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ENGLAND'S INDUSTRIAL DEVELOPMENT

A Historical Survey of Commerce and Industry

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AUTHOR OF 'A HISTORY OF ENGLAND AND THE BRITISH EMPIRE';
'A GENERAL SKETCH OF POLITICAL HISTORY FROM THE EARLIEST TIMES';
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P R E F A C E

I HAVE endeavoured in the following pages to present the ordinary reader with a concise historical survey of the development of Industry and Commerce in England. The economic aspects of history are apt to be neglected or dealt with in a somewhat perfunctory fashion in the treatises of general historians and to be the more readily passed over by their readers; or else to be treated by specialists in a manner so technical that the reader who is not a professed student of economics finds himself repelled. It has been my aim in this work to interest the ordinary reader in a subject which is commonly regarded as a dreary one.

The English have at different periods of their history been a nation of agriculturists, a nation of traders, and in the last stage, a manufacturing nation. We are still in this stage, and it is therefore the one which is of the most intimate interest. It has extended over a period of something less than a century and a half, and to these hundred and fifty years nearly one half of the volume is devoted. But the manufacturing nation grew out of the commercial nation, and the commercial nation was made possible by the social organisation of previous centuries, and the history of this growth occupies the earlier half of the book.

It is usually difficult for an author to estimate the amount of his own indebtedness to the authorities who have dealt with his subject. Something, however, may be said in the way of acknowledgment. Dr. Cunningham's *Growth of English Industry and Commerce* is a mine of information on the whole subject, especially before Adam Smith and the Industrial Revolution. For the Saxon and Norman period Bishop Stubbs seemed to have spoken the last word until Mr. Seebohm published his *English Village Community*, and new lights were brought to bear upon the subject by Professor Vinogradoff and Professor Maitland. The Plantagenet period has been illuminated by Mr. Ashley's *Economic History*, by the work of Mr. Gross on the *Gild Merchant*, and by Mrs. Green's *Town Life in the Fifteenth Century*. To all these, and to the *Six Centuries of Work and Wages* of Thorold Rogers, I am conscious of a deep debt. For the Mercantile period I have not the same consciousness of indebtedness to particular persons, with the exception of Mr. George Unwin and his *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, and Miss E. M. Leonard's *Early History of English Poor Relief*. In the modern section must be named Arnold Toynbee's *Industrial Revolution*, the *History of British Commerce* by Leone Levi, the *History of Factory Legislation* by B. L. Hutchins and A. Harrison, and the *History of Trade Unionism* by Mr. and Mrs. Sidney Webb. Without the two last-named works the last five chapters could certainly not have been written in their present form. Lastly, I may mention numerous articles on economic subjects in *Social*

England, originally edited by Mr. H. D. Traill; notably those by Mr. R. E. Prothero, Mr. G. T. Warner, Mr. J. E. Symes, Mr. A. L. Smith, Mr. H. Riddell, and Lord Farrer.

My purpose has been to treat the whole subject simply, as a historian, without identifying myself with any economic school; without any intention of supplementing the armoury of the devotees of Richard Cobden or the disciples of Mr. Joseph Chamberlain, the advocates of Social Democracy or the champions of Individualism. I have made it my aim to state facts so far as they are ascertainable, and to give an intelligible explanation of the principles which rightly or wrongly have guided economic action. So brief a work dealing with so large a subject can only be regarded as providing a general introduction—a preliminary sketch-map which may assist the explorer. Of such guides there is at present no superabundance. My main effort has been to impart to this book the clearness and accuracy without which its existence would not be justified. I need only add the pious hope that others may find it as interesting in the reading as I have myself found it in the writing.

A. D. I.

GERRARD'S CROSS,
December 1911

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BOOK I
THE MIDDLE AGES

CHAPTER I

THE MEDIEVAL PERIOD

THE industrial and commercial history of England falls into three periods which are fairly clearly marked. There is not, of course, any hard and fast line to be drawn at a particular year; our history is one of regular development, not of cataclysmic changes, and some characteristics of one period are inevitably carried on into the next. Broadly speaking, our three periods are: the medieval or insular era, the era of maritime expansion, and the era of manufacturing supremacy. Maritime expansion became the great factor in consequence of the exploits of the great voyagers in the last decade of the fifteenth century. Manufacturing energy became the great factor when it was realised that power could be applied to the working of machinery in something more than such isolated instances as the wind-mill and the water-mill for grinding corn, or even the primitive steam-pump. In this direction active development was beginning in the early years of the reign of George III.

Again these three periods are characterised by three different ways of looking at economic problems. In the first period there was very little conscious generalisation. The community was concerned to prevent cheating and lawless violence. To accomplish those ends it intervened according to its lights, and imposed regulations with an eye to immediate effects, but with no very elaborate calculation of consequences. It was not consciously as a community pursuing material wealth, and it dealt with individual questions as they arose, but did not endeavour to work out the ramifications of an elaborate trade policy.

In the second period, of maritime expansion, a definite controlling aim emerges. The community is consciously in search of wealth, but the pursuit of wealth is subordinated to that of national political power. The State directs and regulates, encourages or discourages, trades and industries on the ground that they strengthen or weaken the fighting capacity of the nation, and weaken or strengthen the fighting capacity of her adversaries. The principles of action rest upon three postulates, that national power depends upon fleets, upon the possession of treasure in adequate quantity, and upon the vigour of the population.

But in the third stage a new doctrine appears on the scene : that all material wealth tends to national power ; that therefore all national accumulation of wealth is to be desired, and that the maximum of national wealth is to be obtained by the maximum of individual liberty of action and the minimum of State regulation ; the greatest wealth is the product of unfettered competition.

Now this division does not correspond accurately with what we are accustomed to regard as the eras of political development, since we are wont to look upon our political development mainly from the point of view of the constitutional historian who is primarily concerned with the gradual acquisition of the supreme power of the State by the Representative Assembly. But it is becoming possible to supersede this constitutional point of view by what may be called an imperial point of view ; and then we shall find our three stages again corresponding to three political divisions : the consolidation of a nation, the creation of an empire, and the organisation of empire. The creation of empire began with the maritime expansion under the Tudors ; the empire was won with the decisive defeat of France in the great duel of the Seven Years' War. The constructive organisation of empire began with the establishment of the British dominion in India and in Canada, though its beginnings were accompanied by the destructive schism which separated us from the Colonies that became the United States

Political
Correspond-
ence.

of America. That disruption was in fact the deathblow of the old colonial system, making way for the development of an imperial system. It is only in the case of the second period that there is a conspicuous and obvious relation between the political and the commercial development; there is no inherent connection between imperial organisation and driving machinery by steam. Still, we shall constantly find political movements reacting upon commerce and industry, and therefore we shall find it convenient to open each section with a sketch of the political history in relation to economic developments, together with an outline of the economic ideas prevalent during the era.

In the second half of the first century of the Christian era the barbarian Celtic tribes of Britain so far north as the later boundary between England and Scotland, were brought into subjection by the Romans. **Roman and Teutonic Conquests.** The Roman occupation lasted for three and a half centuries, during which time were carried over the country the great Roman roads which formed permanent routes of communication. Some veneer of Roman civilisation, Roman customs, and Roman law was imparted to the Britons, but they were not Romanised like the Celts of Gaul or the Iberians of Spain, and when the Roman legions evacuated the country at the beginning of the fifth century, the Latin language disappeared, and the Britons reverted mainly, at any rate, to Celtic customs and traditions. Before half a century had passed, there began a long series of invasions by Teutonic peoples, from Denmark, Schleswig, and Friesland, who by the end of the sixth century had swept the Britons back to the west of a line drawn roughly from Stirling through Carlisle, Chester, and Bristol, and leaving them in possession of Cumberland, Westmorland, Lancashire, Wales, Cornwall, and Devon. Until comparatively recent times it has generally been held that except in these districts the Britons were practically exterminated, or were at any rate too thoroughly extirpated to exercise

any influence on the language, customs, or religion of the conquering Angles and Saxons. Recently, however, another view has found able supporters, who claim that the Teutonic customs were largely modified by a Latinised Celtic population held in subjection by them.●

Using the term English to cover the whole of the Teutonic invaders, conquest by the English was completed at about the same time when Latin Christianity was introduced by the missionaries of Gregory the Great into the longest established and most advanced of the English kingdoms, that of Kent. The Conquest had been effected piecemeal by successive groups of invaders who formed separate kingdoms or principalities with no common government, although one or another was generally able to compel the rest to acknowledge its king as in some sort overlord of all, or nearly all, the various kingdoms. During the seventh and eighth centuries, the overlordship, which was never of a very real character, was exercised generally by Northumbria, and latterly by Mercia. At the beginning of the ninth century it passed to the great southern kingdom of Wessex; and from that time the royal house of Wessex was regarded as the royal house of England, though the minor kingdoms were still kingdoms.

Just when Wessex was capturing the supremacy, there was also beginning a westward movement among the Scandinavian or northern Teutonic peoples. The long-ships of the rovers began to raid the coasts and the estuaries of England and France. Until the second half of the ninth century they were content to seek booty; but at last a host of Danes and Norsemen resolved on an invasion of England in force, and a conquest of the country. In the north and east they won the mastery; but a long and severe struggle with the King of Wessex, Alfred the Great, was brought to a close by a peace under which England was divided into two dominions; the Danelagh, where Danish law and custom prevailed—the Danes holding a somewhat superior position among the larger English population, with

whom, however, they soon began to amalgamate—and the kingdom of Wessex, whose overlordship was recognised by the Danes of the Danelagh. The northern and eastern counties and the north-eastern half of the Midlands were thus, to a great extent, penetrated with Danish modifications of the English ideas and institutions which had prevailed with some variations from the Forth to the Channel.

The son and grandsons of Alfred made the supremacy of Wessex a reality, and Alfred's descendants ruled over a consolidated kingdom nearly corresponding to **Knut and** modern England. But again, at the end of the **the Confessor.** tenth century, the incapable rule of Ethelred the Redeless brought on fresh attacks from the kingdom of Denmark which ended in the recognition of the Danish king, Knut, or Canute, as King of England. But Knut's Scandinavian empire was divided at his death, and after the brief reigns in England of his two unworthy sons, a younger son of Ethelred, Edward, called the Confessor, was recalled to the throne of England from Normandy, where he had been brought up. When Edward died in 1066, the male representative of the House of Wessex was a boy; and the Witenagemot exercised its right of passing him over, and elected as king the great Earl Harold. But William, Duke of Normandy, claimed that both Edward and Harold had pledged themselves that the Crown of England should be his. Denouncing Harold as a perjured traitor, he invaded England, overthrew and slew Harold at Senlac, and in effect forced the Witan to elect him King of England.

The theory of Harold's treason gave the Norman as much warrant as he needed for extensive confiscations of estates in the south of England belonging to Harold's **The Norman** open supporters. Revolts in the north and west **Conquest.** warranted further confiscations, and most of the land was divided among the Norman king's soldiery, barons and knights from Normandy, Brittany, Flanders, and France. In theory the law remained as it had been before the Conquest; a law which recognised the status of the whole popu-

lation except a small percentage as politically freemen with a freeman's right to a share and a voice at least in local government and local jurisdiction. But in practice the law was interpreted by Norman lawyers; and the Norman interpretation was something very different from that of most critics of later date; that is, according to the general view it transformed the system into something which was in fact very different indeed from the earlier English system. Again, however, there is a good deal of reason to believe that the English system in its later years had approximated at any rate much more closely to the Norman system than has been customarily supposed. But this much is manifest and indisputable. After the Conquest, every inch of soil in the country was held by some one or other directly from

Tenure. the king, on the hypothesis that the entire soil belonged to the king. All, with the exception of a comparatively small portion which was treated as the king's private estate, was held on military tenure; but some two-thirds of the land was occupied by tenants who held from the king's tenants or tenants-in-chief, either paying some form of rent, or rendering agricultural services. The second point is that the bulk of the tenants-in-chief were Normans, who regarded the English as a conquered subject population, and made no scruple in carrying oppression as far as they possibly could without bringing upon themselves the heavy hand of the king's government. Obviously under such conditions there was a constant tendency to give law and custom the colour which secured the maximum of power to the lord as against the occupier of the soil.

The Conqueror and his two sons, William II. and Henry I., ruled the barons with a strong hand, but the Red King at least was not guided therein by any consideration for the welfare of his subjects at large. **Norman Kings.** Henry, on the other hand, saw in the extension of his protection to his English subjects an effective check on the endeavours of the barons to strengthen themselves as against the Crown. But the comparatively orderly government

established by Henry during the thirty-five years of his rule came to an end when his nephew Stephen seized the Crown on his uncle's death. There followed nineteen years of appalling anarchy, which in its turn was brought to a close by the accession in 1154 of Henry II., Count of Anjou, the first of our Plantagenet kings and the grandson of Henry I.

The great feature of the reign of the first Plantagenet was the systematic organisation of government and the centralisation of power in the hands of the king, which **The Early Plantagenets** put an end to the great danger of feudalism—disintegration, the conversion of great barons into semi-independent princes. The king who effected this was himself the champion of law and order. Of the two sons who succeeded him, the elder, Richard, hardly set foot in England during a reign of ten years, his interest being entirely engaged first, on a crusade, and subsequently in continental affairs; since he treated his English kingdom as secondary to his French dukedoms. The second son, John, played the tyrant to the best of his ability; but in doing so he rendered two very valuable, though quite unintentional, services to England. By alienating the baronage he laid the Angevin dominions in France almost at the mercy of the French king, with the result that by the end of his reign there were very few barons of England who held estates in France; and hence their interests became almost exclusively English. In the second place, he drove the barons in their turn to combine in the character of champions not merely of class privileges, but of law and order in general; and this attitude having been once forced upon them, they were never afterwards able to combine effectively against the Crown unless they could reasonably take their stand on the plea that the Crown was overriding the law. It was on this plea that they extracted from King John at Runnymede the Great Charter which was a declaration of the rights and liberties theoretically recognised, and a pronouncement for all time that there existed no authority in the realm which could set at

nought one right or privilege secured by law. And the declaration applied not only to the rights of great feudatories as against their suzerain, but to the rights of every individual Englishman against any and every would-be oppressor.

The long struggle between the Crown and the barons which occupied so much of the fifty-six years' reign of John's successor, Henry III. (1216-1272), led up, not quite consciously perhaps, to the position that the only power which could alter the law was the will of the people expressed by the Estates of the Realm, assembled either by personal summons or through election of representatives.

Now the idea of English nationality, of national unity, had never been very strong before the Conquest, although **National Consolidation** for a century and a half one king, Saxon or Dane, had ruled over all England. It had been still less prevalent for at least a hundred and twenty years after the Conquest, when the kings and barons of England were as much French as English. The idea of national unity was mainly a development of the thirteenth century, and it became the central and guiding conception of the reign of Edward I., which opens the second Plantagenet period. The consolidation of England into one powerful and homogeneous nation, united under one sagacious head, was the great aim of the greatest of the Plantagenets. It was this rather than a mere lust of conquest which urged him to the annexation of Wales and of Scotland, although, unfortunately for his schemes, Scotland resented the annexation, refused to become a homogeneous part of England, and in the reign of his son fought for freedom and won it. We may not perhaps say that Edward's nationalism lay at the root of that organisation of the constitution which permanently secured to the Commons an effective and increasing voice in affairs of State; but it did undoubtedly have its share in bringing about the first stages of an organisation of commerce with national instead of merely local objects in view.

Before the second half of the thirteenth century the con-

stitutional struggle always presents itself as a contest between the Crown and the barons, whether it was the king who was curbing baronial lawlessness, or the barons who were curbing royal aggressiveness. The barons stood for the authority of the Great Council of the nation, while the Commons occupied altogether a minor position. It was Simon de Montfort who, in 1265, began burgess representation; and King Edward's Model Parliament thirty years later permanently secured the position of the Commons as controllers of supply. Although among the Commons the landed interest predominated, the trading interests were largely represented, and by degrees parliamentary authority came to be exercised in the control of commerce and industry.

**Crown,
Barons, and
Commons.**

The strong king was succeeded by the weak son, whose reign saw the failure of the first Edward's attempt to consolidate a single dominion including England, Scotland, and Wales. The subjection of Wales, and in some sort of Ireland, which had been annexed in the reign of Henry II., was maintained, but Scotland successfully asserted her claim as an independent nationality. Until the reign of Edward no English king had in fact seriously attempted to go beyond asserting a technical suzerainty, and claiming a homage from the Scottish kings which the Scots consistently asserted to have been paid only in respect of lands held south of the Tweed and the Solway. But the Scottish War of Independence made the northern kingdom hostile to England as it had never been before the close of the thirteenth century; with the result that the counties in the extreme north of England were kept permanently in a state of war, or at any rate under arms, whereby their development was held in check as compared with that of the south and the Midlands.

Edward II. was deposed and murdered in 1327; but before long his young son, Edward III., was able to grasp the reins of government. In the early years of his reign he renewed the Scots war, but by

Edward III.

1339 he had plunged into the great struggle with France known as the Hundred Years' War. Professedly this was undertaken to assert Edward's claim to the French throne; in fact, the English king's object was to obtain the independent sovereignty over Aquitaine, and to secure satisfactory commercial relations with Flanders and Brabant. For the first time a commercial object appeared conspicuously as a factor in State policy. The war under Edward had two main phases. From 1339 to 1360 the military successes fell to the English. Calais was captured, and all that Edward really cared for seemed to be secured by the Treaty of Bretigny. But the war broke out again, success deserted the English arms, and at the end of Edward's reign, little remained of the French possessions except Calais and a part of Guienne. The reign established and extended the control of the Commons over the raising of revenue, and to some extent over expenditure. The capture of Calais established on the Continent a mart for English goods under English control. Further, in the middle of the war, a year after the capture of Calais, England suffered from the terrific visitation of the plague known as the Black Death, a catastrophe which devastated most of Europe. The permanent effects of the depopulation will be dealt with elsewhere. Immediately, it forced the Government into legislation for dealing with a very grave emergency. The cure, however, rather co-operated with the disease to intensify rural unrest, which culminated early in the reign of Richard II. in the Peasant's Revolt of 1381.

During Richard's reign there was an increasing tendency for parliament to legislate with regard to commerce and **The industry.** But the outstanding feature of the **Lancastrians.** reign was Richard's attempt to render the Crown absolute, which led to his deposition in 1399 by his cousin, Henry of Lancaster. Roger Mortimer, the heir-presumptive to the throne, had died in the previous year, leaving children who were too young effectively to assert a claim to the succession; and parliament declared Henry of Lancaster the

legitimate successor to the deposed Richard. Henry iv. was obliged practically, though not officially, to recognise that the House of Lancaster occupied the throne by title derived from parliament, so that it became all the more imperative for the Lancastrians to magnify the authority of parliament. Henry maintained himself on the throne with some difficulty, but his son rendered himself a popular hero by his brilliant achievements in the war which he renewed for the acquisition of the French Crown.

But after his death in 1422, England fell upon evil days. An infant was left on the throne who grew up to be pre-eminently pious and blameless, but of a feebleness of mind which periodically crossed the border-line of actual imbecility. The French war was conducted with ability by one of the king's uncles, the Duke of Bedford, until the appearance of Joan of Arc brought ruin on the English cause. The Council of Regency in England was inefficient and torn by factions; when the young king grew up, a wife was found for him in Margaret of Anjou, who proved to be a firebrand. Disaster attended the English arms abroad, and a popular insurrection against the government, headed by the adventurer Jack Cade, showed the presence, not of agrarian discontent, but of a general unrest and that breakdown of the authority of government which leads to civil war. The leadership of the opposition was Civil War. taken up by Richard, Duke of York, at that time heir-presumptive to the throne, whose ancestral title was actually better than that of the House of Lancaster. Opposition meant opposition to Margaret of Anjou. In spite of formal reconciliations, both sides resorted to arms, and an heir having been born to Henry, Richard at length asserted his own right to the Crown. The fortunes of war fluctuated; Richard himself was killed at Wakefield, but his son Edward was proclaimed king, and inflicted a crushing defeat on the Lancastrians at Towton. He was not, however, finally secured on the throne until ten years later, when, after having had to flee from the kingdom, he reappeared and

crushed his foes at Barnet and Tewkesbury. For twelve years thereafter his practically absolute rule was unchallenged. But on his death, his sons were murdered, and the Crown was usurped by his brother, Richard III., who endeavoured to secure his supremacy by terrorising all opposition. By so doing, he in fact alienated all support, and the Yorkists allowed Henry of Richmond, the strongest candidate whom the Lancastrians could produce, to overthrow the usurper at the battle of Bosworth, and to secure the Crown for himself and for his heirs by marrying the daughter of Edward IV.

The last phase of the French war ended with the final expulsion of the English from Guienne in 1453, thirty-two years before the accession of the Tudor king. **End of Continental Aspirations.** There was never again any serious attempt on the part of England to establish territorial dominion on the European Continent. By recognising herself definitely as an insular power, though having interests in continental affairs which required to be safe-guarded, she was the better enabled to turn her attention to her new field of development as an oceanic power. Hitherto the sea had stood as a barrier betwixt her and the nations of Europe; now it was to become her highway to new-found worlds in the East and in the West.

It is necessary, though it is not always easy, in examining the early stages of society, to realise that the postulates of **Economic Theory.** modern discussion are occasionally derived from conditions which had not come into existence in the remote past, and that such postulates must consequently be discarded. To-day, in any economic discussion, we assume that the average man desires to acquire wealth, to become as wealthy as he can, that he is guided by an intelligent self-interest and can see what is best for himself, and that he will not be deterred from following his own interests by abstract ethical ideas, however much he may be influenced by material and legal motives. Moreover, we generally assume that the intervention of the State should be restricted to the prevention or punishment of positive

fraud and violence, or at the most, of gross injustice. Nevertheless these are views which only came into being after society had become highly complex. They had no place in the medieval outlook.

In the more primitive conditions of society, the average man wanted a plentiful supply of eatables and drinkables, clothes and weapons, a dwelling-house, and, if he could get them, servants to relieve him of un-
Early
Conditions.
congenial labour. Land, the kindly fruits of the earth, and farm stock, were the tangible forms which wealth took in his eyes. Gold and silver he appreciated chiefly in the form of smith's work, not of money, because the idea of a medium of exchange hardly presented itself to his mind in days when exchange was effected by the direct process of bartering goods for goods. Wealth in lands he could appreciate as carrying with it power and dignity. But there was so little diversity in his requirements that skilled workmanship, the work of a specially trained expert, was rarely needed to meet them, except perhaps in the manufacture of weapons. Practically the only object of accumulating wealth was the acquisition of land, the only employments were farming and fighting and hunting; and briefly, the average man had very little inducement to hoard, the wealth to his hand was little adapted to hoarding, while his appetites provided a powerful incentive in the opposite direction. Broadly speaking, an ample subsistence, measured by the standards of others of his own social status, was the most that the average man wished to attain.

But circumstances tended to bring about larger aggregations of population in particular places; and wherever this occurred, specialisation in particular branches of work arose, and with specialisation an appreciation of superior workmanship—a differentiation
Gradual
Specialisation.
in the quality of goods apart from their durability and utility. A mere abundance of things needful ceased to yield complete satisfaction. It ceased to be the main occupation of every one to produce for himself whatever he wanted for his own consumption.

With the increasing diversity of productive energy came the development of exchange as something more than the barter of superfluities, the creation of wants **Exchange.** not previously felt, and the desire of luxuries which, once enjoyed, grew to be regarded as necessities. Still, for a very long time this amounted to nothing more than a gradual rise of the subsistence standard. The commercial spirit, which we now take for granted, was itself only the product of expanding trade, not the primary motive to the expansion of trade. And it did not become active until exchange was simplified by the diffusion of money as a medium and a standard of value. Cash payment was indeed familiar before the thirteenth century, but it was not till that century was well advanced that the money economy appears to have been superseding barter and payments in kind.

The expansion of trade and the accumulation of wealth reacted upon each other. Diversity of production developed into differentiation between the producer and the distributor, the craftsman and the trader. The capitalist appears on the scene—the man who can employ his accumulated wealth for the production or acquisition of more wealth as a craftsman or as a trader. The workman ceased to be able by mere skill in workmanship to compete in the market against the new-comer, who could employ skilled workmen and traders to better advantage; so that in the fifteenth century the workman was ceasing to be a prospective master, and the opposition between capital and labour was coming into being.

We, however, associate the term capitalist not only with the employer of labour, or the trader as opposed to the actual producer, but with the man who places his own **Capital.** capital at the disposal of others for a due consideration. And here we find a marked distinction between the medieval and modern producer. We regard money as a commodity which may be hired without discredit to the lender or to the borrower, to the general convenience of the commercial world. The moral sense of the Middle Ages, however, condemned the practice. It was legitimate to

enter on a partnership in which the capitalist shared risks as well as profits. It was legitimate to lend money for a certain term, and to claim compensation if it was not paid up to date. But it was not legitimate to lend where no risks were involved, and then to claim a profit merely for the use of the money. The idea was not accepted that by lending the money at all the lender was depriving himself of profit which he would as a matter of course otherwise obtain by using the money. In other words, the Middle Ages condemned lending money at interest when the principal was secured; the condemnation resting not upon an economic, but upon an ethical theory.

In practice it does not appear that trade was hampered. But even in the latter part of the period, the demand for capital in order to further business enterprise was sufficiently met by the readiness of capital-^{Interest.}ists not to enter into permanent partnerships, but to embark on joint ventures. The moral principle, however, requires to be grasped. The ecclesiastical doctrine was not something imposed by the Church on an unwilling laity, but the expression of the lay conscience. The popular view of usury was merely one aspect of a principle which was constantly presenting itself throughout the Middle Ages, and ^{The Ethical}is recognisable in much of the protest against ^{Doctrine.}orthodox political economy at the present day. Profit ought to be the legitimate reward of labour, and more than the legitimate reward of labour ought not to be sought. No one was justified in taking advantage of his neighbour's necessity to extract additional profit for himself. If your neighbour was hungry and could get no bread unless he bought it from you, you had no business to put a fancy price on it merely because you knew that he had no alternative but to pay what you demanded. Goods have their 'just price,' a legitimate return on the cost of production sufficient to provide the producer with an adequate subsistence. Labour has its corresponding 'just price.' Hiring is compensation partly for the wear and tear of the thing hired, partly for the

owner's surrender of the use of the thing during the period of hiring ; and this he is not morally entitled to claim unless he is actually prevented from making use of the thing by lending it. This is the basis of Statutes of Labourers, of regulations fixing wages and prices ; it is the basis of the laws against usury ; and *mutatis mutandis* it is the basis of much that is called socialistic at the present day. Where competition is unfettered, the need of the consumer is an inevitable element in prices ; but it was one which the medieval conscience endeavoured to eliminate by regulation and legislation.

CHAPTER II

BEFORE THE NORMAN CONQUEST

A HUNDRED years after Julius Caesar had visited the island of Britain and drawn his picture of the Celtic inhabitants, Rome, in the reign of the Emperor Claudius, set about the conquest and annexation of this remote region. For three centuries and a half the Romans held sway from the Channel to the Cheviots, and planted outposts in what are now the Scottish Lowlands. The Roman colonists not only planted Roman garrisons and built Roman roads, but introduced Roman law and Roman customs to the conquered people, though with nothing like the same thoroughness as in Gaul or Spain. But whereas they found the Britons warlike tribes, constantly engaged in fierce feuds with each other in which every man was trained to play his part as a warrior, they imposed upon the country the *Pax Romana*, and provided it with a professional army to do battle with the wilder tribes beyond the regions of complete Roman control. Hence when the legions retired, because the Roman Empire needed to concentrate its forces in order to hold its own against the advancing tide of Teutonic or Mongolian barbarians, Britain was left with a population wholly unpractised in the art of war. Before another half century had passed, the waves of the Teutonic migration began to beat upon the shores of Britain. The waves rose to a flood; and two hundred years after the Roman evacuation the western highlands and moorlands were all that remained of Celtic Britain south of the Forth. And Celtic Britain itself had lost its Roman veneer, and returned to the Celtic tribal system, in the midst of which

the Roman system had never really been more than an exotic growth.

The Teutonic tribes described severally as Jutes, Saxons, and Angles, who came to be called collectively Saxons by the **The English Conquest.** Celtic tribes and English by themselves, had conquered the land and established their dominion in the course of the century and a half between 450 and 600; or to give more precise dates, between 449, when Hengist and Horsa landed in the Isle of Thanet, and 613, when the Conquest is regarded as having been completed by the victory of Aethelfrith of Northumbria over the Celts at Chester. According to English tradition, embodied in the histories of the Northumbrian Baeda a century after the battle of Chester, the prolonged war of conquest was also a war of extermination. If the women and children were spared to become slaves by the conquerors, the like degree of mercy was rarely extended to the men. To all intents and purposes the population of England was an English population, unmodified in character and customs by contact with the Celts.

It is on this hypothesis that historians have for the most part reconstituted the English social structure, and **Rival Hypotheses.** interpreted the English records. It might be called practically the view universally accepted by English scholars until the publication of Seebohm's *English Village Community* in 1883, a work which had at least the effect of revealing lines of inquiry not hitherto thoroughly explored. Controversy had indeed been already raging between the scholars of Germany and France, since the Germans have a natural inclination to magnify Germanic influences which the French are no less naturally disposed to minimise. English scholarship, however, had hitherto been ranged definitely on the German side. Broadly speaking, the German theory bases the social structure on a population of freemen having a comparatively insignificant layer of serfs or slaves beneath them. The opposition theory argues for a servile population with a small aristocratic

superstructure. We shall here treat the former as in principle the accepted doctrine, while noting with a brief comment the grounds upon which it is challenged.

Julius Caesar, fifty years before the Christian era, and Tacitus about the close of its first century, have described the institutions of the German tribes which had come within the ken of Roman observers ; tribes which were on the borderland of Roman civilisation. Closely akin to these must still have been, four hundred years later, the institutions of the more remote German tribes who had never come within the range of Roman influence ; among whom are to be reckoned our English progenitors when they were still dwelling in Friesland and Jutland. They were free folk whose organisation was tribal ; that is to say, its fundamental basis was the idea of kinship. The tribe, when it ceased to be migratory, settled down in groups of agricultural households, each forming what we will call a village community, reproduced in the English conquest as the *tun* or township. For administrative purposes these communities were associated in larger groups which appear in England as *hundreds*, while something corresponding to the whole tribal territory may be found in the shire, and the union of tribes is the equivalent of the larger aggregate called the kingdom.

Without being mathematically accurate, the grouping has a decimal foundation, with ten or more free families to the township, the village, and ten or more villages to the hundred. The village manages its own affairs in a town-meeting of the freemen. The hundred looks after administrative business which affects the whole group, in the less frequent assembly of the freemen of the hundred, the hundred-moot ; and more rarely there is an assembly of the freemen of the tribe to deal with matters which concern the whole tribe. There are particular families which enjoy a hereditary prestige ; their members form a superior council with whom lies the initiative ; and, when the tribe goes to war the war-lord is chosen from among them.

The English
before Eng-
land.

Organisation.

The war-lordship tends to become not a temporary but a permanent office, the succession to which is confined to one family, and acquires a character of supremacy in peace as well as in war, without depriving either the council of chiefs or the tribal or local assemblies of their functions.

We cannot pass over the political side of the organisation, but the constitution of the village is of more direct interest for our present purposes. The village appears as a group of free households surrounded by plots of cultivated land assigned among the households, with a wide area of waste land beyond, belonging to the community but not portioned out. The cultivated plots are definitely apportioned, each household taking as its own the produce of the shares allotted to it. But at first the allotments are not permanent; they are allotted afresh each year, and it is only by degrees that this custom gives way to that of each household retaining the same plots in perpetuity. Every household has attached to it occasional slaves, captives or the descendants of captives taken in war for the most part; but their numbers are few, and they are merely menials without rights and without a yard of soil. The holdings are free holdings, and the freemen have no obligations beyond what under other conditions we should call their public obligations as citizens.

In such fashion the tribes of the English were dwelling in Friesland in the fifth century, when an increasing population and the pressure of tribes from the East impelled them to seek a new habitation, and sent bands of invaders across the sea to Britain, which offered an easier prey than the lands already occupied or in process of occupation by their German kinsfolk.

We are not to suppose that an English nation dwelling in Friesland took to its ships and transplanted itself to the shores of Britain. After the outset, movements of whole tribes are no doubt conceivable, but, at least to begin with, we should expect not tribes, but mixed bodies of volunteers

attached to the standard of some adventurous chief to form the invading groups; of free soldiery, seeking new homes, bringing their families with them, or only waiting to send for them until a firm foothold had been secured on the soil. These, forming the advance-guard, were followed up by reinforcements as it became apparent that there was a whole land lying open before them for conquest.

It was the practice of the conquerors as they advanced to extirpate the Britons, and to plant settlements from their own ranks after the ancestral fashion. As a district was cleared of foes, land was allotted to groups of families, commonly composed of kinsmen, who gave their name to the 'ham' or 'tun' on which they were settled. The thoroughness of the extirpation of the Britons is demonstrated by the contrast between the Teutonic conquest of this island and the Teutonic conquest of Gaul, where the tongue of the conquered people triumphed over the tongue of the conquerors. In spite of Goths and Franks and Lombards, Spain and France and Italy remained Latin, but only a stray Latin word here and there found its way into the speech of the English. The Roman *castrum* or fort survived in sundry place-names, and the English 'tun' or 'ham' was varied by 'wick,' the Latin *vicus*; as American or Australian colonists have occasionally appropriated aboriginal place-names. The Britons had become Christianised; that Roman emperor who gave Christianity precedence over the other religions of the empire started as the master of the legions in Britain. But the English received no tincture of Christianity from the people they conquered. Had they retained in their midst a large Welsh or Latin-speaking population with whom they were in constant contact, it is incredible that the language and the religion of that population should have been totally effaced. It is still more incredible that while Welsh and Latin were effaced, and Christianity vanished, the principles of Roman law should have found their way into and actually dominated the ancestral customs of the English.

What we have to expect, then, is that while the character of the Conquest, effected primarily not by tribal units but **The English in England.** by associations of free warriors from various tribes, made the army instead of the tribe the grand unit, the fractions of the army would be organised as the fractions of the tribe were organised. And accordingly we find the army with its chief forming a petty kingdom which, when afterwards absorbed along with others into a larger kingdom, became the shire. And the shire was divided into hundreds, and the hundreds again into townships or villages. Each village consisted according to precedent of its group of free householders, occupying and tilling arable land allotted to the various households, and the undistributed pasturage or waste land which lay beyond. In the earlier stages at least, there was plenty of room for expansion in each village, by the taking in of waste land; and there was plenty of wholly unoccupied waste land, on which new villages might be planted when the overflow from established villages made it desirable. Again, in accordance with precedent,

Slaves. there were a few slaves in each village—captured Britons whose lives had been spared, or the offspring of women who had fallen into the hands of the victors, or of slaves from the old homestead in Jutland or Friesland, or English who, by the fortunes of war or some other accident, had fallen into servitude. That such accidents did occur we know from the familiar tale of Gregory the Great and the English boys in the Roman slave-market. But these slaves were still an insignificant fraction of the population.

The question arises whether this village of freemen was a 'community' in the sense that its land and its goods were **Private Ownership.** regarded as common property. Whatever may have been the position in the earliest agricultural communities, there is no evidence that a real common ownership ever existed in England. That is to say, there is no reason to doubt that from the beginning the strips of land allotted to each household were allotted not annually but

permanently. But there was not ownership in the sense that every man has a right to do what he chooses with his own, so far at least as land and ploughs and plough-teams were concerned. The produce did not go into a common stock, but the cultivation* was carried on under a common rule, and by common labour to which each household had to contribute its quota. Nor did each household come into possession of its property because a particular family took up a particular piece of land. On the contrary, a particular area of land was allotted to a particular group of freemen, and that group of freemen divided it up among themselves in the fashion prescribed by ancestral custom. The primary aim of this custom was not convenience or productiveness, but equality. Every household was to have an equal share in every kind of soil, good, bad, or indifferent. We assume, for the purposes of explanation, the correctness of those authorities who reckon that the amount of land called a *hide* was the quantity of arable land originally allotted to each household, and that a hide contained approximately a hundred and twenty acres. The land of the village was not parcelled out into ten hides, one of which was taken up by each household. On the contrary, the whole land was parcelled out into a number of narrow strips, and if there were ten households, each household had one strip in each group of ten strips. The householder did not settle for himself in which of his strips he would sow barley or oats or wheat, or which he would leave fallow; every batch of strips was ploughed or sown or left fallow by common rule. The householder did not plough his own strips with his own team; the same teams ploughed the strips of all.

Subdivision afterwards brought down the normal holding to thirty acres instead of one hundred and twenty; but the thirty acres still meant merely a fourth of the original number of strips. When, if ever, the hide and the holding were identical, each household probably provided a full ploughing team of oxen; as there

is good reason for identifying the hide with the 'team-land,' the amount of land to the ploughing of which one full team sufficed. But when the hide ceased to be the normal holding, each household supplied only its own quota towards a team. This does not constitute corporate ownership in a legal sense, but it constitutes something very like common ownership in a popular sense. And this kind of common ownership, or at least common management, fits in with the theory that the holders were freemen, jointly managing their own affairs, and taking their own part in the joint administration of the larger groups.

