

ECONOMIC DEVELOPMENT OF MODERN EUROPE

BY

FREDERIC AUSTIN OGG, P.H.D.

PROFESSOR OF POLITICAL SCIENCE IN THE UNIVERSITY OF WISCONSIN

WITH SUPPLEMENTARY CHAPTERS BY

WALTER RICE SHARP

Docteur en Droit

ASSISTANT PROFESSOR OF POLITICAL SCIENCE IN THE UNIVERSITY OF WISCONSIN

REVISED EDITION

New York

THE MACMILLAN COMPANY

1941

COPYRIGHT 1917 AND 1926,
By THE MACMILLAN COMPANY.

All rights reserved—no part of this book may be reproduced in any form without permission in writing from the publisher, except by a reviewer who wishes to quote brief passages in connection with a review written for inclusion in magazine or newspaper.

Set up and electrotyped. Published May, 1917.
Reprinted December, 1917; June, 1918; September, 1918;
August, 1920; October, 1921; November, 1922;
June, 1923; January, 1924.
Revised edition, June, 1926.
Reprinted April, 1927.
Reprinted June, 1928.
Reprinted February, 1929.
Reprinted December, 1929.
Reprinted May, 1930.
Reprinted January, 1932.
Reprinted November, 1932.
Reprinted December, 1933.
Reprinted April 1936.
Reprinted November, 1941

PRINTED IN THE UNITED STATES OF AMERICA
By THE CORNWALL PRESS

FROM THE PREFACE TO THE FIRST EDITION

It is the purpose of this book to indicate the origins, and to explain with some fullness the nature and effects, of a number of the more important economic changes and achievements in Europe during the past three hundred years. The vastness of the field has made necessary close calculation of proportions, and to the end that the volume might prove more than a sheer outline it has seemed desirable to adhere to three early decisions, which were arrived at with some reluctance; first, to deal with the developments of the sixteenth, seventeenth, and eighteenth centuries in only such aspects as seem essential to a reasonably clear comprehension of the transition from mediæval to later modern economy, leaving the major portion of available space to be occupied with somewhat detailed surveys of economic processes and actions in times nearer our own; second, to omit altogether some phases of economic history which are of large importance but of specially technical character, notably public finance; and, third, to restrict attention substantially to three leading countries, namely, the United Kingdom of Great Britain and Ireland, France, and Germany.

A further limitation—unanticipated, but now obvious and inescapable—requires a word of comment. In consequence of the blight of war which has fallen upon the European world while the preparation of the volume has been in progress, I am obliged to employ the past tense in writing about many things which, until August, 1914, I should have been able to speak of with confidence as matters of current reality. Economic and social conditions such as are here described are, at best, shifting and impossible to portray in set terms. They arise from the operation of complicated and often largely undiscoverable laws, and they are subject to modification by every passing circumstance. They remain fluid in even the most static eras of peace. It need hardly be observed, therefore, that in an epoch of titanic international conflict such as that through which Europe has been passing conditions of the kind

—in relation to industry, trade, agriculture, finance, education, social legislation; taxation, political tendencies, and what not—exhibit little stability, or none at all. One may be assured that the violent wrench to which, in the past two years, European social economy has been subjected will have large and lasting effect. Precisely what that effect will be, however, no man can predict, even when hostilities shall have ceased. In the present volume, accordingly, it is feasible to speak only of the economic and social situation as it has developed through some hundreds of years and as it was when the Great War began. No people ever cuts loose entirely from its past, and the presumption is that, in most of its fundamentals, the situation of 1914 will be revived and perpetuated. At all events, while no amount of knowledge of the conditions that lately have existed and of the forces which produced them will enable one to forecast with assurance the lines of European social reconstruction and growth during the coming quarter-century, full information upon these matters will, none the less, be indispensable to one who proposes to watch intelligently a series of public developments which promises to be more truly interesting, even though less dramatic, than the war itself, namely, the nations' recovery from the conflagration.

FREDERIC AUSTIN OGG.

Madison, Wisconsin,
December 3 1916.

PREFACE TO THE REVISED EDITION

Completed when the World War had been under way only about two years, the original book naturally carried the story only to 1914, leaving any treatment of war-time conditions and problems to a future day. An economic order almost completely disrupted by the war and its aftermath has not even yet attained any great degree of stability. Nevertheless, the time seems to have come when the history of the outstanding economic phenomena of the decade can be profitably outlined; hence the six chapters with which the volume, in its new form, closes. There has been no attempt to hold these new chapters strictly to the lines followed in the earlier ones, either as to topics taken up or as to countries covered. The new world in which economic life is now lived has made it necessary, in writing them, to range considerably more widely, geographically and otherwise.

