

British Economic History – part 3

Just what type of economic structure will emerge?

At the end of this section of the concise history I have put some thoughts on Utilitarianism and its principal exponents Bentham, Mill and Sidgwick. It is a subject of some debate as to the precise influence these individuals had on the political philosophy that accompanied the economic events of the late nineteenth and early twentieth century's but a look at their ideas is never a waste of time.

The economic trends developing as the century drew to its close

Britain entered the twentieth century as the largest colonial power on earth. Many of those responsible for the Empire believed that it would last for as far as they could see into the future and that it was a civilising force. As we shall note later elsewhere in Europe things were happening that would change the power structure of the colonial era and move other nations into positions of influence.

In Britain the Liberals won the election of 1905. However, most of the cabinet came from the landed classes and they did not see the need for greater democracy. They were more concerned with the recession that was ravaging agriculture. In the period

1870 to 1910 Britain ceased to be a serious agricultural producer. It could not compete with either the US, which was opening up the prairies or the colonies. In 1911 just 8% of the 45 million people of Britain were earning their living from the land. Over 3 million acres had been taken out of cultivation. Income from agriculture had fallen by

25% in less than two decades. Added to this in 1894 the government had introduced Death Duties. Rents and values fell and by the eve of the First World War many estates were up for sale – a trend that would continue through till the early 1930's.

The air of 'certainty' that had supported the middle classes was slipping away and few were sure as to what would replace it.

The last half of the nineteenth century had seen many of the nation's cities grow enormously. Overcrowding, poor sanitation and disease were common and some social reformers were beginning to seek change. Imperial wealth had done little to reduce the inequalities that existed within the population. On the eve of the war in 1914 92% of the land in Britain was owned by just 10% of the population. Over 90% of those who died left no visible assets.

The plight of the working classes was made worse by the decline in many of the traditional industries. These labour-intensive and export-led industries began to suffer from the arrival of new competitors. Germany and the US were growing in importance and they were prepared to erect tariffs to protect their infant industrial sector. (e.g. McKinley tariff in the US of 1890)

In Britain concern was growing in the mill towns of Lancashire and Yorkshire. Whilst the politicians pondered and considered Chamberlain's protectionism for the imperial territories, business made their own decisions. They started to cut costs. Labour-saving devices were invested in and labour laid-off. This led to disputes and law suits.

At the turn of the century the Taff Vale Railway Company had won a famous legal decision, when they were allowed to sue the railwayman's union for damages and loss of earnings. For many trade unionists this was yet another reason why ordinary working people needed representation in the House of Commons.

This move towards a mass working class involvement in politics was also sought by some from the middle classes. They formed such groups as The Fabians, who saw their pedigree as to dating back to Milton, Lilburne, Paine, Cobbett, Carlyle and the

Chartists. These well educated, middle class individuals felt that a modern economy should not impose all the turmoil of extreme movements in the economic cycle on innocent workers. They noted with a growing disgust the behaviour of ruthless employers, the long hours, low pay, cheap immigrant labour, infection, petty crime and prostitution. It was time for government to take responsibility for safeguarding the decent working classes from pauperism. There were calls for unemployment insurance, labour exchanges and an old-age pension. But would these stop the feelings of isolation that were spreading amongst the working classes?

Germany had labour exchanges and unemployment insurance. In Britain the move towards these social payments was stunted by a debate as to how they should be financed? The Conservatives wanted indirect taxes but which policy route would the

Liberal government favour? Their budget of 1909 proposed paying an old-age pension and financing this by an increase in death duties. Surtax was to be increased and so was unearned appreciation of land. Undeveloped land was also to be taxed and alcohol duties increased. The 'governing classes' were not amused. In what was to be a fascinating debate some of those who supported Lloyd George's budget turned on the House of Lords

(which was opposing the changes) and sort a reduction in its power. Churchill spoke against it and even in retirement did not enter the 'upper chamber'. In what became known as 'The People's Budget' the accompanying road show saw poverty debated across the country. Those wanting social reform spoke of the importance of human health as well as the weapons needed to preserve the Empire. Huge debts were accruing in the need to keep a navy and defend the colonies but for Lloyd George and his followers other priorities needed addressing. Such was the fury felt by the 'ruling classes' that the House of Lords voted down the budget and the government called an election, which resulted in a significant reduction in their majority. Though weakened the Asquith government continued but in South Wales another storm was brewing. Pit owners were watching their profits slide as export orders fell. The miners wanted a minimum wage and special pay for abnormal working conditions. Though the Taff Vale ruling had been reversed the unions were in a mood for a fight. Tension grew and in November 1910 a riot took place and a miner was killed. Shops were looted and troops were sent to quell the militants.