Tillage was conducted universally on what is called the Open-Field system; that is, the plots of the occupiers were **The Open Field.** separated, not by hedges, but only by an unploughed line or balk. In a typical village the plots would consist of acre, or sometimes half-acre strips, forty rods in length and four in breadth. Cricketers might prefer to put it that the breadth was one cricket pitch, and the length ten—ten cricket pitches being a furlong or *furrow-long*, the normal length of a ploughing furrow. Consequently, at the early stage, when each household was supposed to have as much as a team could plough, and the hide, the team-land, and the allotment, all meant the same thing, the share of each household consisted of one hundred and twenty separate acre strips, of which no two were contiguous.

At first the simple and obvious system was followed, of leaving the ground fallow in alternate years; which is called **Two and Three-Field Systems.** the Two-Field system. But in the course of time the Three-Field system was introduced and gradually spread, though the old Two-Field system died very hard. The Three-Field system took two crops off each field in each triennial period, leaving the field entirely fallow for one year in three; the two crops being different in character, barley for instance replacing wheat in the second year. The Three-Field system belongs to a rather more advanced state of husbandry than the Two-Field system; but there is certainly nothing to show that its introduction points to

a continuity of cultivation by a servile British population, already accustomed to it before the advent of the English.

Our picture, then, of the English Conquest shows the country dotted more or less thickly with villages, where the soil is cultivated by settlements of free warriors who are in possession of a few slaves. But long ^{The Ceorl.} before the Norman Conquest the freedom of the freemen was curtailed. Politically, they stood where they had always stood. The *ceorl*, as the ordinary freeman was named, continued to take his part in the hundred-moot and the shire-moot, and to carry arms in the *fyrð*, the gathering for war of the fighting men of the shire. But he had become subject to an overlord. His normal holding had fallen from the hide of a hundred and twenty acres to the quarter-hide or virgate of thirty acres; and he had an overlord to whom he had to render a certain amount of the produce of his own holding, and for whom he had to do a certain amount of agricultural labour. Moreover, in most villages a substantial proportion of land was held not by ceorls, but by the lord; and this land was cultivated mainly by the labour services which the ceorls were required to render. The ceorl considered himself a freeman, but he occupied his land upon condition of rendering service to some one else who was looked upon, or was coming to be looked upon, as the actual owner. After the Norman Conquest, the ceorls in general, now named by the Normans *villani* or villagers, lost their ^{Loss of Freedom.} status as freemen altogether. At the time of the Conquest they had not lost it, but in a sense they were not free, because they were bound to render services. How did this change from the original state of complete freedom come about?

Freedom is a tricky word, with different meanings in different contexts. It does not necessarily postulate equality. In claiming freedom for the original ceorl we do not claim that he was without obligations to any superior authority. Again, when we say that the village consisted of free households, each having originally equal allotments, that does not

preclude the possibility of one household having more than one allotment even at the outset, and still less of one house-

Inequalities. hold acquiring additional shares from others. In the natural course of events, it might be expected that in many villages one family would accumulate allotments at the expense of others, adding virgate to virgate, whereby what ultimately became 'demesne' lands would be formed.

Moreover, the fact that the ceorls were free would not preclude the view that the chief, the king, had certain rights to a tribute from the produce of each community, or that he should transfer those rights to other persons. Long before we have definite evidence of ceorls owing agricultural service to their lord, kings of Mercia and Kent and Wessex were granting lands which were already in occupation, and those grants could only mean that the king was delegating such rights as he already possessed. In effect, so far as the occupiers were concerned, he was substituting some one

Crown Rights. else's lordship for his own. Such lordship may originally have meant nothing more than a right to claim contributions in kind from the villagers. There is no particular difficulty in supposing that lordships in this sense were habitually bestowed at a very early time, before the attestation of the gift by a formal document converted lands so bestowed into *doc-land* held by written title, instead of *folc-land* held by customary title.

The substitution of services for contributions is intelligible. It was a normal outcome of hard times. The Danish invasions of the ninth century, the burden of the **Services.** institution of the danegeld at the end of the tenth century, and the Norman Conquest itself, all bore hardly on the ceorl, and gave an impulse towards the closer subjection of the ceorl to his lord, without implying that there was anything properly characteristic of serfdom in that subjection.

A good deal more might be written on this head, but enough has been said to indicate that the development of what was afterwards called villeinage is in itself perfectly consistent

with the original freedom of the ceorls. But when we have distinguished between free occupation and occupation by freemen, we can go on to say that whatever may have been the case at first, free occupation was the exception, not the rule, certainly in the eleventh and probably in the tenth century; and that for an indistinguishable period, stretching into the earlier past, there was a considerable amount of occupation that was not free. In the tenth century every occupier of land was necessarily attached to some lord or other. Where this did not carry with it the obligation of agricultural service, a condition especially prevalent in the prosperous eastern counties, the bond was a very loose one, and the freeman could often transfer his fealty and his holding from one lord to another. Such transfers were not compatible with the obligation to agricultural service, which could only apply effectively when the lord held his private demesne lands in the same village as the ceorl. The ceorl, who had to give his lord three days' work in the week, could not do so if the lord's private lands were at a distance; but, correspondingly, in those occasional villages where there were no demesne lands at all, the several villagers might be attached to several different lords.

So far we have seen no reason for disturbing the general belief that the English virtually extirpated the Britons as they conquered them. We have found the villein tenure of later times an explicable development from an original tenure by groups of free warriors, whom we incline to describe as owning their plots in severalty, but working them under common management. The fact that in the Roman world something like villeinage had already come into being would explain the origin of villeinage, if we had other strong reasons for supposing that the English did not extirpate the Britons, but kept them on the soil living much as they had lived before. The Open-Field system, the Three-Field system, the measurements, the communal working, are all entirely compatible alike with a purely Germanic origin or with the continuity of Roman

**Free and
Unfree Occu-
pation.**

**The Roman
Theory.**

methods. But if villeinage suggests the latter, it does not necessitate it, whereas the political freedom of the *ceorl* cannot be accounted for unless the occupiers as well as the lords of the soil belong to the conquering race. Cases occur **servile Villages.** which suggest that some Kentish villages and others were held by occupiers in a more servile condition, who had not suffered the common fate of those who resisted the invader. But we may recall that the general principle of extirpation did not prevent the Hebrews from sparing the Gibeonites. In the lands last conquered, on the western marches, a considerable proportion of Welsh were undoubtedly spared, and as a consequence there was a much larger servile population in those regions than elsewhere. But the disappearance of the language, the religion, and the customs generally of the conquered race, remain evidence of their general extirpation which altogether outweighs the arguments adduced to the contrary.

Further, the Romans had created a town life all over the country which completely disappeared with the English **Disappearance of Towns.** Conquest. The English were entirely farmers and warriors before they came to England, and farmers and warriors they remained until the Conquest was completed. Then they forgot much of the soldiery and most of the seamanship of their era of expansion. Their farms provided them with food and materials for raiment, the forest with building materials, and the soil with the iron and tin out of which their smiths wrought tools and weapons. The village was self-supporting, and commerce amounted to little beyond the exchange of the actual superfluities of one village for the actual superfluities of another. There was little commerce with the Continent, though Offa of Mercia in the eighth century had dealings with Charlemagne, and Alfred in the ninth century travelled with his father to Rome, and when he became king, laboured hard to introduce the advanced educational ideas of the Continent.

The great modifying factor in the progress of England is to be found in the Danish invasions and settlement. The

invasions probably gave an impulse to the process which differentiated between the more and the less prosperous ceorl, and curtailed the freedom of the latter. But the Settlement had the opposite effect, **The Danes.** and in the eastern counties themselves the occupiers in general remained much more free from the harsher conditions of tenure than in the south and west. Nor was this the only effect. The Danes were a more enterprising folk than the English, with a greater lust for wealth, which they sought to acquire by trading when that course was more convenient than robbery. They were accomplished seamen, and the English themselves recovered a good deal of their own seamanship under stress of the strife against maritime invaders. Hence the coming of the Danes developed internal trade, introduced the element of what may be called commercial enterprise, and increased commerce overseas with the Continent.

The English, as we have said, did not plant themselves in the cities which had arisen under the Roman régime save in exceptional cases. Their methods did not **Town** favour the development of town life. But **Beginnings.** communities which by comparison deserved to be called towns, larger aggregates than the ordinary village, inevitably grew up. Small as was the commerce, particular spots tended from convenience of situation to become centres for exchange, where would-be buyers or sellers inclined to congregate, and whither an increasing population was necessarily attracted. Fords and bridges by which the wayfarer must pass, cross-roads, shrines to which the pious made pilgrimage after Christianity was established—these were points to which traffic was drawn by merely natural causes. Obviously places on the great thoroughfares, the mighty Roman roads, had a general advantage, and especially the sites of the Roman cities. The multiplication of traffic led to the organisation of the weekly market, and, in exceptional cases, of the periodical fair, attended by enterprising visitors from greater distances. The Danes, again, taught the English

the defensive advantages of entrenchments and fortifications, and the additional security of fortified places increased their attractions as trading centres. Thus in most of the shires one or two places acquired a special pre-eminence and developed a special administrative organisation, following on the Danish settlement in the Danelagh.

But even the largest of the towns had scarcely acquired what we can really recognise as an urban character, so late as the time of the Norman Conquest, unless we
Specialisa-
tion. except London, which possessed unique advantages as a port and was already something of a general emporium. Apart, perhaps, from smith's work, there was little of skilled craftsmanship. Most men continued to be occupied with agriculture, even where the village had swelled into a town. Where the dwellings of a comparatively large population are collected together in a comparatively small space, there must obviously be a tendency towards specialisation of employment; specialisation leads to speculative manufacture for the chance customer instead of mere production to order, and invites in turn the purchase of ready-made goods, so that specialised trades were gradually coming into being; but the process had not gone far, and the specialised trades were still few.

It is always necessary to bear in mind, though reminders may be somewhat tedious, that exchange was still for the most
Money. part a matter of barter. A gold coinage was non-existent, and silver was a commodity not yet in general employment as a medium of exchange, even though values might be measured in terms of coinage. Money payments, in fact, for ordinary folk were only an occasional alternative to payments in kind; and for the larger transactions, which were beyond the means of ordinary folk, where bullion passed, it was for the most part measured by weight, not by the number of coins of a given value.

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CHAPTER III

THE NORMAN CONQUEST

ON Christmas Day, 1066, William, Duke of Normandy, was crowned King of England. He professed to claim the Crown not by right of conquest, but as the legitimately elected king, the lawful successor of Edward the Confessor. Harold, according to William's theory, was a perjured usurper whose guilt was shared by those who had supported him in arms, and in a minor degree by those who had acknowledged him as the rightful king without giving him actual assistance. It followed from this theory that the Norman, ostensibly at least, was to rule not arbitrarily as a conqueror, but in accordance with precedent. On the other hand, William had a swarm of followers who wanted rewards in the substantial shape of land; a need for which ample provision could be made out of the estates forfeited by Harold and the rest of the 'rebels,' mainly in the southern portion of the kingdom. In the course of the next four years, however, revolts in the north and the west gave ample excuse for extensive additional forfeitures and the bestowal of estates upon the Frenchmen.

The theory of the government was not affected by these occurrences; but the practical effect was that the bulk of the estates held by laymen passed into the hands of Normans, who held their land direct from the king, while the balance, in the shape of a considerable number of quite small estates, were left to their Saxon holders as tenants from the king. At the same time, the higher ecclesiastical and monastic appointments were systematically bestowed, not on Englishmen, but on foreigners. Thus,

although the laws relating to the occupation of land were not supposed to be changed, all the magnates were foreigners who interpreted custom and law after their own fashion; with something more than an inclination to wrest the interpretations in their own favour, to magnify their own rights, and to minimise the rights of the population. Moreover, it was inevitable that even with the very best intentions, the Norman lawyers should read their own theories of the law into the institutions with which they found themselves dealing; in the same way that, to take a case where the circumstances recurred in a highly exaggerated form, British administrators in India, from Cornwallis onwards, introduced Western conceptions into their administration when they were honestly endeavouring only to systematise the existing law in Bengal and elsewhere.

Now it was in entire accordance with the Norman theory that William, shortly before the close of his reign, gave **Domesday Book.** orders that commissioners should make that great survey of the realm which was recorded in the work called Domesday Book, and in certain subsidiary compilations, in the year 1086. The survey was not made in order to simplify the task of future historians, and therefore it left unrecorded and unexplained much that we should have liked to have recorded and explained; because these matters were irrelevant to the very precise and definite purpose for which the survey was undertaken. This purpose was to ascertain the exact taxable value of the land for danegeld. The danegeld, it will be remembered, was the land-tax, originally instituted by Ethelred the Redeless to provide a ransom for buying off the Danes, and subsequently employed as a war-tax. It was the object of the Domesday commissioners to ascertain actual facts, and our chief difficulty in assimilating that invaluable compilation lies in our uncertainty as to the precise meaning of its terminology, which did not present the same difficulty to the compilers.

Domesday Book, then, is our grand authority for the actual condition of England in the year 1086 as seen through the eyes

of the Norman commissioners, who collected their information on the spot from responsible witnesses, Norman and English.

Let us begin with a classification of persons. At the top of the scale is the lord, the landholder who has rights over other persons. At the bottom are the *servi*, serfs, who have no rights at all in law, or only very elementary ones. Between these, Domesday gives us five groups: *liberi homines*, *sochemanni* or sokemen, *villani*, *bordarii*, and *cotarii* or cottars. These evidently fall into two sections, and it will appear that the first pair stand on a superior footing of freedom as being themselves taxpayers, whereas the rest do not pay the king's taxes for which their lord is responsible. The word 'free' has different meanings in different contexts; in a sense, no one who has an overlord at all is absolutely free; in another sense, every one who possesses civil rights is free. An actual slave in the eye of the law is not a person but a thing, a chattel. But on the whole we must regard freedom as a question of degree, and classify as freemen those over whom their lord exercises only a comparatively limited authority, and as unfree those who are in a state of comparative subjection. *Prima facie*, we must assume that in the Domesday time the *villani* and the rest of the second group are to be classed as unfree, though they have not necessarily lost the civil rights which they possessed as free ceorls before the Norman Conquest. In theory indeed, they have not lost any rights merely as a result of the Conquest.

However, we must be content for the present to refer to those two groups who are neither lords over others, nor tenants-in-chief who have no lord but the king, nor serfs, as free and unfree respectively, without laying down precisely what it is that marks the division between them, between the villanus and the sokeman.

The next point we have to note is that there is what we may call a higher standard of freedom in that part of the country where the Danish element is strong, in fact within the Danelagh. Domesday only carries us as far north as

Yorkshire; the more remote lands were beyond the range of the commissioners, so that our evidence applies in effect to East Anglia and Danish Mercia. Domesday **The Danish Counties.** Book shows that in these shires there were very few serfs and a large proportion of free, as compared with unfree, occupiers of the soil. In the south and west, sokemen are rare and serfs numerous. We shall perhaps be justified in drawing the conclusion that the distinction between the sokemen and the class of ceorls now known as villani had not been a very marked one, and that either slightly greater prosperity, or a slightly greater tenacity of rights and privileges among the Danes, had preserved the Danish sokeman from dropping into the lower grade. That the prosperity was more marked in the eastern counties is fairly well testified by the recorded figures of population, for these figures show that in Lincolnshire, Norfolk, and Suffolk the population was about fifty per cent. greater than in the four western counties of Devon, Somerset, Dorset, and Wilts, though the latter had the larger area. And these Domesday figures or proportions remained practically the same in records two hundred and three hundred years later.

The serf is clearly marked off from the merely unfree men because he is actually saleable. The old serfdom or slavery, however, tends to disappear with some rapidity.

Serfs. The serf was so far an outcast that he was extremely anxious to be emancipated, and to pass into the ranks of the merely unfree; whereas the lord got very little advantage out of his actual serfdom, and generally had no objection to his purchasing 'freedom.' Hence the status of actual slavery practically disappeared by degrees, while the difference between free and unfree became more marked, and the terms villeinage and serfdom became appropriated to the whole unfree population.

Now when we pass from the serfs, representing the old **villanus and sokeman.** Saxon *theow*, to the discussion of the unfree and the free classes, we can see that both belong to what had been the class of free ceorls. The same

weregild applies to both; the compensation paid to the kinsmen for the slaying of one of them is two hundred shillings, unless he has attained to thegnhood, in which case the *weregild* is twelve hundred shillings. The distinction between them is not one which applies to their ordinary civil rights. Nor is it dependent on the amount of land they occupy. The sokeman may have as little as ten acres, while the villanus may have a whole hide of a hundred and twenty acres; and yet the groups are very definitely separated in Domesday, and still more at a later stage.

Now it is possible, not to say probable, that at the time of Domesday the distinction between the villanus and the sokeman did not present itself under ordinary circumstances as one of material importance. To the Domesday commissioners who were concerned with taxation and the collection of taxes, not with social status, it was a matter of first-rate importance whether the land-tax was to be paid by the lord of the soil or by its occupier. The fact that the commissioners dwelt upon the distinction does not in itself imply that the distinction was much more acutely felt, if it was one of recent institution, than that of the present day between the man who pays his own rates and the man whose landlord pays them. The lord in one way or another got back his equivalent out of the villein, just as the landlord gets back his equivalent in rent. It is, therefore, not surprising that inquiry does not at this stage reveal proofs of any very marked loss of freedom on the part of the villein. As yet there is no evidence of his being *ascriptus glebæ*, 'tied to the soil,' evidence that if he chose to migrate his lord could forcibly compel him to return. But that is precisely the condition which did arise later; the condition which made the term serfdom applicable to villeinage. How did this change come about in the case of the villein and not in the case of the sokeman? Not impossibly, precisely from this difference which at first appeared to be of importance only from the tax-collector's point of view. The man who paid the tax to the king's officers would naturally

come to be regarded as the owner of the land for which the tax was paid. In the eyes of others, the sokeman owned his land because he paid the king's taxes on it, in spite of his having other dues and services to render to his lord; but the lord paid the tax on the land occupied by the villein, of which he was therefore the apparent owner; the villein belonged to the land, not the land to him. Such an effect would not have been produced if migration had **A Little Rift.** been common or easily practicable. But, as a matter of fact, the moderately prosperous villein would have no inducement to leave his land, because only under very exceptional circumstances would he have any reasonable prospect of improving his lot by drifting off to another locality. The idea that he had no right to drift off would be evolved without much difficulty, whereas it would be by no means easy to suggest that the sokeman had no right to separate himself from the soil which was looked upon as being his own.

This, then, may suffice to account for the gradual establishment of the idea that the villein is, and the sokeman is not, tied to the soil; that the sokeman is a freeman and the villein is not. At the same time the development of this idea would react upon other conditions of villein tenure, always in the direction of tightening bonds, making deeper the distinction between free and unfree, and intensifying the tenacity with which the freeman clung to his freedom. But it leads also to the conclusion that the distinction we have drawn between the free and unfree classes amounted to little more than this at the time of the Conquest; that the position of the unfree contained, not yet obviously, the germ of serfdom.

The distinction between villani, bordarii, and cotarii, is apparently quite a rough one, dependent approximately on **The Villein Group.** the size of the man's holding. The normal holding of the villanus is approximately thirty acres of arable land, a virgate, or quarter of a hide, though he may have as little as half a virgate and as much as a whole

hide, or it may be more. The normal holding of the bordarius seems to be ten or fifteen acres, but he may have no more than five; while the cotarius may have anything up to five acres. All these three groups of villeins and most of the sokemen owe some kind of agricultural service to their lord. The lord can claim always a definite amount of time and labour to be expended on his own private estate or demesne by each villein, but there is no uniform rule. Broadly speaking, the bigger a man's own holding may be, the more of his time and labour a lord can claim; but for extra time and labour the lord must pay. On the other hand, the villein, it seems, has sometimes commuted a part of the claim on his labour for a payment in kind or in cash. We are led to this inference: the cottar with his fragment of ploughland, and subject to only a small claim for labour on the part of his lord, must have had a good deal of time on his hands; the villanus with thirty, sixty, or a hundred acres, and comparatively heavy demands on his labour from the lord, would need the help of additional labour; so it may be assumed that the cottar, besides working his own patch, is also a labourer working for wages on the land of the wealthier villanus or sokeman, or on the lord's own demesne. At this stage, the Domesday stage, the lord's demesne is distinctly that part of the whole estate which he cultivates for his own use, which is not occupied either by villeins or sokemen.

Of the sokemen it is clear that they were not, as sokemen, free from claims of service on the lord's part. But whereas the villein was never exempt from such claims, the sokeman might be, but was not necessarily, **sokemen.** subject to them. The lord's grip on the sokeman might indeed be a very slight one; sometimes a sokeman might even own two distinct lords; and sometimes he had the power of changing his lord, and, so to put it, of taking his land with him. As long as he was personally responsible for paying the king's taxes, he held a comparatively independent position. When once that responsibility had been

shifted to the lord, the lord's grip on him tightened. Further, the less he prospered, and the greater the difficulty he consequently found in personally meeting the demands of the tax-collector, the stronger was the inducement to him to transfer that responsibility to the lord, and to pay the penalty in the shape of a more complete subjection to the lord. Between 1066 and 1086, Domesday reports that numbers of sokemen had turned into villani. Almost throughout the Norman period, during the half century after the Conquest, and during the later period of anarchy under Stephen, there was a constant tendency for the sokemen to drop into the ranks of the villeins. For the Normans looked upon themselves as conquerors, in spite of all royal theories to the contrary, and missed no opportunity of tightening their grip upon the conquered English. On the other hand, as the sense of this relation of conquerors and conquered

Reaction. passed away, and the strength of the central government became established, a reverse process set in; the villein who prospered sought to recover the status of a freeman, the lord was not unwilling to exchange rights over the villein's person for a sufficient consideration, and the number of free occupiers of land increased again.

The nature of the services which the lord could claim from the villeins varied. As a general rule he had a right to one day's labour on his demesne weekly from each cottar, and

Services. to two or three days from the villanus, besides additional work in ploughing and reaping seasons. This meant not only the man's own labour, but the labour of the plough-teams. It is probable that as a matter of convenience the personal labour of the villanus was not always required, provided that he supplied the equivalent in hired labour for which he paid, and which the cottar was willing enough to undertake. We shall be naturally disposed, in those completely rural communities where there was no actual servile population, to find the cottar class providing so much of the non-agricultural labour as was not

discharged by each man in his own homestead—the work of the village tiler or thatcher, the village carpenter, or the village cobbler, as well as the extra hired labour on the lord's demesne which was not sufficiently provided for by the weekly services or the special periodical 'boon' services.

Whatever powers the lord may possess over the person of the villein, he cannot turn him out of his holding so long as he discharges the specified services, which the lord has no right to increase. The holding, ^{Security.} moreover, is heritable; that is to say, it passes to an heir who is legally entitled to claim it. This heir may be the eldest son, but there is a widely spread custom, known as Borough English, by which the holding passes, not to the eldest, but to the youngest son; there is a local custom called gavelkind, by which it is divided among the sons, prevalent in Kent; and there appears to be yet another custom by which it descends nominally to a single heir who is technically responsible for all the obligations, whereas in practice the brothers hold shares and discharge the obligations among them.

The free tenants are those who are personally responsible for paying the king's taxes, but are not tenants-in-chief; that is, they hold their land from or under an overlord other than the king; for every one ^{Freemen.} must have some overlord, either the king or another. There is nothing to prevent one man from being a tenant-in-chief in respect of one estate, and at the same time holding other estates from some other overlord.

The freeman who holds as much as five hides is thegn-worthy, that is, he is entitled to rank as a thegn; he is required to attend the military shire-levy with horse and heavy armour, or to provide a substitute; and his oath and his weregild count for six times as much as those of the soke-man or villein; for the villein, as we have already noted, has not lost the civil rights of the free ceorl. It sometimes appears, however, that the thegn might be, so to speak, several persons; that thegnhood descended and not of

necessity to a single heir ; so that three or four grandsons say, of a thegn, might all be thegns, though none of them individually had five hides of land, and they were only bound collectively to supply one heavily armed horseman.

Now let us turn to another aspect of the rural structure. The territorial unit is the English *tun* or township, now translated into the Norman *vill*, as the ceorl, **The Territorial Unit.** the typical man of the township, is translated into the villanus, the typical villager. The vill is the entire group of holdings within a defined area. But the vill is a territorial, not a fiscal unit, though it appears in certain other respects to be an administrative unit. It is not a fiscal unit ; it is not taxed as a vill, for it may contain several taxpayers, and even the villeins upon it are not necessarily all the villeins of the same lord. Domesday Book, having been compiled for fiscal purposes, does not treat of the vill as a unit ; its unit is the tax-paying estate. So Domesday Book introduces us to another new term, *manerium*, 'Manor,' **The Taxable Unit.** which at this stage is the taxable unit, or at any rate a taxable unit, though it acquires a different signification as developed in the manor of the Plantagenets. As a matter of fact, there is a very frequent correspondence between the manor and the vill which has led to their being very generally identified. But the Domesday manerium is very often much smaller than a vill ; in many cases it is much larger ; portions of it, again, are sometimes found, not only in different vills, but in different hundreds, which are themselves groups of vills ; and the occupiers of a single vill, such as that of Orwell in Cambridgeshire, may hold of half a dozen different lords.

The failure of the correspondence between the manerium and the vill in Domesday is characteristic of the eastern counties, where the free tenants are comparatively numerous.

Manor and Vill. The vill, in short, is an agrarian unit, worked by the joint teams of its villagers, but it is not necessarily, or even in some parts of the country probably, identical with a manor, or under a single lord of the manor.

The manor cannot be identified with a vill, and portions of different vills may be included in one manor. It would perhaps be too much to say at present that the manor must be regarded primarily as a fiscal unit; but Domesday Book appears to treat it in that light, for the reason that Domesday Book was compiled for fiscal purposes.

The vill, whether it did or did not correspond accurately to a particular manor, was the agricultural unit. But circumstances occasionally caused the enlargement of the unit, either by expansion or by combination with a neighbouring vill or vills. Presently the old name of *tun* or 'town' is going to be appropriated to this larger community, while the smaller will keep its Norman title of vill, 'village.'

As yet, however, the expanded unit has no distinguishing name unless it is classified as a 'Borough.' The borough itself is still an agricultural community, a collection of dwellings more or less in the centre of Boroughs.

the fields attached to it, on the produce whereof it chiefly subsists; and its population is mainly occupied with the cultivation of those fields. Broadly speaking, the boroughs are to be identified as the most prosperous towns; the most prosperous, that is, of those larger aggregates which are something more than the original *tun*. But of the boroughs recognised in Domesday, we find that each shire contains one and commonly not more than one, from which it is a safe inference that the borough was not a purely natural growth, but was to some extent an artificial creation.

The name *burh* itself implies that the borough originally bore the character of a military stronghold. The development of military strongholds was a lesson in the Probable Origin. art of war which Alfred the Great learnt from the Danes, and which Alfred's successors turned to account in establishing their effective supremacy over the whole of England. The natural inference is that a fortified military centre was established in each county, though the selection of the site would be controlled by many considerations other than those of pure strategy. The Englishman believed in

the principle that men, not fortifications, afforded the best defence ; it was only in part that he learnt from the Danes that fortifications are valuable. But in part he did learn it, and realised that the dwellers in and round a fortified place enjoyed a greater security than those who lay at a distance. Thus there would be a double tendency ; to plant strongholds in the places which it was of the first importance to protect, and to attract a population to places where strongholds were planted. The English had none of the military instinct which realises that the strongest defence lies in the power of striking, and chose rather to fortify important places than to plant fortresses at strategic points. It was not the establishment of strongholds with an eye to military effectiveness which raised the locality to a position of importance, but in the great majority of cases it was the importance of the place which led to its selection for fortification.

Hence the place of most importance in each county would naturally be the first to demand selection as a stronghold.

Garrisons. But the presence of the fortifications, the fact that the place was treated as a military centre, would react as an attraction to an increased population, at least during such times as the country was exposed to the depredations of hostile troops. There is evidence also which seems to point to the presence in the boroughs of garrisons ; of houses held within the borough by various lords and magnates, houses which 'lay in' distant manors, and 'belonged to' domains quite remote from the borough itself. The burgesses hold of many different lords, because the borough was not merely a vill which had fortified itself, but was, so to speak, a garrison town, with the security of which many people outside its own normal inhabitants were concerned. This lord and the other held so many houses within the borough for occupation by the contingent of the garrison for which each was responsible.

In view of its importance as the military centre or a military centre of the county, a borough, created let us say by Edward the Elder or Athelstan, would inevitably

have a special relation with the central government and the king. Moreover, its military character, its abnormal qualities, would take it out of the natural and normal administrative organisation. Accordingly, the borough had its own moot, its own court; the king himself had a house or houses in it, and apparently special regulations were applied within a radius (measured accurately down to perches and feet) which applied to the precincts of a royal residence. The 'king's peace' in the special sense is maintained within the area. Here again is a special reason which makes it attractive to the trader. Probably it is already a market town, but if not, there is an additional inducement to give it that character, because the king and the magnates will profit by the tolls which they can very fairly claim, since the market derives so much of its value from the security given by the military character of the place.

Now if all these considerations are sound, the boroughs received their great impetus, which separated them from the rest of the community, mainly in the tenth century. The militarism of Alfred's successors was the aftermath of a great national emergency; the military impulse then died down, and the boroughs lost their primary military character, but they still retained the peculiarities of organisation which had been derived from it. For military purposes, the Norman government relied not on the garrisons of the boroughs, which had ceased to be garrisons at all, but on the garrisoned castles planted for strictly military purposes, either to overawe the native English or to command the Welsh and Scottish marches. But the organisation, developed in what had been, but was no longer, a military centre, became the model which growing towns naturally tended to follow; nomenclature was appropriated to the form of the organisation without consideration of etymological fitness, and towns passed into the category of boroughs which had never been strongholds at all; while places which had been primarily strongholds, as testified by such terminations as *borough*, *burgh*, or *bury*, never came into the classification.

CHAPTER IV

THE MANOR

WE have laid considerable stress on the fact that the Domesday manor, though in a great part of the country it corresponded to the vill, was, at any rate as far as the eastern counties were concerned, by no means to be identified with it. The point is of importance mainly in connection with origins, and only in much less degree as affecting actual social conditions.

The Question of Roman Influence. The manorial system itself immediately suggests derivation from Roman law, not from Teutonic custom. Taken by itself, if it could be regarded as characteristic of the English system from the beginning, it would point to a very strong survival of Roman influence, and to the domination of Roman law over the Teutonic conquerors, as happened in the south and west of Europe. It is perfectly clear, however, that the tun, the Norman vill, was the original unit of settlement. If the manorial system prevailed from the beginning, each settlement would have been a manor with its lord exercising jurisdiction over the subject occupiers of the soil. The development of large manors by the combination of single manors would have followed naturally enough; but it would be practically impossible to account for townships where there was no lord of the manor, and for townships where a dozen occupiers were the 'men' of half a dozen different lords.

The position of affairs as shown by Domesday Book compels us to this choice between alternatives: either the English covered the country with settlements of free occupiers on the Teutonic lines, who developed a system of subjecting

themselves to overlords, primarily by the process of commendation, but with a general tendency to make the subjection more and more complete as time ^{The} passed by, or else we must assume the original ^{Alternatives.} identity of the manor and the township, and regard the break-up of the manors in the eastern counties as an effect of the Danish invasions and occupation, introducing a new element of independence. A material difficulty in the way of accepting the second interpretation is to be found in the fact that Yorkshire is a county in which the manors are strong, while it is also the county where in all other respects Danish predominance is particularly marked. On the whole, therefore, we regard the evidence of Domesday as tending to confirm the view adopted in the second chapter, that the original English settlement, the tun, was a free community, and that the manorial system was produced by natural evolution, the adaptation of existing institutions, to changing circumstances.

But whatever conclusion we arrive at on this head, the fact remains that the manorial system was actually in force over the greater part of the country before the ^{Under the} Norman Conquest; that in the twenty years ^{Plantagenets} between 1066 and 1086, and certainly for some time longer, the Norman manorial lords were absorbing the free tenants under their dominion, that is, the free tenants were passing into villeinage; but that under the Plantagenets, the opposite tendency was at work, and villeins were again passing out of bondage into the position of free tenants. Thus, broadly speaking, in the Plantagenet period we find the greater part of the country composed of manors, while beside the holdings in villeinage are the holdings of free occupiers or yeomen, as we may call them, numerous in the eastern counties but comparatively rare elsewhere. Town development is to be dealt with separately; it is in the manors that we have to study the condition of the rural population which formed the immense bulk of the English people in the Plantagenet period.

Now, although we emphasised the fact that the manor

and the tun were not to be identified in theory, it remains the case that manor and vill did normally coincide. The manor was an agricultural unit to a considerably greater extent than it had been in Saxon times, and in the first years following the Conquest. The normal manor then consisted of the lands, and the community occupying those lands, over which the lord of that manor held sway. A portion of the land, which we still call the demesne land, the lord held to his own use; the rest was occupied by villeins. The tendency had developed for the lord to concentrate the demesne lands, that is, to accumulate the contiguous strips, so that the plots which made up his share lay together. But the general system prevailed which had prevailed in Saxon times. The virgate or half-virgate which formed a normal holding did not consist of a single piece of land, but of scattered strips; and the demesne usually included at least a large proportion of the scattered strips.

Meadow and pasturage were not allotted severally, but were used in common; the man who held a virgate of land held thirty acres of arable land, which might be thirty separate strips. He did not work his own land with his own labour and plough it with his own ox-team; the work was done jointly with joint ox-teams. There were eight oxen to a team, to which the occupier of a virgate contributed two; and the team did not plough Hob's strips to-day, Wat's to-morrow, and Peter's the third day, but whatever strips or portions of strips came into its full course, including what there was of the lord's demesne that lay among the mixed fields. The lord had teams of his own, and the demesne was ploughed partly by these and partly by the villein's team, mainly by villein labour, partly by paid labour, and it might be in part by actual servile labour, the labour of a remnant of what had been a small population of actual slaves.

It was probably comparatively unusual to be lord of one manor and only one. The lord of many manors probably

moved from manor-house to manor-house among those which he chose to retain for his own residence. In such cases the lord would have a bailiff on each estate who looked after the demesne, and saw that the **The Demesne.** villeins rendered their proper amount of service, and otherwise discharged their obligations. The villeins, on the other hand, had their reeve, elected to represent them in the dealings with the bailiff, and responsible for the proper performance of their services. The lord of many manors probably had also a steward who visited the various manors, supervised the bailiffs, and presided over the manor courts in the absence of the lord himself. On the manors where the lord himself did not care to reside, it was common for the demesne to be farmed out, the 'farmer' making over a fixed quantity of produce to the lord, and getting his own profit out of the rest. Here we have the regular tenant-farmer coming into being in connection, not with the small holdings, but with the larger estates, the landlord's demesne. Sometimes the villeins as a body were allowed the 'farm' of the demesne, or of a portion of it.

The normal work done by the villeins did not materially differ from that which has already been described. So many days' work from each was claimed for the demesne, with so many days extra in ploughing **The Villein.** and harvest time. Carting was also a service required of them, and they usually had to make quarterly contributions of some kind of provender for which cash was sometimes substituted. Precisely what further control the lord possessed over his villeins it is difficult to say. It was one of the points insisted on by Henry II. in the Becket controversy that a villein's son might not take Orders without his lord's consent. A villein who deserted his manor was liable to be brought back by force. A particularly obnoxious point was that the lord's assent was required for the marriage of a villein's daughter, while another decisive point in the villein's status was that he might not sell an ox or a horse without the lord's consent, which is usually to be interpreted as

meaning without payment of a fine, called *merchet* in the former case. Question occasionally arose whether a man did or did not hold by villein tenure. Land was in many cases occupied subject to the ordinary villein services, but not actually in villeinage; that is, the tenant had his ordinary civil rights as against the lord, as well as against the public at large. When a man claimed that he was in reality not a villein but a freeman, it appears to have been held that even the week-services did not constitute villeinage, but that the restrictions as to marrying a daughter or selling an ox were decisive.

The lawyers in the reign of Henry II. had developed the theory that the villein possessed nothing of his own, and therefore could not offer a price to obtain emancipation, though a third party might pay for him. Public opinion, however, and the authority of the Church, recognised the villein's right in personal property, so that in practice he could effect savings and accumulate a little store with which his lord would not venture to interfere unless under very exceptional circumstances. The villeins had rights, too, as against their lord, who could not subject them to personal violence, at least of an extreme character. Moreover, they appear to have had certain powers of collective bargaining. The lord could not take up any portion of the common pasture without their collective assent, any more than he could deprive an individual villein of a portion of his holding, at any rate so long as the services and dues were discharged. This in itself seems to dispose of the idea that the lord could in practice sell the person of a villein, since to do so would be to eject him from his holding; though the lawyers, who were inclined to intensify the theoretical serfdom of the villein, affirmed that the lord had the technical right to sell him.