FREDERIC A. OGG,
WALTER R. SHARP.

University of Wisconsin,
October 16, 1925.

CONTENTS

PART I

MEDIÆVAL AND EARLY MODERN BACKGROUNDS

CHAPTER	PAGES
I LAND AND PEOPLE	3-16
Introductory considerations, 3; the physical basis: area and relief, 4; adaptation to an advanced civilisation, 5; nature of early statistics of population, 7; estimated European populations prior to the nineteenth century, 10; urban and rural populations, 13.	
II AGRARIAN FOUNDATIONS	17-42
The mediæval manor, 17; manorial organisation: the open-field system, 18; manorial organisation: holdings and tenants, 20; advantages and disadvantages of the manor, 22; decline of serfdom in England, 24; abandonment of demesne farming, 26; the beginnings of enclosure, 28; English tenures in the sixteenth and seventeenth centuries, 31; serfdom in France, 33; French agrarian conditions in the eighteenth century, 35; agrarian Germany: southwest and northwest, 36; agrarian Germany: east, 38.	
III INDUSTRY BEFORE THE RISE OF THE FACTORY SYSTEM	43-61
Beginnings of mediæval industry, 43; general aspects of mediæval industry, 44; the craft gild: organisation, 46; objects and methods of the gild, 47; uses and abuses of the gild, 49; gild decline in England: internal causes, 50; gild decline in England: external causes, 52; gild decline in France and Germany, 54; rise of the domestic system, 56; advantages and disadvantages of the domestic system, 57.	
IV COMMERCE TO THE DECLINE OF MERCANTILISM	62-87
Trade revival in the Middle Ages, 62; aspects of mediæval trade, 63; trade expansion in early modern times, 66; trade restriction in the eighteenth century: customs duties, 69; the rise of mercantilism, 72; mercantilism in operation, 73; English trade in the eighteenth century, 75; continental trade in the eighteenth century,	

76; liberalising economic theory: the Physiocrats and Adam Smith, 78; the decline of mercantilism and the beginnings of trade liberalisation, 80; English and French trade, 1789-1815, 82.

V REVOLUTIONARY AND NAPOLEONIC REORGANISATION IN FRANCE AND GERMANY 88-109

Nature of the French Revolution, 88; Declaration of the Rights of Man and of the Citizen, 89; social changes, 92; economic changes, 93; Napoleon and the Revolution, 95; conservation of the Revolution's results, 96; phases of Napoleon's economic policy, 97; Germany at the opening of the nineteenth century, 98; the Napoleonic subjugation of Prussia, 101; the Prussian revival: Fichte and Stein, 102; political and economic reforms in Prussia, 103; French reforms on German soil, 105.

PART II

AGRICULTURE, INDUSTRY, AND TRADE
FROM THE NAPOLEONIC WARS
TO THE WORLD WAR

VI THE TRANSFORMATION OF ENGLISH AGRICULTURE, 1750-1825 113-127

The two-fold economic revolution, 113; rural conditions in the eighteenth century, 114; the growth of capitalism, 116; improvement in agricultural technique, 118; the revival of enclosure, 120; effects of enclosure upon the small holders, 122; farther concentration of land-ownership, 124.

VII THE INDUSTRIAL REVOLUTION IN ENGLAND 128-151

Favouring conditions, 128; English leadership in invention, 130; invention of machinery for spinning, 132; invention of machinery for weaving, 134; the steam-engine, 136; advance of the metal industries: iron and coal, 136; rise of the factory system: causes, 139; the dislocation of industry and shifting of population, 141; adverse effects of the rise of the factory system, 143; compensating advantages, 145; industrial advance after 1850, 146.

VIII ENGLISH RURAL DECLINE 152-179

General aspects of the situation, 152; agrarian conditions, 1815-75, 153; agricultural decline after 1875, 155; causes of decline: foreign competition, 157; adverse effects: rural depopulation, 159; the problem of the great estates, 161; the custom of land settlement, 163; allotments, 165; small holdings, 166; other agencies of rural improvement, 169; the question of tariff reform, 172; the Liberal land policy, 174.

