

Was there really a starting point?

In the economic history of The British Isles 1600 is as good a year as any to start. At that time Britain was not a major power in Europe or beyond. The most important country in northern Europe then was The Netherlands, which had influence both within Europe and much further afield. Indeed, it was probably the only match for the all conquering

Ottoman Empire, which for over one hundred years had gained territory and influence across large parts of southern and eastern Europe.

When trying to discover from whence came Britain's wealth it is always worth looking at the sea and its influence on how these islands came to be so dominant in world trade. The start of the 1600's saw us fresh from success against the Armada and our 'adventurers' were beginning to explore far off lands. They were to 'acquire' some of the Spanish territories in the Caribbean and eventually develop India for the British, during which they expelled the French from what was then the largest single market in the world. In doing so they made English the most spoken language in the commercial world and transferred huge sums of money back to the United Kingdom Ironically, one of the most successful sailed on a Dutch boat and were not really looking for what he found. He was

Henry Hudson, who like quite a number was looking for the route to China and untold riches. On his return to Britain he was told that never again must he sail with a foreign crew and so when he took to sea the next time he set sail in the opposite direction and discovered the Hudson Bay area of what is now Canada. Elsewhere these brave people travelled to Botany Bay and other parts of the globe.

The sea was the supreme form of transport and the Dutch spread their wings into the Far East. Alas, the sea was not only used for trade and battles between the rivals powers were often fought at sea, but as with many of the more recent inventions which shape our lives today war was a moderniser and ships began to be more robust, likely to reach their intended destination and capable of carrying increased loads.

In 1626 the Dutch bought Manhattan from the local Indians and the first seeds of modern

New York were sown. Canals were dug and walls built to protect this newly established outpost of the Dutch Empire (hence Wall Street) and their domestic capital of Amsterdam became the richest city in the modern world. A new breed of sponsors of sea-borne missions was established and they were private financiers. The age of investment was dawning and with a relatively tolerant society the Dutch welcomed many other nationalities to their shores. They became the middlemen of world trade. They founded a national bank in 1609 but not all their excursions into world-wide capitalism ended as a success and in 1636 the bubble burst.

Though they continued to prosper the Dutch were missing one important element that the British had in abundance. This was coal. As a fuel it had been used for quite some time but its smell led many to use wood. However, in what was to be a glimpse of future environmental problems the stock of wood began to diminish and so coal grew in popularity. With its increase in use came the need to transport the 'black stuff' in bulk and this was major force behind the building of canals. It also was to become the backbone of the new industries that would propel Britain the front of the industrial league. However, the Dutch were still out there and something had to be done about this. The East India Company (formed in 1601) began to compete for the riches of the East and as this intensified the British passed a series of Navigation Acts, which effectively banned Dutch vessels from British ports. They were to try the same tactics on the French. Coupled with the Seven Years War (which was financed by excise duties) the British developed their trading empire to most corners of the world. Such ventures remained privately financed until near the middle of the nineteenth century, when the State took over the responsibilities for maintaining the security of trade. Prior to the arrival of the State private armies, administrations and legal systems ruled the trading empires.

Across the Atlantic the Dutch were also a strong presence but the British made a decision that still influences much of our trade flows today - we restored the monarchy in the and

Charles II came to the friends. He granted the rights (a form of royal patronage that was to be repeated by other monarchs) to parts of the North American coast to his brother, the Duke of York. His newly acquired territory included some liberal elements within society; for example women were entitled to own land and other social taboos at home were not part of the bustle of New York life. These set the foundations for the vibrant city that was for many to lead the capitalist revolution that appeared in the following centuries.

The British and the Dutch continued to quarrel for most of the century and the Dutch got as far as Chatham, Kent (then a major naval dockyard) when the 'invaded' in 1667, however, peace was negotiated in the same year. The Dutch did return but in the shape of our new monarch (William) and Anglicanism was made good in Britain - another fact, which in the opinion of some historians made these islands ripe for a trade expansion.

The British might have lost in some of their military encounters with the Dutch but they had noted their strengths. Amongst these was a national bank and in 1694 the Bank of

England was created. Its formation was based on the premise that ordinary people would invest in it and its operations. Deposits were rewarded with an 8% interest rate, though the early monies were used for a war against the French. Speculation became a fashionable industry and despite the South Sea Bubble continued to attract new funds for what was emerging as 'The City'. The National Debt was born and shares, bills of exchange and the early forms of bank notes began to form part of commercial operations.

At a national level the ability to organise tax collection improved considerably. This allowed the National Debt to be increased and financed by ordinary people paying customs and excise duties.

The Dutch meanwhile engaged in wars with the French and ended the century a less formidable economic power. Britain had a growing population, which was to grow larger as the Agricultural Revolution gained pace and they had the resources, especially coal and iron to begin to move towards an age of machines and increased output.