Domesday Book distinguished between the group headed by *villani* and the group of *liberi homines* and sokemen on the definite basis that the latter group paid the danegeld themselves, whereas the lord of the manor paid the geld in

respect of the lands occupied by the former. But however long this distinction may have lasted, it is clear that it ceased to be the basis of a legal classification; **Freemen and Service.** otherwise, questions as to whether a man held by free or by villein tenure could hardly have arisen. When it did happen that a villein's holding was vacated by death or failure of heirs, there was nothing to prevent a freeman from taking his place and accepting the usual conditions of service on which the lord would naturally insist, without forfeiting his freedom. He would not hold himself liable to those other *special* conditions, not really conditions of service, which had about them the taint of serfdom such as the two mentioned in a previous paragraph—conditions which in themselves tied him and his offspring to the soil. If there was no proof that he or his fathers before him had accepted such conditions, the courts would hold that he was a freeman. But there was nothing obviously servile in the payment of the geld by the lord, while it would be obviously convenient that when the lord had been in the habit of paying that geld, he should continue to do so. **What constituted Serfdom.** The Domesday villanus was distinctly not a serf; but what we may call the definition of a villanus inferred from Domesday Book served at the outset to mark the line on one side of which servile conditions were likely to be enforced, while they certainly would not be enforced on the other side of it. By the time that villeinage had become equivalent to serfdom in the eyes of the lawyers, the landholder who did pay his own geld was undoubtedly a freeman, but he whose lord paid it was not thereby necessarily stamped as a serf tied to the soil. It does not appear to be anywhere laid down as a fundamental axiom that any particular villein service implied a condition of villeinage; but we have the specific case recorded in which a man claimed freedom though he rendered all the regular services, and the case was decided in his favour on the specific ground that there was no evidence of his ever having paid a fine for the marriage of a daughter or for the sale of an ox.

Villeinage imposed on the villein a humiliating relation towards his own lord, but it deprived him of no civic rights in his other relations, and it carried with it an obligation on the part of the lord to protect him against outsiders. The position, in short, was not one of intolerable degradation, but it did carry with it a stigma which the villein was always anxious to escape. He always desired to attain freedom. Prosperity and thrift might enable him to acquire freedom by purchase; he might acquire it also by escaping to a chartered borough and getting himself enrolled in a trade guild, where, if he remained for a year and a day, he became a freeman. Full freedom, however, was not easily obtainable, or villeins would have quickly disappeared. But villein services were irksome; release from them diminished the humiliating character of villeinage, and there was a constant tendency for the villein to seek to commute villein service for payments in kind or in money. Such commutations were apt to be convenient enough for the lord, since he was thereby enabled to employ hired labour instead of forced labour, and all experience teaches that hired labour is more efficient. The hired labourer may have a very limited sense of moral obligation, and be disposed to do as little work as he can for the wages; but, taking the average, he feels that he must do something in return for his wages, whereas the labourer who works simply under compulsion will do nothing that he can see his way to evade. Commutation of services for payment therefore came into very general practice, and with it the increasing employment of the cottar as a hired labourer.

Thus we find wages and a form of rent taking the place of unpaid services. Still, however, this is not rent as we ordinarily understand it. It is not payment by the tenant of the value of the land he occupies, but payment which is the equivalent of services hitherto obligatory; a fixed amount not liable to fluctuation—not an economic rent.

Now it is quite clear that in the popular acceptance the payment of rent instead of service, whether by long-established custom or by comparatively recent com- **Rent and** mutation, was regarded as affording at least a **Service.** presumption of freedom. The ordinary services carried a presumption, but not a proof, of serfdom. It is not clear that even the most ignominious incident of serfdom, the *merchet*, was not occasionally exacted from occupiers who were admittedly free.

It has been pronounced with some emphasis that the villanus of Domesday was never the predecessor of the free yeoman. That pronouncement may now be revised.

It will be remembered that Domesday differentiated between the *servi*, the serfs at the bottom of the scale, the free *liberi homines* and sokemen at the top of **villanus** the scale, and the villein group whom we classed **and Villein.** as unfree in order to distinguish them from the definitely free above and the definitely servile below. But the distinction drawn in Domesday between the villani and the free group is one that carries with it no direct implication of servitude; it is merely the fiscal distinction between the man whose lord pays the danegeld and the man who pays the danegeld himself. But this, as we noted at the time, is not itself an obvious line of social demarcation, though it might very naturally coincide, at least approximately, with such a line. Next we emphasised again that Domesday explicitly distinguishes the whole unfree group from the servile group. Why, then, is it to be assumed that during the Norman period the whole of the unfree group passed into a condition of serfdom? There appear to be only two reasons on which this doctrine rests. One is that the bulk of the unfree did indubitably pass into serfdom; the other is that the name of the superior group of the unfree, villani, was appropriated to the whole body of serfs; villeinage and serfdom were identified.

But, on the other hand, we find ourselves immediately faced with the fact that a whole territorial section of Domes-

day villani claim in Plantagenet times to be not serfs at all, but emphatically freemen. These are the Kent men, villani, according to Domesday, because their lord paid the danegeld. But Kent was already characterised by the custom of paying rent instead of rendering agricultural service. Now the prevalent doctrine would seem to be that the lawyer's argument was, 'This man is a villanus, therefore he is a serf.' There seems to be good reason for thinking that the order of the argument ought to be inverted; it ran: 'The conditions of this man's service are not servile, therefore he is not to be reckoned a villein.' The conditions of the service of the great bulk of the Domesday villani had come to be regarded as servile, as implying that they were their lord's property bound to the soil, and the name of villein, by a sufficiently ordinary process, was restricted to those who held their land under these servile conditions. He was a freeman who paid the geld himself. He was a freeman also who did not hold his land under servile conditions, whether Domesday had classed him as a villanus or not; and such a man was no longer classed as a villein, because the lawyers had identified villeinage with serfdom. And now we can go a step further and say that the occupiers who, like the Kent men, had been liable for rent, and not at all or only very slightly for service, from the time of the Conquest, were probably recognised definitely as freemen, not villeins; while the tendency was for those who had commuted service for rent to be placed in the same category. Finally, agricultural service carried the presumption, but not proof, of villeinage; and non-liability to the fines for marrying a daughter or selling an ox was accepted as proof of freedom.

The typical occupier of the soil was the villein, and the typical holding was the virgate, yard, or quarter-hide of thirty acres, made up of a number of strips in the arable land of the manor. The land was reckoned, and the holdings were reckoned, in virgates, half-virgates, and quarter-virgates; but this symmetry had only

a rough correspondence to the actual facts. It did not follow that because there were so many virgates on the manor, the manor covered precisely thirty times that number of accurately measured acres. It might rather be said that the manor was cut up into equal allotments which were called virgates, of which the standard size was thirty acres, but which in actual fact only approximated to that standard. The actual holding was often enough not a whole allotment or virgate, but a half or a quarter. From the term 'yard,' equivalent to virgate, arose the common title of 'yardlings' and 'half-yardlings' applied to the holders of virgates and half-virgates. The bordarii or bordiers of Domesday Book disappeared altogether, while the holders of smaller or unspecified fractions of the virgate have the old name of cottars.

The villein, then, is in general the occupier; but the number of persons on the manor is not made up by these individual occupiers with their wives and children, but **The Villein** of the whole villein and cottar households. For **Population.** the villein's offspring are like himself, attached to the soil. They are labourers; they become the lord's menials; they feed the ranks of the clergy—Chaucer's 'Persoun,' it will be remembered, was the ploughman's brother. The clergy, being celibate, must draw on the superfluity of other classes to fill the monasteries and supply parish priests. But the sons of villeins also multiply the number of the actual occupiers. For the principle that the holding descends to one only of the villein's sons is not universal. The Kentish holdings which pay rent instead of rendering service, descend by the custom of *gavelkind*; they are divided amongst the villein's sons. The same custom tends to follow the commutation of service for payment; the villein who wishes to feel himself a freeman tries to get rid of the rule of inheritance which is regarded as servile, particularly that of borough English, inheritance by the youngest son, reputed to have had its origin in a particularly ignominious custom of servitude; and thus arise joint holdings and subdivision of holdings. But, on the whole, the increase of the rural population

tends chiefly to the multiplication of the class of labourers having no land to cultivate for themselves and seeking wages.

The English rustic, and even the lord of the manor, led a life of extreme simplicity. Meat and drink, clothing and shelter, covered most of his requirements apart from weapons and tools. For nearly all these purposes the material was grown on the manor. Iron and salt the village, of course, had to import, save in exceptional cases, but normally it built its own cottages, wove its own rough cloths, tanned its own hides, cobbled its own shoes; and when it had procured salt and iron, made its own tools, and salted its own bacon. Under ordinary circumstances there was plenty of grain which was usually ground at the lord's mill, paying sufficient toll. Not much of what we call butcher's meat was available; but there was no lack of swine's flesh, and poultry was plentiful. The population would appear to have quenched their thirst with abundance of small ale. After the accession of Henry II. battle and murder were unusual, plague and pestilence of a devastating character were infrequent, and severe famine was exceptional. The comforts which we call decencies were all but unknown, nor was the want of them felt; consequently there was little inducement to the accumulation of wealth except for the villein whose ambitions soared to purchasing freedom. Men were content to live from hand to mouth, and were more inclined to luxuriate in the fat years and the lean seasons than to lay up stores for the lean years and the fat seasons, when life probably became hard enough. Even if there had been a desire to accumulate wealth, the thing would not have been easy, because the normal produce of a man's holding was of a perishable character. Saving, for the average man who had no particular talent in that direction,—who had not the instinct of economy,—only became practicable with the gradual increase in the circulation of coin, which provided the standard of value, but only by slow degrees became a regular medium of exchange, displacing

barter or the exchange of goods for goods. The advance in this direction is marked by the substitution of payment in cash for payment in kind for wages and the settlement of the lord's claims.

There were, of course, districts where the labour of the population was mainly devoted to other industries than the agricultural; but here they were still concerned, **Other Rural Industries.** not with manufacture, but with the production of the raw material, iron, tin, salt, the capture of seafish, goods to be exchanged for the agricultural produce of the agricultural manors where the village artificers converted them into tools, or otherwise prepared them for the use of the village consumers. It is probable that the village artificers themselves were not originally paid by the job, but did the village work, each man in his own trade, in return for maintenance to which the whole village contributed. This at least seems more probable, *prima facie*, than that they were compensated by allotments, unless at least these were held free of all claims for their labour; for it would be obviously desirable that their time should be free, and not taken up with agricultural work. But with the spread of the money economy—payment in cash instead of in **Money** kind, which simplifies the process of payment **Payments.** altogether—payment by the job would tend to supersede payment by maintenance. It is not till the middle of the thirteenth century that the general spread of money payments becomes marked by the appearance, as Professor Ashley has noted, of bailiffs' manorial account rolls with detailed statements of receipts and expenses. Until work was paid for by the job, there were no receipts or expenses to record except the discharge of fixed recurring obligations. Payment by the job is the natural accompaniment of the general employment of money; and the clear inference is that it was only about the middle of the thirteenth century that the employment of money was really becoming general. This, however, is not to be taken as implying that money payments were at all unknown at considerably earlier stages.

On the royal manors the bailiffs in Henry II.'s reign were required to pay the manorial dues into the exchequer in coin and not in kind, after ascertaining the fair money equivalent for the payments in kind heretofore customary. This, however, only emphasised the fact that money payments at that time were not usual, but exceptional, whereas a hundred

The Crown. years later they were growing to be not exceptional, but usual. The reason why the Crown chose to be paid in coin instead of in kind at so early a stage, is not far to seek. The Crown wanted money to pay soldiers, especially on foreign service, since coin was infinitely more convenient than provender, because while it could always be exchanged for provender, it was very much more portable. The Crown, so to speak, created a demand for coin as a commodity. The king's bailiffs had to exchange the produce of the demesnes for money to satisfy the king's requirements; money being brought into demand, its utility for purposes of exchange became more convincingly evident. The more men used it, the more they wanted to use it, until it became the normal medium for the exchange of goods and services, the equivalent for which goods were sold and services rendered.

CHAPTER V

TOWN DEVELOPMENT

IN the Conqueror's reign there were some eighty towns ranking as boroughs, or so far at least distinguished from the ordinary vill or the ordinary manor as to demand separate treatment by the commis- **Boroughs.** sioners. Six were pre-eminent: London, the magnet of all foreign trade; Winchester, the royal borough of the House of Wessex; York, Lincoln, Norwich in the east, and the port of Bristol on the west. If we allow the eighty an average of two thousand inhabitants, we shall probably be overstating their population.

What has been said about town life before the Conquest still applied. The folk of the town were, in the main at least, supported on the produce of the town-fields. Separate trades were only beginning to come into existence. But the Norman Conquest gave an impulse to trade, because the Norman, while he prided himself on condemning the profuse living, the heavy eating and drinking, in which the Englishman was too apt to indulge, demanded what then were refinements on which the Englishman had set no store. Foreign trade had followed in his wake; a market for foreign goods was created; with the supply came a widening demand, and with the demand an increased production of home-made goods which could be exchanged for them, or might in some degree even compete with them. And thus the commercial spirit was quickened.

The larger towns had already arrived at a certain degree of self-government separate from the normal organisation of the shire. A whole town might lie within the lordship of

one manor, but it was not at all certain to do so. It had a sense of corporate unity and a desire to be free from manorial control, and also from the control of **Charters.** the king's officers. Its burgesses had probably already formed a gild for the control of trade within its boundaries. A steady movement set in, the effect of which was that during the two centuries following the Conquest, one borough after another obtained, generally by purchase, privileges and immunities from the claims of the manorial lords and of the Crown; usually in the former case by a series of deeds, and in the latter by a single charter. On the one hand, they were released from obligations, and on the other the local authorities which they set up acquired a definite legal sanction.

The charters did not precisely follow any one pattern; each borough formulated its own requirements. But they ran habitually on similar lines, and the favourite 'custom' was that of London. Broadly speaking, there were two features common to them, the establishment of the corporation's own jurisdiction, and that of the gild-merchant.

It would appear that primarily the members of the corporation and those of the gild-merchant were the free burgesses of the borough; that is, the free burgesses were **The Gild-merchant.** formed into two separate organisations with distinct officers and distinct functions, the gild-merchant being concerned with the regulation of trade, and having jurisdiction in matters of trade. The membership of the gild-merchant, however, probably from the outset, became differentiated by the admission of persons who had no share in the organisation of the government of the borough—persons who were not in the full sense burgesses. It was the fundamental principle of the gild-merchant that no person should be permitted to trade in the borough without being enrolled in the gild; although for exceptional purposes, and at exceptional times, the right of trading was conceded in return for fixed tolls and fees, and under fixed conditions. But it was convenient that membership of the gild should

be conceded to persons whom there was no reason for admitting to a voice in the borough government in general, and therefore we must be careful at least to avoid assuming the identity of the borough government and the gild-merchant.

But if the gild-merchant was not the borough government, neither was it a voluntary association which succeeded in capturing the control of trade. It was an association to which every burgess was entitled to belong, **Membership.** and which every burgess, as a matter of course, joined if he wished to do any trading. Possibly at the outset this might after all have meant that some of the burgesses would stand aloof, since it seems to have been the custom not to extend the restriction on trading to the sale of victuals. Still, it may be assumed for practical purposes that all burgesses were enrolled, and also other persons who were not burgesses, provided they were able and willing to pay the necessary fees. But this definitely differentiates the gilds-merchant from the private associations, brotherhoods or clubs called frith-gilds, which were formed for specific purposes on a voluntary basis before the Conquest.

There are many difficulties in the way of arriving at an exact account of the constitution of the gild-merchant. Thus, for instance, it is certain that a villein could not be reclaimed by his lord after he had **Burgess-ship.** remained for a year and a day within a borough as an enrolled member of the gild-merchant. But the phraseology of Glanvill, our authority for this statement, at the close of the reign of Henry II., seems to imply that the villein must have become a burgess; and there is at least a doubt whether he could be a burgess unless he had acquired land within the borough boundaries. In fact, the title of the individual to rank as a free burgess appears to be one of those points as to which legal opinion was apt to speak with two voices. Folk who thought themselves burgesses, and claimed privileges as burgesses, occasionally found unexpected objections offered to the validity of their title.

The process of inviting and obtaining royal charters con-

ferring or confirming rights of self-government and of regulating trade, began, so far as we have any record, in the reign of Henry I., but became particularly active after the accession of Richard I., when monarchs were ready to sell privileges in return for a substantial equivalent. The outstanding fact is, that one of the privileges regularly in demand was the establishment of a burgh authority called the gild-merchant, to control the trade of the borough and to exclude all traders whom it had not admitted to membership. But

Craft-gilds. the next phenomenon we have to observe is the growth of craft-gilds, or associations of the members of each of the separate trades within the borough. And ultimately we shall find the gild-merchant dropping into the background, and in effect resigning its functions to the powerful craft-gilds.

Here again we must beware of being misled by the terminology. We differentiate between the merchant who buys **Merchant and** in bulk to sell in bulk, and the manufacturer on **Craftsman.** the one hand, who makes the goods to sell, and the retailer on the other, who sells not in bulk, but to the actual consumer. At the period we have under consideration these distinctions did not exist. The merchant was the seller of goods whether he made them or bought them, and whether he sold them in bulk or by retail. The manufacturer was the craftsman or artificer who himself retailed goods, for the most part made by himself, his journeymen or his apprentices. There was no opposition between merchants and craftsmen when the gild-merchant got its name. The gild-merchant did not mean a gild consisting of what we mean by merchants as distinguished from craftsmen. The business of buying in order to sell at a profit had not developed in England at the beginning of the thirteenth century. There is a natural temptation to read modern meanings and modern conditions into the situation, and to suppose that the craft-gilds were associations of operatives formed in antagonism to the capitalist association of the gild-merchant, whereas the gild-merchant was not an association of capitalists, nor was the

craft-gild an association of operatives. We should be nearer the mark, though still considerably wide of it, if we described the gild-merchant as a local trades-union, and the craft-gild as a group of local trade-unions.

Broadly speaking, then, the evidence, so far as it has been sifted at present, points to the conclusion that the gild-merchant in the thirteenth century was an ^{Some} association to which all burgesses had a right to ^{Conclusions.} belong, subject to the payment of regular fees and proper obedience to the gild regulations; the entrance-fees being remitted or reduced for the sons of gild members. Also gild membership was property which could be sold. Secondly, gild membership was obtainable on payment of fees by non-burgesses, but their admission was of grace, not of right; it could not be claimed, but might be granted by the goodwill of the gild. Thirdly, it followed that membership did not carry with it other burgess rights. And fourthly, the conditions of membership were not identical in all boroughs. The lines of organisation did not, however, greatly vary. There was an alderman, chairman, or president, two or more wardens, and sometimes stewards, who were the officers of the gild, and a council, presumably elected. And it is hardly necessary to say that the gild held periodical feasts.

The function of the gild was to regulate trade for the benefit of the borough. The borough was frankly selfish, it did not look beyond its own immediate ^{Borough} interests. And its selfishness lacked enlighten- ^{Selfishness.} ment, which is usually born not of intuition but of experience. It had not begun to take national views, to think of national prosperity, or to calculate on local prosperity as a natural outcome of national prosperity. It wanted not so much to be wealthy as to be wealthier than its neighbours; and it found its own loss in its neighbour's gain. It was jealous of other boroughs, and of the stranger within its own gates whom it stigmatised as a 'foreigner' no less if he came from the next county than if he was a Fleming or a Frenchman. It was reluctant to admit him to the privileges of its own

citizens, deeming that his gain thereby would be their loss. Hence it was a primary function of the gild-merchant to preserve the trading monopoly of its own citizens, and to be chary of admitting the 'foreigner' to its privileges unless it obtained a palpably adequate *quid pro quo*.

But within its own bounds the interest of the gild-merchant was the interest of the community in general, except perhaps where there might be antagonism between that
Regulations. of burgesses and that of non-burgesses. It was to the interest of every one that his neighbours should be required to give good quality and good measure. The trade regulations aimed not only at penalising the giving of bad measure and bad quality, but at preventing conditions which opened the way to bad workmanship, and at facilitating official inspection and detection of transgressors. Hence rules were laid down prohibiting night work, because night work was likely to be inefficient under medieval conditions of lighting. The number of apprentices a man might employ was similarly limited because 'prentice work was apt to be inefficient. Efficient training was one of the conditions required from a candidate for admission into the gild. Wages were regulated with the same object in view. As far as the mutual relations of the dwellers in the borough were concerned, the gild-merchant made it its business to protect the consumer rather than the producer.

But the position changed when the matter in hand was the relation between the borough and the foreigner. Then came
Protection. in the element of Protection. The object of the domestic legislation of the gild-merchant was to secure for the consumer not cheapness, but good quality and fair measure. In dealings with the foreigner, good quality and fair measure were not less to be insisted upon so far as it was practicable to secure them; but beyond that the home producer was to be protected against the foreign producer, that is, against outside competition. The outsider could only trade subject to tolls and restrictions which did not conduce to cheapness. He was not in effect allowed to

compete with the borough producer at all ; what he brought into the market was only goods of which the borough itself did not produce a sufficient quantity for the needs of its inhabitants, goods which might be classified as luxuries, because so far as actual necessities were concerned, the borough was self-sufficing. It was only among the comparatively wealthy that there was any demand for the foreigner's goods.

The gild did not aim at cheapness, but it did aim at securing fair prices, and penalised the selling of goods at excessive rates. Forestalling—what the slang of the market to-day calls 'making a corner'—was sternly prohibited.

This is the process of buying up the supplies of an article likely to be in demand, and then placing it on the market at exorbitant prices. Similar in purpose and effect was the regulation applied to aliens, which only permitted them a brief residence, but required them to sell the whole of their goods during that period, lest they should hold them back in order to enhance prices. Medieval ethics laid it down that there were proper prices which sufficiently remunerated the merchant, and that it was immoral to take advantage of your neighbour's needs in order to obtain more than the legitimate remuneration.

The view of the gild-merchant, which on the whole appears to fit in best with the evidence, is that the membership corresponded broadly with burghership, although non-burghers might be admitted, and burghers might not choose to become members. But now we have to account for and describe the craft-gilds which grew up beside the gild-merchant, and ultimately displaced it.

In the fourteenth century, the trades, crafts, or misteries were very definitely marked off from each other. The cobbler was very emphatically required to stick to his last ; he was not allowed to make shoes, and the shoemaker was not allowed to cobble them. The making of bows and the making of arrows were separate misteries which might not both be practised by one man. The making of a saddle involved not less than four separate crafts. The principle

which brought this about is one which we have already observed as active in the Middle Ages. Specialisation was enforced in order to ensure efficiency; the workman was required to do one thing, and do it well, lest he should endeavour to do many things and do them all badly. But the position was arrived at only by degrees. At the end of the eleventh century this division of labour was still in its early stages.

We have seen that the rural villanus of Domesday was not actually the villein as we know him in later times, but was in his own eyes a freeman in spite of the services he owed to the lord of the manor to which he was attached. Neither he nor the bordier nor the cottar had definitely become a serf.

**Craftsmen-
burgesses.** It would appear that the occupiers of borough lands did not undergo this passage from freedom to serfdom, but, like some of the rural villani, emancipated themselves from those conditions of service which were associated with serfdom, whether because they were able to oppose a stronger corporate resistance to depressing influences than their rural brethren or for other unexplained reasons. They remained free, and in course of time, as corporate bodies, purchased complete immunity from manorial control. The free burgesses, then, probably included the quite small holders, corresponding to the bordiers and even perhaps to the cottars. Now these seemed to have formed the class who became the substantial craftsmen, since their field work left them plenty of time to spare. Thus there is at least a strong *prima facie* case for supposing that the substantial craftsmen were free burgesses, who as a matter of course became members of the gild-merchant. To prevent misapprehension it is perhaps to be pointed out that the bulk of the town trade was still a trade in raw material and farm produce, not the trading of craftsmen.

There is one piece of evidence which militates against the view here expressed that the crafts were largely represented in the original gild-merchant. In the reign of Edward I., the London Book of Customs records that in five boroughs

there were restrictive regulations against the weavers and fullers, which show clearly that those two trade groups contained no burgesses; and further, prohibited them from becoming burgesses unless they retired from their craft. It is not difficult, however, to suggest an explanation which is at any rate much easier of acceptance than the doctrine that craftsmen as such were barred from burgess-ship and the gild-merchant. As early as the reign of the Conqueror there was an importation of Flemish weavers, of whom sundry colonies were planted. Where they were planted the cloth-working industry would probably have passed into their hands; but at the same time, they would have remained as groups of aliens outside the burgess body. It seems, then, an intelligible hypothesis that in these boroughs and in some others these clothing crafts did happen not only to stand outside the burgess body, but to excite the particular jealousy of that body, owing to their alien character.

But the town attracted an increasing non-agricultural population. There was a growing demand for the work of craftsmen, and the craftsman wanted more **Common** labour. Landless men became the journeymen, **Interests.** the paid hands, of the master craftsmen, who, as specialisation progressed, took young lads as apprentices, whom they educated in the craft in return for their services. The workers at any craft, when they became sufficiently numerous, would have a sense of common interests which might be served by common regulation and common action, as distinct from the action of the gild-merchant which was concerned not with any particular trade, but with trade in general. When once the idea of guilds had taken root, whatever its origin may have been, the development of the craft-gild, or association of the members of the trade, would naturally follow. The master differed from the journeyman only because he was a 'merchant,' whereas the journeyman could only become a merchant and a master craftsman if the gild-merchant chose to admit him to the privilege. Whatever inducement the journeymen might have to form associations

of their own, there were clear inducements to the formation of craft-gilds in the common interest of the entire craft.

There would not be any necessary antagonism between the aims of the craft-gild, directed to the particular interest of a **Freedom from** particular craft, and the aims of the merchant-**Friction.** gild, directed to the interest of the burgesses in general; so long at least as the craft was largely influenced by the desire to maintain a high standard of efficiency in production. Again, it is to be observed that there was no necessary antagonism between the interests of masters and of journeymen. We are not dealing with a state of society in which the masters were a few capitalists employing thousands or even hundreds of hands, who took for granted that they would remain hands till the end of their days. A large proportion at least of the journeymen, to say nothing of the apprentices, probably looked forward to becoming masters themselves, and were not over-anxious to see regulations established which they would find most embarrassing when they reached that goal.

In the account given above, it has been assumed, first, that there was never any violent antagonism between the gilds-
England and merchant and the craft-gilds; and secondly, that
Foreign the craft-gilds were not associations of workers as
h. Analogies. opposed to masters. That assumption is made
 C) because as a matter of fact the records present no definite evidence to the contrary in England. The history of continental cities presents a different picture, in which the control of trade is primarily in the hands of a close oligarchy or plutocracy; and where the leaders of the craftsmen succeed in forcing their way into this close body, there is merely a reconstruction of the oligarchy, which continues to have struggles with the associations of working-men deserted by their former leaders, in something of the same manner as that in which the senatorial oligarchy replaced the patriciate in the Roman republic. Until a comparatively recent date, there was a natural tendency to take for granted that events followed a similar course in England. But there is at present

no evidence that this was the case, no evidence of a struggle between masters and journeymen, and on the other hand every appearance that the gilds-merchant allowed their functions to pass over to the powerful craft-gilds with entire equanimity. We have accounted for this difference between the apparent course of affairs on the Continent and in England by the hypothesis that the English town oligarchy was, to begin with, very much less restricted than in the continental cities; that it was much easier in England than elsewhere for craftsmen who were not actually burgesses, to pass within the charmed circle; and that masters and journeymen were much less antagonistic, because of the comparative ease with which journeymen could pass into the ranks of masters. Incidentally this concurs with the view expressed in preceding chapters that the rural serfdom of the Norman and Plantagenet period was a declension from the freedom existing at the time of the Conquest.

It is not, however, to be assumed that there was no element of antagonism at all between craft-gilds and gilds-merchant, or between journeymen and masters. The argu- **Occasional**
ment is merely that the broader freedom and the **Antagonisms.**
greater elasticity of English institutions, the comparatively penetrable character of the barriers between classes, made these antagonisms very much less acute in England than elsewhere. The burgesses were occasionally jealous of the craft-gilds. When the Commune, the municipality of London, was officially recognised in 1191, that body took early steps for the suppression of the craft-gild of weavers, possibly an alien association. The gild, however, was not long in coming to life again and resuming its activities. But there was no prolonged struggle. The craft-gilds were no doubt at first open to the suspicion of seeking their own advantage at the expense of the community, but their power grew, not so much because they waged battle victoriously against the burges authority, as because they got credit on the whole for being actuated by public spirit as well as by motives of self-interest.

No very extensive commerce and no great industrial activity is to be inferred. In general, the rural population got on with what it produced itself and the town population got on with what it produced itself. **Market-towns.** Between the ordinary manor and the borough stood the unchartered market-town, where the rustics from the neighbouring manors disposed of their superfluous wares at the weekly markets. Whatever industrialism there was, apart from agriculture, was concentrated in a few main centres, one or two in each county; and these supplied the additional wants of extensive districts, so far as they were supplied at all, and those of the wealthier members of the community—lords of the manor, knights of the shire, who seem to occupy the position held by thegns in the earlier days, and prosperous burgesses.

The boroughs did some business with each other, in some cases a quite considerable business, at annual fairs, when the 'foreigner' was given facilities denied to him at ordinary seasons. **Fairs.** Such was the London St. Bartholomew's Fair or 'Bartlemy' Fair, held in August, the Cambridge Fair, held at Stourbridge, the Winchester Fair, and others, which attracted enterprising merchants from all parts of the kingdom. But the general impression is one of isolation, the borough dominating its own district, and only admitting the stranger at intervals under jealous supervision. Every unit in fact did its best to be self-sufficing—the manor, the borough, and the nation. But each found it necessary to buy and to sell to some extent outside its own limits.

What the country had to sell outside its own limits was mainly, if not entirely, raw material; food-stuffs, perhaps **Exports and Imports.** a little lead and tin and copper, hides, and a considerable quantity of wool. It wanted to buy most manufactured articles of which the production required any high degree of skill. Commercial enterprise was not organised in England; it was much more advanced on the Continent, and especially, for the purposes of northern trade, in the Low Countries and some of the German free

cities. The English were not seeking markets abroad, but the alien, especially the Fleming and the German, sought a market in England, where his goods, especially the better kinds of cloth, were in demand, and where he could buy the best wool. The Englishman had not yet awakened to the idea that he might learn from the alien and match him in his own trade. The first importation of Flemish cloth-workers, to which reference was made in an earlier paragraph, may have been intended to lead to the manufacture of superior cloths in England, but it does not appear that the English as yet attempted to learn from the Flemish colonists, on whom they looked with insular suspicion and dislike.

Foreign commerce then took this form. The traders of European commercial cities, seeking a market in England, formed associations which obtained the privilege The Alien of trading in England under close restrictions. Trader.

To say that they were granted a monopoly upon terms would be misleading, since it would imply that outsiders were deprived of trading rights for their benefit. What happened was rather that the associations received the privilege of passing through an otherwise impenetrable barrier, upon terms. Their members were not to remain in England for more than forty days. Whatever they sold, they must buy goods to an equal value. The association must pay for its privilege, and the individual members must pay the local tolls and dues, and obey the local regulations under which they were permitted to buy and sell. They were assigned to a host whose business it was to see that they discharged their obligations. At the ports they must pay toll to the king, of the goods they were importing, and perhaps on the goods they were exporting. They were limited to buying and selling in bulk, in respect of everything except actual victuals; and as we have already seen, they were required to sell the whole of their merchandise.

It might, in short, be said generally that the English attitude towards foreign trade was that such trade was an unfortunate necessity to be carried on under regulations

intended not to provide facilities, not to foster and encourage, but almost to restrict by every check short of prohibition. The attitude was becoming modified by the increasing desire of the community to sell goods to the alien, and to buy goods which were procurable only from the alien ; though presently satirists and moralists were treating the demands for foreign trumpery as proof that the English character was degenerating, as moralists and satirists have done at most periods of the world's history.

Before passing to another chapter, we may note some of the ideas or prejudices which underlay the medieval system as we have described it. According to modern conceptions, production for the sake of gain is a matter of course. We produce and we buy as cheap as we can, and we sell as dear as we can. We assume the general principle that it is the purchaser's business to take care of himself and to see that he gets what he wants. Short of deliberate deception, the seller is not responsible. But in the thirteenth century there was a doubt in men's minds as to whether selling for profit was justifiable at all, at least if profit meant much more than the margin for reasonable subsistence. Not as a matter of economic expediency, but as a matter of morals, men were bound to give good work and to charge what it had cost in material and labour, without enhancing the price merely because they could get more. The price ought to be regulated by cost of production ; it ought not to be increased because the demand was greater than the supply, or lowered because the supply was greater than the demand. To enhance or cut down either prices or wages was immoral. It was the business of government to look after the morality of the community, and therefore it fell entirely within its sphere to regulate wages and prices. It followed also from this point of view that deliberate trading for lucre, though it might be justifiable, could scarcely be called commendable. This was, broadly speaking, the doctrine inculcated by the Church, and it was a doctrine which necessarily operated as a check on the expansion of trade.

CHAPTER VI

THE CROWN INTERVENES

EDWARD I. was the first king of that England which came into being after the Norman Conquest who identified himself with the English nation, devoted himself to a national ideal, and applied his policy to national consolidation. National consolidation was the last thing of which his two immediate predecessors had dreamed; and before them, even to the two first Henries, England was rather a province in a much more extensive dominion than a nation. Previous kings had concerned themselves with the strengthening of their personal ascendancy, with the administration of justice, and with their relations to other potentates, especially the Pope and the King of France. But they had not concerned themselves with commerce, because commerce had not yet made its importance manifest. Their interest in economics had practically been confined to seeking devices profitable to the royal exchequer—the exaction, and where possible the extension, of the claims of the Crown on the pockets of the subjects of the Crown. They had not thought of developing national wealth as a function of government or as a method of increasing their personal sources of supply; they had not thought of commerce as either an object or a weapon of diplomacy.

But from the time of Edward I. commerce began to be not merely an incidental, but a natural and normal matter of State regulation for State purposes. It became a factor in the constitutional problem at home and in international relations abroad. In their spontaneous and undirected development, commerce and industry had hitherto progressed

on strictly local lines, till they had reached a stage when their further effective development demanded something like national organisation. Constitutional progress had simultaneously reached a stage when the finances of the State, which meant the finances of the Crown, also demanded organisation on national lines. Under the auspices of the greatest of the Plantagenets these two movements reacted on each other in producing a development of commerce fostered and regulated by the Crown and parliament. The development and the regulation of commerce were both intimately bound up with the constitutional development, so far at least as that was concerned with taxation and finance.

We have to realise in the first place that the revenue of the State and the revenue of the king were not distinguish-
The Royal Revenue. able. There were public charges which were not borne by the revenue at all. Neither the feudal levies nor the shire levies, when the king went to war, were charged upon the revenue; the services of bridge-building and the maintenance of fortresses and roads—what had been included under what was called the *trinoda necessitas* in Saxon times—were obligatory upon the freemen. But war involved heavy expenses beyond what these obligations covered. These expenses had to be met by the treasury, and it was to this end that the danegeld, originally levied as ransom money by Ethelred, was appropriated. The theory was that the central government was the king's government, and wars, especially on foreign soil, were the king's wars, for which the king must pay. The king had a sufficient revenue to live 'of his own' under ordinary circumstances, but under exceptional circumstances he must raise an extra revenue.

In order to live 'of his own,' the king's revenue was derived mainly from two sources, the royal manors, and the recognised fines and fees which he was entitled to claim from his feudatories by feudal law. To these was added the
Taxes. practically arbitrary exaction of the danegeld or lapd-tax, theoretically for military purposes. In the reign of Henry II. a tax was for the first time imposed upon

movables; that is, roughly speaking, upon personal property as opposed to real property. This was known as the Saladin tithe, because the object of it was the equipment of a crusade for the recovery of Jerusalem, which the great Sultan had recaptured. Henry II. was also responsible for another new and very important impost, called scutage, whereby the feudatories were permitted to substitute payment for personal service in the field—much as they were permitting the villeins to substitute payment for agricultural service.

The Saladin tithe and scutage were neither of them arbitrary exactions, the one being imposed by assent and the other being a voluntary arrangement. Unscrupulous monarchs, however, had found various excuses for appropriating other sources of revenue. Thus William Rufus in particular had habitually refused to fill vacancies in **Royal** bishoprics and abbeys, and had seized the **Devices**. revenues for himself while he kept the posts vacant. Feudal rights, which were intended merely to secure to the lord efficient control over his vassals, were wrested into instruments of tyrannical extortion until Magna Charta approximately defined the legal limitations to the exactions of the Crown, and required the assent of the council to further taxation. Still, the limitations of the Charter, several times repeated with variations, did not cover the whole field, being in the main directed against forms of taxation which touched the barons directly. The Crown continued to find warrant for exacting contributions from particular localities, and by way of bargaining with particular groups, to claim tolls on merchandise at the ports, and to grant privileges in return for value received. But the time was now arriving when the question of the royal revenue was assuming a new aspect. Hitherto the protest had been against arbitrary and tyrannical exactions; it was about to become, instead, a question of the control of public expenditure—a question of making the Crown dependent on the goodwill of the nation for supplies adequate to the necessities of the State, or at least to the carrying out of the king's policy.

When Edward I. returned from crusade to take leisurely possession of his kingdom after his father's death, the country had only recently recovered from the disorder of the barons' war, ended by the defeat and death of Simon de Montfort and the victory of the Royalists. But the victor had learnt sundry lessons besides the art of war from the adversary whom faction had helped him to conquer. Edward had no intention whatever of surrendering a fraction of effective royal power; but he had seen that autocratic power, whether wielded by a king or by a dictator, lost more than it gained by being exercised in an arbitrary fashion. Every success of the barons against the Crown had been derived from their insistence on law, and if the Crown was to be strengthened, it must be recognised as the champion of law. It has been said that Edward, renowned as a legislator, was not in fact a maker so much as a codifier of the law. Without detracting from his claims to be regarded as a monarch who made it his primary aim to secure the welfare of his people, we may recognise that his legislation consisted in no small part in what were effectively declaratory acts, affirming an interpretation of the laws the most favourable to the Crown and the least favourable to baronial independence to which a general assent could be obtained; while other statutes, imposing uniformity where hitherto practice had varied, followed the same line. Constitutional government was immensely furthered by the shaping of the Model Parliament in 1295, and the Confirmation of the Charters two years later; but *prima facie*, the Model Parliament was rather a counter-balancing of the Barons by the Commons than a subjection of the Crown to the People. As for the Confirmation of the Charters, that was in plain terms a defeat for the Crown, extracted from an exceedingly reluctant king. The point we are pressing is that it was Edward's policy to procure indisputably legal sanction for the maximum of royal authority where royal authority was in danger of being disputed—the maximum which would command general assent. He did not volun-

tarily impose limitations on his own powers from an abstract desire to increase popular freedom, but he accepted limitations because in so doing he was obviating risks.