CONTENTS

xi

CHAPTER

PAGES

IX AGRICULTURE AND AGRARIAN PROBLEMS IN FRANCE AND GERMANY 180-203

A century of economic liberation, 180; small holdings in France: effects of the Revolution, 181; French land tenure in recent times, 183; a century of French agricultural development, 185; the state and agriculture, 187; agricultural societies, 188; co-operation and agricultural credit, 191; rural Germany at the opening of the nineteenth century, 192; development of large and small holdings, 193; the era of depression: rural depopulation, 197; later phases, 198.

X THE DEVELOPMENT OF INDUSTRY IN FRANCE AND GERMANY 204-226

Overthrow of the gild system in France, 204; the industrial revolution in France, 206; recent aspects of French industry, 208; disappearance of the gilds in Germany, 210; backwardness of German industry in the early nineteenth century, 211; industrial development prior to 1871, 212; conditions of industrial expansion after 1871, 215; mineral resources: iron manufacture, 217; other principal branches of manufacture, 218; the organisation of industry, 221; the cartel and the syndicate, 222.

XI THE EXTENSION OF FACILITIES OF TRANSPORTATION 227-245

English highways and canals, 227; beginnings of railway building and steamship construction, 229; English railway development since 1850, 232; railway development in France, 234; waterways in France and Germany, 237; railway development in Germany, 239.

XII A CENTURY OF BRITISH TRADE LIBERATION AND EXTENSION 246-268

Antecedents of the corn laws, 246; the corn laws in operation, 248; navigation and tariff reform, 249; the anti-corn-law movement, 251; Peel's tariff measures: repeal of the corn laws, 253; the final triumph of free trade, 254; the growth and character of British trade, 256; the reaction against free trade, 260; the proposals of Mr. Chamberlain: colonial preference, 262; the tariff reform movement, 263.

XIII FRENCH COMMERCIAL EXPANSION AND COMMERCIAL POLICY 269-283

Alterations of tariff policy, 1774-1830, 269; trade in the Orleanist period, 272; tariff reductions under the Second Empire, 273; the Cobden treaty, 1860, 275; trade expansion, 1860-69, 276; the protectionist revival: legislation of 1881-85, 277; the tariff law of 1892, 279; the tariff law of 1910, 280; the country's commercial status, 281.

XIV GERMAN COMMERCIAL EXPANSION AND COM-
MERCIAL POLICY 284-301

Tariffs in the early nineteenth century, 284; rise of the Zollverein, 285; the mid-century era of protectionism, 287; the free trade movement, 288; customs arrangements under the Imperial Constitution, 289; the protectionist revival: the tariff of 1879, 290; the agrarian agitation and the treaties of 1891-94, 292; later stages of the agrarian movement, 294; the tariff of 1902 and the new treaties, 295; later commercial expansion, 297.

XV THE ECONOMIC RECONSTRUCTION OF TSARIST
RUSSIA 302-326

Stages of economic evolution, 302; the country one hundred years ago: the serfs, 305; steps in the emancipation of the serfs, 306; conditions of the emancipation, 308; the results of emancipation: later agrarian legislation, 310; agriculture on the eve of the world war, 313; beginnings of the industrial revolution, 315; pre-war industrial expansion, 316; survivals of domestic industry, 318; the growth of domestic trade: transportation, 320; foreign trade: tariff policy, 322.

XVI THE MOVEMENT OF POPULATION—EMIGRATION 327-351

Population growth in the nineteenth century, 327; causes of population increase: falling death rate, 329; other causes of population increase, 332; the growth of urban population, 333; causes of urban growth, 335; emigration: volume and causes, 337; emigration from Great Britain and Ireland, 339; emigration from Germany, 341; emigration from France, Russia, and Italy, 343; effects of emigration in Italy, 346.

PART III

LABOUR LEGISLATION AND ORGANISATION TO 1914

XVII A CENTURY OF LABOUR LEGISLATION IN GREAT
BRITAIN 355-379

Introductory considerations, 355; adverse conditions in early English factory industry, 356; beginnings of ameliorative legislation: Peel's "Health and Morals" Act, 1802, 358; the Factories Regulation Act, 1819, 361; the Factory Act of 1833, 362; the broadening problem, 364; the Factory Act of 1844 and the Ten-Hours Law of 1847, 366; extension of regulation: the Factory and Workshop Act, 1878, 368; status of labour legislation in 1914, 370; administrative arrangements, 372; the problem of sweating, 373; the Trade Boards Act, 1909, 375.

