience of Brazil or Pakistan makes clear. There are social prerequisites that may be missing (and in those two countries there has been no agrarian reform worth the name to pave the way for industrialism). In the Far Eastern countries there were always lively commercial traditions, and they had in common a pre-industrial national consciousness lacking in most of Asia, including old India and the entire Muslim world.

5. For a long time to come the future lies with capitalism, not only in its old strongholds but in the 'developing' countries, as Soviet observers have lately been coming to recognize. The question is--What sort of capitalism?