Now we shall find that the action of Edward I. in relation to commerce, like his action in relation to the constitution, was actuated by the double motive; the desire **Edward I. and** to promote the welfare of the people and the desire **Commerce.** to increase the revenues of the Crown in a manner sanctioned by the law, from sources which promised much more than had hitherto been extracted from them. And the method was to develop the towns, and at the same time to organise commerce in the manner which would make it yield the maximum toll to the Crown with the minimum of friction.

The reign of Edward II. is an anarchical interlude; an interlude, that is to say, in which there is no policy. The activities of all the prominent characters of the reign were directed by personal motives and to personal ends, with only the most superficial pretence of consideration for the public benefit. The absence of definite policy continued to characterise the opening years of the reign of **Edward III.** Edward III. But during the five and twenty years when the monarch was in the full plenitude of his physical and intellectual powers, a positive policy was again distinguishable. The young ruler who, after the *coup d'état* which overturned Mortimer and Isabella, was first seduced by the attractions of an attempted reconquest of Scotland, turned ambitious eyes across the Channel, and deserted the contest with his northern neighbours to enter upon what developed into the Hundred Years' War with France. It is scarcely necessary now to explode the once popular belief that Edward engaged on the war with France out of pure aggression and lust for military glory on a palpably untenable pretext. The primary motive of the war is definitely to be found in the fact that the King of England happened at the same time to be a great feudatory of the King of France, where the Crown had for some time past been persistently endeavouring by fair means or foul to strengthen itself at

the expense of its more powerful vassals. As kings of England the Plantagenets were vigorous maintainers of the rights of the Crown against the feudal nobility; as barons of France they were no less resolute upholders of their feudal rights as against the Crown. The novelty of Edward III.'s position as compared with that of his grandfather, in waging war upon the French king, lay merely in the fact that there was an excuse, however inadequate, for challenging the title of the reigning French king, and an excuse, however inadequate, for adopting the rôle of pretender to the French Crown.

The friction between suzerain and vassal would probably have been by itself sufficient to bring about active hostilities between the King of France and the Duke of Aquitaine; but another motive urged on the King of England. There was a flourishing trade between England and Gascony, which formed part of Aquitaine, Gascon wines exchanging for English wool. There was also a flourishing trade between England and Flanders, whose Count was a French feudatory; a trade in which English wool exchanged for Flemish cloth. The course of encroachment which the French king was pursuing would cripple the trade both with Flanders and with Gascony. To secure that trade and establish it on a firmer footing was a matter of immense importance to a king who realised the immensity of its value to himself and his subjects. It would hardly be an exaggeration to say that the Hundred Years' War really opened in fact, if not in name, as a struggle to secure the markets of Gascony and Flanders. Commerce enters the field tangibly and avowedly as a prominent factor, if not the most prominent factor, in a great political complication.

The prominence of commercial development among the motives to the great French war would be a matter of less certainty if Edward III. had not in other respects adopted an active instead of a passive attitude towards commerce and industry; a fact which loses none of its importance from the consideration that Edward was probably thinking quite as much of the profits to himself as

of the benefits to the nation. It may or it may not have been due to superior enlightenment that he encouraged the alien within our gates to an extent greater than was at all pleasing to the prejudices of the time. The policy was, in fact, a wise one for the nation, but it was directly profitable to the king. He fostered the export of wool, but by methods which were conspicuously profitable to the royal exchequer. As to the trade with Gascony, a province of his own, he was naturally enough as anxious to make it profitable to Gascony as to England. But after all the fundamental matter for us is not so much to ascertain the precise degree of commendation due to Edward for his commercial energy, as to realise that in his reign commercial energy first emerges as an important feature in the policy of the State; and that this emergence was made possible because commercial organisation and development had been directed into international, and not merely intermunicipal, channels by the shrewdness of Edward I.

In a state of society in which communication is rapid and easy, and the greater part of the world is efficiently policed nationally and internationally, individualist **Medieval** doctrines are readily accepted; State regulation **Necessities** and interference with free competition appear as checks and only as checks on the individual enterprise, which is the great force of progress. But in medieval times not State regulation but anarchy was the great check on individual enterprise. Security was the grand desideratum. The individual who is honest because honesty is the best policy is not therefore to be held virtuous; but the recognition that honesty is the best policy gives us all a general security that the normal conduct of our neighbours will be honest. Yet it is only due to the organisation of society that honesty has become the best policy for the individually strong as well as for the weak, who only become strong by combination. Security only comes with the presumption that force and fraud will not pay in the long-run. In the Middle Ages that presumption was only attainable through State regulation, or at least

official supervision and inspection. When trade was wholly local, local supervision and organisation met the necessities of the case ; but for trading to become national, national supervision was necessary, and therefore trade had to be conducted through channels which made national supervision possible.

Previous kings had found in exports and imports a casual source of income. The methodical Edward I., in accordance with his general principle, very promptly resolved to remove it from the regions of uncertainty, and secure its permanent stability by legal enactment. Accordingly a very early statute of his reign, the first Statute of Westminster, established the right of the Crown to those exactions which were recognised as 'ancient customs,' a fixed toll on exported wool and wool fells, hides, and leather. With these were associated a toll on imported wine ; while the foreigner had to pay a fixed rate by weight on all the goods he imported—his fee for admission to the English market. Edward was not, indeed, satisfied with the recognition of these rights, and tried to make them the basis for further exactions of the same kind, wherein his example was followed by his grandson ; and these attempts on the part of both monarchs led to the more exact statutory limitation of the recognised rights of the Crown, and the fixing of the methods in accordance with which parliamentary grants of additional revenue should be made when need arose. These were matters of vital importance in the history of constitutional development, but we are concerned, not with the contest between Crown and parliament, but with the actual effect on commerce of the statutory establishment of the 'customs,' the name thenceforth applied to these imposts at the ports. It meant that the exactions were thenceforth to be levied not casually but systematically, under organised inspection at authorised ports, and the restriction to those ports of embarkation and disembarkation. This concentration probably tended to increase the volume of trade, but the real motive to it was the facilitation of the collection of revenue.

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The process was carried considerably further under Edward III. An association was formed bearing the name of the 'Merchants of the Staple,' who were engaged in the export of 'staple' products, *i.e.* those already enumerated as liable to the ancient customs, with some others, but practically confined to raw materials. The association had actually been formed possibly as early as the reign of Henry III. In the reign of Edward III., if not earlier, it was granted the monopoly of exporting the staple goods of which wool was very much the most important, the Crown deriving substantial revenue from the company in return for the monopoly. Aliens were admitted to membership, which appears to have been restricted only by the payment of the regulation fees and the due observance of the company's rules. It was not a joint stock company, a species of institution which only arose at a much later stage of commercial development. The merchants traded individually, but only in right of their membership of the company, and in accordance with its regulations. It was a fundamental feature of these regulations that the trade might be carried on, whether by Englishmen or by aliens, only in the authorised staple towns. For it was only by such a restriction that it was possible to impose official control over the trade. In respect of these staple towns, various experiments were made. The staple was set up in one or another city of Flanders or Brabant; but ultimately the continental staple was fixed in the English possession of Calais, after having been for a time withdrawn from the Continent altogether. In 1553 the Ordinance of the Staple named ten English cities with corresponding ports as the staple towns in which alone the staple goods might be bought and sold, and in each of which the Merchants of the Staple had their own official organisation for inspection of goods and enforcement of regulations. It is not difficult to see that a primary object of the system was to secure the maximum of profit to the Crown, while under the conditions of the time it gave to both buyers and sellers a much greater security than could have been provided

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We have referred to Edward III.'s encouragement of foreigners. Of this two aspects in particular are to be noted.

Edward III. The English towns, while beginning to be less and the **Allen.** hostile to each other under the influence of the growing spirit of nationality, were all the more hostile to the alien, who was apt to be suspected of concealing something more sinister under his commercial exterior. Edward endeavoured to override the popular prejudice and allow the aliens freedom of traffic. In the course of his reign, however, he was obliged to yield to the pressure of public opinion and confirm the old principle that the foreigners might not sell goods by retail in London, which was the centre to which they mainly resorted. The attitude of the Londoners was largely inspired by the desire to retaliate on the continental cities, where the earliest efforts of English merchants to establish a footing were met with a similar exclusiveness. We find, however, that the merchants of the German cities forming the Hanseatic League, with their English headquarters in the London Steelyard, were strong enough to retain their special privileges.

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In connection with the kings, it may be well at this point to explain the relations of the Jews, Lombards, and other capitalists to the Crown and to commerce at **Money-lenders.** this period. Importing modern conceptions into the medieval world, we should naturally be inclined to assume that the functions of the modern financier were similarly discharged by similar agencies six hundred years ago. But the Jews and the Lombard bankers were not occupied in financing business men who wanted cash temporarily in order to enlarge the sphere of their operations. The merchant in such cases sought a partner in his venture, who shared the profits and the risks. Commercial ethics forbade the moneyed man to lend his money on security, and in addition to the security to demand a profit on the transaction. If he was secured for the recovery of his money in due time, he had no right to ask anything more. If he took the full risk of loss he was entitled to the full share of profit, but then he was acting not as a banker, but as a partner. The Church proscribed the whole business of lending money for the sake of gain as immoral, and public opinion endorsed the attitude of the Church.

Thus money-lending on secured investments had no part in the commercial methods of the time. The borrowers were not merchants, but princes, nobles, or other persons who found themselves suddenly called upon to meet a heavy demand in bullion with which they were insufficiently provided. In financing of this kind the lenders pretty obviously ran very considerable risks, since kings and magnates were not easy to coerce. Thus Edward III., who never had enough money for his wars, was obliged on one occasion to make a sort of midnight flitting from Flanders on account of his

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CHAPTER VII

THE RURAL REVOLUTION

THE fourteenth century was marked by a crisis in the history of the rural population of England. The crisis consisted, so to speak, of two parts, a great pestilence and a great revolt; and the second part is usually explained as the outcome of gross oppression and of a belated reactionary movement on the part of landowners. As the commonly accepted view is not in exact accord with that which is taken in these pages, a somewhat fuller detail will be required in the treatment of the narrative. The course of the rural movement between the Conquest and the close of the thirteenth century may be summarised as follows.

The Conquest found the country distributed generally, though not quite completely, into manorial estates which for the most part corresponded to the vills, once After the Conquest. known as tuns or towns. The occupiers of the manorial lands, with rare exceptions, looked upon themselves as freemen. At the same time the great bulk of them were obliged to render agricultural service to the lord of the manor in the form of regular week-work as well as of periodical additional work. Still, it is apparent that already in many cases services had been commuted for payments in money or in kind, in a greater or less degree, following no common rule. Setting aside the small actually servile population, these occupiers were ranged in two groups which we classify as free and unfree, mainly because the unfree corresponded roughly to those who at a later stage were in a condition of serfdom, bound to the soil, and known by the name of villeins, the name which Domesday Book had already applied to the larger

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portion of the group. The distinction, however, between these free and unfree groups did not at that time turn on the nature of the services or the alternative payments rendered to the lords, but, so far as Domesday Book was concerned, was merely a fiscal distinction between those whose lords paid the danegeld for their land, and those who paid it for themselves.

But after a century or so had passed, it had become recognised law that the great bulk of these occupiers were now in a condition of serfdom, bound to the soil, and liable to claims on the part of the lord which were of a degrading character. That change was probably the outcome of the pressure which the conquering Norman barons were practically able to bring to bear on the occupiers of their manorial estates. Some of those originally classified as free had dropped into the ranks of the villani, and were now merged among the villeins. On the other hand, many of those whom Domesday had classified as villani, and in Kent practically **Commutation of Services.** the whole of them, had succeeded in resisting the pressure, and were now admittedly freemen, not villeins, and not liable to degrading conditions of service. Generally, but not necessarily, the freemen were exempt from week-work. Still a man might be free and yet liable to week-work, and he might be a villein and yet be exempt from week-work, because under the Plantagenets the process of commutation, of substituting payment for agricultural service, went steadily on, to the mutual advantage both of lords and of villeins; and the more easily, with the increased employment of coin as a medium of exchange, and the substitution of payment in cash for payment in kind. Correspondingly, with the diminution of compulsory labour services, paid labour increased, and the classes of smaller villeins turned into wage-earning labourers. In the sense that the paid labourer is a freeman as compared with the forced labourer, and that the man who pays money for his holding is more free than he who pays service, there was a great development of freedom under the Plantagenet rule;

but this was not an emancipation from the technical serfdom which in our view had really come into being under the Norman kings. It did not remove that dividing barrier between the freeman and the villein which became recognised after the Conquest. Still, it tended to a less rigid exaction of the lord's technical claims, pointing to a gradual complete emancipation as the outcome of a customary laxity. When the middle of the fourteenth century was approaching, the villeins had become for the most part free in practice from week-work, and were making a fixed payment in lieu of it, though often without such formal contracts as would deprive the lord of the right to insist on the return to the earlier practice in the apparently very unlikely event of his wishing to do so. The country was prosperous, and men earned good wages when measured by the cost of food.

We may here observe the great military importance to England of the course which the rural development had taken. Most of the land in the country was **The** either demesne land or land held in villeinage, **Yeomanry.** but a substantial proportion was held by the free tenants, small farmers who differed from the villeins simply in the fact that they were free. The yeomen provided military material which was practically non-existent in France, and they supplied the military arm to which the Plantagenets owed most of their victories. Scutage enabled the English kings to hire troops instead of being dependent on feudal levies, and the English yeomanry, how, history has not yet explained to us, were the one class who had developed the skilled use of the long-bow, a form of artillery which gave to English forces the same sort of advantage that troops armed with the modern rifle would have against enemies armed with matchlocks. The long-bow does not appear to have come into use till the end of the thirteenth century; it remained an English monopoly; it won every decisive victory of the Plantagenets except that of Poitiers; and England owed it to her unique breed of free farmers.

When Edward III. began his French wars, the day did not

seem remote when large numbers at least of the villeins would be added to the ranks of the free yeomen. But almost immediately after Edward's two most remarkable successes, the battle of Crécy and the capture of Calais, England was smitten with the fearful visitation known as the **The Black Death.** Black Death, in 1348 and 1349. Its virulence then abated, but there were two more serious outbreaks in 1361 and 1369. Such visitations have recurred, sufficiently terrible, but none have wrought such appalling devastation as the Black Death. Setting aside mere general statements and reports which have occasionally estimated the number of deaths in particular localities as a multiple of their entire population, available statistics appear to show that about half the parish priests in the country died of the plague, and that many villages were literally wiped out. We may, no doubt, assume that the parish priests, if many of them belonged to the same type as Chaucer's Parson, exposed themselves to greater voluntary risks than the average laymen; but on the most moderate estimate, a third of the population must have perished, and probably not much less than one half.

The organisation of agriculture was not merely dislocated; it was shattered. Harvests were left ungathered; in many manors the fields were unploughed. Europe was suffering in the same fashion as England. Food rose to famine prices. The labourers who could work demanded more than proportionate wages, which the owners of the soil declared themselves unable to pay. Edward attempted to meet the emergency by issuing an ordinance in 1349 which was confirmed in 1351 as the Statute of Labourers. No **The Statute of Labourers.** one had a right to turn a national emergency to his own profit. Food must be provided at a reasonable price, and the agricultural work must be done at reasonable rates. The wages and the prices current before the coming of the Black Death were reasonable, and supplied the standard. No one having food to sell should refuse the price which he would have received before the Plague. No one

who was free to work in the fields should refuse to do so if offered the wages he would then have received. It was comparatively easy to apply compulsion to the villein on his lord's manor; none should migrate from his lord's manor in the hope of extorting better pay elsewhere. There was nothing morally reprehensible in the enactment; it was not directed against villeins and labourers in the interests of the landowners. It was simply an attempt to enforce by legislation conditions which everybody knew to be desirable.

Further, the statute was in strict accordance with the current principle of applying ethics to government. It was assumed to be entirely within the province of **its** the State to regulate morals. Every one, what- **Justification.** ever his personal practice might be, admitted that it was immoral to extract profit for yourself out of your neighbour's difficulties, to drive a hard bargain with him because he was not in a position to refuse your terms. As matters stood, the seller of provender had the buyer at a disadvantage, because food was scarce and must be obtained somehow. The same thing applied to the man who was selling his own labour. He could make his own terms unless some one intervened. And so the Crown intervened in the public interest, forbidding the seller of food and the seller of labour alike to make their own terms. There was nothing novel even in the imposing of such regulations by authority instead of leaving the matter to be settled by supply and demand in the market. The guild-merchant fixed prices for goods and wages for labour unquestioned. The trouble was simply that in this case legislation was attempting to control forces which were too strong to be controlled.

Food could not be sold at the old prices except at a loss to the seller. If the labourer worked for the old wages, he could not buy enough food. The original statute **its Failure.** was followed up by amended versions imposing severer penalties on transgression, penalties on the man who gave as well as on the man who demanded higher wages, since the wage question was regarded as being at the root of

the matter. If the wage-earners would take reasonable wages, food would be produced and sold at a reasonable price; therefore the imperative thing was to compel the labourer to take reasonable wages. Sometimes the compulsion succeeded, sometimes it did not. Labour and food both must be had at any price. Where the landowner succeeded in procuring labour for the legal wage, it may be reasonably assumed that the work was generally most inefficiently carried out. It was obvious that in practice food was not generally purchasable at the old price, and the old rate of wages was not reasonable. There were a considerable number of employers, often themselves villeins, who would act in collusion with the labourers whether out of sympathy or from other motives. Another consequence followed, for which statistical evidence is unnecessary, human nature being what it is. The lord who could see his way legally to renew forced services on his estate fell back on his rights as lord of the manor. Commutation had been conceded on the hypothesis that the payments were the fair equivalent **Development of ill-feeling.** of the claims to labour which they replaced. They ceased to be a fair equivalent when the villein demanded higher wages; and the lord was morally justified, as it seemed to him, in requiring that commutations should be cancelled whenever they had not been legally secured, especially as it was the action of the villeins themselves which had changed the situation. From the villein's point of view these manorial lords were employing legal chicaneries to revive an obsolescent tyranny. The sympathies of the villeins who had contracts which secured them would still be entirely with their own class; so in general would be those of the small holders in free tenancy. Landowners were suffering, farm-labourers were suffering; farmers and labourers fixed the blame on the landowners, and landowners fixed the blame on the labourers. All the elements were present for the development of a bitter class hatred; nor is it in the least necessary by way of explanation to attribute to either side anything worse than the ordinary

incapacity of the average irritated human being for realising the antagonistic point of view.

Now on the top of this came the novel religious teaching of John Wicliffe and his disciples. We are not concerned with theological questions as such ; what touches us is the social effect of the reformer's doctrines. Wicliffe.

Wicliffe's views on the subject of Divine Grace led directly to the position that authority which is misused forfeits the divine sanction, whether it be the authority of princes or priests. But there is no true authority except by divine sanction. An evil government has then no authority, and we are morally warranted in setting it at defiance, rebelling against it and overthrowing it. Wicliffe, no doubt, would scarcely have accepted such an interpretation of his doctrine in set terms ; but it was an interpretation very easily disseminated in soil which circumstances had rendered exceedingly receptive.

It is not unreasonable also to suggest another source of agitation. In the latter years of Edward III. there were in the country a very considerable number of dis- The
banded soldiers who had served in France. In Jacquerie.
that country the condition of the peasantry was incomparably worse than in England, and about 1360 led to the insurrections known as the Jacquerie, of which the English soldiery must have seen a good deal and heard more. Given the beginnings of a bitter class antagonism, the analogies of later ages would point to a probability that the reports of upper-class cruelty and peasant misery in France would alarm the peasantry in England, while the horrors perpetrated by the French peasants would alarm upper-class Englishmen ; and so mutual suspicions and ill-feeling would be intensified, materially if vaguely.

Then came a fresh grievance. The exhaustion of the exchequer by the French war, which for many years had been following an increasingly disastrous course, led The Poll-tax.
to the imposition of a poll-tax. It was a gradu-
ated tax, but it was an imposition which the peasantry felt,

and it applied the match which kindled the conflagration. A Kentish peasant slew a tax-gatherer who insulted his daughter, and the peasantry of Kent rose and **The Revolt.** marched upon London. So did the peasantry of Essex. We need not repeat the picturesque details of the story. The Londoners opened their gates to the Kentish men. The young king met the Essex insurgents outside the city, and dispersed them by fair promises of pardon and the remedying of their grievances. The next day he met the Kentish leader, Wat Tyler, in sight of the assembled Kentish insurgents. With or without reason, the Mayor of London, Sir William Walworth, struck Tyler down, and a bloody conflict was averted by the courage and presence of mind of the boy king. The Kent men, like the Essex men, were dispersed by fair promises. But the king had no power to carry out the pledges which he had not hesitated to give; parliament flatly refused to ratify them, and a bloodthirsty revenge was taken on the peasants who had dispersed to their homes. There were sporadic risings elsewhere on the part of the peasantry, but none of them took any long time to crush.

Was the Peasant Revolt an uprising against the tyrannous system of villeinage—an uprising which ostensibly failed, in a cause which triumphed in spite of that failure? An examination of the circumstances points, in fact, to a somewhat different conclusion.

The main insurrection was apparently confined to the group of counties on the south-eastern quarter of England **Who were the Insurgents?** —Norfolk, Suffolk; Essex, Cambridge, Herts, Middlesex, Kent, and Sussex. For penalising purposes, parliament compiled a list of nearly three hundred ring-leaders, of whom more than one half were Londoners, while only nineteen belonged to other counties than those named, Hampshire and Somerset. The list of Londoners points merely to the sympathy of the artisan population of the capital for the revolutionists. But what had the artisan population of London to do with a revolt against villeinage?

Among the insurgents the largest and most conspicuous body was that of the Kent men ; but the Kent men were not villeins. The Kent peasant was a freeman, not bound to the soil, not usually owing agricultural service, but paying a rent. The other insurgents belonged to East Anglia, the counties in which the proportion of free tenants was always comparatively large. In the whole range of counties where villeins were numerous and freemen were rare, Somerset and Hants were the only two which supplied any 'leaders.' If the cruel incidents of villeinage were the main grievance, it is somewhat amazing that the most active of the insurgents should have been stirred entirely not by grievances of their own, but by the melancholy plight of their neighbours, who did not join the insurrection.

In London we must suppose, *prima facie* at any rate, that the hundred and fifty leaders were men whom the ruling authorities had marked down as troublesome characters ; in the counties they would be either those who were known as agitators, some of them being beneficed clergy, or men who had acted as captains of bands of insurgents. For the forces of the insurgents were not without discipline, and one may at least suspect that they had among them a fair sprinkling of old soldiers acting as officers. But these things do not point to a spontaneous rising of villeins against a tightening of the bonds of villeinage ; they point rather to a half-organised social revolt, based more on the grievances of the peasantry and the working-classes in general, whether free or not, than on the grievances of villeins in particular.

So with the actions of the insurgents and the demands formulated by them. They all cried out against the poll-tax. The Essex insurgents, indeed, seem to have been mainly villeins, since their chief demand was that they should no longer be called bond but 'free.' In sporadic risings, as at St. Albans, they demanded to have their holdings free 'in such a way as that they might sell them.' There was a general demand that land should be purchasable at a fixed price.

There were particular demands for release from the very inconvenient rule which required tenants to grind their corn at the lord's mill. Actual details of villeinage certainly played their part among the grievances of the men of the eastern counties. The eastern men and the Kent men alike were manifestly actuated by a fierce hostility to the great landowners, to the lawyers, and to some of the clergy, of whom others were among the most prominent agitators. It is noticeable also that they professed loyalty to the king, and gave rather striking proof thereof when they actually had Richard in their own hands. What were the actual demands of the Kentish leader, Wat Tyler, it is difficult to say, but they appear to have been concerned, not with the abolition of villeinage, but with a general social reconstruction. Something of the same kind appears to have been in the minds of the insurgents at Norwich, where they invited the captain-general, who had risen from villeinhood to knight-hood, to join them, promising to 'set him over a third part of the kingdom,' an honour the rejection of which cost him his life. But the whole conclusion forced upon us is that the particular grievances of villeinage, though they were utilised by agitators, were not the real incentive, and that the leaders had very much more revolutionary ends in view, while the bulk of their followers were probably hoping for the establishment of some sort of peasant proprietary.

Parliament consisted mainly of members of the landowning class supplemented by substantial burgesses from the towns, and it was naturally not free from class prejudice. Consequently it not only at once repudiated the promises which the king had made against the interests of the landowners, but more than once subsequently attempted to reinforce claims which had fallen into desuetude, though it met with little encouragement from the Crown and the Crown lawyers. But the general effect of the evidence is, that the Peasant Revolt actually made very little difference one way or the other in the history of the gradual emancipation of the villein. Wages and rents were in fact more

convenient to landlords, occupiers, and labourers, than fixed labour services. That had made itself manifest long before the Black Death, when forced services were disappearing. Scarcity of labour and high wages caused a temporary set-back which was strengthened by the collision wherein the reaction was victorious over the revolution. But the disorganisation brought about by the great catastrophe of 1348 gradually worked itself out as the population recovered, and again the landowners found that the commutation of services was in their own interest, and that they derived no practical advantage from the directly servile features of villeinage. There was no revolution. But after an interruption of something under half a century, normal economic forces were again in normal working order, and the objectionable incidents of villeinage, with occasional exceptions, became obsolete. Jack Cade's Rebellion in 1450, though Shakespeare has credited it with a good many of the characteristics of the Peasant Revolt, was not in fact agrarian, but political in its motives. But the disappearance of villeinage was rather retarded than accelerated by the insurrection of 1381.

But there were other effects of the Black Death. There was a twofold result of the depopulation. Many villein holdings were made vacant and reverted to the lord of the manor; and the lord of the manor could not get enough labour to keep the arable land on his demesne under tillage. He found, therefore, a strong inducement to consolidate his demesne lands so that portions of them could without inconvenience be utilised for sheep instead of for crops; and thus a movement began for the extension of pasturage at the expense of tillage. No injurious effects were felt, because for a considerable length of time the land that was left for tillage occupied all the available labour, and what was converted into pasturage would probably otherwise have been unproductive. But in course of time the landowner realised, as the wool trade developed, that his wool-growing was highly profitable, and then came

further developments of which we shall treat in another chapter.

At this stage, however, we must guard against forming an exaggerated impression of the effective change which **Extent of Changes.** took place in agricultural conditions between the thirteenth century and the close of the fifteenth. The main features continued the same. The unit was still the manor with its arable land divided into acre strips, allotted partly to the demesne and partly to the tenant, with demesne land still scattered among the tenants' strips, and tenants' strips still breaking into the comparatively consolidated demesne lands. The meadow-land was still used in common, and the waste land beyond was still common. The arable land was still worked by joint labour. Services disappeared almost, but not altogether, and the occupier for the most part had security of tenure at a quit-rent, while most of the old free tenants had probably become actual freeholders. The individual man had become a freeman in the eye of the law, not a bondman, but the practical conditions under which the land gave its produce remained effectively the same.

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CHAPTER VIII

THE LATER PLANTAGENETS

In the thirteenth century the merchant was not yet definitely differentiated from the craftsman, nor did the master craftsmen form a class distinct from the workmen or journeymen, who all expected to set up for themselves and become masters in their turn. Very little was wanted in the way of capital, because most of the craftsman's business was done to order; he was supplied with the material which he had to work up for his customer; he was not in the habit of keeping an extensive stock for sale, or of purchasing quantities of raw material to be worked up for chance customers. In short, it required very little capital apart from the actual tools of the trade to set up a shop. The prosperous craftsman was normally a burgess and a member of the gild-merchant if he inhabited a chartered town. If his craft was one of which there were many members, they probably formed a gild of their own and drew up the regulations specifically applying to their particular craft, procuring the sanction of the gild-merchant for the same. For practical purposes, if not in actual constitution, the craft-gild was controlled by the masters who, as members of the gild-merchant, could give legal effect to regulations of the crafts.

During the fourteenth century, differentiation increased. Merchants became separated from craftsmen as wealthier members of the community began to find it more profitable to buy with a view to selling. Division grew up between masters and journeymen, as masters learnt to manufacture with a view to selling instead

of depending on orders. The merchant or the master craftsman required to have capital; that is to say, accumulated wealth which he could expend on stock or on material. The man who waited for orders was driven out of the field; the journeyman's chance of becoming a master diminished, and the division between employers and employed tended to acquire a permanent character. The modern division between labour and capital was coming into being, and with it came the tendency for the journeymen to form their own associations, distinct from the craft-gilds, which were in the hands of the masters. The modern distinctions of terminology, however, were not yet established; the man who sold the goods which he made himself still called himself a merchant. The men who bought goods to sell instead of making them still called themselves members of a craft; and some of the leading craft-gilds, as time went on, were in fact associations, not of what we mean by craftsmen, but of traders. A curious reversal in modern usage has accustomed us often to speak of what are properly crafts as trades, and to give the name of trade-union to associations of skilled workmen who are not traders but craftsmen.

Until the time of the Edwards, the country possessed a foreign trade only in a very limited sense. It sold goods to **Nature of Foreign Trade.** foreigners who came to buy, and it bought goods from foreigners who came to sell; but Englishmen hardly attempted to go abroad themselves either to buy or to sell. The Edwards had displayed considerable energy, as we have seen, in encouraging the foreigner to come to this country both to buy and to sell. So far as raw wool was concerned, the foreigner did not need any great encouragement, because he particularly wanted to buy English wool on account of its superior quality. Still, under medieval conditions the establishment of the Staple provided facilities which enabled the foreigner to buy in larger quantities than he would otherwise have done, and doubtless effected its purpose of developing the export of staple products. As yet, however, it could not be said that England was pushing

er commerce abroad ; England, in fact, sold her own raw products in exchange for the foreigner's manufactured goods & the foreigner would take the trouble to come and make the exchange. The foreigner was not competing with the Englishman ; he was merely bringing goods which could not be procured at all unless he brought them ; and he could only perform his trading operations under strict supervision, while the profits of retail trading in his wares were restricted to Englishmen.

But in the reign of Edward III. there began a multiplication and development of native industries which brought about a change in the situation and introduced the idea of Protection in all its various forms.

The great factor in bringing about the change was the rise of the cloth-making industry, attributable in part at least to the introduction of the colonies of Flemish weavers early in the reign of Edward III. **Rise of Cloth-making.**

Hitherto the English had been content to make only the roughest kind of cloths at home, and to depend on the Flemish weavers for anything of a superior quality. Now they realised that there was no reason why they should not learn how to make the superior qualities of cloth for themselves. The imported Flemings taught them the art, and the English weavers began to want for themselves that surplus wool which had hitherto gone abroad. The demand for English wool was in excess of the supply, and the price rose. Therefore, even in the reign of Edward III., measures were taken to prevent, or at least to reduce, the export of wool, in order that the home market might be supplied the more cheaply. Here we have in its simplest form, the collision between the interests of two trades within the country. The State intervened in order to encourage a rising industry by imposing a check on the profits of another industry.

When the makers of English cloth multiplied, they found themselves forcing their way into the market in competition with the merchants of the Low Countries. But now, along

with the cloth-making, other minor industries began to grow up, learnt from the foreigner. The foreigner tried to undersell the English makers, and the English makers demanded a tariff against the foreigners who were 'taking the bread out of their mouths.'

In the interest of the consumer as against the producer, the export not only of wool, but also of corn, was stopped in the reign of Edward III. in order to cheapen **Corn Laws.** food when the price rose after the Black Death; but towards the close of the next reign the interests of the corn-grower predominated over those of the consumer. The House of Commons consisting largely of landowners, the embargo was withdrawn, and the free export of corn was again allowed on the ground that nothing but high prices could avert the ruin of agriculture. After this the Council occasionally intervened to check the export in the interest of the consumer, but after the accession of Edward IV. the producer triumphed. He not only obtained his own free export, but procured the prohibition of imported corn at any port where the price of the home-grown article was less than six and eightpence.

The reign of Richard II. was also responsible for the first Navigation Act. The only item recorded to the credit of **Navigation Act.** King John is the care he bestowed on the development of naval strength in the Channel. Edward I. had done likewise, and through half the reign of Edward III. England had been indubitably mistress of the narrow seas; in the last melancholy years her force at sea went to pieces like everything else. But even while she ruled the seas, her trade with the Continent was hardly carried on in her own ships. It was probably with a view not so much to commerce as to the revival of English shipping from military considerations, that the law was made which required foreign goods to be brought to English ports either in English ships or in the ships of the country which produced the goods. Until the Commonwealth Navigation Act of 1653, which was passed with the direct intention of capturing

The carrying trade from the Dutch, the Navigation Acts were dictated not so much by any theory that English commerce would benefit as from the sense that the English marine needed artificial encouragement for the security of the English coasts against attack, and of the communications of English armies on foreign soil.

The military argument also had its share in the protection of agriculture, the theory being that the English yeomen were the backbone of the English armies, and **Agricultural Protection.** the English yeomen would perish unless the price of corn was maintained. The alternative economic argument that if food were cheaper the labourer would be content with lower wages, the cost of production would fall, and the yeomen would make the same profit though selling at a lower price, did not present itself; just as at the earlier stage, exporting was stopped for the benefit of the consumer, not on any economic ground, but because scarcity prices were looked upon as immoral.

It may here be remarked that a statute of 1388, seven years after the Peasant Revolt, passed for the regulation of agricultural service, would seem to imply that the wages question affected tenant farmers no less than landlords. The House of Commons at least wished it to be understood that in legislation against the extravagant demands of labour they were actuated not by class interests, but by regard for the agricultural community in general. It is not impossible that the villeins, as soon as they found themselves generally relieved from the more irritating incidents of villeinage, began to find themselves also less disposed to sympathise with the labourers and more inclined to identify their own interests with those of the landlords, until the era of enclosures set in, when Henry VII. was on the throne.

We shall presently find those protectionist ideas, which we have noted as characteristic of the reign of Richard II. and the fifteenth century generally, developing into fundamental principles of the mercantile theory which dominated economic doctrine in England until the appearance of Adam Smith,

and economic practice for another half-century. Another of these economic ideas was now germinating ; the theory that commerce should be directed to the accumulation of bullion. It would be a mistake to attribute this notion to a belief that wealth and treasure are identical. But treasure began to present itself as being, like food, a form of wealth which cannot be dispensed with, something of which the community absolutely requires a sufficiency, enough to provide in the first place a current medium of exchange. But in the second place, treasure is the one commodity which the owner can immediately convert into any other procurable commodity which he may desire to possess. It can be immediately transformed by a nation which has a store of it into soldiers, ships, and war supplies. These uses of bullion existed only in a very minor degree in the days when exchange was entirely a matter of barter, so that a current medium was not required—when military services were rendered not for payment but as a matter of obligation. But under the new conditions, lack of money in the kingdom was an inconvenience to the public and a danger to the State. And it was not sufficient that in the course of exchange the amount of money going out of the country should be balanced by the amount coming in, because in the Middle Ages there was a perpetual outgoing in the form of the country's contributions to the papal treasury. If, therefore, exchange were merely equal, the whole supply of bullion would be gradually drained off through this papal conduit. Hence, in the course of international exchange, it was necessary that more goods and less treasure should pass out of the country than came into it ; that the value of goods exported should exceed the value of goods imported, the account being squared by the importation of additional treasure.

This principle was recognised or acted upon in the regulations which in the first place required the foreigner to purchase goods to the value of those he sold, and on the other hand ordained that the Englishman trading abroad should not

bring back goods to the value of those he sold, but should bring a certain proportion of the price in bullion; and to this must be added the regulations which required the **Treasure Regulations.** foreigner to pay the customs dues on the goods he imported in cash, instead of surrendering bales of goods or casks of wine as had been the earlier practice.

It may be worth while, however, to remind ourselves that, after all, economic theory can hardly as yet be regarded as materially affecting policy. The economic theories were not formulated, and men met the conspicuous evil by the obvious remedy, without endeavouring to go very deeply into the causes of the evil or to calculate the concomitant effects of the remedy. It was not till a later date that the mercantile theory was co-ordinated as an economic creed, though it was anticipated by the empirical measures of the later Middle Ages.

By the reign of Richard II. at least, the merchant had become a person distinguishable from the master artisan. He had not yet ceased to be a retailer as well as a whole- **Progress of Capitalism.** saler, but that further modification was approaching. And on the other hand, while in sundry trades, notably in the cloth industry, he no longer himself made the goods which he sold, he was about to become to some extent an employer of labour, a man who had his goods made for him by his own workmen. These changes were the natural outcome of the development of internal traffic which accompanied the growth of cloth manufacture. The commercial spirit and commercial enterprise were awakened. Commercial enterprise was rewarded by the accumulation of wealth, and the accumulation of wealth encouraged Englishmen to undertake those financial operations which in the past had been left to Jews and Lombards; the more because the Jews had been expelled, and the Lombards were unpopular besides having suffered seriously at the hands of Edward III. And beyond this, while capital was accumulating, commerce on the one hand was increasingly feeling the need of capital, and capital was seeking fresh channels for employment; a

state of things which tended towards the breakdown of the old prejudice against lending money at interest for commercial purposes.