XVIII LABOUR LEGISLATION IN CONTINENTAL COUNTRIES 380-399

Early phases in France, 380; the Orleanist period: child labour law of 1841, 381; labour and the revolution of 1848, 383; labour legislation under the Third Republic, 385; recent labour regulation and inspection in France, 387; beginnings of labour regulation in Germany, 389; German labour legislation, 1867-78, 390; the industrial code of 1891 and later status of the law, 392; arrangements for administration, 394; labour legislation in other countries, 395.

XIX THE ORGANISATION OF LABOUR IN GREAT BRITAIN 400-430

Conditions making for the organisation of labour, 400; early legal obstacles to trade unionism, 401; labour combinations legalised, 1824-25, 404; fluctuations of trade unionism, 1825-45, 407; extension of trade union organisation, 1845-75, 408; liberalising legislation of 1871-76, 410; trade unions after 1871: the Taff Vale case, 412; the Trade Unions and Trade Disputes Act, 1906, 414; the Osborne Judgment and the Trade Union Act of 1913, 416; trade union membership and funds, 419; trade union organisation in 1914, 421; political activity of labour: the Independent Labour Party, 422; growth of political organisation: the Labour Party, 425.

XX THE ORGANISATION OF LABOUR IN CONTINENTAL COUNTRIES 431-453

Trade-union beginnings in Germany, 431; the German Social Democratic unions, 433; other groups of German unions, 434; general situation of trade unionism in Germany in 1914, 436; restraints on labour organisation in France, 1789-1830, 438; mid-century development in France, 441; labour and politics after 1871, 442; rival labour organisations, 1884-1902, 443; development of the General Confederation of Labour, 445; the General Confederation in 1914, 447; labour organisation in agriculture and the public service, 448; labour organisation in other countries, 450.

PART IV

SOCIALISM AND SOCIAL INSURANCE TO 1914

XXI THE RISE OF SOCIALISM IN FRANCE AND ENGLAND 457-484

Unsettling social effects of the eighteenth-century revolutions, 457; resulting status of the wage-earner: the capitalists and the proletariat, 458; the problem of social

amelioration, 460; the nature and ends of socialism, 462; extraneous or incidental features of socialism, 464; the antecedents of socialism: France, 465; socialism and the French Revolution: Babeuf, 466; Saint-Simon, 468; Fourier and Fourierism, 470; mid-century French socialists: Proudhon, 472; Blanc and the building of a socialist party, 473; socialism and the revolution of 1848, 475; socialist beginnings in England: Robert Owen, 476; Owenism and Chartism, 478; the Christian Socialists, 480.

XXII SOCIALISM IN POLITICS—GERMANY 485-511

Early German socialism: Rodbertus, 485; Marx and Engels, 486; the Marxist doctrine, 488; Lassalle and the Universal German Workingman's Association, 489; the International Workingman's Association, 491; rival socialist organisations: the Social Democratic party (1869), 494; the union of socialist forces, 496; the era of attempted repression, 1878-90, 497; growth of the Social Democratic vote after 1890, 499; party organisation and activities, 501; the Erfurt Program, 1891, 502; internal party differences: revisionism, 504; participation of the Social Democrats in governmental affairs, 506; effects of the entrance of politics by socialism, 507.

XXIII SOCIALISM IN POLITICS—FRANCE, ENGLAND, AND OTHER COUNTRIES 512-542

Social unrest in France, 1860-71: the Paris Commune, 512; the conquest of labour by socialism, 513; the socialist groups in politics, 514; Jaurès and the plea for opportunism, 517; the Unified Socialist party, 1905, 518; status of French socialism in later years, 520; English disinclination to radicalism, 522; circumstances of the revival of English socialism, 525; the Democratic Federation and the Fabian Society, 526; British socialism and labour, 528; socialism in the Low Countries, 531; the Belgian Labour Party, 533; socialism in Scandinavia, 534; socialism in Switzerland and Austria-Hungary, 535; socialism in Italy, 537.

XXIV THE GERMAN SYSTEM OF SOCIAL INSURANCE 543-573

The problem of human conservation, 543; fundamental aspects of German social policy, 545; the impetus of socialism, 547; ideas and motives underlying the policy of state insurance, 549; the insurance laws of 1883-89, 552; subsequent amendment: the codification of 1911, 554; arrangements for administration, 555; the growth of sickness insurance, 557; later character and extent of accident insurance, 559; invalidity, old-age, and survivors' insurance, 560; the care of tuberculous wage-earners, 562; insurance of salaried employees, 564; remedies for unemployment: labour exchanges, 566; other remedies: municipal unemployment insurance, 568; proposals for state and Imperial unemployment insurance, 570.