The other force at the dawning of this century had been the Ottomans, so what had happened to them? They had little access to iron and coal. A delay in the application of printing and the mass circulation of information of the documents that supported trade might also have reduced their ability to develop major trade links. Their religious beliefs might also have stopped them from experimenting with the printed word, as they feared blasphemous words would enter circulation. They seemed to falter at moving from what was essentially a conservative attitude to change. Innovation was not liked and so despite developing a huge empire that stretched to such currently sensitive areas as Belgrade and

Budapest the Ottomans began to become less influential in world trade. Within the hierarchy infighting caused stagnation and succession became a problem that might also have slowed the pace of change. That dynamic edge, which those in more westerly parts of Europe had, did not become apparent in the lands governed by the Sultans. Natural disasters, such as a hideous plague in 1770 in Constantinople also drained the empire of its military apprentices. The great craftsman, who had embodied so much of the Ottoman drive for prosperity, justice and the power of knowledge, began to fall in world importance. With devastating consequences the armies of successive Sultans were defeated and the modern engine of an Empire, namely industry was starved of funds and ideas. The defeat at Vienna in 1683 was probably the turning point, as it showed that speed and armaments now dictated tactics and the heavy artillery of the Turks was no match for the smaller, more mobile artillery of their western opponents.

It was the power of its navy that boosted the ability of Britain to organise and deliver.

Dockyards were the technical miracle of their age and when coupled with our fiscal skills the British made a formidable fighting force. To this technical ability we must add our scientific breakthroughs, some of which were related to our maritime status. We had navigational aids dictated the time and adapted to the invention of Harrison, namely longitude. As such we enjoyed a degree of unparalleled supremacy at sea and this we to be an important ingredient in our expansion as the major colonial nation of the period just prior the take-off of the industrial age. We could explore and conquer, whilst others, such as the Islamic navigators relied on reciting ancient poems that helped with plotting a course in known waters. Alas, once such mariners entered unknown waters they we literally 'all at sea'!

Another development that has its modern day equivalent was the spreading of knowledge.

Learned societies started to appear and not only in London. Ideas were shared and young men such as James Watt were drawn towards exploring science. Their breakthroughs paved the way for the age of steam and the ability to ship large cargoes around the world in times never thought possible just a few years earlier. Travel was seen as broadening one's mind and discovery was to be congratulated. Maps of more precise detail began to enter circulation and ships started to leave for exotic parts. Their cargoes brought the raw materials that would fuel the move to an industrial age.

The British entered an age, which championed the deliberate search for knowledge, and the profit that might go with it. Joseph Banks, who sailed with Cook, went back to the

Pacific Islands and returned with over 30,000 specimens. His appointment as the first

Director of Kew Gardens allowed him to oversee the acquisition of plants from across the globe and their cultivation into sources of essential raw materials. Rubber crossed the globe from South America to South East Asia and quinine was taken to India to fight against malaria. Both played an important role in developing the Empire and cementing the role of Britain as the largest power on earth.

We based much on circular trade, another creation of the more organised mind that was apparent amongst the emerging moneyed class of Britain. This meant that we never sailed empty. Routes were calculated in advance and cargoes offloaded at the precise point where another could be taken. As we know such trade included the infamous triangular route from Liverpool and Bristol to West Africa and then across to the Caribbean and the fledgling US (plus part of modern Brazil) and the cargo on part of the journey was that of human beings. We

cannot underestimate the wealth received from slavery and the lasting damage done to the nations of West Africa. Neither can we ignore the transfer of capital from India to Britain. Much of this gave rise to a new middle class, who were 'comfortable' with trade and wanted to acquire new riches.

Growing numbers of people went to the 'new colonies' in America because of economic hardship in their native lands. When steam transport was introduced such journeys became both quicker and safer and those who ventured to the 'New World' took their cultures with them. Europe was migrating and the US was to become the largest human melting pot in the history of our species.

The Dutch had returned to a quiet backwater of Europe and the Sultans had stifled 'progress'. Britain, soon to be followed by others started the nineteenth century with the building bricks of a modern, industrial economy firmly in place. It was to prove an age of enormous economic development but it was earned at a hideous cost in human suffering.

However, by 1851 the Crystal Palace housed The Great Exhibition and from across the globe all that was 'British' was gathered under one roof.

The next stage in the race?

No one seems to be able to decide on a precise date when the Industrial Revolution started. Some like to use 1830 as a convenient starting place but an analysis of some of

The Royal Commissions into working conditions in the years immediately following the Napoleonic Wars shows the rigors of mass industrialisation were already a part of the lives of many ordinary people. We have noted certain advantages, which though not unique to Britain did exist as a 'set' and were certainly a driving force in the race for industrialisation.