Perhaps the most prominent feature of the development of the cloth industry is the impulse which it gave to an **Commercial Activity.** active foreign commerce, to the struggle to obtain markets for English goods. Associations of merchants began to be formed, entirely apart from the Staple which dealt only with staple wares. The new associations sought to compete with foreign producers in foreign markets. The Hanseatic League had been granted its privileges in England on the understanding that Englishmen should have corresponding privileges in the privileged towns; but now that Englishmen began to claim these privileges, they found it exceedingly difficult to give their claims practical effect. The League was not at all disposed to carry out its own side of the bargain, which, when made, had been practically one-sided, as the English were not then ready to exercise their claims. The individual efforts of single merchants could accomplish nothing, and even miscellaneous associations found themselves fighting against overwhelming odds. Strong organisation and official recognition **Merchant Adventurers.** were necessary, and the first Charter to a company of Merchant Adventurers was conferred by Henry IV. in 1404. But the Merchant Adventurers were not content to demand a reciprocity of treatment from the Hanse towns; they also sought to break through the monopoly which the Hanse towns had established, especially in the Baltic trade; a monopoly with which the Hanse towns were not disposed to allow any tampering.

The Merchant Adventurers did not occupy the same position as the Merchants of the Staple, who formed almost what might be called a department of government. The Adventurers were trading associations formed under the Government's sanction to regulate the conduct of English traders, and to make united action on their part possible. Without government sanction they would have had no

authority to enforce their regulations. The unfettered adventurer was liable to lay himself open to charges of misconduct which were often warranted by the facts, and, even when substantially untrue, were exceedingly difficult to rebut. Such charges by a normal process of generalisation were apt to be extended to the community of English traders, so that one act of piracy gave their rivals opportunity to declare that the English traders were pirates. Hence arose the necessity for authoritative organisation, limiting the freedom of individual action, while greatly increasing security within the limit. The association was, in fact, a guarantee against lawlessness, in the absence of which it was virtually impossible to deny the charges which supplied the Hansards with a pretext for excluding the English merchants from the markets.

The Merchant Adventurers were able, after much struggling, to secure their footing in the North German and Baltic trade, especially since a long hostility between ^{The} the Danes and the Hansards made the former ^{Hansards.} inclined to encourage the English as rivals of the latter. The antagonism habitually displayed by the Hansards led to repeated demands in England for retaliation, and the curtailment or abolition of the Hansards' privileges in London. These demands, however, were ineffective, apparently because of the financial obligation of the Crown to the Germans; and this was more particularly the case after Edward IV. had finally crushed the Lancastrians at Tewkesbury, because of the direct help he had received from the Hansards. It need hardly be remarked, however, that the Germans assisted him from purely selfish motives. The victory of Warwick the Kingmaker and the Lancastrians at this stage would have meant an Anglo-French combination fatal to German interests. The Hansards obtained the price of their services in the shape of sundry additional privileges conferred upon them by Edward in 1574.

General statements as to the prosperity of the country during this period are by no means to be relied on, but the

same thing must be said of the appallingly gloomy pictures with which we are sometimes presented. There is quite **Evidence of Wealth.** unmistakable evidence of the accumulation of wealth in some quarters, but there is also evidence of decadence in many boroughs, and of repeated famines and outbreaks of pestilence, hardly to be reconciled with accounts of universal prosperity. The large number of ecclesiastical and of public buildings is evidence that there were an exceptional number of persons with a large margin to spare from the ordinary needs of life for expenditure on piety or ostentation. Building of this kind at least is proof of the existence of wealthy individuals who were pious or public-spirited, or at least wished to be considered so. But the distribution, not the accumulation, of wealth is the vital matter; and here our evidence fails us. The labourer earned high wages when he was at work, but it is not easy to guess the purchasing power of his earnings, or to tell how constant or inconstant his employment may have been. Evils which became persistent and virulent in the sixteenth century were at least making their appearance sporadically **Evidence of Distress.** in the fifteenth. The civil broils and the French wars let loose a number of disbanded soldiers, who took to robbery and thieving in preference to seeking even irregular employment. Sturdy vagabonds were becoming a nuisance, and the minds of the authorities were beginning to be exercised over the impotent poor who were dependent for their relief upon private charity. The point is not that any serious effort was made as yet to devise adequate legislation for dealing with what was to become a serious problem, but that the impotent poor were becoming a sufficiently conspicuous factor in society to be noticed at all by the national, as distinct from the purely local, authorities. Perhaps it was only in order to make it more easy to differentiate between them and the sturdy vagabonds that a statute of Richard II. required all such persons to return within forty days to the town, or at least to the hundred, within which they were born, unless the town where they

happened to be resident at the time of the proclamation was prepared to be responsible for their maintenance. It seems, however, pretty evident at least that their maintenance was beginning to be felt as a burden.

If, indeed, these things by no means suggest that rural England was enjoying a period of Arcadian happiness, still they do not point to widespread grinding poverty and destitution. When the English labourer chose to work, or could get work, it is fairly clear that he was decently paid for it. Whether his work was regular is another question; and if it was not, he probably made the most of the good seasons and starved for the rest of the year. At the times when agricultural labour was in urgent demand, the supply of labourers was deficient, which provided the landowners with a further incentive for preferring pasture to tillage. We have already seen an increasing tendency towards legislation for the protection of cultivators of the soil; in the same way there was further legislation which aimed at keeping up the supply of agricultural labour by preventing the children from entering other trades. In this, however, we may perhaps also recognise another motive, in the inclination of the town artisans to resist the augmentation of their own numbers.

In fact, there is a great deal of room for conjecture as to the condition of the working classes, and very inadequate evidence for drawing decisive conclusions. And what is true of the country applies also to the towns. But here perhaps we should rather say that prosperity was pretty certainly general in those towns which became centres of the cloth trade, while many of the older boroughs, which did not become centres of the new industry, fell into decay. Some corroboration of this view is to be found in the rough correspondence between these localities and the expenditure on building. Broadly speaking, as far as the towns were concerned, it seems to have been a period of local prosperity and local depression, in which the chief factor was the development of the cloth trade; and local

prosperity was probably apt to mean the rapid rise of a few individuals to exceptional wealth. It does not, however, seem possible to doubt that whether or no the wealth of the mass of the population had increased, the aggregate wealth in the country was very much greater at the close of the fifteenth century than it had been one hundred and fifty years before.

It is probably true that in the main the War of the Roses was a war of factions in which the bulk of the population took very little part. It was not one of those **The Civil Wars.** civil wars which were accompanied by wilful devastation, in which districts have been laid waste, city populations have been put to the sword, and cities razed to the ground ; but it would be an exaggeration to claim that town life went on through the turmoil practically unaffected. There were certainly towns such as Cambridge, Peterborough, and conspicuously Stamford, which suffered grievously at the hands of the troops of one faction or the other ; and there must have been a great deal of miscellaneous pillage and spoliation on the main marching routes. Still, on the whole, the principal civil wars in England have been conspicuous for the comparatively small amount of wanton destruction with which they were accompanied. The fighting, from the first battle to the last struggle on Bosworth Field, was not ruinous, as were many of the struggles on the Continent ; but it must be recognised as a manifestly retarding factor in the material progress of the country, apart from the general unsettlement of trade which inevitably accompanies prolonged instability in the government.

BOOK II
THE MERCANTILE PERIOD

CHAPTER IX

THE MERCANTILE ERA AND MERCANTILISM

THE accession of the House of Tudor corresponds in England with the group of events which are generally treated as marking the transition from the medieval to **The** the modern world. According to our point of **New Age.** view, we may select varying dates as marking the precise moment of change; the invention of the printing-press, the capture of Constantinople, the invasion of Italy by Charles VIII., the discovery of America, and the Diet of Worms, may any one of them be selected. In the history of the world's commerce there can be no doubt that the voyages of Christopher Columbus in 1492, and of Vasco da Gama in 1498, mark the turning-point. For us it is more convenient to treat the inauguration of the new dynasty of Henry VII. as the opening of the new era.

The three fundamental facts of the time were: the Consolidation of European States; the expansion of the limits of the known world by the discoveries of **Four Factors.** America and of the Cape route to India; and the revolt against the papal supremacy. Out of the first arose the doctrine which for a long time to come played the largest part in directing international policy, the doctrine of the Balance of Power. The discovery of the New World made the ocean the commercial highway and an open battlefield, whereas in time past it had been the function of the sea to act as a barrier. The Reformation divided Europe into hostile camps. There was, of course, an immense amount of interaction between these three factors. For three hundred years it was not always easy to tell whether

the leading motive in any given war was the balance of power or commercial rivalry or religious hostility. These motives reacted on each other. To these three factors was added a fourth peculiarly English, the prolonged struggle between the Crown and the Commons for supremacy over the government of England. Each one had its effect in moulding the commercial and industrial history of this country.

Until the closing years of the fifteenth century it could scarcely be said that there was in Europe any great consolidated State. France had not even freed herself from the yoke laid on her neck by Henry v. until 1453; it was not till some years later that Louis XI. succeeded in rendering the French kingdom comparatively free from the danger of disruption at the hands of the great feudatories of the Crown. Next came the Union of the Crowns of Castile and Aragon and the Conquest of Granada, which transformed Spain into a single power. A couple of marriages united in one family, and for a time in one person, the succession to Spain, the Netherlands, the Austrian dominions of the House of Hapsburg, Hungary, and Bohemia, and the Imperial Crown of the Holy Roman Empire; while the Spanish dominion included the New World. In 1556, the Hapsburg Empire was divided between the son and the brother of Charles v., the Spanish and the Austrian branches of the House of Hapsburg. Spain, the Netherlands, and the New World fell to Philip II.'s share, to which he succeeded in adding Portugal and the Portuguese maritime dominion in the East. The German branch found enough to occupy them in conserving the religious peace of the German Empire.

Commercial and religious motives were mixed in the long struggle which now arose between Spain and England.

Philip held the monopoly of the New World, in right of the discovery by Christopher Columbus, who had made his great voyage in the service of the Spanish rulers, and also by the authority of the Papal Bull

whereby Alexander VI. had bestowed all newly discovered territories upon Spain and Portugal. The English had always resented monopolies held by their neighbours, and were inclined to infringe them by methods which the sufferers therefrom pedantically termed piracy. But when Queen Bess sat on the English throne, English sailors were Protestants. Philip of Spain accounted himself the divinely appointed champion of the Old Faith; and when English sailors were caught, they were handed over to the Inquisition instead of being hanged as pirates. Thus the Anglo-Spanish contest acquired a new justification in English eyes.

The struggle was one of supreme importance to England. Hitherto the English had held their own in the narrow seas; but medieval England had shown no remarkable maritime enterprise. It is true that the actual mainland of America was first touched by an English expedition under Genoese captains in 1494, and from that time forward many venturesome voyages were made by English seamen. But it was not till the reign of Elizabeth that English sailors became thoroughly alive to the superiority of their own seamanship. Venice, Genoa, Portugal, or Spain might any of them put in a plausible claim to primacy on the sea, but after the tremendous catastrophe of the Spanish Armada, the naval supremacy was shared for a century by the English and the Dutch. The Spaniards were left undisturbed in South and Central America; but English and French took possession of the Northern Continent, and English and Dutch captured the commerce of the Far East.

In the second half of the seventeenth century Louis XIV.'s great minister, Colbert, brought France into the maritime and commercial rivalry. Thrice in the time of the Commonwealth and of Charles II. English and Dutch fought each other furiously on the seas, only to prove each time that neither could get the better of the other. Yet a few years later, when Dutch and English were united against France, there was a brief moment when it seemed possible that France would be able to hold her own

against both. That moment passed when the English destroyed the French fleet at the battle of La Hogue in 1692; from that time no power has ever been able to challenge the British fleet single-handed.

From 1453 to 1689 England and France had only been at war for very brief periods; thrice aimlessly enough, in the reign of Henry VIII., once in the reign of his daughter Mary, when Calais was lost, and once in the reign of Charles I. From 1689 to 1713 France and England were usually at war; almost, that is, from the accession of William III. to the death of Anne. But nothing would have drawn England into those wars except the fact that the King of France chose to proclaim himself the champion of the exiled James II. and his son.

Explicitly 'what they killed each other for' in the War of the Spanish Succession was the balance of power. What swept England into it was the insolence of the French monarch in recognising the exiled son of James II. as King of England when England had deliberately rejected him. But when the war came to an end, the rewards or compensations which Great Britain claimed—for the Incorporating Union had taken place while the struggle was raging—were mainly in the form of colonial and commercial concessions. Commerce, colonies, and the maintenance of the Protestant succession, were again the causes at work as far as Great Britain was concerned in the next war into which she was plunged twenty-six years later; a war which merged in the European conflagration called the War of the Austrian Succession.

This war, which lasted from 1739 to 1748, had its source in the unsettled quarrel with Spain which had been outstanding since the days of Elizabeth. Spain chose to keep her American dominions closed to commerce with other European States, except for the privileges known as the Assiento which she had conceded to France, and which had been transferred to Great Britain by the Treaty of Utrecht in 1713. This carried with it a monopoly of the slave trade

and the right to send one merchant ship to trade in the South Seas. The English, however, endeavoured to carry on an extensive illicit trade, which the Spaniards sought to prevent by methods which were frequently high-handed and indefensible on any recognised principles of international law. Charges and countercharges waxed so hot that the English minister, Sir Robert Walpole, found himself forced to a choice between war and resignation. But within the year, the death of the Emperor Charles VI. started a scramble among the European powers for portions of the Austrian inheritance which had been left to his daughter, Maria Theresa, under an instrument known as the Pragmatic Sanction, which the leading powers had guaranteed. The War of the Spanish Succession had made Spain a Bourbon instead of a Hapsburg power. The Bourbons united against the Hapsburg, who was supported by England and Hanover, and so began the great duel between Britain and France for supremacy in America and in India.

The war of 1739 to 1748 was merely the opening phase. In spite of the fact that a question of trade had brought about the first hostilities, both English and French statesmen were still under the impression that what they were fighting about was the balance of power in Europe. What the war settled was that Prussia had taken rank as a first-rate military power by aggressive methods which were likely to recoil upon her. Incidentally it had ended the question of the Protestant succession in England as a disturbing element in politics, as Jacobitism received its deathblow on the Field of Culloden. The quarrels between British and French colonists in America, and the British and French companies in India, even the original cause of dispute with Spain, were left unsettled.

After an interval of eight years the struggle broke out afresh; but this time the control of British policy passed into the hands of the great statesman who grasped the nature of the vital issues at stake. William Pitt saw that in the contest with France the prize of victory ought to be trans-

oceanic empire, of which the imperative condition was decisive and overwhelming naval supremacy. Clive in India, Wolfe in America, Hawke on the seas, mightily wrought out the policy of the statesman, and the Peace of Paris in 1763 saw Great Britain established in undisputed dominion over America, and with no European rival to challenge her ascendancy in India as the leading territorial power. The contest with France was to be renewed thirty years later; but then it was an attempt on the part of the enemy to dispossess her of what she had won, to eject her from a position in which she was established. The chapter of expansion closes with the Seven Years' War, not because expansion came to an end, or because Great Britain's imperial position was thereafter unchallenged, but because it was in that war that the empire was decisively established.

Nevertheless, there is another episode which belongs to this era rather than to the next, the rupture within the empire and the loss of the American colonies. And with this must be joined the first experimental phase of British dominion in the Indian Peninsula; a phase in which the British footing was secured, but which also demonstrated the need for that reorganisation which ultimately transformed the ascendancy of the premier power in the Peninsula into dominion over the whole of India.

Maritime and imperial expansion was, during these three centuries following the accession of the House of Tudor, the fundamental fact in the development of British commercial supremacy. But that development has also its relation to other constitutional and political movements which we must pass in brief review.

King Henry VII. secured the throne of England by a title which would not bear inspection; his accession was made possible only by the fact that the last Yorkist king was himself a usurper of a particularly flagrant order, and that the manifest heir of the House of York was a girl. Henry laid hold of two fundamental

principles. If his dynasty was to be secured, he must accumulate wealth which he could transmute into power; and if he was to accumulate wealth himself, he must have wealthy subjects. Therefore he had as primary objects the development of England's wealth and the filling of his own treasury, more definitely and more consciously than any of his predecessors. For dynastic reasons also he pursued a policy of matrimonial alliances. He married his eldest daughter to the King of Scots, with the result that precisely one hundred years later her great-grandson ascended the English throne as the undeniable legal successor of Henry himself, of the Plantagenets, and of the House of Cerdic. Also he married his eldest son to a princess of Spain, and in order to maintain the Spanish connection, arranged, when the princess was left a widow, that she should be married again to his second son, who was left his heir. This scheme did not work out as designed. Instead of securing the Spanish Alliance, it became the occasion of the quarrel between Henry VIII. and the Papacy, which ended by ranging England among the Protestant powers.

Henry VIII. succeeded his father in 1509, almost twelve years before the cardinal event of the Reformation, the Diet of Worms. In one respect Henry completely **Henry VIII.** reversed his father's methods; with unprecedented lavishness he flung away the vast hoards of wealth which had been accumulated in the royal treasury. He found himself in want of new sources of wealth just at the moment when the Pope was evading his demand for the nullification of his marriage with his brother's widow. In these circumstances, Thomas Cromwell was able to point out to his master the mighty revenues derivable from spoliation of the Church. Henry repudiated the papal allegiance, appropriated to the Crown the ecclesiastical contributions to the papal treasury, suppressed the monasteries, and took possession of the monastic lands, which were distributed for the most part either as gifts or at a low price among a greedy swarm of new men who formed a new class of landowners.

The effect of Henry's matrimonial peculiarities was that at the end of his life he found himself left with two daughters and a son by three different wives. The eldest daughter, Mary, was pronounced illegitimate because the courts asserted the nullity of the marriage with Katharine of Aragon. The second daughter, Elizabeth, was pronounced illegitimate because for reasons unexplained the courts had also pronounced the marriage with Anne Boleyn void. Of the legitimacy of the son, who became Edward VI., there was no question. The next indubitably legitimate heir to the throne was the infant Queen of Scots, the daughter of Henry's elder sister, and the next was Frances Grey, the daughter of his younger sister. Henry fixed the course of succession by will with the sanction of parliament, naming Edward his heir, to be followed by first Mary, then Elizabeth, and then Frances Grey, leaving out Mary Stuart altogether. From this confusing genealogical disarrangement arose the attempt to place Lady Jane Grey on the throne on Edward's death, and the claim of Mary Stuart, valid in the eyes of all Roman Catholics, to be the legitimate heir when Mary Tudor died.

The government during Edward's reign was in the hands of a council nominated by Henry, at whose head was at first the young king's uncle, known as Protector Somerset, and afterwards the Duke of Northumberland. The Reformation and the confiscation of ecclesiastical property went on apace during this period, and it was also the culminating point of the great dislocation of rural industries resulting from the conversion of arable land into pasture, a process which we saw beginning during the fifteenth century. The disastrous character of the reigns both of Edward and of Mary is unrelieved.

When Elizabeth ascended the throne in 1558, it became the first task of her ministers to restore public credit by introducing a stern economy and a strict honesty into the financial management of the State, and further, to find remedies for the depressed condition of the rural population and the

decay into which many towns were falling. The legislation of the reign, beginning with the calling in of base coinage issued by Elizabeth's predecessors, and **Elizabeth.** with the Statute of Apprentices, and ending with the Elizabethan Poor Law, helped materially to set the industrial and agricultural organisation on a satisfactory basis; though natural causes were already operating to stop the displacement of labour and to absorb the floating population into the urban industries. The outstanding feature of the reign, however, was the immense development of the English marine by private enterprise, and the organisation of a small but extremely efficient fleet of Queen's ships. Englishmen took the first place in the Arctic exploration which had for its object the discovery of a North-West passage to India; but they also challenged the might of Spain in the West Indies and on the Spanish Main, and the second circumnavigation of the globe was accomplished by the great English seaman, Francis Drake.

English seamen for the most part took the short way to wealth by the plundering of Spanish galleons; but Sir Walter Raleigh, inspired by his half-brother, Humphrey **Beginning of Colonisation.** Gilbert, made a persistent though vain effort at real colonisation, the establishment of permanent English settlements on American soil. Every one of the numerous expeditions dispatched by Raleigh came to a disastrous end; but his great conception materialised successfully in the next reign, when the colony of Virginia, after great vicissitudes, became permanently established, and was followed up by the planting of the Puritan or New England colonies further to the north.

The great triumph of Elizabeth's reign was achieved with the decisive overthrow of the Spanish Armada in 1588; but after her death the might of England was somewhat in eclipse for a space of fifty years. James VI. of Scotland inherited the throne of England, and he brought with him notions concerning the divine right of monarchs, and his own singular endowment of 'king-craft,' which he unhappily

planted in the mind of his son. There they grew and flourished and bore fruit in the long struggle between king and parliament which culminated when the king's head was struck off in 1649. The Civil War had the singular effect of raising England to the front rank once more, both as a naval and as a military power. The accession of James I. had united England and Scotland under a single Crown; when the English parliament killed the Stuart king, the security of the Commonwealth required the incorporation of Scotland. For a time England, Scotland, and Ireland formed a single State whose citizens enjoyed common rights and privileges under a single parliament—rights and privileges which the Protector extended to the colonies, which had increased and multiplied during the two decades which preceded the calling of the Long Parliament in 1640. The Puritan soldiery, trained by Cromwell, were recognised as the most efficient troops in Europe; the Commonwealth navy, organised by Sir Harry Vane and led by Robert Blake, one of the three greatest of English admirals, proved itself a match and even a shade more than a match for the Dutch fleet and the Dutch admiral, De Ruyter, the greatest of Dutch naval commanders.

But the might of England again sank into eclipse when the English people, weary of a Military Dictatorship, recalled Charles II. to his father's throne. Charles cared nothing for the honour of England, and for the sake of a pension from his cousin, Louis XIV., he tricked his ministers into making England the instrument of the French king's will, at least so far as was necessary to secure the French king's favour. Still the navy was not allowed to go to pieces, though its organisation fell badly out of gear. Moreover, the encouragement of the colonies and of commerce was quite within the policy of King Charles, as it invited no antagonism on the part of the French king.

Charles had set before himself two objects to be achieved by finesse and the financial help of King Louis. These were, to make the Crown absolute and to restore the Roman

Catholic religion. The first he had almost accomplished just at the close of his reign ; the second he had almost given up. His brother James succeeded him on the throne, and set about the pursuit of the same objects without any finesse at all. The result was that he alienated practically all his subjects. Whig and Tory leaders united to call in the intervention of his nephew and son-in-law, William of Orange, the Stadtholder of Holland. William came with his wife, James fled to France, and William and Mary were placed on the throne. The Revolution had the effect of **The** drawing England into the vortex of the European **Revolution.** struggle against the aggression of Louis XIV., in which William was the French king's most determined enemy. Indirectly it led to the system which we call party government, under which the Crown chooses its ministers from the members of the party which is predominant in the House of Commons, and so to the fifty years' ascendancy of the Whigs, dating from the accession of the House of Hanover in 1714 and the identification of the Tory party with Jacobitism, the cause of the exiled House of Stuart.

But the Restoration of 1660 had had a result to which we have not yet adverted. Cromwell's possibly premature Imperialism again yielded to Separatism ; Scotland, Ireland, and the Colonies reverted to those relations with England which had prevailed before the Civil War. England, incomparably the most wealthy and powerful **England** of the whole group, pursued her own interests **and Scotland.** and her own commercial policy very much to the detriment of the others. Scotland, which owed no sort of subjection to her southern neighbour, arrived during the reign of William III. at such a pitch of exasperation that in the reign of Anne she threatened to dissolve the connection by rejecting the Hanoverian Succession. The Whig statesmen then holding office in England were unwilling to face such a political catastrophe as the reconstitution of a hostile nation on the north of the Tweed, and preferred the alternative of an incorporating union which would bind the two countries

together permanently, though at the expense of conceding commercial equality to the Scots. As for Ireland, she was unable to assert any claims of her own, since the Roman Catholic masses were under the heel of the Protestant minority whose ascendancy depended on the supremacy of England.

The Hanoverian Succession gave the Whigs a monopoly of political power for fifty years. Much of the Whig strength in the country lay among the commercial classes and in the great towns. To these the stability of the dynasty was of first-rate importance, since a Stuart restoration would have threatened a *bouleversement* of the whole financial system which had grown up since the Revolution of 1688. Whig policy was therefore guided to a very great extent by consideration for the interests of the commercial classes; and in particular the policy of the great Whig minister Walpole, who controlled the government from 1721 to 1739, was directed more than that of any previous government to the development of the commercial supremacy of the country. Walpole hated war, and kept England at peace while neighbouring countries were exhausting their resources in sanguinary conflicts; but in 1739 the control was swept out of his hands, when he was no longer able to resist the popular clamour for a Spanish war, the outcome of which has been narrated in the earlier portion of the present chapter.

The era, then, on which we are entering was one of maritime and commercial expansion, a period in which the most prominent international conception was that of the Balance of Power. Balance of Power amongst leading States of Europe. In the Middle Ages, commerce had played only a very minor part in the national life; the sea had been looked upon as a barrier between the islander and the alien. Wars had been the work of kings; until the fifteenth century they had avowedly been not national but dynastic, or else feudal contests between suzerain and vassal; it was only in the reign of Henry v. that the French war began to assume the character of an English conquest of France. Even when

Edward III. was actuated by commercial motives, it was mainly because in an expanded commerce he saw the means to the filling of his own treasury—though incidentally his English and Gascon subjects would benefit. In other words, the political system of Europe was not national but feudal. The idea of the Balance of Power had not come into being, because there were no powers to balance. The idea of national expansion had not presented itself, because the world was bounded by the waves of the Atlantic Ocean on the West, by the Moslem barrier in Africa and Asia, and by Slavonic or Tartar barbarians in Eastern Europe. Everything was changed when the ocean became a highway for commerce and Europe could overflow into America, while feudal Christendom was consolidating itself into a group of comparatively homogeneous States. The comparative isolation of England was partly at least the reason why she was the first of the States to be consolidated and to begin to pursue something like a national commercial policy. But her national policy had hardly begun to be systematised. It had been empirical, an adaptation of local usages to national requirements as occasion arose, the application of the most obvious remedies to the most conspicuous disorders. But with the new era there emerged a conscious direction of policy upon definite lines to a recognised end, the *development of national power*. It became the business of the State to guide commerce and industry along the channels most productive of national power, which were not necessarily regarded as identical with the channels most productive of what modern economists mean by wealth, measured by the volume of trade. That is to say, the pursuit of plenty was subordinated to the pursuit of power, on the hypothesis that in the long-run power is the condition of plenty. This attitude was reversed in the nineteenth-century policy of *Laissez Faire*, which treats plenty as the end to be pursued on the hypothesis that plenty is the condition of power, and that plenty is most successfully attained by completely unfettered competition.

**Mercantilism
and National
Power.**

The controlling principles, then, which replaced the empirical methods of the medieval era, shaped themselves into what is called the Mercantile System. National power **The Postulates.** being the object in view, two prime necessities presented themselves for England, the development of shipping and the accumulation of treasure, with the corollaries that England suffered from the development of shipping or the accumulation of treasure by a rival power. Prosperity was regarded as relative not absolute. Every other power was a rival whose prosperity was matter of regret, whether acquired at the expense of England or not. A third necessity was the development of home production to the highest degree, as rendering the country self-sufficing and independent of foreign supplies, from which two advantages were to be expected: English goods would be exchanged not for foreign goods, for which there would be little requirement, but for treasure, and the multiplication of trade would prevent unemployment, poverty, and the consequent degeneration of the population. It followed that the industry which most of all required to be fostered and encouraged was agriculture; whereby, on the one hand, an adequate food supply should be secured, and on the other, a large proportion of the population would be engaged in the healthiest kind of employment.

These doctrines, as we have already seen, were beginning to come into play in the fifteenth century. The Navigation **Their Consequences.** Act of Richard II. was the forerunner of the mercantilist legislation which aimed at fostering English shipping. The regulations which forbade the export of bullion developed into the mercantile theory of the 'balance of trade,' according to which it was injurious to trade with any country which sold to us more than it bought from us, and thereby reduced the store of treasure. The general principle of fostering native industries developed into that full-blown form of Protection under which individual trades sought to enhance the prices of their wares by excluding foreign competitors from the market, though the protection of agriculture did not reach its extreme stage until

1815. Protection, exercised in the interests of England in particular, as against Scotland, Ireland, and the colonies, almost brought about the separation of England and Scotland after they had been united under one Crown for a hundred years, throttled every possibility of the industrial development of Ireland, and was the principal cause of the rupture with the American colonies; but then this was not in fact national but sectional protectionism, under which one section of the empire sought to forward its own interests at the expense of the rest.

Industrially the period is marked by the development of what is called the domestic system, in contradistinction to the earlier gild system and the later factory system. **The Domestic**
The essence of the gild system was the local **System.**
 regulation by authority of production and distribution. To some extent the domestic system meant the substitution of capitalist competition for local regulation. Here again the beginnings are to be found in the fifteenth century, when monied men took to employing labour in production, outside the area of authority of the town gilds, and free from their inspection and control. It was not necessary for a large employer to have his work done in his own workshop when all the necessary tools could be supplied to or by the worker in his own home; the materials could be given out and the product collected. Where this is still practicable a vast amount of domestic industry survives at the present day, though now the workers consist mainly of the poorest classes in the towns. Domestic industry in the great manufactures was brought to an end only by the arrival of machinery, which necessitated the congregating of workers in the factory.

CHAPTER X

TUDOR CHARACTERISTICS

THE Tudor rule, down to the accession of Queen Elizabeth, forms the period of transition from medievalism to the era of Expansion. During that period the four great divisions of Western Europe—England, France, Spain, and the Empire—had definitely emerged. The great religious disruption was awaiting only its finishing touches in the final decrees of the Council of Trent. Spain was secured on one side, England on the other; Germany was in equilibrium, having arrived at a *modus vivendi*, while in France the two religious parties were each on the watch for an opportunity to secure the predominance which was still in the balance. Spain was mistress of the New World, Portugal was supreme in the Eastern Seas; no one else as yet had offered to infringe either of their monopolies. A stage also had been reached when Europe generally was beginning to feel the effects of the influx of precious metals from the New World.

Nevertheless, after the Spaniards and the Portuguese, the English had begun to assert their claims to be an oceanic power. Not officially; after one experiment in exploration Henry VII. had made up his mind that Spain had secured what was worth having in the New World, and that it was not worth his while to risk money and ships in the investigation of the Northern territories which appeared to promise so little. But a venturesome spirit was awake in the seaports, especially in the West, whence various ocean voyages are recorded. In the time of Henry VIII., William Hawkins, the father of Elizabeth's great captain,

made several expeditions to the Guinea coast and to the Brazils; and in the last months of the reign of Edward VI., Willoughby and Chancellor started on their famous voyage, in search not of a North-West but of a North-East passage to the Indies, whereby it was hoped to evade the Portuguese monopoly of the Far East. They did not find the passage; but though Willoughby perished, Chancellor 'discovered Muscovy'; that is, he entered the White Sea, and penetrated from thence to the court of the more than half barbarian Ivan of Russia, and thus succeeded in opening relations between England and that remote and almost unknown people.

If Henry VII. declined to enter upon a national competition with Spain and Portugal for the appropriation of hitherto undiscovered regions, both he and his son were **Maritime De-** fully alive to the need for developing the mari- **velopment.** time power of England; though mainly, it may be, having their minds on French wars, Channel pirates, and North Sea commerce. Henry VII., renewed with some effect the Navigation Act of Richard II., which had practically remained a dead letter, partly with the intention of menacing the Netherlands carrying trade, but still more in order to encourage English seafaring and shipbuilding. Henry VIII. apparently set no great store by Navigation Acts; but he made shipbuilding a personal hobby of his own, and built up a royal navy such as England had never known before. It is rather curious to note that Wolsey was opposed to the Navigation Act, as raising the price of imported goods; whereas an Act of 1540, for which Thomas Cromwell may have been responsible, again insisted on the exclusive employment of English shipping, reproaching those who, for the sake of a little extra profit for themselves, tried to import goods in foreign bottoms. After 1540, however, the government's finance went miserably to pieces, and was not restored until Elizabeth and her ministers took it in hand. The revenues and endowments for religious purposes, reft from the Church by Henry and in his son's reign by Somerset and Northumberland, were squandered. Little went into the

treasury. Of what was utilised for public purposes the best part perhaps was appropriated to naval defence by Henry himself; and a sufficiently formidable fleet guarded the south coast when England and France were at war in 1544. But in the following years the navy went rapidly to decay, and English seamanship found practice and training chiefly with the fishing-fleets on the Newfoundland cod-banks and in the miscellaneous piracy in the Channel.

The government, however, continued to be anxious on the subject of shipping; and the zealous Protestantism of the government of Edward VI. found it necessary to seek excuse for encouraging the practice of the Lenten Fast—which it condemned in theory as a degraded superstition—lest there should be any falling off in the demand for fish, and consequently of the number of ships and men employed in the fisheries. Similarly, Sir William Cecil, whose Protestantism after Elizabeth's accession was unimpeachable, urged fasting in Lent as a patriotic duty. In Elizabeth's reign, however, the spirit of maritime enterprise developed with such vigour that it hardly required artificial encouragement from the State. One other point may be noted as to the development of shipping on the part of the State. The Henries were alive to the fact that fleets require something besides hulls and sailors; and there is an enactment of Henry VIII. ordering that for all land under tillage a small acreage should be appropriated to the production of hemp for cordage.

It has already been remarked that there are great differences of opinion as to the prosperity of the towns in the fifteenth century. Some there were which certainly developed and flourished, and the development of building must be accepted as conclusive proof that considerable private fortunes were accumulating. On the other hand, there is also ample evidence that a large number of once flourishing towns were in a state of decay during the period now under review. Taxation was heavy under Henry VII., who never let slip an opportunity of putting

money in his purse. Nevertheless, when taxes were imposed, he found it necessary to make large remissions on the amounts payable under the standing assessment by several large towns. In the second half of Henry VIII.'s reign, houses and streets were falling to pieces or threatening to do so in scores of important towns, among which occur the names of York and Lincoln, Salisbury and Winchester, Oxford and Cambridge, Rochester and Portsmouth, Exeter and Hull. It may not perhaps be assumed that this state of things was wholly due to the impoverishment of the localities ; we may allow something for the parsimony of private owners and the neglect of public bodies ; but when all allowances have been made, we still cannot escape the conclusion that such neglect would not have been possible in really flourishing cities. And yet the evidences of private wealth do not fail. Without it the immense sumptuary extravagances of Henry VIII.'s reign would have been impossible. Henry's own lavishness no doubt could be readily accounted for in view of the unprecedented accumulation of treasure which he inherited from his economical parent ; but the extravagances were not confined to the court, they permeated all ranks. And in spite of the huge wastage, there were plenty of individuals who by trade acquired enough wealth in the five-and-twenty years of Henry's reign to convert themselves into country gentlemen when the monastic lands were in the market.

We must then attribute the decadence of the towns to a breakdown of the gild system, which, instead of concentrating trade in the towns, as it had done at an earlier stage, was now driving the trade away. **The Gild System.** This appears to have been due to two causes. The gild regulations drove both capitalists and small masters to set up for themselves beyond the reach of the gild authorities. In the earlier days, the craft-gild embraced all the employers ; and the journeyman, when he was ready to set up for himself, found easy admittance by the payment of reasonable fees. In theory, and on the whole in practice, the gild made it its business to safeguard the legitimate interests both of

the craft as a whole and of the public at large, by maintaining the standard of production, penalising breaches of trading ethics, and controlling the relations between masters, journeymen, and apprentices in accordance with received ideas of fair play. Hence monopolisation of trade by the gild served the interests of the whole craft and of the public at large. It suited the journeyman better to set up in the town under the ægis of the gild than to plant himself outside of its jurisdiction; and the outside public, protected within the borough by the gild regulations, but not outside, gave no encouragement to the independent trader.

But at a later stage, the gilds began to be transformed into close bodies which sought in their own interests to restrict the number of traders, and to make admission **Its Failure.** into the charmed circle dependent on the payment of fees of a prohibitive magnitude. The journeyman could no longer look forward to the certainty, probability, or generally even the possibility, of gild membership. This became all the more the case as capital became increasingly necessary for starting in business. The journeyman began to find a more hopeful prospect in planting himself elsewhere and gaining custom by underselling, while the gilds kept up prices in their own area.

In like manner the capitalist who wanted to be free from the hampering regulations of the town societies could start an outside business. He had also the advantage, that the rural displacement brought about by the enclosures placed at his disposal plenty of cheap labour, of a sort which was discouraged by the trade and craft-gilds, whereby he gained the advantage of a reduced wages bill and reduced cost of production. On these lines, it would seem, the gildless market towns began to be able to compete as trading centres with the chartered boroughs. The policy of the gilds, in short, failed to prevent the multiplication of traders, while it broke down the concentration of trade in a few centres.

Increasing irritation against the craft-gilds on the one hand, and the complaints of the decaying boroughs on the other,

hastened the process of substituting national for local control, and presently also the legislation which again tended to the concentration of trade in the boroughs. **National Control.** The justices were given powers of revision and control over the gild regulations, and also of enforcing them over extended areas. But as in so many other matters, it was in the reign of Elizabeth that the unsettling forces of the preceding century were harmonised into a healthy working system, partly by judicious legislation, and partly by the natural process of self-adaptation to new conditions.