XXV THE SPREAD OF SOCIAL INSURANCE 574-611

The German example emulated, 574; beginnings of workmen's compensation legislation in Great Britain, 576; the British Workmen's Compensation Act of 1906, 577; the movement for old-age pensions, 579; the Old-Age Pensions Act of 1908, 581; the National Insurance Act of 1911, 584; sickness and invalidity insurance: scope and local administration, 585; sickness and invalidity insurance: other aspects, 588; antecedents of unemployment insurance: Labour Exchanges Act, 1909, 590; unemployment insurance in the act of 1911, 592; sickness and accident insurance in France, 594; beginnings of old-age insurance in France, 596; the French Old-Age Pensions Law of 1910, 597; social insurance in Austria, 600; social insurance in Belgium and Holland, 601; social insurance in the Scandinavian lands, 604; social insurance in Switzerland, 605; social insurance in Italy, 607.

PART V

**THE WORLD WAR AND ITS
AFTERMATH**

XXVI POPULATION, FOOD PRODUCTION, AND AGRARIAN REFORM SINCE 1914 615-656

Human costs of the war, 615; population growth and decline, 618; emigration and immigration, 623; material losses resulting from the war, 627; agricultural production and food supply: Great Britain, 629; French agricultural production in the war and after, 635; the Central Powers and the food supply, 638; the food supply of Russia as affected by war and revolution, 642; summary of European agricultural production since 1914, 644; agrarian reforms since 1914, 646.

XXVII INDUSTRY AND OCEANIC SHIPPING IN WAR-TIME 657-678

British industry under war conditions, 658; French industry and the war, 663; the German industrial machine in war-time, 668; war-time industrial conditions in other continental countries, 670; the problem of oceanic transportation in the war, 671; inter-allied administration of shipping and supply, 675.

XXVIII INDUSTRIAL AND COMMERCIAL RECOVERY SINCE 1918 679-712

The economic outlook after the war, 679; Britain's uphill struggle toward economic rehabilitation, 680; industrial and commercial reconstruction in France, 685; economic rehabilitation in central and eastern Europe,

687; post-war tendencies in tariff-making and commercial policy, 695; European merchant shipping since the war, 699; railway transportation during and after the war, 701; development of motor and aerial transportation, 707.

XXIX LABOUR ECONOMICS IN THE PAST DECADE . . . 713-754

War-time labour supply and its regulation in Great Britain, 714; labour regulation in France and Germany during the war, 718; women in industry, 721; recent trends in real wages in Great Britain and France, 725; wage fluctuations in central Europe, 728; the housing crisis and attempts to relieve it, 731; unemployment in post-war Europe, 735; unemployment relief, 739; other forms of social insurance in recent years, 742; labour legislation since the war, 744; the International Labour Office and its work, 748.

XXX LABOUR MOVEMENTS AND SOCIAL POLITICS . . . 755-813

Attitude of labour and socialism toward the war; earlier phases, 755; anti-war agitation and peace aims of labour after 1916, 757; European trade-unionism: growth and retrogression, 759; British trade-unionism since 1914, 759; present-day structure of British trade-unionism, 762; the British Labour Party in opposition, 764; British labour as Britain's government, 767; recent anti-political radicalism in Great Britain, 769; the disruption of French labour unity, 774; the situation of French labour since 1921, 778; French socialism in politics since the war, 780; German labour in the transition from Empire to Republic, 784; trade-unionism in republican Germany, 786; the political status of German socialism today, 789; experiments with industrial representation in the new Germany, 793; Russian bolshevism in theory and practice, 797; organised labour in soviet Russia, 801; the Fascist reaction against communistic socialism in Italy, 802; the progress of the consumers' cooperative movement, 805; international proletarianism and its prospects, 808.

XXXI SOME WAR AND POST-WAR PROBLEMS IN PUBLIC FINANCE 814-842

War-time taxation, 814; war-time expansion of public indebtedness, 817; currency inflation and fluctuating exchange rates, 822; German reparations: political phase, 825; German reparations: the Dawes plan, 831; progress toward inter-allied debt settlement and financial solvency, 834; the new rôles: Europe as debtor, America as creditor, 839.

INDEX 843-861