Throughout 1910 and 1911 the tensions continued and in Cardiff one demonstration turned into a racist attack on Chinese traders and Jewish shopkeepers feared for their property. In Llanelli troops opened fire on strikers and killed two. In the riots that followed four more people lost their lives.

The then Home Secretary, Winston Churchill had another problem to deal with – the suffragettes. A meeting in Parliament Square became enflamed and over 250 arrests were made. Society as seen by those who had been born and raised in Victorian Britain was unravelling fast. In Parliament the Liberals were beholden to Irish Home Rulers for a clear majority. Their firm belief of capitalism with a social conscience teetered on the verge of obliteration yet some would say that today's New Labour in

Britain is closer to the 'high ideals' of Asquith and others than its legitimate parent the Old Labour Party of nationalisation and higher taxes and spending.

Defence maintained its prominence and treaties were signed with the French as much of Western Europe watched the emerging Germany with suspicion. Its military might and strategic thinking, well-illustrated by its railway network which always seemed to culminate close to borders e.g. Metz in what is now north-eastern France – which proved invaluable in the early days of World War One. Further afield the British signed an agreement with the Anglo-Persian Oil Company and so set in motions the dependence of post war colonialism on keeping the Middle East stable. The era of oil and its ability to govern world politics had been born. Students of the Middle East might like to read Tom Segev's *One Palestine, Complete* – the best history of the mandate period.

The days before World War One saw tensions in Ireland, the first colony since the US to go against the rule of London and few minds were focused on the Balkans. As we all know the city of Sarajevo was to be the location of the assassination of Arch Duke

Ferdinand and the spark had been lit that would cause the killing fields of Flanders and elsewhere to become part of the history of the twentieth century.

Britain would emerge weaker yet defiant after four years of a brutality never seen before. Women over thirty were given the vote in 1918 and all men over the age of 21 were deemed sensible enough to cast their vote as well. Such was the confidence of those immediate post war days that a small economic boom accompanied them. But events in Russia, Germany and further afield were soon to end this feeling of self-confidence.

Next time: Lenin in Russia, the Weimar republic and the emergence of the Far East all have impacts on the British economy.

An Appendix

What was utilitarianism?

Utilitarianism, by John Stuart Mill, is an essay written to provide support for the value of utilitarianism as a moral theory, and to respond to misconceptions about it.

Mill defines utilitarianism as a theory based on the principle that "actions are right in proportion, as they tend to promote happiness, wrong as they tend to produce the reverse of happiness." Mill defines happiness as pleasure and the absence of pain. He argues that pleasure can differ in quality and quantity, and that pleasures that are rooted in one's higher faculties should be weighted more heavily than baser pleasures.

Furthermore, Mill argues that people's achievement of goals and ends, such as virtuous living, should be counted as part of their happiness.

Mill argues that utilitarianism coincides with "natural" sentiments that originate from humans' social nature. Therefore, if society were to embrace utilitarianism as an ethic, people would naturally internalise these standards as morally binding. Mill argues that happiness is the sole basis of morality, and that people never desire anything but happiness. He supports this claim by showing that all the other objects of people's desire are either means to happiness, or included in the definition of happiness. Mill explains at length that the

sentiment of justice is actually based on utility, and that rights exist only because they are necessary for human happiness.

Utilitarianism –what influenced Bentham?

'I saw crimes of the most pernicious nature passing unheeded by the law: acts of no importance put in point of punishment upon a level with the most baneful crimes: punishments inflicted without measure and without choice: satisfaction denied for the most crying injuries: the doors of justice barred against a great majority of the people by the pressure of wanton impositions and unnecessary expense: false conclusions ensured in questions of fact by hasty and inconsistent rules of evidence: the business of hours spun out into years: impunity extended to acknowledged guilt and compensation snatched out of the hands of injured innocence: the measure of decision in many cases unformed: in others locked up and made the object of a monopoly: the various rights and duties of the various classes of mankind jumbled together into one immense and unsorted heap: men ruined for not knowing what they are neither enabled nor permitted ever to learn: and the whole fabric of jurisprudence a **labyrinth without a clue**. These were some of the abominations, which seemed to present '