The most emphatic change which took place during the period was perhaps that of the position of the foreign traders in England. We saw that the Hansards, the **The Hansards.** merchant cities of the German Hanseatic League, were able to secure and even to extend long-standing privileges, through the obligations under which they had laid Edward IV. In London particularly there was extreme jealousy of alien merchants and alien workers, and more than once there were great riots, in which the alien suffered seriously at the hands of the London apprentices. Especially prominent among such incidents was the riot **Evil May Day.** of Evil May Day, 1517. The foreigners were, of course, accused of taking the bread out of the mouths of English workmen, and the money out of the pockets of English traders—somewhat crude propositions which nevertheless appealed forcibly to popular sentiment. In theory the 'prentices were under the control of the masters, who were responsible for their behaviour. However, an inflammatory sermon by a certain Dr. Bell gave rise to a rumour that there was to be a massacre of aliens on May Day. Instructions were sent out by the city authorities that every one must keep his servants within doors; but the attempt to arrest a couple of disobedient 'prentices led to a rescue, and the rescue swelled into a riot, in the course of which an immense amount of damage was done. The incident was symptomatic of the ill-feeling against which the foreigners had to contend and for which their own conduct was largely responsible.

Even at this time, however, the Hansards were too powerful to permit of any serious deprivation of privileges. But disintegration had already set in among the cities of the League. The Baltic ports of Dantzic and Riga made agreements and treaties without regard to their associates—Riga made a separate treaty of its own with Henry VII. in 1494—and the League was losing the efficacy of united action. They were especially obnoxious to the great English company of Merchant Adventurers, as was noted in an earlier chapter; and at last, in 1551, Edward VI. was able to take up a decisive stand and declare that they had forfeited the privileges granted to them. Nor were they able to obtain any reversal of this decision, and from that time no foreign merchants held privileges in England which could be treated as giving them any sort of advantage over English traders.

Long before this, however, in 1523, the Londoners succeeded in procuring restrictions on alien craftsmen, who were forbidden to take alien apprentices, or to employ more than two journeymen, while they were subjected to the inspection and supervision of the authorities of the corresponding London craft-gild.

The reign of Henry VII. was distinguished by the development of the policy of commercial treaties. Where free trade had no existence, commercial treaties mean, *prima facie*, the concession by the two parties of mutual privileges which facilitate trade between them. But such commercial treaties have their counterpart in commercial wars conducted not by means of armaments, but by the withdrawal of privileges or the imposition of disabilities; taking in modern times for the most part the form of tariff wars, since high tariffs offer the most practicable form of disability. Retaliation is simply a commercial form of warfare, of itself destructive to all parties concerned, but relatively beneficial to the stronger because it is more disastrous to the weaker. Henry VII. was always careful to confine his military operations to mere demonstrations,

being perfectly well aware that England was not at all secure of keeping the upper hand in such contests. But Burgundy was a source of danger to his dynasty by reason of its Yorkist connection; so Henry fought **England and Burgundy**, which practically meant the Low **Burgundy** Countries, by commercial pressure. The most valuable industry of the Low Countries was the cloth trade, which depended for its raw material on the supplies of English wool. To stop the export of English wool to the Netherlands would hit the English wool-growers hard, but it would hit the Netherlands cloth-makers much harder. When Burgundy took up the cause of the pretender, Perkin Warbeck, Henry struck. England suffered, but Flanders and Brabant were brought within measurable distance of financial ruin. Perkin had to be dismissed to find other friends, and the commercial war was closed by a commercial treaty known as the *Magnus Intercursus*, 'the great intercourse,' which practically established free trade between England and the Netherlands, very much to the advantage of both. Some years later an accident brought the Duke of Burgundy into the king's clutches, and Henry used his opportunity to extort another treaty, under which the English got all the privileges and the Netherlanders all the disabilities. In fact this treaty, which was nicknamed the *Malus Intercursus* by way of contrast, was so destructive to its victims that Henry was obliged to modify it lest the Netherlands market for English goods should perish.

The development of this policy by Henry VII. shows that an important turning-point had been reached. Successful commercial war can be waged only by the country which is the less dependent on the supplies **Retaliation.** derived from its rival. In the contest with the Netherlands, England lost a market for her own produce, but she deprived herself of nothing which she could not spare; whereas the Flemings not only lost a market for their own goods, but were deprived of English produce, of which they stood in absolute necessity. In the past the dependence of the foreigner on English trade had been less than the dependence

of the Englishmen on foreign traders. Consequently within certain limits the foreign traders had been able to procure privileges in England. The time was now arriving when the Englishmen were turning the tables, and could afford to curtail the foreigner's privileges, and to insist for themselves upon privileges which hitherto they had been unable effectively to claim. Thus, Navigation Acts had been a dead letter because the English shipping was not sufficiently developed to absorb the carrying trade. Actual restriction of imports to English ships would practically have meant the exclusion of imports altogether, so the carrying trade remained in the hands of the foreign shippers. But now English shipping was making its own way. Venice had hitherto held a virtual monopoly of the carrying trade from the Mediterranean. But the English began to underbid them, carrying the wines, for which there was a large demand in England, at much lower rates. The Venetians sought to stop this by imposing a corresponding export duty on the wines embarked in foreign ships. Henry replied by making a commercial treaty with Florence, constituting that city instead of Venice the mart of English goods in Italy. When this proved insufficient as a method of pressure on Venice, an import duty was imposed upon wines brought to England in foreign vessels. Venice suffered more from the loss of its market than England suffered from the closing of its market, and in the long-run Venice found it better to withdraw the obnoxious tariff. This whole series of events effectively illustrates the nature of the principle of Retaliation. Precisely like war, it is an exceedingly wasteful method of settling disputes by a trial of strength. The victory lies with the country which is able to do most damage to its rival. But it is always necessary to reckon carefully what are the chances of victory, and whether the reward of victory will be adequate compensation for the wastage of war. The fact of historical interest to be noted is that England had reached a stage of commercial strength at which she could enter upon such wars with reasonable prospects of a successful issue.

CHAPTER XI

THE TUDOR ENCLOSURES

THE Black Death in the fourteenth century, with the depopulation and disorganisation attending upon it, was the cause of a social upheaval which culminated in the Peasant Rebellion. So far as the ends of that rebellion were practical and definitely agrarian, it was sought only to hasten a process which had been steadily going on certainly for a century, and perhaps for much longer, before the great pestilence turned agrarian affairs upside down. This process was the emancipation of the agriculturist from forced service, which was being replaced on the one hand by quit-rents, and on the other by wages for labour. It is matter of dispute whether the process was actually retarded or not by the Black Death, since there is evidence both of attempts to reinforce compulsory service where commutations had not been legally secured, and of successful insistence on commutations where they had been resisted hitherto. The Revolt, on the other hand, almost certainly had a retarding effect, because its suppression placed the reactionaries in the ascendent. But with the gradual recovery of the population, the normal economic forces recovered their efficacy, and the process of emancipation continued on its normal course, accompanied also by a practical emancipation of the villein from the personal subjection which technically separates serfdom from freedom. This was the nature of the change that was taking place in the late centuries of what we call the Middle Ages.

But incidentally the Black Death was responsible for setting in motion another change which was to revolutionise,

not the status of the serf, but the conditions of agriculture. It started the development of sheep-farming, which was made profitable by the simultaneous development of the cloth-making industry in England; and the development of sheep-farming led up to the substitution of enclosed fields for the old open field system, and of individual for communal working of the land. This change was worked out in two periods with a long interval between them, the first corresponding roughly to the period of the Yorkist and Tudor monarchies, while the second stage is deferred for a couple of centuries.

In the early Middle Ages we have dwelt upon the general lack of the commercial spirit in England. As a general principle, men did not seek out new methods of acquiring wealth. That does not mean that no one was greedy or avaricious, or tried to profit at his neighbour's expense by trickery and oppression as opportunity might offer; but evidently men did not habitually labour with the avowed intent of growing rich. The nobleman sought to accumulate estates for the sake of power, not of wealth. The pursuit of wealth inevitably develops the distinct and separate class of traders who are primarily distributors rather than producers, and we have seen that a mercantile class was only beginning to have a separate existence in the reign of Edward I. But that class developed during the fourteenth century, and became exceedingly prominent during the fifteenth. The direct pursuit of personal gain grew up among the traders, but it gradually extended itself to the landowners.

Still treating the Black Death as a convenient landmark, we can say that before it, what the rural community aimed at was subsistence, profusion of eatables and drinkables, means sufficient in the case of the big proprietors for maintaining a large supply of retainers off the produce of their estates. These requirements being met; the landowner was not moved to turn the produce to further commercial account. Until the thirteenth century was well advanced, money still

played a comparatively small part in the rural economy ; but its rapidly increasing use from that time, the demands of royal officials for payment in coin instead of **Farming** in kind, the substitution of payment in coin for **for Wealth.** personal services of every description, all tended to arouse the desire to accumulate treasure, as distinguished from a constant supply of agricultural produce however profuse. Then came the Black Death, rendering the supply of agricultural produce not at all profuse, and increasing the demand for money wages. To meet the demand the landowners wanted money themselves, and they began to realise that more money was to be made out of sheep-farming than out of tillage. The movement began as an endeavour on the part of the landlords to extricate themselves from the difficulties and embarrassments into which they had been plunged by the Black Death. Even after the accession of Edward IV. we have seen how the agricultural interest still deemed itself to be in such straits that a parliament consisting mainly of landowners passed the Corn Law of 1463, prohibiting the importation of corn when the home price was less than six and eightpence. But a stage usually arrives when an industry feels itself 'in straits,' if it is dissatisfied with the magnitude of its profits.

By the time that Edward IV. was firmly established on the throne, the development of pasturage was ceasing to be a remedy for depression, and was becoming a **Pasture** source of wealth. With the reign of Henry VII., **Extension.** wool-growing assumed what we may call its aggressively commercial aspect. At first arable land, which had fallen out of tillage owing to the shortage of labour, had been brought into use again as pasture. Then here and there, the enterprising or self-regarding landowner enlarged his sheep-runs at the expense of land actually under tillage. But now a spirit of enterprise seized the landowners broadcast, and they began zealously to convert tillage into pasture, to breed sheep where hitherto they had grown corn.

The first obvious and immediate result was a diminution

in the employment of hands on the demesne lands. The fields that had given employment to a dozen labourers **Demesne** required only one shepherd when they were **Lands.** turned into grazing. The labourer who had lived entirely on wages was turned adrift, and the cottar whose wages had supplemented the produce of his own little plot found himself in evil case. But the trouble did not stop there. Demesne lands had been to a considerable extent consolidated, but they were still partly scattered among the strips of the tenants; and there were still tenants' strips cropping up in the demesne lands, since consolidation could only have been brought about by more or less voluntary exchanges of strips between lords and tenants. These strips would be an inconvenience when planted in the middle of pasture, besides being troublesome for communal working by the tenant; and the tenant on whom the landlord brought pressure to bear to surrender his strips would find it difficult to resist. Hence there would be a tendency to oust tenants by fair means or foul, and those ejected tenants would drift into the increasing army of men working or seeking to work for wages.

The next question that presents itself is that of the common lands, the waste, which as common land would not serve **The Common** the purposes of a breeder of sheep, who would **Waste.** appropriate and fence off as much of it as the law permitted. Wherever in this manner the landowner was able very greatly to reduce the waste lands available for the villagers, one of their sources of livelihood would be greatly curtailed.

The conversion of tillage into pasture meant enclosures; that is, the land taken up for sheep-breeding was enclosed **The Modern** by fences or hedges, instead of lying open as **View.** before for common working or as common waste. From the modern point of view the landowner was obviously entitled to turn at least his own demesne lands to the use most profitable for himself. He would not, at least, be expected to be controlled by considerations as to the number

of hands he employed ; it would not be demanded that he should abstain from a profitable use of his fields because a less profitable use of them would provide occupation for a larger number of labourers. If, however, his conversion of arable land into pasture had the effect of materially diminishing the value of the smaller holdings to the tenants, we should probably be inclined to say that there was a moral obligation to give them some compensation ; the man who stood strictly on his legal rights would be described as a hard landlord. Still, so long as a man kept strictly within his legal rights, we should hesitate to carry condemnation further, though any attempt to transgress his legal rights would be denounced with sufficient vehemence.

But four hundred years ago sentiment went a great deal further. The pursuit, even with the fullest sanction of the law, of personal gain without regard to the welfare of the community, was still severely condemned ; just as the gild brethren in the past had condemned the individual trader who tried to make a profit by methods which, though not dishonest, placed his more public-spirited neighbours at a disadvantage. So landlords, who were certainly acting quite within their legal rights, were severely condemned by public opinion at the beginning of the fifteenth century for converting arable land into pasture, though they found their material gains a sufficient compensation for the unfavourable criticisms to which they were subjected.

It is difficult, however, to feel at all clear as to how far they were at this period legally justified in some of their methods. Probably they kept for the most part on the windy side of the law. There was a considerable variety in tenures. Leases of demesne lands for a fixed period had certainly come into practice when the lords found themselves in difficulties over procuring sufficient labour for the rural cultivation. The former villeins had become leaseholders with security from eviction so long as they carried out the terms of the lease ; and it was generally assumed that their holdings were heritable, but it did not follow that

that claim could be sustained at law: it was not always certain that even the individual occupier was technically anything more than a tenant at will. There is no doubt that many of the landlords had no hesitation whatever in claiming everything for which they could find colour of law, ejecting tenants and refusing admittance to their heirs if they could find or concoct a plausible case for doing so. Where there was an actual right of succession, inheritance was commonly accompanied by a title on the lord's part to a 'fine,' as in the case of feudal tenures by military service; but it appears that in such cases the amount of the fine was not always definitely fixed, so that the lord could take advantage of this to demand a fine which precluded the heir from taking up the tenancy.

Similarly, the indefiniteness of the law was all in the landlord's favour in respect of the common waste. The Statute **Landowners** of Merton in 1236 certainly required lords who **and the Law.** took up portions of the common pasture to leave a sufficiency for the free tenants; but a 'sufficiency' is obviously a very elastic term, and it is not clear how far the statute secured the right of the villeins also to a sufficiency. Consequently, the lawyers frequently found themselves able to argue that the lord was practically entitled to enclose as much of the common pasture as he thought fit. And finally, we can assume with confidence that a good many of the lords and their agents had no hesitation in putting forward legal claims which they knew to be invalid, when they knew also that the tenants were too ignorant or too poor to fight the case.

Apart from all questions of illegal action or of oppressive applications of law, the process of enclosure was regarded **Government** with disapproval by the government, and **and** attempts were made to stop it by legislation **Enclosures.** in the reign of Henry VIII. The Isle of Wight appears prominently for a specific reason. The enclosures there were causing depopulation, and there were fears that the island was thereby being laid open to attack by the

French. A limit was set to the amount of land which any one man might keep under sheep ; but the law was, of course, evaded by the obvious method of multiplying nominal holders, so that what was really one sheep-farm of an illegal size was represented as a group of farms, each of them of legal size.

The movement for legislation against enclosures began with the 'inquisition' or inquiry instituted in 1517. We can with some confidence attribute the inspiration Sir Thomas More. of it to Sir Thomas More, who was then in high favour with the still youthful monarch, and had published his *Utopia* a year before. More's sentiments on the subject were expressed with vigour in the introduction to that work, though he puts them in the mouth of the traveller, Raphael Hythloday, and dates them a good many years earlier, when Cardinal Morton was still the chief minister of Henry VII. Enclosing had been going apace throughout the dozen years or so that Henry had been on the throne. 'Your sheep,' said he, 'consume, destroy, and devour whole fields, houses, and cities ; for look in what parts of the realm doth grow the finest and dearest wool, there noblemen and gentlemen, yea, and certain abbots, holy men no doubt, not contenting themselves with the yearly revenues and profits that were wont to grow to their fore-fathers and predecessors of their lands, nor being content that they live in rest and pleasure nothing profiting, yea, much noying the weal public, leave no ground for tillage ; they enclose all into pastures ; they throw down houses ; they pluck down towns, and leave nothing standing, but only the church to be made a sheep-house. Therefore it is that one covetous and unsatiable cormorant and very plague of his native country may compass about and enclose many thousand acres of ground, together within one pale or hedge ; the husbandmen be thrust out of their own, or else either by covin and fraud or violent oppression they be put besides it ; or by wrongs and injuries they be so wearied that they be compelled to sell all.' More, no doubt, was representative of those observers and thinkers who made moral principles the foundation of their

political and economic doctrines. He was an earnest reformer, who was afterwards driven to become a champion of reaction, partly by the excesses of extremists, and partly by his fundamental loyalty to the Church, whose authority the New Learning was seeking to destroy. But in 1516, the men in the forefront of the reforming movement were not the fervent theologians, the Erastians, or the mere anti-clericals who played their varying parts a few years later. More stood for the sincerest and finest intellects of his time, and, idealist though he was, spoke certainly with no animosity to the Church. It can be assumed with confidence that his picture in no way exaggerates the unqualified selfishness with which the landlords, ecclesiastical not less than lay, sought their own profit, absolutely regardless of the widespread misery and destitution which their policy was producing in the rural districts. The process of enclosure was not indeed so universal as More's words might lead us to believe, but it is impossible to question that, although the enclosures did not, over a great part of the country, very gravely modify the open-field system, there were other parts of the country where the effect went much further; especially in those counties which had been particularly concerned in the Peasant Rising; and that probably the displacement of labour and the appropriation of demesne lands to pasture was almost universal.

A distinction, however, must be drawn between two kinds of enclosure. The most enlightened public opinion condemned the great enclosures for pasturage, because they meant the appropriation of common lands, the eviction of small holders, and a great displacement of labour in days when labour had much greater difficulty, and took a very much longer time, in transferring itself to a new industry, than it does in modern times. Widespread suffering resulted, and the whole of the benefit went into the pockets of the wool-growers, who were, nevertheless, able to keep up the price of wool; and at the same time the diminution of tillage kept up the price of food. But enclosure of

a different kind was going on to which the moralists could raise no objection while it was strongly favoured by the economists. This other kind of enclosure meant the consolidation of holdings, or more exactly the redistribution of the open-field strips so that individual working could take the place of the common working. Each tenant in such cases, in place of having a number of disconnected acre or half-acre *strips*, would have a very much smaller number of enclosed *fields* which he could till independently, varying his crops at will, and making experiments instead of being bound to the unvarying routine of the common working. To this form of enclosure there could be no objection, while it prepared the way for the 'convertible' husbandry which presently replaced the old three-field system, and materially increased the yield of the soil.

The existing data do not enable us to calculate the extent to which enclosure was carried in the reigns of Henry VII. and Henry VIII. before the final dissolution of **Dissolution of the monasteries in 1539.** We can only say with **Monasteries.** certainty that it was carried to a point which alarmed and shocked sober-minded onlookers and perturbed the ministers of Henry VIII. Also, we have the unimpeachable evidence of Sir Thomas More that sundry ecclesiastical landlords were conspicuous among the enclosers. But it is also manifest that the dissolution of the monasteries led immediately to fresh activity in enclosing on the part of the new proprietors, who then came into possession of the monastic lands. Notoriously those new proprietors were to a very large extent wealthy business men who desired the dignity of landowners, but were thoroughly imbued with commercialism. Conspicuously the transfer of the monastic lands greatly increased the agrarian discontent, and flooded the country with fresh swarms of sturdy beggars in consequence of the disappearance of the monastic **Monasteries as Landlords.** régime. Throughout the north, and in the south-west, there can be no question that the monasteries were popular, and that they were infinitely kinder landlords

than the new men. All the religious risings against the Reformation, from the Pilgrimage of Grace in 1536 to the Western Rising in 1549, were manifestly mixed up either with a dread on the part of the rural population that lay landlords would be substituted for the monasteries, or with resentment because this had happened, and with the desire that the monastic landlords should be restored. The conclusion is at least suggested that More's indignant language concerning 'abbots, holy men no doubt,' was rather an expression of disgust that any of them should have lent themselves to the iniquity than an imputation against the monasteries in general.

Another point is to be noted with regard to the monasteries as landlords. In the Peasant Revolt they came in for their full share of odium, and in fact were rather conspicuous as upholders of villeinage who clung hard to the old system of servile tenures. But it is curious to remark that they were thus conspicuous in the counties which afterwards became the strongholds of Puritanism. We are again led to the inference that in certain counties the monks were traditionally bad landlords, whereby those counties were rendered peculiarly anti-clerical, but that over the greater part of the country they were traditionally popular landlords, especially in the north and the south-west, and therefore in those regions the Reformation met with active popular resistance.

This would seem to be still further borne out by the revolt of the eastern counties headed by Robert Ket, the tanner, **Ket's Revolt.** in 1549. This was a purely agrarian revolt against enclosures; but in this one case the insurgents made no demand for the restoration of monastic landlords, and no protest against innovations in religion. Here alone, apparently, there was no popular impression that a monastic restoration would diminish the agrarian grievance. And the conclusion clearly is that in the eastern counties the monks were hard landlords, but that elsewhere generally they were not so.

It was in the score of years following the dissolution of the monasteries, first set in motion in 1536, that the rural depression reached its climax. For fifty years, in spite of public opinion and of attempts at legis- **Wages.** lation, enclosure had been going on continuously, and the displaced labour had found no other employment. Meanwhile the cost of living rose persistently, but was attended by only a very slight upward movement of money wages. In other words, the efficient wage sank lower and lower. The dissolution of the monasteries at once accelerated the displacement of labour and destroyed what had always been at any rate a source of relief, though one which had its drawbacks as tending to pauperisation. On the top of this came monetary troubles. Little difference had been made as yet by the influx of precious metals from the New World, which the Spaniards were now exploiting for their own benefit. But so far as the supply of the circulating medium was beginning to be increased, it followed that the purchasing power of money was being reduced. Henry VIII., however, took the opportunity to issue a monstrously **The Coinage.** debased coinage with an actual value very much below its face value, and of a proportionately reduced purchasing power. Again, there was no corresponding rise in money wages. Throughout the closing years of Henry VIII.'s reign, and the reigns of his two immediate successors, this state of things continued; and it was not till the accession of Elizabeth that the debased currency was called in and replaced by an honest issue.

It is noticeable that the Crown had generally displayed an inclination to favour the interests of the lower classes, and to check selfish action on the part of landowners. **The Crown.** Thus under the House of Lancaster, the King's Council had intervened to limit the export of grain in order to prevent scarcity when parliament was seeking to have restrictions removed. It was the Crown in like manner that endeavoured under the Seventh and Eighth Henries to check the conversion of arable land into pasture. Henry VIII.,

when his personal interests were affected, had very little consideration for the public welfare, and did not hesitate to debase the coinage in order to relieve his own embarrassments; but this was a side issue which only incidentally touched the agrarian question. When, after Henry's death,

Somerset. the Protector Somerset found himself at the

head of the State, he endeavoured to check the rapacity of the landlords in favour of the tenants. But the Protector was not the king, and he had not effective control of the government. Most of the Council nominated to control the affairs of the kingdom, as executors of the will of Henry VIII. during the minority of Edward VI., belonged to the greedy group of new families whose consciences were discreetly silent whenever opportunities for gain were presented. They and their personal adherents had profited largely by the dispersion of the monastic lands, and were particularly obnoxious to the peasantry. Somerset, in endeavouring to right the wrongs of the oppressed in his own fashion, was made practically powerless by the passive defiance of the ministry of which he was supposed to be the head. He issued a Commission of Inquiry, and set up a Court of Appeal. The existing system gave aggrieved tenants no chance because the landowners were themselves the justices of the peace before whom complaint had to be made, and were not an impartial tribunal. Most of Somerset's efforts were well meant, but they usually brought about results as nearly as possible the reverse of those he intended. His supposed sympathy with the agrarian insurgents was the occasion of his own ruin, but did little or no good to the rural population.

The desperate straits to which the government was driven by the increase of vagabondage is shown by the desperate

Vagrancy. legislation with which it attempted to meet the

emergency. Vagrancy laws had already imposed such penalties as whipping, branding, and hanging for persistent offenders, and still the numbers increased of those who could not find work to do, or preferred a life of

outlawry to working for current wages. In fact, the authorities had been chary of inflicting the penalties, probably because they felt that in half the cases it was morally impossible to hold the men to blame. So a new penalty was found. The vagrant who could not give a satisfactory account of himself was to be handed over to some 'honest person' for a couple of years as a slave, in which capacity he was to work for his master without pay, and on short allowance of food. If he proved refractory, he was to be made a slave for life; and if he continued to be refractory, he was to be hanged as a felon. On this wise did Somerset anticipate the plan of transporting convicts as slaves. Apparently no one except Sir Thomas More, who had spoken common sense on the subject in the *Utopia*, realised that the infliction of such penalties for vagrancy provided every one who was out of work with the strongest possible inducement to take to highway robbery, as a means of earning a livelihood preferable to the prospect offered by the authorities, with an equal expectation of the gallows to finish with. Somerset's Act was repealed after two years, which sufficed to prove its complete futility. But it stands as a conclusive proof of the extreme seriousness of the problem of unemployment in the reign of Edward VI.

The miseries of the rural population had now touched their worst point. The expansion of pasturage appears to have reached the limit beyond which it would have ~~The~~ **Turning-** ceased to be profitable. The active displace- **point.** ment of labour, therefore, came to an end. The wanton aggravation of the distress by a debased coinage ceased, too, when an efficient government restored the currency. Elizabeth's ministers systematically, and step by step, worked out a scheme of relief for the indigent more effective than the old monastic charities. Industrial development in other directions gradually absorbed the floating mass of displaced labour; the development of convertible husbandry, made possible by the enclosures, was of the greatest benefit to agriculture, and the rural community entered upon an era of revived prosperity.

CHAPTER XII

THE REIGN OF ELIZABETH

THE commercial policy of Henry VII. had been directed to the extension of European trade, and the direct entry of English shipping and traders into the European markets. This object had provided a sufficient motive for State intervention to encourage shipping, although there were not wanting in the next reign those who, like Cardinal Wolsey, regarded Navigation Acts as checks upon trade. The defence of the Tudor Navigation Acts turns on the question how far they served for the development of a marine necessary to the expansion of the commerce of an island people, and to the development of national power. Would natural causes have sufficed without an artificial assistance which necessarily, in the first instance, acted as a check on the volume of commerce? It may be rash to give a positive answer to that question as concerns the early Tudor period. But by the reign of Elizabeth, the seafaring impulse had become so powerful that it could dispense with protective inducements. It was no longer doubtful that English shipping, left to itself, could compete successfully with trade rivals. The immense development of maritime power in Elizabeth's reign owed nothing to Navigation Acts, though we may hesitate to make the same statement with regard to the earlier development which made the Elizabethan development possible. Thirst for adventure and greed of gain combined to give the seafaring life an unprecedented attraction, whether it drew mariners like Davis and Frobisher to explore the frozen and barren regions of the North, or led Hawkins and Drake to fill their ships with the spoils of Spanish galleons and the Spanish Main.

The development of sea-power, however, was by no means withdrawn from the department of State policy. In spite of the uncomplimentary pictures which are occasionally drawn to impress us with the parsimony of a government which almost succeeded in paralysing the English resistance to the Spanish Armada, the royal navy, under Elizabeth, was rendered extremely efficient, though it was never supposed to be anything more than a section of England's fighting fleet. An effective fighting fleet was the outcome of a great mercantile marine. Burleigh encouraged shipbuilding by bounties; he was careful of the preservation of timber so that there might be no waste of shipbuilding material. He encouraged the fisheries as the great nursery for seamen by ordinances insisting on the observance of fish-days, and the eating of fish in Lent. He was inclined to encourage all legitimate commercial ventures and exploring expeditions, though he looked askance on the semi-piratical rovers who preyed on Spanish commerce, and himself refused to profit by their doings. These scruples were not shared by Burleigh's royal mistress or by his colleagues; and if the government did not officially approve the buccaneering methods by which English sea-power was developed, nearly every one in the government had an unofficial finger in them.

The development of sea-power, rather by the encouragement of private enterprise on the part of the State than by direct control, was a leading feature of Elizabethan policy. The second principle of Mercantilism, which requires the accumulation of treasure by the State, is not so prominently a guiding principle; but Burleigh has left evidence in his own handwriting of his adherence to the doctrine of the Balance of Trade. Having laid it down that the value of imports must not exceed the value of exports because the difference must be paid in treasure, he argued therefrom that the purchase of unnecessary foreign commodities is to be discouraged. The wine trade is particularly reprehensible because wine is not only a luxury but an injurious luxury; morally for obvious

reasons, and economically because it diminishes the healthy production of grain for the brewing of ale and beer. This, of course, is in addition to the fact that the French sell wine but do not buy English goods ; and France is consequently enriched in the long-run by the treasure which England, by another sort of commerce, has extracted from Spain and the Low Countries. England would be the better without the wine at any price, but she is so much the worse because she has actually bartered silver and gold for it. These views are expressed in condemnation of an Act of 1559, which comes under the category of Navigation Acts because it was intended to give English shipping a preference in the wine trade ; but the Act had the further object of increasing the importation of wine, because it differentiated between English and foreign shipping, not by raising the duties against the imports in foreign vessels, but by lowering the duties on what was imported in English vessels. What Burleigh protests against is the anticipated increase in the importation of wine, not the idea otherwise urged against Navigation Acts that the restriction to English bottoms tended to increase prices and diminish the volume of trade.

It was remarked that the Hansards were finally deprived of their special privileges in the reign of Edward VI. The last remnant of the right by which they were differentiated from other aliens was ended in **New Commercial Companies.** 1578, in effect as a penalty for their persistent antagonism to the English Merchant Adventurers just displayed at Hamburg. The English had by this time learnt thoroughly the advantage of seeking their own market and pushing their own way, instead of depending on the foreign companies in England. The analogy of the Merchant Adventurers was followed in the formation of new companies for trading in the new markets which the English opened for themselves. At the same time that the last blow was struck at the Hansards in England, the Eastland or Prussian Company was chartered for carrying on the Baltic trade. Prussia, it must be remembered, at this time meant the remote district on the south-

eastern shores of the Baltic, which ultimately gave its name to the kingdom developed out of the German Electorate of Brandenburg, to which it happened to be attached. In 1581 the Levant Company was formed for trade in the Eastern Mediterranean, where it competed successfully with the Venetians. At an earlier stage the Muscovy Company had been incorporated, in consequence of the intercourse inaugurated by Chancellor's expedition in 1553. The Muscovy Company worked its way across Russia and tapped the Persian trade, while the Levant Company penetrated to the Persian Gulf, and so even as far as the Portuguese station of Goa on the west coast of India. Finally, on the last day of 1600, the East India Company received its charter, whence there issued subsequently developments more startling than from any other trading association in the history of the world. The story of the great activity and expansion of the trading companies must be told in another chapter.

Colonisation, the second great form of expansion, was hardly initiated in the reign of Elizabeth except in the shape of the plantation of Englishmen on Irish estates, Colonising in Ireland. confiscated either on the ground that the occupiers could show no title valid in English law, or by way of penalty for disaffection and rebellion. This colonisation of Ireland, chiefly by gentlemen of Devon, both in Ulster and in the south, was the real beginning of the establishment of the ascendancy of an alien Protestant minority, which was so fruitful of evil in the later history of Ireland.

The idea of colonisation in the New World presented itself to the visionary Humphrey Gilbert, and appealed to the more practical imagination of his half-brother, Gilbert and Raleigh Walter Raleigh, who dreamed of founding a new England beyond the seas. Their conception was different from that of the Spaniard, for whom America was a huge estate of the Crown whence much gold and silver might be extracted for the service of the Crown, and incidentally for the enrichment of the Spanish garrison. The colony, as conceived by Raleigh, was what the English colonies did

subsequently develop into, a permanent settlement of Englishmen on the soil. As yet, however, the commercial possibilities were not recognised. There were swifter ways of making money than by the slow process of wringing it from forests and prairies where there were no gold-mines. Capitalists were not yet ready to combine for the purposes of such an enterprise. Gilbert first, and Raleigh after him, obtained patents from the Crown conveying rights over vast unappropriated regions, but otherwise the matter was left to their individual enthusiasm. Gilbert perished at sea. Raleigh planted a settlement to which year after year he sent out ships and men, but usually to find only that their predecessors had perished. The task was too great for any man to undertake, successfully, single-handed. Nevertheless, Raleigh's efforts prepared the way for colonial expansion under the Stuarts, when Spanish colonies and Spanish Plate Fleets could no longer be treated as a prey by Englishmen in haste to grow rich.

The State, then, did practically nothing to encourage colonisation, but it was zealous in the development of industries.

New Industries and Monopolies. The system of monopolies, which was liable to gross abuses, and was very severely condemned at the end of the reign and in the time of the Stuarts, was introduced with the object of establishing new forms of production and improved methods. Exclusive rights of production and sale were granted, because the risk and cost of creating the new industries were too great to be undertaken without this security; besides which, in some cases, powers had to be granted to patentees analogous to the power of compulsory land purchase for the making of railways in modern times. The principle is the same as that applied in the case of the mercantile companies, whose charters gave them exclusive trading rights, because under existing conditions the risks involved in organising the trade entitled the organisers to the profits thereof, lest others should thence step in and reap where they had sown.

The monopolies, it is to be observed, were granted in the

first instance for industries which were necessary to the development of national power. During the sixteenth century war both by sea and land had been profoundly modified by gunpowder and firearms, the use of which until then had been practically confined to siege operations. The destruction of the Spanish Armada was due to the development by the English of naval tactics based upon the English superiority in seamanship and in gunnery. That superiority in gunnery could hardly have been achieved but for the progress made by the English in Elizabeth's reign in the manufacture of ordinance and ammunition which were not easily procurable from the Continent, especially after the loss of Calais. The production of copper and iron, sulphur and saltpetre, was actively encouraged by the concession of monopolies, without which it is doubtful whether private enterprise could or would have overcome the difficulties. The system of monopolies granted for such purposes for a limited period corresponded in its economic effects to the modern system of patents granted to inventors; though in this case the moral right of the inventor to claim that his invention is his own private property is an incontrovertible argument in favour of the system extraneous to the purely economic question.

The development of industries was further encouraged by the introduction of foreign workmen, not to compete with Englishmen, but to teach them business which they had not learnt, or to do necessary work in which they were unskilled. Thus experienced foreigners were brought into the country for the development of those new industries already referred to. Again, in spite of the huge development of the cloth industry during the last century and a half, it was further developed and extended by the admission of many refugees from the Low Countries, who were received with comparative cordiality as being the victims of the hated Spaniard and sufferers in the Protestant cause. Nevertheless, they were still exposed to a good deal of jealousy; and it is quite exceptional when we find the

authorities of Colchester inclined not only to tolerate, but actively to encourage, a colony of refugees.

It is interesting in this connection to observe that we probably owe the beginnings of the cotton industry to these immigrants, since at this time the centre of the cotton manufacture was at Antwerp, and its rise in England appears to correspond with the depression of the Antwerp trade. Attention has also been called to the correspondence between the industries upon which the town of Birmingham rose in the next century, and those practised by a considerable number of the refugees from the Low Countries, which certainly suggests that Birmingham was largely indebted for its rise to the alien immigration.

We have next to turn our attention to the legislative regulation of trade, and the subordination of local control to the principle of national uniformity. The **Statute of Apprentices.** old gild system had worn itself out, and the fact was manifested in the lamentations over the decay of the boroughs. The whole question was taken up and systematically dealt with in what is known as the Statute of Apprentices of 1563.

In theory the Act was not supposed to introduce new legislation; in actual fact it substituted a co-ordinated and uniform system with effective regulating machinery, for varying systems with ineffective regulating machinery. Nevertheless, the form of the Act was arrived at by judicious adaptation or modification of existing methods, and it affords, generally, an instance of the great working principle of the Elizabethan statesmen, which sought to combine uniformity with elasticity, the principle of which the outstanding example is the ecclesiastical settlement.

One of the great objects of the old system of trade regulation had been to ensure the competency of workmen and the soundness of their work. With this end in **Its Provisions.** view, it was enacted that no one might practise a craft without having undergone an apprenticeship of seven years, or might set up as a householder on his own account

before he was twenty-four years of age. The rule applied in town and country alike. The period of seven years was adopted in accordance with the custom of London ; for elsewhere, in the towns which did not follow the London custom, much shorter periods of apprenticeship had been required, and it was held that this had frequently led to inefficiency. In the rural districts and towns where there were no authorised guilds, the masters had been able to attract apprentices by taking them for shorter terms, and once the apprenticeship was over they could set up on their own account. It must be remarked, however, that, at least in London and some other towns, he who had passed through his apprenticeship was not restricted to the craft in which he had been trained, but might take up another. It may be surmised that no one would in practice adopt another craft from that in which he had been trained unless it was sufficiently akin to give value to his technical training, while any technical training thoroughly carried out would inculcate the intellectual and moral habits which enable a man to make the best use of his fingers and brains, and to acquire with comparative ease technical skill in many employments to which he has not been directly trained.

At any rate, no one could practise any craft until he had been thoroughly educated in some one craft ; and this was at least some guarantee of efficiency while it must have had the general effect of keeping men to the craft in which they had least to learn, and out of the crafts where they would be handicapped by the more thorough training of their competitors.