The next characteristic is one, which to this day is not always popular. In Britain local entrepreneurs reacting to local economic conditions drove much. Adam Smith was being put into practice. In areas of the country, such as Cromford in north Derbyshire, the creative determination of Richard Arkwright led to the introduction of both mass production and its close cousin the factory system. He invented a cotton-spinning machine, patented it and then set about selling it to others. Arkwright also illustrates another interesting fact of British economic life, namely the dissenters. These were followers not of the established Church of England but of their own brand of

Anglicanism. In some areas they were not allowed to join in formal business groups and so started their own. They lent to one another and exchanged ideas. It is interesting to note the number of large companies founded by Quakers, Methodists (Arkwright – whose home at Cromford is to this day a Methodist Holiday Home) and Baptists. If you like chocolate then be thankful for Quakers.

Another drink, this time coffee, also played an important part in the development of the British economy. Like the Wine Bars of the yuppies in the 1980's the 'in crowd' met in coffee houses to discuss business. Lloyds, the shipping register and forerunner of the insurance institution began in such a way. Once the new moneyed class found mutual meeting places to be beneficial they formed 'Clubs'. Elsewhere, such gatherings might have been considered subversive but in the more tolerant surrounds of Britain they were seen as an essential part of this new Industrial Age. Such auspicious bodies were not reserved for London, in the new cities of Birmingham, Liverpool, Manchester and Leeds collections of people regularly met and discussed issues, ideas and most importantly cooperation.

The desire to seek solutions and foster both innovation and enterprise was central to the speed of industrial growth in Britain.

As wealth spread and took on new forms so 'style' began to feature in the lives of the growing middle classes. Pottery, furniture and other items that showed ones access to money became the desire of many. This need to show wealth was accompanied by the ability to provide it with greater efficiency. A new moneyed class was emerging and their influence would be felt at Westminster and eventually even at Court.

Advertising (a Royal patronage was one of the best adverts of the day), and the arts began to play a more significant part in the lives of a growing number of people. Shopping became an acceptable pastime and ladies were to be seen buying things- previously this had been the role of servants.

Mechanisation meant that vast amounts could be made and the profits were also huge for those who succeeded.

But not all shared in this new wealth. Unrest was also apparent and the pressure for representation and electoral reform was mounting - some of you might like to make a small detour here and look at the writings of those known as Chartists. Also Thomas

Paine and his 'Rights of Man' might make an interesting read for some. At St Peter's Field in Manchester a peaceful demonstration ended with a military charge and death of several innocent protestors. It was not an isolated incident but in general Britain did not undergo the political instability seen elsewhere in Europe.

The battles the British did engage in were fought on the soil of others. At home its population grew, so making it capable of consuming the new mass production and its tolerant society encouraged individualism. Revolution threatened in 1848 but the streets did not become a bloodbath. Elsewhere, the infant state of Germany was firmly based on an aristocracy and they could not support the mass production needed for a market economy. The French never seemed to reconcile invention with production and civil unrest was never far away. No, Britain moved towards the middle of the nineteenth century with a sense of purpose and a growing pride in what it had created. Soon, along with others it would engage in the Scramble for Africa and emerge as the world's most influential trading power. By the end of the century approximately one third of all exports anywhere in the world came from Britain and its monarch ruled over such a vast range of territories that it was said 'the sun never set'.

For those interested in discovering more on the individuals who made these giant steps possible why not look at men such as Bentley, Wedgwood and Arkwright and always wander as far as Dickens and Gaskell and their graphical accounts of life amongst the industrial poor. Engels also makes an interesting but disturbing read. So, with the nineteenth century moving towards its third quarter Britain was uniquely placed to advance both the pace and influence of the industrial age. It also accepted, not without some friction, the need to address the 'winners and losers' debate that is central to all economics. As the century moved on so did the concern of some that the spoils of such wealth were being earned at the cost of much human misery and that distribution of the wealth was focused on a minority of the population. Despite what might have seemed to be a recipe for revolution the British were to navigate the next part of their economic history without resorting to outright internal strife.

The last part of the mixture that made Britain a major economic and political power

So, let's end this first part of our brief trip through the economic history of the British Isles by drawing together some of the threads we have developed earlier.