In the next place, the corporate towns were given a sort of preferential treatment in obtaining apprentices in the leading trades. Such trades were deliberately exclusive, and admitted to apprenticeship only the sons of the comparatively well-to-do. In the market town an apprentice must be the son of a sixty-shilling freeholder at least, whereas the borough clothier or grocer or goldsmith might take the sons of a forty-shilling freeholder.

In Aid of
Corporate
Towns.

How far the boroughs derived actual benefit from this preference there is no means of testing ; but whether from this or from other reasons, the symptoms of decadence among them disappeared, though other places such as Birmingham and Manchester, which devoted themselves to the newer industries, rose gradually into prominence.

On the other hand, there were no restrictions at all on the classes from whom apprentices might be drawn for the more **The Statute and the Rural Population.** definitely rural industries—smiths, wheelwrights, carpenters, and the like ; nor did the statute apply to industries subsequently developed. Thus, though the children of the agricultural labourer were barred from apprenticeship to the few superior trades, the new industries provided an outlet for the floating surplus rural population which had been created by the conversion of pasture into tillage. The Act further imposed regulations which are spoken of as having been intended to secure an adequate supply of agricultural labour, since it rendered all able-bodied persons liable to such service under compulsion unless they could claim exemption on any of certain specified grounds ; and at harvest time occupation as an artificer was not a ground of exemption. In 1563, however, it seems almost certain that a provision of this kind must have been intended to restrict wilful vagrancy rather than to provide labour, of which there can hardly have been a shortage in the rural districts so soon after Elizabeth's accession. The process of enclosing had scarcely come to an end, if indeed it was not still going on, and new industries to absorb the displaced labour were barely beginning to come into existence. In a later stage, no doubt, when tillage revived, these clauses of the Act served to keep labour available for agricultural operations in sufficient abundance. Continuity of employment was one of the objects which the Act sought to secure, by requiring that engagements should be made for not less than twelve months.

The old guilds had been the authority for creating as well as for enforcing the trade regulations, and that authority had

not touched the rural districts. The guilds had suffered from their own persistent effort to make themselves close exclusive bodies; and they had suffered in wealth by **The** confiscations, nominally of property appropri- **Authority.** ated to religious purposes, in the reign of Edward VI. and the preceding years, though there is sufficient reason to believe that the seizures were not so limited in actual fact. During the reign of Elizabeth the guilds were to a great extent replaced by new companies which, in many cases, combined several trades which had formerly kept apart. But in the main it became their business not to create regulations, but to provide the machinery by which the regulations could be enforced and necessary information supplied. That is to say, the local authority, instead of having complete local control, became the instrument of the central authority for the carrying out of a uniform system with due regard to the practical need for local variations.

The assessment of wages had never been left to be settled simply by competition in the labour market. Rates had been fixed or attempts had been made to fix them **Wages.** by legislation such as the Statute of Labourers, or by gild regulations, or by the justices of the peace, supplemented by legislation fixing a maximum limit. The justices of the peace were now given practically a free hand by the abolition of the maximum limit. It might probably be assumed that there was no serious risk that the assessments of the justices would make extravagant wages compulsory; but on the whole there is no apparent reason to doubt that they endeavoured to carry out the functions of modern arbitration and conciliation boards, and to set a standard which would be generally recognised as fair. Thus in general the rates accorded in summer were higher than those in winter. But the cost of living in winter is higher than in summer; therefore, since the winter rates must have afforded a subsistence wage, the summer rates must have allowed a fair margin, conceded, not on sentimental or philanthropic grounds, but because the working hours in summer were

longer. Similarly, wages were graded according to the degree of skill required in the several employments. The regulations of the justices applied to the county, whereas gild regulations had applied only to the borough. The assessment was annual, but our information does not enable us to do more than conjecture the methods by which it was arrived at.

An integral part of the industrial regulation and legislation of Elizabeth's reign was that settlement of the problems of **Problem of relief** and of mendicancy which finally took **Poor-relief.** shape in the Poor Law of 1601. In the past the relief of honest indigence had been left to the Church and to private charity, with the result on the whole, as far as we can ascertain, that during the Middle Ages there was not often serious suffering from want except in consequence of something catastrophic—famine, pestilence, or civil turmoil. How far this 'indiscriminate' charity had a demoralising effect we cannot very well estimate, especially as we do not know precisely how far it was really indiscriminate. But at any rate the Church at least recognised the duty of maintaining the indigent so far that indigence did not present itself as a problem calling for intervention by the civil authority. For the State the problem was in effect created first by enclosures, and secondly by the dissolution of the monasteries. The very extensive displacement of labour created increasing crowds who virtually had to choose between begging and stealing, with at the best occasional opportunities of employment on exceedingly hard terms. The suppression of the monasteries deprived indigency, honest or dishonest, of its main charitable resource, just at the time of extreme need, increasing the bias in favour of thieving; and it became obvious that in the interests of public order it was imperative that the State should devise means for the suppression of vagabondage and the relief of actual want.

The first efforts had been directed almost exclusively to **State** curing the evil by penalising vagabondage, **Remedies.** apart from the attempts to solve the problem by striking at its cause and checking the process of enclosing.

Both had proved practically futile. Statesmanship now turned to the application of three remedies; the provision of employment for those who were willing to work, the provision of relief for those who were unable to work, and the severe punishment of those who would not work when they might.

Natural causes were helping in the first part of the programme. Actual displacement was ceasing because enclosure for pasturage was ceasing. On the other hand, actual employment was increasing because the introduction of convertible husbandry was in-
Improving
Natural
Conditions.
creasing tillage by periodically bringing portions of pastureland under the plough. Beyond this, in the course of Elizabeth's reign, the profits of tillage were increasing by the adoption of improved methods, so that there was an increased inducement to bring land under cultivation and thereby give employment to labour. The industrial development gave employment to more hands in the towns, and that process was coming into play by which weaving and spinning, especially spinning, were growing into domestic industries by which the agricultural labourer, cottar, or small farmer could materially supplement his income. Hence, by the end of the reign, the surplus, for whom the State sought to find work was becoming comparatively small. The work to be provided was mainly in order to meet exigencies, and to deprive the vagrant of excuse for his vagabondage.

The principle, then, of penalising persistent vagabondage was retained, but along with a serious effort to discriminate between wilful vagrancy and vagrancy that was willing to be reclaimed; that is to say,
Discrimi-
nation.
the vagrants who were honestly prepared to work on reasonable terms, and the vagrants who were vagabonds by deliberate choice. The Poor Law of 1601 brought into one system the agencies for relieving the destitute, and for giving temporary employment to those who were in search of work.

The Act was not framed in haste; it was, in fact, the consummation of a series of experimental measures in poor

relief extending over more than forty years. The Church, deprived of its own means of charity, exhorted the laity thereto, but with inadequate success. **Steps to the Poor Law.** There-fore, by successive enactments, magistrates were authorised first, in general terms, to demand the weekly subscriptions from the charitable, then to assess the sum payable by each householder of the parish, and to appoint overseers, and then to provide a stock of materials on which the poor might be set to work for due wages, but under compulsion. As early as the reign of Queen Mary, the Bridewell House of Correction had been started by the London authorities, where offenders were set on compulsory work; and the methods adopted in London were to a considerable extent used as a model in the establishment of a national system. The Privy Council were, moreover, zealous in keeping the local authorities up to the mark. **The Poor Law.** Law finally provided for the establishment of workhouses in each parish, where the destitute could be supported and temporary work provided with the alternative of punishment for wilful idleness, the Act incorporating the principles which had been gradually introduced.

It is further to be noted that government intervened to maintain regularity of employment when periods of trade depression drove industrial employers to the natural remedy of reducing the output and the number of their employees; but activity in this field is more noticeable in the earlier part of the century; in Elizabeth's reign trade depression was unusual.

It remains in this chapter to call attention to the great gain of industry and commerce in every direction derived from the restoration of the government's credit. **Government Credit.** for honesty and trustworthiness, its promptitude in meeting its obligations, and especially its restoration of the coinage. The previous debasements had been destructive not only because the coins of inferior value drove coins of full value out of circulation, and artificially raised prices to the detriment of those who lived on money wages which did

not rise correspondingly, it had also created complete uncertainty as to what the actual value of the coinage was, and had made chaos of exchange with foreign countries. The restored coinage of Elizabeth fixed a definite standard from which there was no deviation, and re-established England's financial credit in foreign markets. With the advancing prosperity, wages adjusted themselves to the advance in prices which accompanied the gradual distribution of the store of precious metals imported to Europe from America. The country displayed all the characteristic marks of wealth, such as great expenditure on building, on the laying out of private estates, and on charitable munificence. And even the extravagance of personal display, which rivalled that of the reign of Henry VIII., can have had no deleterious economic consequences, since it is evident that the prosperity of all classes alike advanced enormously.

CHAPTER XIII

OCEANIC EXPANSION

THE expansion which followed the assertion of England's position as a maritime power of the front rank took the form of colonisation in America, and of the development of oceanic commerce with the East. The English type of colony which grew up in the seventeenth century had no very close precedent in history. In the ancient world the Greek colony had been in effect an independent city State set up in a new country, and having no intimate connection either political or commercial with the parent city. The Roman colony was primarily a garrison. The Spanish colony created in the sixteenth century was a royal estate. But the English colony in America was a settlement of Englishmen who had resolved to make their permanent home in a new country by licence from the State, without loss of citizenship, but without emancipation from control by the mother country. The necessary licence was granted always on the hypothesis that the interests of the mother country stood first, and where her interests collided with those of the colonists, the latter must give way. Subject to the safeguarding of these provisos, the colonists were to be left to manage their own affairs, developing the resources of the country as best they could, and exchanging its products for those of the mother country. The method was feasible in North America, where there were no consolidated native States, and the native population was either nomadic or was only just emerging into an agricultural stage; while the climate was suited to the habitation and propagation of the white races.

In the East, however, colonisation of this type was not practicable. The climate was not adapted for the permanent settlement of Europeans, though they might live and thrive there, and there were already highly organised native States in occupation. India in particular was under the actual sway, or recognised the ascendancy, of the Mogul emperors, the greatest of whom had reigned for the half century within which Elizabeth's reign fell in England. It was not till the disintegration of the Mogul Empire began in the eighteenth century that the establishment of a European power in India became possible. In the great archipelago to the south-east, the Dutch, just emancipated from the dominion of Spain, and developing a maritime power which throughout the seventeenth century rivalled, if it did not surpass, that of England itself, obtained a lead. For a century and a half the English in the East were traders and nothing more.

The commercial extension was effected very largely through the agency of great companies of merchants who held a monopoly of trade in particular regions. Sometimes the monopoly was under a State guarantee; sometimes it meant merely that there was no practical possibility of competition, the company forming too strong a ring. Of such companies there were two types, the Regulated and the Joint Stock. In the Regulated Company admission was theoretically open and obtainable by the payment of a fee; but this was apt to be so heavy as to act as a very effective deterrent, and to preserve for the company the character of a close body. As in the case of the Merchant Adventurers, the members were pledged to submit themselves to the regulations of the company while enjoying the advantages or privileges which it had secured. The members, however, traded individually, not in their corporate capacity as a company. They took their own separate risks and their own separate profit, and they were exceedingly jealous of any other traders. Of this group the most conspicuous was the Levant Company, of which mention

has already been made. This body flourished until the eighteenth century was considerably advanced.

Of the second group the leading example is the East India Company. On the Joint Stock principle, the members of the company did not trade separately. The **Joint Stock** company traded as a single body on the combined capital subscribed by its shareholders, and distributed the profits in dividends. The general management was in the hands of a Board of Directors, and the actual trading was conducted by the company's paid official servants. The Joint Stock principle was apparently adopted by the Muscovy Company while Elizabeth was still on the throne; but it would seem never to have been very successful, since it always strove to keep itself a very close body, which at the same time worked with capital insufficient for the energetic development of the trade. The East India Company, which was merely 'regulated' under the original charter of 1600, converted itself into a Joint Stock Company in 1612, and was the real pioneer of that form of company management.

About 1612 the company obtained a concession from the great Mogul Jehanghir, whereby it was permitted to plant **The East India Company** a factory at Surat on the Bombay coast. That term meant not a manufacturing but a trading establishment, with its appurtenances of offices, warehouses, and so on, where goods were collected for shipment or disembarked for sale. The second principal factory was planted on the coast of the Carnatic at Fort St. George, better known as Madras, in 1639, and the third by leave of the Governor of Bengal on the Ganges delta at Hugli in 1650, which some-time later was transferred to Calcutta with the name of Fort William. The grant in this case was the reward asked and obtained by an English physician for successful services rendered to the Viceroy's household. The acquisition of Bombay in 1661 was of a different character. Bombay was not, like the other stations, held in tenancy from a native magnate, but was an actual possession of the Portuguese Crown, and was ceded by Portugal to Charles II., who dis-

posed of it to the East India Company, as part of the dower of his wife, Catharine of Braganza. As late as the middle of the eighteenth century, the English owned no land whatever in India except Bombay and the immediate vicinity, and were in occupation only of the factories and fortified positions attached to them.

There was a familiar saying of the seventeenth century that 'There is no peace beyond the line.' The line in question was not the Equator, but the line drawn from **Ocean** north to south by Pope Alexander VI., dividing **Dangers.** the dominion of the Spaniards from that of the Portuguese, all discoveries to the west of it being allotted to Spain. The phrase meant that English mariners in general rather expected to be treated as pirates in the Spanish seas, and had very little compunction in acting up to that character. In fact, pirates were numerous even in the safest of European waters; they swarmed in the Mediterranean, and they flourished quite shamelessly both in the West and in the East Indies. The governments of the European nations could by no means afford to police the waters of remote portions of the globe, and those who sailed there did so at their own peril. Spaniards and English in the West, Dutch, Portuguese, and English in the East, and it might be French also both in West and East, were always ready to accuse each other of piratical practices; and if they came to blows, the home governments were quite certain to repudiate all responsibility, and to retaliate any charges that were brought forward officially. Under these circumstances it is obvious that ocean-going merchantmen had to be ready to fight and to defend themselves not only against stray pirates, but possibly against hostile combinations of ships which were professedly not pirates at all.

It followed, again, that the organised voyages of a wealthy company could be conducted in comparative security, while it would be in the company's own interest to **Need for** acquire credit as a law-abiding body. At the **Monopoly.** same time discredit for lawlessness on the part of any English ships would fall upon the company, since other people would

not distinguish between English ships which belonged or did not belong to it. Hence the importance to it of being able to exercise authoritative jurisdiction over English ships sailing the Indian seas; and herein, entirely apart from economic grounds, lay the real justification for monopoly. To a minor extent the same principles applied to trading in all countries, and over all seas where what may be called police protection was inadequate.

This, then, was the great argument in favour of monopolist trading concerns, supplemented by the traditional doctrine **Demand for Free Trading.** that trade was the better for regulation in the common interest in preference to unregulated competition. On the other hand, there were always plenty of independent opponents who found their own enterprise hampered by monopolist companies. The Regulated Company in which each member traded for himself, and within certain limits could compete with his neighbours, was obnoxious only in proportion to its exclusiveness; if the entrance fee was low enough not to serve as a bar, and practically any one who chose could become a member, there was not much ground for complaint. But in the Joint Stock Company, the shareholder derived no advantage from his own individual business ability and energy. The company traded with his money, and paid him his share of such profits as accrued, which depended on the efficiency of the directors and their agents. The monopoly, therefore, was a cause of resentment to the man who was ready to take the risk of playing for his own hand; and there was ground enough for arguing that much better business would be done by giving personal energy and enterprise free play. All through the seventeenth century there was a perpetual struggle to break the monopolies on the part of those who called themselves Free-traders, and **The Interlopers.** by the companies were called Interlopers. It was never possible wholly to suppress them, and under the Commonwealth régime the Administration favoured the view that they were within their legal rights. Nevertheless, even under these conditions, competition against so

powerful a body as the East India Company was an undertaking which carried very substantial risks.

The Interlopers then sought to defeat the company by a combination of their own. Cromwell, however, refused to authorise a new company, in spite of its offers to subsidise the government. With the Restoration, the Interlopers lost ground. Nevertheless, before the end of the century, in the reign of William III., a rival company was actually sanctioned, and an internecine struggle began which bade fair to ruin not only the East India Company but the whole Eastern trade. It was so obvious that political conditions absolutely required the control of the Indian traffic to be in the hands of a single responsible organisation that the two companies made up their quarrel, and the Honourable East India Company was reconstructed on a more inclusive basis in 1702.

The East India Company affords the most notable illustration of that difference of conditions between the seventeenth and the nineteenth centuries which occasionally seems to make the incontrovertible truths of one period misleading fallacies in the other. Free trade, in the seventeenth-century sense of unfettered competition between British traders, however desirable in the abstract, was found to be unworkable; whereas in the nineteenth century it was universally accepted, and the battle of free trade was waged over the question whether the foreigner should be allowed to compete freely with the Briton. The difference was due to the political conditions, in which the private trader could not appeal with confidence to the government of his own country to protect his rights. The only available means was to delegate certain sovereign powers to a body sufficiently wealthy and sufficiently highly organised to enforce its authority over British traders, and against hostile forces, whether European or Oriental. The main difference between the English system and the system adopted by foreign countries was in the much larger latitude and freedom of the English companies. The Dutch East India Company

was treated almost as a State department, as also was the French company created by Colbert in the third quarter of the seventeenth century. These companies were subsidised by the government, and perpetually subjected to control and interference at its hands.

**Foreign and
British
Companies.**

The English company was allowed to go its own way with a minimum of interference, but it became an established principle that instead of being subsidised by the government, it should itself pay a handsome subsidy for its privileges; though from the reign of Charles II. the privileges included some title to a limited amount of military support. What we have to realise is, that actual experience proved that without the possession of sovereign powers by an organised association, English trade with the East would have been wiped out by the highly organised foreign companies, Dutch or French; and that the possession and exercise of those sovereign powers was not as yet compatible with the admission of outsiders to trading rights.

The final demonstration came with the middle of the eighteenth century. The declaration of war between Great Britain and France in 1744 gave the French in India the opportunity of attempting to wipe out the British trade. But the battle was in truth fought out between 1748 and 1754, when Great Britain and France were actually at peace, although the *coup de grâce* was not delivered by the English till 1760, when the two States were again at war. As events turned out, it was the British who wiped out the French. The expulsion of the French made the British ascendancy in India possible, and Clive's conquest of Bengal made it an immediate reality. But it may be affirmed with confidence that the French would not have been expelled, and that Bengal would not have been conquered, had not the Indian trade been in the hands of a monopolist company.

The East India Company had not only to do battle with French and Dutch, with native potentates, and with English Interlopers; the value of the Eastern trade was directly

challenged by theorists, and on the accepted mercantile doctrine its defence required considerable ingenuity. For the mercantilists held that a trade which carried bullion out of the country in exchange for goods was injurious to the interests of the country at large. The fact was palpable that India did not buy English goods, that the East exchanged goods for bullion, and that England exchanged bullion for goods. The apologists of the company, however, succeeded in demonstrating that the goods bought were in great part not destined for home consumption, but for re-export, and were exchanged again not for goods, but for bullion, so that the practical outcome of the Eastern trade was actually to increase the amount of treasure in England instead of diminishing it, as appeared *prima facie*. They proved further that much of what came from the East for home consumption could not be produced at home, but being in great demand, would still be purchased elsewhere, and at much greater cost, if it were not brought home by British merchants; so that, again, the loss of the Eastern trade would really bring about an increased outgoing of treasure. The argument had been put forward by Sir Thomas Munn as early as 1621; and it was emphasised by Charles Davenant in 1697, when he insisted that if the Dutch were allowed to acquire a monopoly of the Eastern trade, their revenue would be so immensely increased as to secure them an overwhelming naval preponderance, which would be even more disastrous to England if Louis XIV. should succeed in his ambitious projects, and convert Holland into a French province. The defence of mercantilism was thus shaping towards the view that the question was not whether the balance of exchange with a particular country was against England in the sense that it was an exchange of treasure for goods, but whether in the long-run it tended to increase the balance of treasure in England.

The history of the East India Company has been treated at length because it exemplifies on a large scale so many of the problems connected with commercial expansion in the

Stuart and early Hanoverian period. The company, in fact, secured to England her full share in the Eastern trade **other** during the seventeenth century, and in the **Companies.** eighteenth brought the British Empire in India into existence. The Levant or Turkey Company, Regulated, not Joint Stock, established a large share in the Western Mediterranean trade; but no marked success attended the companies which gave their attention to Africa. The company system applied effectively only to the remoter regions, where their existence was called for by reasons already explained. Here we need notice only one other great Joint Stock Company, the Hudson's Bay, which exploited the American regions north and west of French Canada. This was a creation of the Restoration period, and owed a good deal to the versatile activities of Prince Rupert, of whom we are accustomed to think mainly as the too fiery leader of the Cavalier Horse in the Civil War. In this case, again, the exclusive privileges of the company were warranted by the conditions of rivalry with the French in Canada; and it secured to the British a substantial share in the fur trade.

No success, as we have seen, attended Raleigh's attempts at colonisation in the reign of Queen Elizabeth. But when **Colonisation of North America.** Sir Walter was safely mewed up in the Tower a commercial company was formed to take up his scheme on a larger scale. The Virginia Company's charter practically authorised it to exercise sovereign rights over undefined regions of North America, subject, of course, to the English Crown. The settlement at Jamestown underwent various vicissitudes, and was more than once on the verge of destruction during the first dozen years of its existence. It suffered a good deal from the miscellaneous character of the first settlers, many of whom were mere adventurers. The constitution of the company and of the colony were revised, and in 1623 Virginia became virtually self-governing. In 1620 a band of Puritans occupied land at a considerable distance to the North, and became the

nucleus of the Northern 'New England' colonies as Virginia was the nucleus of the Southern Plantation colonies.

There was a quite definite commercial motive at the bottom of the first movement. It was anticipated that tobacco and other products of the soil would prove highly profitable, and the southern colonies, as they grew and multiplied, devoted themselves to cultivation for export. Here the climate and the conditions generally encouraged the development of servile labour, supplied partly by the importation of negroes after 1620, and partly by the transportation of convicts. In the North the commercial motive was at least less active. The Puritans sought a new home primarily because they desired to exercise their religion on lines forbidden in England. Their purpose was to form self-sufficing communities, a good deal after the fashion of the old English township, though not, it need hardly be said, in imitation thereof. The West India Islands were in the same category as the Southern Plantations. They were not, and did not aim at being, self-sufficing; they produced for the market and procured in exchange what they needed, but did not choose to produce for themselves. The South was commercial from the outset; the North became commercial as its wants on the one hand, and its products on the other, developed, and presently both North and South offered a market for English goods.

It does not appear that government interested itself greatly in colonial development during the first half of the seventeenth century. As with the East India Company, the principle was, to allow the adventurers such powers as would enable them to take care of themselves, and then to leave them to follow their own devices. There was no sentiment against emigration as tending unduly to diminish population, nor any general sense that capital employed in colonisation was lost to the country. As for the Puritans in the North, they were better out of England than in it according to the Court view; and when Maryland provided an asylum for Roman Catholics, that also afforded

some relief to the strain of religious animosities. It is not easy to discover any marked change in the attitude of the Commonwealth government. No disabilities were imposed on the colonies by the Navigation Act of 1651—commonly but erroneously attributed to Cromwell—who was too busy in Ireland and Scotland to dictate policy at Westminster until after Worcester. But although the Protector encouraged the development of sea-power, and Jamaica became an English possession in his day, his policy was at bottom rather Anti-Spanish and Protestant, like that of the Elizabethans. than consciously colonial.

The Restoration was more definitely a period of expansion. The Plantation Colonies were extended in the south. The **Restoration Policy.** Dutch had planted themselves between the northern and southern groups, but at the end of the war in 1667 they ceded their territory; and their city of New Amsterdam was named New York, in honour of James, Duke of York, who afterwards succeeded to the throne as James II. Also the Quaker colony of Pennsylvania was established. But if the Restoration fostered expansion, it also claimed a more active control than the Commonwealth men had chosen to assert. Broadly speaking, the Commonwealth had looked with disfavour on privileged trading of all kinds, had rather encouraged interlopers, and had grasped the imperialist notion of treating all the members of the empire as being on the same footing. Cromwell's unification may have been premature. The Stuarts reverted to separatism, revived the trade barriers between England and Scotland, repressed Irish industries which competed with those of England, and gave the Commonwealth Navigation Act a form much more unfavourable to the colonies.

That Act was quite definitely inspired by rivalry with the Dutch. It was probably intended to force on a naval war, as it actually did. It was certainly intended to develop English shipping on the old Tudor principles, and to capture for England the Dutch carrying trade. English shipping did advance, though it is

**The New
Navigation
Acts.**

very doubtful whether either this or the gradual transference of the Dutch carrying trade to England was greatly affected by the Navigation Act. But Clarendon's Navigation Act at the Restoration was made directly protective of the interests of England as opposed to those of other parts of the empire. Direct trade between the colonies and foreign countries was forbidden; they had to import from England, or at any rate via England, and to export to England, and practically the trade had to be carried on mainly in English ships.

In short, the Restoration resumed an active control, in English interests. We may attribute this to the keener sense of imperialism in the Stuarts, as compared with the indifference of the Commonwealth, which abstained alike from active control and active promotion of colonial expansion. But it is clear that the pursuit of what may be called a particularist English trade policy for something over a century after the Restoration very nearly brought about the permanent separation of England and Scotland, provided one incentive to and the avowed excuse for the rupture with the American colonies, and played a large part in the throttling of all material progress in Ireland.

The Navigation Acts do not afford the only example of this policy, which was in general pursued from the Restoration to the War of Independence. The home government not only insisted on regulating trade in the interest of English shipping and English merchants, it went so far as to forbid the export from, and even the manufacture in, the American colonies, of goods which English manufacturers wished to sell in America or anywhere else. The same thing applied to Ireland, whose industries were virtually confined to tillage and the manufacture of linen, which never seemed congenial in England. Nevertheless, it has been argued with a good deal of force that the American colonies did not really suffer seriously. Such industries as were forbidden would probably have made no headway if left to themselves. But this did not prevent the colonists from feeling a grievance. Human nature being what it is, the

mere consciousness that the mother country made regulations which recognised the principle of treating colonial interests as subordinate, was quite enough to make those regulations wear an appearance of injustice, and to create a raw. Still, so far the mother country was within its technical rights; and if it had not been so, colonial complaints would still have been muzzled so long as the colonists had to reckon with the power of France in Canada as imposing a check on their own expansion. But the conquest of Canada removed the muzzle, and George Grenville's government provided the technical plea hitherto lacking by imposing taxation for revenue. In plain truth, the colonists had reached a stage when they resented all control. Grenville's and Townshend's taxes, utterly trivial in themselves, merely provided the excuse for bringing the whole question of control to a decisive arbitrament, and when the matter was fought out, the colonists won and were able to set up as a separate nation.

This particularism is especially prominent in the relations between England and Scotland from the Revolution of 1688 **England and** to the Union of 1707. The Restoration **Scotland.** Navigation Act could not affect the commercial relations between Scotland and foreign countries, but it treated Scotland herself as a foreign country, closing English ports to Scottish shipping, and the English market to Scottish goods. The Scots retaliated, but in a war of this kind between a rich people and a poor one, the poorer country was bound to suffer ten times as much as the richer. Moreover, so long as the King of England and the King of Scotland were one and the same, the king was practically certain in all foreign relations to consider the interests of Scotland as altogether secondary to those of England. All Scotland believed that diplomatic pressure was employed from England to prevent Scottish enterprise from getting financial support in Holland when the Dutch stadtholder was King of England and Scotland. The climax was reached when Scotland endeavoured to float the Darien Scheme, which was to establish a rival to the East India Company. Nothing could have saved the

Darien Scheme from utter failure ; but the Scots, who had embarked on it in a fever of enthusiasm, attributed its ruin to the machinations of the English, who had undoubtedly imposed every available obstacle in the way of its flotation. Scottish indignation rose to such a pitch that the Scots threatened to divert the succession of the Scottish Crown after the demise of Queen Anne. The Whigs perceived a greater danger in the political severance from Scotland than in the surrender of the economic severance. A sufficient body of Scottish opinion preferred an incorporating union with political and economic equality to a political separation in which all the economic advantages would rest with the richer country ; and so in 1707 the Union was carried.

It was not till another half century had elapsed, however, that Scotland became reconciled to the Union. Commercial antagonism between England and Scotland had been bad enough for both ; its cessation was a condition without which it was scarcely possible that Scotland should have become really prosperous. But there was one respect in which the Union had an injurious effect on Scottish trade. By all historical tradition, France and Scotland were friendly. The attitude of France towards the exiled House of Stuart was probably the main cause of English hostility to France ; Jacobite sentiment in Scotland was both very much deeper and very much more widespread than in England ; and the commercial relations between France and Scotland continued to be friendly down to the time of the Union. But the Union forced Scotland into line with England. Except for the brief Tory ascendancy, during the last three years of Queen Anne's reign, the Whigs controlled British policy until some years after the accession of George III. Whig policy was fundamentally antagonistic to France, **The French** or at the lowest to the increase of the power of **Trade**. France, in spite of the period of ostensible friendliness during the regency of Orleans and the ascendancy of Fleury in France and of Walpole in England. Whig commercial policy

opposed all trade development with France, because such trade, according to the accepted theories, was beneficial to France and injurious to England, since the French sold to us more than they bought from us, and treasure passed out of England into France. It followed that the Scottish trade with France diminished. England, just before the Union, made the Methuen treaty with Portugal which opened a strong market for English wool and woollens, and greatly increased the import of Portuguese wine. But six years after the Union, England rejected the commercial treaty with France, proposed by the Tories as an appendage to the Treaty of Utrecht. The economic effect in Scotland is illustrated by an epigram which had a quite different intention :

' Firm and erect the Caledonian stood ;
Sweet was his mutton and his claret good ;
" Thou shalt drink port " the southron statesman cried ;
He drank the poison, and his courage died.'

The southron statesmen forced Scottish trade into the channels which suited Englishmen. Walpole himself was very much alive to the advantages of increasing the volume of trade and of reducing duties, but it was his cardinal principle to avoid stirring up controversy, and to surrender a policy which he approved in the abstract rather than to set popular sentiment at defiance. Popular sentiment was dead against the proposed Tory treaty, and Walpole denounced it with vigour for political reasons, though he probably recognised it as financially sound. Something over seventy years later a very similar treaty was carried out by the younger Pitt with very little opposition.

CHAPTER XIV

TRADE AND INDUSTRY IN THE ERA OF EXPANSION

THE principle of State interference for the regulation of trade was taken for granted until the nineteenth century. It was the right and the duty of the State to direct industry as well as commerce into those channels from which the State would derive most advantage. There was always the underlying idea of seeking to make the country self-sufficing so far as possible in respect of all necessaries. The dominant conception of the nineteenth century was concentration on profitable production—which entails the purchasing power for obtaining goods in the cheapest market—and leaving unprofitable production alone. At an earlier stage, the theory was that the production of things needful should be made artificially profitable if it were not so naturally, where the thing was reasonably possible. Where no artificial stimulus would make production possible, as in the case of wine, or tobacco, or raw cotton, the principle, of course, did not apply; but it would have been held better to stimulate agriculture by creating artificial prices for agricultural produce than to allow agriculture to decay because food could be obtained at less cost from the foreign producer. The principle of protection was to be applied to those industries of which the maintenance was held to be of service to the community.

But the attempt to apply this principle always raises three questions: is a given industry one which it is worth while to maintain artificially? can it not maintain itself adequately without artificial aid? and will the artificial aid proposed actually have the desired effect of stimulating the industry? The unqualified free-trader will

always answer the first in the negative, the second in the affirmative; whereas the producer must always have a strong temptation to reverse the answers. The third question is one not of principle but of method. The mercantilists might give either an affirmative or a negative answer to either of the first two questions; but the pressure of vested interests would always tend to turn decision in favour of the producer until the high prices resulting were felt as an intolerable grievance by the mass of consumers. And high prices do not result when the assistance is given in the form not of tariffs but of bounties. The bounty, being a charge upon the public funds, is not felt individually by the consumers. Bounties on home products and tariffs on imports provide the two obvious methods of placing the foreign competitor at a disadvantage as compared with the home producer.

The limitation of competition at home was another of the methods in vogue during the mercantile period, for fostering **Limiting Competition.** industries or commerce which could only be carried on under difficulties and were in danger of destruction by free competition. We have already seen how this worked in the case of the East India Company and others. Practical experience seems to show in the case of the Indian trade that free competition was impracticable. We may doubt whether the evidence was conclusive, but both the experiments were tried of allowing Interlopers to compete, and of breaking the monopoly by constituting a rival company. Both experiments were failures, and the conclusion was universally accepted that monopoly was a necessity. In most other cases of the kind where a monopolist company was allowed to exist, the restriction on trade lay merely in the insistence on regulations being observed, since any one was admitted to the company on the payment of a fine which was not much more than nominal. It was on the same principle that monopolies or patents were granted to individuals, the hypothesis being that the trades could not be carried on efficiently except under close supervision, nor if the rates of profit were lowered by competition.

Both by Elizabeth and her two immediate successors many patents were granted to individuals and to companies, ostensibly on the theory that the interests of the public were best served thereby. The public, however, **Patents.** doubted the service to its interests, and was exceedingly jealous of the patent as interfering with the Englishman's natural right to trade as he chose, unless good cause could be shown to the contrary. Besides, these patents were bestowed not by Act of Parliament but by royal prerogative; and whenever they were bestowed on a royal favourite or by desire of a royal favourite, or were granted for valuable consideration as was nearly always the case, there was very active suspicion that the contemplated advantage to the community counted for very much less than the pecuniary advantage to the king or the favourite. Throughout the reigns of James I. and Charles I. there was extreme jealousy of all the devices by which money could accrue to the king without direct parliamentary sanction; and the monopoly system at its very best was palpably liable to gross abuse. Hence monopolies became objects of very bitter attack, and were finally made illegal, or more accurately, were withdrawn from royal control, by the Long Parliament. There was nothing to prevent monopolies being granted by Act of Parliament, but in fact they practically disappeared from this time except in the case of the great associations like the East India Company; and even then their retention was viewed with the strongest hostility.

Monopoly and specific trade regulations were intimately associated. The necessary inspection and supervision could hardly be applied successfully to the 'free-trader' **Decay of Regulation.** who stood outside any trade organisation, and accordingly the practice of endeavouring to enforce, generally by legal authority, standards of quality in workmanship and the like, was discontinued. The system of granting patents survives in modern times almost exclusively for the purpose of protecting the property of the inventor and his invention; an object which hardly found place in the seventeenth century,

since inventions useful for trade mainly take the form of labour-saving appliances—and in the seventeenth-century view, as in that of the early nineteenth-century operative, labour-saving appliances were not to be encouraged, but condemned as taking the bread out of workmen's mouths. Monopoly and supervision, then, were both dying a natural death when the Stuart period was drawing to a close in the latter part of the seventeenth century. They were naturally associated with the paternal government which is apt to attend a monarchical system, and they lent themselves to methods of raising revenue incompatible with complete parliamentary control of the purse-strings.

The close of the seventeenth century saw the last important immigration of foreign artisans into England. The **The Huguenot Immigration.** French Huguenots had enjoyed toleration throughout the century; but Louis XIV. was inclining towards a repressive policy which culminated in the great persecution accompanying the Revocation in 1685 of the Edict of Nantes, which had been the Huguenot charter. The Huguenots at that time were the flower of the French industrial population. Some years before the actual Revocation, the hostility of the government was sufficiently tangible to drive considerable numbers of them out of France in search of new homes where they could practise their religion and their industries. The great persecution drove great numbers of refugees to Prussia, Holland, and England, where they were received in more friendly fashion than had generally been the case with the immigrants a hundred years before. The English were perhaps more sympathetic to the French refugees than they had been to the fugitives from the Netherlands; and they were certainly less jealous of them as competitors. The great London colony of the Huguenot weavers was established in Spitalfields. In Elizabeth's time, theories of religious uniformity made the plantation of the Netherlands Protestants a somewhat complicated business, as it was difficult to concede to them liberties denied to Englishmen who had declined to conform to the Anglican system. But

at the time of the Huguenot immigration the French Calvinists were at any rate in no worse position than vast numbers of English Nonconformists, for whom the revolution of 1688 procured a practically complete toleration.

It was very soon found that the transfer of a considerable skilled population from French to English soil was very detrimental to France, and certainly beneficial **New** to England; and it gave a further impulse to **Industries.** the development of industries which had not hitherto flourished in England. In fact, a marked development of new industries followed, which were occasionally fostered by curious devices, such as sumptuary enactments insisting on the use of particular materials, much as an ancient law had required the dead to be buried in woollen shrouds. So also the sale of competing fabrics was forbidden. To a considerable extent, no doubt, it was English capital which organised and developed the industries introduced by the refugees, and brought English labour into the new employments, though the manufacturers of woollen cloths found their market affected by the new calicoes and silks.

There are three types of industrial organisation which may all be seen in operation during the mercantile period. First there is the gild system, in which the internal **Industrial** regulation of the trade is in the hands of an **Organisation.** association. Secondly there is the capitalist system, in which the workers of the trade are merely the employees of a capitalist master, and the regulation of the trade is practically in the hands of the individual masters competing with each other. This is the precursor of the factory system, from which it differs only so far as it may be unnecessary for the master to keep his workers under one roof or in one group of buildings. The third is the domestic system, under which regulation practically disappears, because neither masters nor associations can practise an effective supervision. In the domestic system the householder is the actual producer, selling his product to the trader or the consumer as the case may be. The 'consumer' is the person who puts the product

to use ; *e.g.* from the point of view of the spinner he is the weaver.