The age of steam is upon us and quick and effective movement of bulky cargoes is now straightforward. Agriculture and the rural way of life, which by some had been seen as a time of pastoral tranquillity, was giving way to industry and modern cities. Perhaps a final flurry of those living in the countryside came in 1830 with riots and the publishing of

Cobbett's Rural Rides. Malthus also published in 1830, with an update of his famous essay on population and the ability of a country to feed itself. In essence we have a paradox before us. On one side a period of unbelievable economic wealth and on the other to cries of some who saw doom and desperation in this new age of industrialisation? It was to be the cornerstone of the debate that raged for much of the century and led to the founding of the Labour Party, its close cousin the Trade Union Movement and social changes that increased the role of the State in the lives of ordinary people. But back to the early years of the nineteenth century. There can be little doubt that a two tiered system of society was emerging- this was not new. For the merchants it was large houses, gardens, estates and servants. Whilst for the workers it was terrible living conditions, cholera, other diseases and short lifespan. The rapid growth of cities, for example Liverpool had a population 5145 in 1700 and 118,972 in 1821(it rose by another 40% in the next decade) led to hideous living conditions. Engels published his *The Condition of the*

Working Class in England in 1845 and described his visit to Manchester and other northern towns as showing him 'filth, ruin and the defiance of all considerations of cleanliness, ventilation and health which afford the majority little room in which to move, breathe and live'. He was appalled and his writings awoke in some the need for social change. John Ruskin, fortunate to have been raised in Keswick in the Lake District described Manchester as 'the devil's darkness'. We must always remember that much of the wealth we enjoy was built on the suffering of countless thousands of poor people.

Some suggest that tea drinking, which relied on boiled water kept the working classes fitter than they should have been and reduced some of the social tensions that erupted elsewhere in Europe. True is this might be it is always advisable to read the works of

Sellar and Yeatman (especially their chapter on mill owners and terrible working conditions) and Hobsbawm and his famous statement that 'for Industrial Revolution say cotton'. It is also interesting to note the writings of Queen Victoria, who despite the efforts of her advisers did see the horrors of the Midlands and other industrial areas.

Others, such as Baines in 1835 wrote of the majesty of the mills and the privilege position the workers enjoyed within such powerhouses of industry. Perhaps you should briefly look at both another secret weapon employed by the British. Workers toiled for 12 or 14 hours a day and emerged covered in whatever they had been making. Women worked until their baby began to emerge and were back at work within a week of its birth or

death. Cotton required a damp atmosphere and so buckets of water were thrown onto the floor and this made the air wet and cold. Injuries and deaths were common place.

But not every employer was heartless. Some, such as Robert Owen built homes for their workers. They introduced schools and early forms of health centres. But whatever the more enlightened did to ease the burdens of the industrial age the very fabric of society was changing. For generations most had lived by the 'seasons'. Families shared everything and supported one another. Now, the fear was of a breakdown in values (including marriage), living by the clock and all-powerful employers who could fire you whenever they wanted. The clock in some way seemed to embody the Protestants ethic of work and ultimate reward - be this now or in the next life. Things began to run to timetables and precision was paramount. What had begun as the mechanics of a canon was transferred to machines? Steam pressure was important in the making of beer and this technology was to be important in transport and other forms of mechanisation. Cross-fertilisation was common and the technical progress made was enormous. Such progress made as it does today its enemies. Vested interests disliked the new inventions. They manifested themselves in Luddites, landowners who did not rail lines crossing their estates and the shareholders in canals and coaches. No, as we see today change does not always benefit everyone. The building of the great rail connections with the north often took place at night. This avoided protestors and some of their tactics. But steam won and time was standardised. Passengers began to book journeys covering distances that were once the work of fantasy. Freight transferred to rail and the Great Exhibition saw the introduction of Day Trips and 'Offers'.

We have reached the time of huge change and the dawning of an age of exploration, commercial exploitation and enormous fortunes. These could be made on the strangest of 'commodities', such as that of the Gibbs family. They had lived in Madrid, Spain and had connections with South America. In what was a considerable gamble William Gibbs invested in bringing bird droppings from Peru all the way to Bristol? These contained nitrates and in the age of scientific breakthroughs fitted nicely into the initial use of fertilisers. He made enough money to afford a huge house and an estate of over 3000 acres. The 'landed gentry' resisted these 'new wealth' people but with changes in society gaining a pace similar to that of the Iron House (railway engine) the new rich were here to stay.

They brought with them a desire to seek riches overseas and some embodied the Victorian principles of giving some of their wealth to others. Philanthropy was a strong part of the philosophy of many who grew rich in early Victorian Britain. They built schools and hospitals and enjoyed a rather paternal hold over their employees. But time does not stand still and beneath this air of apparent tranquillity change was taking place.

Japan had been re-discovered, the US was about to leap forward post its civil war (see January's Monthly Supplement) and Europe was emerging from yet more bouts of warfare political turmoil. Competition was to intensify. Workers would strive for better conditions. Lands in faraway places would fly the Union Jack and much of the industrial world would move inevitably to World War One and the slaughter of a generation. But that is all before us. In next Month's Supplement we shall examine the last half of Victoria's reign and move up to the eve of war and the changes that were to happen in Russia.