The gild system primarily was the urban organisation of domestic industries before capitalism came into being. The domestic system predominated with the active expansion of mechanic industries in non-urban areas. Capitalism had the double tendency to replace the gild system in the existing urban areas, and also itself to create new urban areas. Further, it tended to absorb the domestic industries, as the small independent producers found it more convenient to pass into the ranks of simple wage-earners ; just as we shall presently find the small farmer surrendering his independent holding and becoming a labourer for wages. In the period now under consideration, the transition is going on from the prevalence of the regulated gild system to the consummation of capitalism in the factory system ; and during the transition the domestic system is prominent. But it is always difficult to distinguish how far the domestic system is really dominated by capitalism ; that is, how far the domestic workers are really the employees of capitalists, who provide them with the material on which they work and pay them for the work done ; just as in certain trades of the present day the work is not done in factories, but is given out to home workers. The distinguishing fact, however, is that during the seventeenth century and most of the eighteenth, a very large proportion of the work of the most important trades in the country was being done by men and women, not in factories, but in their own homes, and not only in towns, but all over the rural districts. Socially, the distinction between home work and factory work is of more importance than the economic distinction between the capitalist and the domestic systems.

A characteristic of home work spread over a wide area is, that it cannot be subjected to close supervision. Conspicuously, there can be no adequate control over the worker's time. Hence it must be paid for as piece-work, and permits of diversity of employment on the part of the

worker. Hence, again, it was adapted to agricultural conditions under which the cottar and the farmer and their families were not constantly engaged on agricultural work, **Home Work and By-Employments.** and had time on their hands which could be otherwise employed. Much that was within the competence of any trained worker could be done efficiently without supervision, the quality being ensured, because bad workmanship would be certain sooner or later to be detected and to involve loss of employment. It was the introduction of machinery, of plant which could only be worked under particular conditions and in particular places, which caused the factory to supersede home work ; and thus in the seventeenth century, and the greater part of the eighteenth, spinning and weaving, as well as sundry other by-occupations, gave employment to a large proportion of the population primarily engaged on agriculture.

The process of enclosure had come to an end in the reign of Elizabeth, with the practical equalisation of the profit from tillage and from pasture, associated with **Result of Enclosures.** the development of convertible husbandry. Much of the country still remained unenclosed, and was worked under the old system. Broadly speaking, demesne lands had to a great extent assumed the character of large farms under pasturage or tillage, according to circumstances, and the same thing had happened to groups of what had been holdings under villeinage ; but small farms were numerous, and lands under common working had by no means disappeared. Demesne lands which were not farmed by the owner may have been turned into leaseholds with rents established by competition, but the small freeholder and copyholder still abounded.

For the improvement of agriculture, it was to be regretted that the process of enclosure had not been carried further ; not, that is, enclosure for pasture, but the con- **The Open Field.** solidation of farms in place of the open-field system. The communal system, which covered more than half of the cultivated land in the country, was wholly incom-

always answer the first in the negative, the second in the affirmative; whereas the producer must always have a strong temptation to reverse the answers. The third question is one not of principle but of method. The mercantilists might give either an affirmative or a negative answer to either of the first two questions; but the pressure of vested interests would always tend to turn decision in favour of the producer until the high prices resulting were felt as an intolerable grievance by the mass of consumers. And high prices do not result when the assistance is given in the form not of tariffs but of bounties. The bounty, being a charge upon the public funds, is not felt individually by the consumers. Bounties on home products and tariffs on imports provide the two obvious methods of placing the foreign competitor at a disadvantage as compared with the home producer.

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There are three types of industrial organisation which may all be seen in operation during the mercantile period. First there is the gild system, in which the internal **Industrial** regulation of the trade is in the hands of an **Organisation.** association. Secondly there is the capitalist system, in which the workers of the trade are merely the employees of a capitalist master, and the regulation of the trade is practically in the hands of the individual masters competing with each other. This is the precursor of the factory system, from which it differs only so far as it may be unnecessary for the master to keep his workers under one roof or in one group of buildings. The third is the domestic system, under which regulation practically disappears, because neither masters nor associations can practise an effective supervision. In the domestic system the householder is the actual producer, selling his product to the trader or the consumer as the case may be. The 'consumer' is the person who puts the product

to use ; *e.g.* from the point of view of the spinner he is the weaver.

The gild system primarily was the urban organisation of domestic industries before capitalism came into being. The domestic system predominated with the active expansion of mechanic industries in non-urban areas. Capitalism had the double tendency to replace the gild system in the existing urban areas, and also itself to create new urban areas. Further, it tended to absorb the domestic industries, as the small independent producers found it more convenient to pass into the ranks of simple wage-earners ; just as we shall presently find the small farmer surrendering his independent holding and becoming a labourer for wages. In the period now under consideration, the transition is going on from the prevalence of the regulated gild system to the consummation of capitalism in the factory system ; and during the transition the domestic system is prominent. But it is always difficult to distinguish how far the domestic system is really dominated by capitalism ; that is, how far the domestic workers are really the employees of capitalists, who provide them with the material on which they work and pay them for the work done ; just as in certain trades of the present day the work is not done in factories, but is given out to home workers. The distinguishing fact, however, is that during the seventeenth century and most of the eighteenth, a very large proportion of the work of the most important trades in the country was being done by men and women, not in factories, but in their own homes, and not only in towns, but all over the rural districts. Socially, the distinction between home work and factory work is of more importance than the economic distinction between the capitalist and the domestic systems.

A characteristic of home work spread over a wide area is, that it cannot be subjected to close supervision. Conspicuously, there can be no adequate control over the worker's time. Hence it must be paid for as piece-work, and permits of diversity of employment on the part of the

worker. Hence, again, it was adapted to agricultural conditions under which the cottar and the farmer and their families were not constantly engaged on agricultural work, **Home Work** and had time on their hands which could be other- **and By-** wise employed. Much that was within the com- **Employments.** petence of any trained worker could be done efficiently without supervision, the quality being ensured, because bad workmanship would be certain sooner or later to be detected and to involve loss of employment. It was the introduction of machinery, of plant which could only be worked under particular conditions and in particular places, which caused the factory to supersede home work; and thus in the seventeenth century, and the greater part of the eighteenth, spinning and weaving, as well as sundry other by-occupations, gave employment to a large proportion of the population primarily engaged on agriculture.

The process of enclosure had come to an end in the reign of Elizabeth, with the practical equalisation of the profit from tillage and from pasture, associated with **Result of** the development of convertible husbandry. **Enclosures.** Much of the country still remained unenclosed, and was worked under the old system. Broadly speaking, demesne lands had to a great extent assumed the character of large farms under pasturage or tillage, according to circumstances, and the same thing had happened to groups of what had been holdings under villeinage; but small farms were numerous, and lands under common working had by no means disappeared. Demesne lands which were not farmed by the owner may have been turned into leaseholds with rents established by competition, but the small freeholder and copyholder still abounded.

For the improvement of agriculture, it was to be regretted that the process of enclosure had not been carried further; not, that is, enclosure for pasture, but the con- **The** solidation of farms in place of the open-field **Open Field.** system. The communal system, which covered more than half of the cultivated land in the country, was wholly incom-

patible with the introduction of improvements, since no change could be brought in without the assent of the whole body. There was promise, however, at least before the outbreak of the Civil War, of enterprise on the part of landowners, and such schemes as the drainage of the Fen country were entered upon. But this was stopped by the war; and it was not till about the beginning of the eighteenth century that sundry great landowners began to devote themselves energetically to working out real improvements, both in agriculture and in cattle-breeding. Still, the agricultural population was fairly prosperous. Governments were more anxious to encourage agriculture than to cheapen food. The export of corn was encouraged by bounties, and generally there was no deficiency in the home supply, although the Civil War brought about very high prices. The labourer's wages were not high, but he was able to supplement them from the earnings of his wife and children at spinning; just as the small farmer, who obtained little more than subsistence from his acres, was often able to supplement his earnings by the loom.

The labourer was unfortunately affected by the Restoration Law of Settlement. The Elizabethan Law of Apprentices, **Immobility of Labour.** so long as it was actively enforced, militated against the fluidity of labour; that is, it tended in the first place to prevent a man from changing his occupation when his apprenticeship was over, because, in spite of sweeping exceptions, it generally forbade the practice of a trade by any one who had not served his apprenticeship in that trade. Also, it had imposed limitations which barred the children of the poor from apprenticeship to those trades which were reckoned as being of a superior grade, and in this way it had tended to perpetuate class distinctions under a legal sanction. The Law of Settlement checked the fluidity of labour in another way, by blocking migration. The object was to make every parish responsible for its own poor. It was not fair that the ratepayers should find themselves burdened with the maintenance of people who were, in the

language of an earlier date, 'foreigners'—outsiders who had come in to settle and failed to maintain themselves. The local authorities were therefore empowered to send the workless immigrant back to his own parish or hundred. Thus migration in search of work was effectively stopped. The labourer found himself bound to the soil, *ascriptus glebæ*, in a new sense, not because he was a serf who might not leave his lord's service, but because no other soil would admit him. The effect must have been to produce congestion in some districts. Proposals were made for providing work by methods which were open to the usual objection to such schemes, that they foster the inefficient and the idle to the detriment of the industrious. On a small scale, however, the Workhouse Act of 1723 provided employment in the parish workhouse; but by restricting relief to those who entered the workhouse, it effectually avoided making such prospect of relief unduly attractive. The rates derived considerable advantage from the measure, though it may be questioned whether this was because poverty was felt less severely, or because the self-respecting poor, who might have been fit objects of relief, preferred to endure without it, on the terms on which it was offered. But at least the pauperising tendency was avoided which attends all measures of relief that are not somewhat harshly administered.

The notorious South Sea Bubble was one of the later developments of the company system. Its history belongs, perhaps, to that of national finance rather than of commerce proper, yet it can hardly be passed over in the present chapter. The South Sea Company was in fact a political creation of the Tories, intended to counter-balance the Bank of England, created by the Whigs, and the East India Company, which in Queen Anne's reign was at least intimately associated with the Whigs. The company was floated when the Tories came into power in 1711. The accession of the Tories to power brought the termination of the War of the Spanish Succession in sight, and the terms of peace embodied later in the Treaty of Utrecht were in the

air. The company was to take over the Government Debt to the amount of ten millions. For the payment of interest, the proceeds of certain duties were appropriated to it, and it was granted the monopoly of the South Sea trade; which meant mainly the concessions to be obtained as to trading with the Spanish colonies in America. The original plan was perhaps reasonably sound, although even that was based on an exaggerated estimate of the profits of the South Sea trade. But a few years later Europe was smitten with an epidemic of commercial gambling. Immense financial schemes were started, and Paris flung itself as madly into the grandiose plans of Law of Lauriston as England flung itself into the South Sea Company developments. In 1719 the company proposed to take over a good deal more than £30,000,000 of the government's responsibilities, and the public dreamed that it was secure of some secret, but practically boundless, source of profit. The price of the shares rushed up, in spite of warnings from Walpole, who had broken with the government three years before. Members of the government were implicated, some of them in all honesty, some very much the reverse, in encouraging the frenzy. **The Collapse.** Then the Bubble burst, and prices rushed down again much faster than they had gone up. No financial disaster of such magnitude had ever been known before, and widespread ruin resulted. It put a sudden stop to the fever of speculation, and politically it planted Walpole in that position of supremacy which he held effectively until 1739. For Walpole was the one public man who had proved his foresight by denouncing the scheme, and was the one man who was regarded as capable of extricating the nation from its slough of despond. And in fact his measures were successful in averting the apparent completeness of the ruin, and at the same time in protecting some at least of the comparatively innocent directors and members of the government from the monstrous penalties which the popular panic was thirsting to exact.

CHAPTER XV

NATIONAL FINANCE

THE intervention of the State for the control of commerce and industry has always in view one or another of certain specific objects; the general wealth of the king's subjects, the political power of the State, or the filling of the treasury. The nineteenth century placed the general wealth first, as being the condition from which national power and a full treasury would follow, and on that basis it minimised State intervention. The mercantile era placed national strength first, and sought to direct commerce and industry into those channels whereby the power of the nation would be increased relatively to that of other nations. In the medieval period, the primary inducement to State intervention was the filling of the treasury. But in each period all the three objects played some part. The filling of the treasury has hitherto had only incidental notice in these pages, but in some respects it was the most prominent feature of the long constitutional struggle which found its settlement in the Hanoverian Succession. We have therefore reached a convenient stage for a brief survey of this portion of our subject.

In the medieval period, the Crown and the State were identified. The National Treasury was the king's treasury. The National Revenue and expenses were the king's revenue and expenses; it was the king who had to provide for the cost of war and of the central administration; and the State regulation of commerce and industry began when the kings recognised a source of revenue therein.

In the earlier stages, the problem of raising an adequate

revenue did not present itself. A large proportion of the public burdens were discharged by means of obligatory services. Either in person or by his servants, the freeman was bound to render military service, and to keep bridges and fortresses in repair, to take his share in the administration of justice, and in the management of local affairs over which the central authority exercised little active control. The Crown derived its revenue, sufficient for other normal needs, from its own estates, and the various dues from the shires for which royal rights had been commuted. To these were added, with the development of feudalism, the feudal claims of the king, as overlord, to the various aids and fines recognised by feudal law. Until Magna Charta at any rate, there was a certain elasticity about these feudal dues; still, these sources of revenue, though normally adequate, did not suffice for emergencies.

Hence in the time of Ethelred the Redeless, the land-tax called the danegeld was imposed primarily to raise ransom **Early** wherewith the Danes might be bought off. Soon, **Taxation.** however, it assumed the character of a war-tax, to be levied whenever there was any pretence of its being required. The Conqueror and his sons made the danegeld the great means of extorting revenue from the country, and it was with a view to an accurate assessment of the danegeld that the Conqueror carried out the great survey recorded in Domesday. It was not till a century later that a tax upon movables, property other than land and what went with the land, was first instituted with the 'saladin tithe,' imposed in order to raise funds for the great crusade to recover Jerusalem from the victorious Saracens.

Twenty-seven years later the Great Charter laid it down as a permanent principle that taxes were to be levied only with **Customs.** the assent of the Great Council. But this did not touch the royal prerogative of exacting tolls, of which the professed object was not the collection of revenue but the control of trade. If the foreigner desired the protection of the law for the sale of his goods in England, he must

pay for the privilege. If he desired to introduce his goods into England, those goods must pay toll to the king, and if he desired to export goods from England, those goods must likewise pay toll. But by the end of the thirteenth century the nature of these imposts as an additional source of revenue to the Crown was recognised, and under the Edwards the extent to which the 'customs' might be levied by royal authority was defined. Outside the defined limits the power of the purse was vested in parliament. Nevertheless, two questions subsequently arose in the reign of James I. and Charles I. Was it within the Crown's prerogative to vary the rates of customs? James could find precedent only in the reign of Queen Mary, but the lawyers upheld the rights of the Crown. Was the Crown entitled to levy tonnage and poundage, dues on imports which had always been conceded only by parliamentary grant, but which parliament had always granted at the beginning of each reign for the entire reign since the time of Henry VI.? These were questions which the third parliament of Charles I. supposed to have been finally settled by the Petition of Right in 1628; but the phraseology of that Act was not decisive, though there was no doubt at all about its intention, and it was not till the Long Parliament that the claims of the Crown were finally abolished by statute.

There are two points which have to be dwelt on in this connection. The first is, that the prerogative of the Crown to regulate trade for the benefit of the community was not challenged; but parliaments were from the beginning extremely jealous of the regulation of trade being turned into a means of raising revenue which would make the Crown independent of parliamentary grants. The second is that the Crown habitually sought to make its regulation of trade productive of revenue so far as this could be effected without arousing acute parliamentary hostility. Both Edward I. and Edward III. were undoubtedly desirous of extending English commerce for the benefit of the English people. Their interventions for the

Trade
Regulation
and Revenue.

regulation of commerce were directed to its development and increase. But they were also directed to ensuring that the Crown should derive the maximum of advantage therefrom; and this was particularly exemplified by the favour which Edward III. showed to his Gascon subjects with a view to the increase of the revenues of the Crown from that source.

Crown Revenue Devices. The Crown then derived revenues from the old sources, from the permanently authorised customs, from special port dues on imports or exports authorised by parliament, and from the concession of trading privileges as a part of its prerogative of regulating trade. Except in the case of one of these sources of supply, it was not dependent on the goodwill of parliament. It continued to seek other independent methods of raising revenue—the Benevolences invented by Edward IV., the Forced Loans which Wolsey attempted, the confiscations under colour of law practised by Henry VII. and Henry VIII. But some of these were merely temporary expedients made possible by the circumstances of the moment. There was nearly always the outstanding need of supplies which could be obtained only by parliamentary vote.

These supplies took the form of a tax on movables and on land. During the fourteenth century this commonly appears as the 'tenth and fifteenth,' levied on the towns and the shires respectively. From the reign of Richard II. this became the Subsidy, which was nominally a tax of four shillings in the pound on land, and two and eightpence in the pound on movables. But this became converted into a fixed sum of £70,000, to which the different districts paid each its quota in accordance with the original assessment, a state of things which became ludicrously unjust with the fluctuations in the relative wealth of different places. The system, however, continued to prevail until the middle of the seventeenth century.

The theory remained in vogue until the time of the Stuarts that the port duties were imposed not for revenue but for the regulation of trade. Correspondingly, the right of the

Crown to call upon the coast towns to furnish ships for defence in time of war, or to pay for their provision, had not been challenged. It was warranted by the need of defending the realm. But when the parliament refused supplies to the first two Stuarts when they were very much in want of funds, those monarchs conspicuously treated port dues and ship-money as elastic sources of revenue, as well as the concessions for exclusive trading called Monopolies; and it was this which caused that reconstruction on the Restora- **The** tion whereby the entire control was withdrawn **Restoration.** from the king and vested in parliament, the personal income of the king being derived from permanent sources supplemented only at the will of parliament, while the national expenditure was brought under parliamentary supervision, which soon passed into complete control.

Meanwhile, however, a fresh source of revenue had begun to be tapped under the Commonwealth. Land had been taxed, movables had been taxed, commercial **Excise.** privileges had been in effect taxed. Parliament, in its struggle with the king, was hard put to it to maintain supplies; and it observed that the first commercial nation in the world, Holland, derived a large revenue from excise, the taxation of goods produced in the country. The principle was applied to the taxation of spirituous liquors, just as, partly on economic and partly on moral grounds, the licensing of inns had already been introduced. The principle was new; the practice was unpopular; and though this particular form of excise survived the Commonwealth period, a violent prejudice against the very name of excise persisted to the end of the following century.

A particular celebrity attaches to the Excise Bill of Sir Robert Walpole, because it illustrates forcibly the popular capacity for misapprehending a financial **Walpole's** measure, and also the importance of names. **Excise Bill.** Called by any other name than an Excise Bill, Walpole's proposal would probably have been accepted cheerfully. But the word *excise* conjured up in the popular imagination

hosts of revenue officials demanding to search everybody's premises; agents of a nefarious government with unlimited powers of blackmailing. Walpole might possibly have carried his Bill, but it would certainly have been at the cost of rioting and bloodshed, a price which he did not care to pay. He withdrew it in deference to the popular clamour, though he took his revenge legitimately enough on the colleagues who had worked against him. But, in fact, the object of the Excise Bill was to enable goods to be disembarked at the ports, warehoused, and re-embarked without paying duty first and then recovering it; the duty was to be paid on the withdrawal of the goods for the purpose of sale within the country. It was to be applied in the first instance to tobacco; the 'army' of revenue officials would have numbered one hundred and twenty-seven, and an immense saving for the revenue would have been effected by the diminution of fraud and smuggling. The principle had even been applied without demur, and with entire success, to silk, to pepper, and to tea and coffee; but then it had not been called excise, so there had been no trouble. But having called his scheme an Excise Bill, Walpole was obliged to drop it.

In fact, the Excise Bill was intended to relieve the land-owners who were now bearing the main burden of taxation.

The Land Tax. The subsidies had been replaced by a land and property tax, under which it was practically land, and land only, that paid the tax. Information as to personal property was so easily withheld, and so likely to be entirely false, that the attempt at assessment had really been given up in despair. Much as the original subsidy had been translated into a fixed sum of £70,000, so on the basis of an assessment in 1692, the property tax at a shilling in the pound was translated into a fixed sum of a little less than half a million, and, from 1697, a tax of a shilling in the pound meant that the land had to pay that half million. Since then it had repeatedly stood as high as three shillings, and in 1727 had gone up to four shillings when there was an alarm of

war. Walpole aimed at restoring one shilling as the normal standard, but even the landed interest was so convinced that the liberties of the nation were staked on the rejection of the Excise Bill that they spurned the relief offered to them by that measure.

Walpole's excise scheme failed, but he was able to go a long way in the direction of fiscal reform. In the eighteenth century, however, fiscal reform meant not the **Reduction of Duties.** imposition, but the removal of tariffs, at least so far as concerned the materials of manufacture. This was not a repudiation of the fundamental theories of mercantilism, for the argument was that the imported raw material could be exported again in the form of manufactures to an extent which, in the balance, would make the inflow of treasure greater than the outflow. Substantially the plea was the same by which the trade of the East India Company was defended by such avowed mercantilists as Davenant. Manifestly, however, it became extremely difficult to arrive at any criterion for deciding whether in the long-run any given trade was on mercantile principles advantageous or the reverse. Walpole himself was clearly tending in practice towards taxing for revenue, and taxing the home-producer in order that he, as well as the landholder, might contribute to the treasury. But the popular detestation of excise was too strong for him, and there was no one to carry on his policy of freeing imports.

It is notable, however, that in 1766 the Rockingham Ministry, in seeking to pacify American sentiment, reduced the duties on various imported goods, and **Check to the Policy.** incidentally demonstrated the superiority for revenue purposes of low as compared with high tariffs. The high profits of smuggling vanished, while the general demand was so much increased by the lowered prices that the customs collected very much more than they had done when the tariff was higher. But the Rockingham Ministry was a sort of isolated incident. Every war was an inducement to impose taxes, and the policy of freeing imports did not again find

favour until after the publication of Adam Smith's *Wealth of Nations*.

Apart from the regular income of the Crown from the National Treasury, and the temporary increases of revenue necessitated by enlarged expenditure in war time, the treasury was apt to require cash in hand to deal with emergencies while the revenue was still being collected; that is, the Crown had to borrow short loans, for the repayment of which particular sources of revenue were frequently ear-marked. The early Plantagenets made use of the Jews for this purpose, since for a very long time they were the only people who made it their business to accumulate treasure, and were in a position to lend large amounts. But by the end of the thirteenth century, when Edward I. expelled the Jews from England, the Lombard cities had opened the money-lending business; the process of accumulating capital in the form of treasure had set in. The German cities followed the example of the Lombards, and London itself began to meet the emergencies of the treasury on occasion. We have noticed in another connection, however, that even in the latter part of the fourteenth century the Crown was under such obligations to the foreign financiers that the Hansa was able to obtain extended trading privileges. But from the accession of Elizabeth the treasury was habitually able to obtain its loans in London; generally from the goldsmiths as the trade into whose hands treasure necessarily gravitated.

If the wealth of the country increased, national expenditure increased also. After the Restoration it was more and more manifest that emergency demands for war expenditure could not be met adequately out of the year's taxation. The risk of short loans to government was alarmingly manifested in connection with Charles II.'s second Dutch war. A large sum was borrowed from the goldsmiths, but when the time arrived for repayment, it was announced that the goldsmiths must be content to receive their interest, and to await the government's convenience for the recovery of

their principal. This Stop of the Exchequer, as it was called, in 1672, was perhaps the gravest financial disaster before that of the South Sea Bubble in 1720. The goldsmiths discharged some of the functions of bankers, actual banks not having yet come into existence in England. To meet the demands of the Crown, they had not merely drawn on their own treasure, but had borrowed largely, the security being regarded as adequate. When the Crown would not pay them back, they in turn could not pay back their creditors, and many of the creditors themselves were ruined in consequence.

The time, in short, had been reached when it had become necessary for the government to be able to borrow for long terms, distributing the charge of repayment **Need of a** over several years; the sums needed when **New System.** emergencies did arise being too great to be met out of one year's taxation. And this brought about the financial reconstruction connected with the name of Charles Montagu, afterwards Lord Halifax, and the creation of the Bank of England and the National Debt. In 1692 a loan of a million was raised to be paid back in the form of life-annuities, secured on a fund to which an increase on the beer duty was appropriated; and thus the Funded Debt was brought into being. Two years later a rather larger sum was raised, the interest only thereon being secured on an increase of the customs; but this time the floating of the loan involved the creation of the Bank of England. **The Bank of** The subscribers were formed into a company **England.**

whose business was not trading, but borrowing and lending money. For constitutional reasons the bank was barred from lending money to the Crown without parliamentary sanction. With the rate of interest secured at eight per cent., it was a comparatively simple matter for such an association to float government loans to any extent, although it would have been wholly impracticable for private individuals. The public saw a safe investment, since, although the repayment of the principal was not guaranteed, any one

wishing to part with government stock would find ready purchasers.

The real danger of the experiment lay in the temptation which it offered to government to pile up the burden of debt **Danger of a National Debt.** instead of struggling to meet obligations out of revenue. Every addition to the debt involved, of course, an increase in the amount of annual revenue which had to be set aside to pay interest ; and every addition to the National Debt increased the burden on posterity. We are still familiar with the pressure which is brought on every government to incur heavy obligations as matters of pressing necessity, and at the same time to avoid the unpopularity of increased taxation by throwing most of the burden on future generations. It was not long before the danger was **Walpole's Sinking Fund.** felt, and a remedy was sought by Walpole's establishment of a Sinking Fund, the appropriation of an annual sum to the extinction of the debt. But this did not prevent the raising of fresh loans, and the Sinking Fund itself was so persistently raided that after seventy years it was found that little more than ten per cent. of the fund had actually been devoted to paying off debt. The system, however, was invaluable to the Whigs, because after the accession of the House of Hanover, every creditor of the government was afraid that a Stuart restoration would be followed by repudiation of the debt. It was largely in the hope of establishing a Tory counterpoise to the Whig Bank of England that Harley in 1711 promoted the South Sea Company, of which an account was given in an earlier chapter.

The Bank of England in its early years was the object of fierce hostility ; partly on political grounds, because it **Bank Crises** was obviously an instrument of Whig power, and partly because it interfered with the banking functions of the goldsmiths. The Tories first attempted to wreck it by the scheme of the Land Bank, which at once proved a grotesque failure, its attempt to raise a loan for the government collapsing too ignominiously to do anybody much harm ; and the government had, after all, to appeal to

the Bank of England for a part of the loan which the Land Bank had failed to float. Then the goldsmiths made their attack. Acting in concert, they bought up the bank paper, and engineered a sudden run on the bank at the precise moment when the arrangements at the Mint for the issue of a new coinage left the bank without coins to pay. The bank refused to treat the demands of the goldsmiths as anything but conspiracy: *bona fide* demands it undertook to meet as fast as the Mint could supply the coin. The commercial world realised the stability of the bank, and the actual crisis was soon at an end.

This crisis was partly made possible because it coincided in date with a recoinage. We have seen that in the twenty years before the accession of Elizabeth the coin had been deliberately debased, with disastrous results for the community, especially the poorer classes; and that the coinage had been restored by Elizabeth. **The Coinage.** The standard of the coins issued had been maintained since that time, but it had not been possible to maintain the standard of the coins in circulation, partly from actual clipping, partly from mere wear and tear. The good money was hoarded or went out of the country, while the inferior coin remained in circulation. At the end of the seventeenth century, matters had gone so far that when the State resolved to take upon itself the loss of replacing the defective coins by a new issue, the cost of doing so amounted to more than two millions sterling. The new issue was carried out under the direction of Sir Isaac Newton. Absolute uniformity was secured in the coins by the machinery employed in striking. For a long time to come silver continued to be the monetary standard; it was not till 1816 that gold finally became the only legal tender above forty shillings, and silver coins became in effect tokens.

The establishment of the bank introduced the paper currency; that is to say, paper notes issued by the bank, being promises to pay cash on demand. The notes at once became a current medium of exchange, since the holder

was always secure of converting them into coin by presentation at the bank. That institution was required to keep **Paper Money.** in its cellars a sufficient quantity of coin to redeem, not the whole amount of the paper issue, but any demand that could reasonably be anticipated. The credit of the Bank of England was secured not only by its relations with the government, but by the sobriety and sense with which the directors conducted its business operations at a period when commercial gambling was acquiring almost the character of a moral pestilence, as exemplified at the time of the South Sea Bubble crisis in 1720.

BOOK III.
THE INDUSTRIAL ERA

CHAPTER XVI

POLITICAL MOVEMENTS OF THE INDUSTRIAL ERA

THE year 1763 set the seal on Great Britain's title to oceanic empire, and to commercial supremacy with it. During the next century and a half she was to maintain and confirm that title and establish a supremacy industrial as well as commercial. This is the third great phase of that branch of national and imperial history with which we are concerned in this volume; and we introduce it accordingly with an outline of the political events and changes which bear upon commercial and industrial progress.

In the years which immediately followed the Peace of Paris, the young king, George III., was consciously occupied with the endeavour to secure for the Crown an ascendancy within parliament itself, the days having passed by for any attempt to recover any external control over it. His effort was crowned with success when Lord North became head of the Ministry in 1770. Incidentally the king was ~~The American~~ also fomenting the quarrel between the mother ~~War.~~ country and the colonies, which in the following decade brought about the War of Independence and the cleavage of that race, built up out of Low German, Scandinavian, and Celtic elements, to which we are pleased to give the name Anglo-Saxon. The cleavage, however, did not destroy the British Empire in America. The newly acquired territories beyond the St. Lawrence and on the southern side of its estuary remained faithful to the British allegiance, and their population, mainly French, was reinforced by the accession of large numbers of United Empire Loyalists who migrated from the United States, choosing to remain under the Union Jack rather than the Stars and Stripes.

Yet the empire had narrowly missed complete ruin. The naval supremacy on which it rested was found to be seriously **Naval Supre-** endangered when France sent her fleets to aid **macy saved.** the colonists in their revolt, and both Spain and Holland joined in the naval war. France had striven hard to profit by the lesson of the Seven Years' War, and British fleets were frequently outnumbered by their foes. Victory was at last achieved by superior seamanship. The French fleet was shattered by Rodney in the West Indies in 1782, and from that hour British naval ascendancy was once more permanently assured. Within the same period the newly-won British dominion in India was seriously threatened; and there the situation was saved almost entirely through the dauntless resolution of the Governor-General, Warren Hastings. Struggling almost single-handed amidst **India saved.** the incompetence and the hostility of subordinates and colleagues, amidst native powers eager to snatch an opportunity for destroying the British and grasping at supremacy, Warren Hastings was sometimes forced to adopt methods which it is easy to condemn as unscrupulous; but he saved the British Empire in India. In 1785, Canada, our share of the West Indies, our dominion in India, and our maritime supremacy, were all once more secure. And the government of our great Indian dependency was reorganised under a system which endured with little modification for three-quarters of a century. In 1788, almost by an accident, a new continent was added to the British **Australia** Empire when Australia was annexed, and a **annexed.** corner of it occupied by a convict settlement, because America no longer provided the field for the employment of transported convicts.

Meanwhile the direction of British affairs had passed, since the end of 1783, into the hands of a young statesman whose **William Pitt.** first care was the development of the national wealth. William Pitt took up the burden of Sir Robert Walpole. Under the influence of the new ideas formulated by Adam Smith, he discarded the mercantilist

doctrines, and aimed at increasing the volume of trade by the removal of restrictions, undeterred by the fear of promoting the prosperity of other countries as well as that of Great Britain. With general approval he carried through a commercial treaty with France not unlike that which the Tories had proposed and the country had repudiated with passion in 1713. He was less successful in his efforts to establish Irish free trade. The sister island had become possessed of an independent legislature in 1782, and the suspicion that her new-born independence was being insidiously threatened caused her to join with the English protectionists in repudiating Pitt's proposals.

But the minister was driven from the course for which Nature had intended him by the French Revolution, the establishment of the French Republic, and the **The French** European conflagration which ensued. **Revolution.** Wholly abnormal conditions arose which led him to break away from nearly every principle on which, under normal conditions, he would have chosen to act. At the outset, to the eyes of most Englishmen, the French Revolution appeared to be a struggle on the part of the French nation to achieve those constitutional liberties which Englishmen were proudest of enjoying. The struggle was no doubt being conducted convulsively, and with a reprehensible violence contrasting unfavourably with British tradition; but this, under the conditions, was not surprising. In spite of the declamations of Burke, Pitt saw no reason for serious alarm. The volcanic character of the Revolution would wear itself out, and France, already bankrupt, would be far too much exhausted to be a menace to other nations. In these islands it was only necessary to keep the revolutionary propaganda within bounds, and outside these islands British intervention would be unnecessary. But the volcano did not wear itself out. Its energies developed into the Reign of Terror, of which the practical commencement may be dated from the September Massacres and the Proclamation of the Republic in 1792. Democracy assumed a more fearful aspect; and French

democracy proceeded to challenge monarchies and aristocracies at large, to tear up treaties, and to revive the national ambitions of Louis XIV.

Pitt was swept out of his half-benevolent neutrality into uncompromising hostility. Great Britain was plunged into **The Great War.** a war which raged for twenty-two years with only two intervals of about a year. To the British governing classes, the French Revolution and all its works became anathema. Coalitions were formed against the aggressive republic. In every coalition Great Britain was a leading member. When one dissolved, she still fought on alone until another was formed. Her share in the operations was to subsidise allies, to take an insignificant and inglorious part in the fighting on land, and to make herself complete mistress of the seas. The republic was merged into a military dictatorship; and long before the dictator made himself emperor, he had made up his mind that the British power must be annihilated. But with all his genius for war and for administration, Napoleon never grasped the supreme importance of sea-power. Only for a moment, when it seemed that every other European fleet would be at the service of France, was the British supremacy by sea in doubt. In that year of danger, 1797, the doubt was ended by the victories of Jervis at Cape St. Vincent, and of Duncan at Camperdown, and by the suppression of two dangerous mutinies in the British fleet. Next year the French Mediterranean fleet was wiped out by Nelson at the battle of the Nile. In 1802 came a year's truce. Then the war broke out again, and in 1805 all naval rivalry was finally wiped out in the triumph of Trafalgar.

The British dominion of the seas meant that all sea-borne commerce was restricted to Britain and to the neutrals, and **The Continental System.** the commerce of the neutrals was insignificant. Still, Napoleon did not realise that the control of the sea meant the control of commerce. The source of his enemy's power was her wealth; the source of her wealth was her commerce; and he imagined that his fiat would

destroy commerce, wealth, and power at once. He smote the Prussians at Jena, and issued from Berlin a decree closing all continental ports to British merchandise. But he could not at once close the leakage through Russian, Portuguese, and Papal ports. He attempted to isolate Great Britain; but he left all the world open to Great Britain except western Europe, and he cut off western Europe from the rest of the world because its shipping was at the mercy of the British. Europe was in absolute need of goods which Great Britain and Great Britain alone could supply, and there was a huge smuggling traffic. Of course British trade was hampered, but Napoleon had conferred on her a monopoly where before she had merely had the lion's share.

Still Napoleon continued his attempt to establish an impenetrable ring-fence. To this end he seized Portugal, and thereby gave the start to the Peninsular War, in which, for the first time since Marlborough's day, Great Britain asserted herself as a military power in Europe; though till 1813, all she could effectively do was to keep a quarter of a million of Napoleon's troops, and some of his ablest lieutenants, locked up in Spain. Still with the same end in view, he flung himself into the disastrous Moscow campaign of 1812. After that the great conqueror's game became a desperate one. At Leipzig he was overwhelmed. In 1814 he abdicated, and was relegated to Elba; in 1815 he made his last gambler's throw, and was crushed at Waterloo. He had set his heel on the necks of the monarchs of Europe, but he had not destroyed British commerce, wealth, and power. On the contrary, he had helped to make them, relatively to the other European States, very much greater than they had been before.

Before the war began there had been a growing sentiment which could hardly be called democratic, but was at least antagonistic to the privileges of a narrow oligarchy. The later stages of the Revolution, and the war as a whole, had developed a sharp reaction, a perception of something more than a savour of Jacobinism

in any popular movement. The salvation of society seemed to depend on the preservation of privileges and the repression of every expression of discontent. Property sided with the reaction in its terror of the *sans-culottes*, and a bitterness of class feeling, hitherto unknown in England since the days of Wat Tyler, grew up, a sentiment which crystallised into the conviction that the interests of capital and labour are antagonistic, not accidentally and occasionally, but fundamentally.

But the strain was relieved when the war was over, so far at least that the middle classes ceased to be afraid of challeng-

Reform. ing the privileges of those above them. The middle-class demand for the reform of parliamentary representation became insistent even while the middle classes abhorred the idea of extending political power to the proletariat. The middle classes won their battle with the Reform Act of 1832. The centre of gravity of political power passed from the land-owning to the manufacturing and mercantile classes, and remained with them for thirty-seven years. Merchants and manufacturers learnt to believe that their own interests were not advanced by the protection of industries; they were the readier to believe that the protection of agriculture was directly adverse to their interests because it increased the cost of living and their wages bill. During the supremacy of the middle class the

Free Trade. battle between protection and free trade was fought and won by free trade. The Corn Law vanished, and tariffs on more than a thousand articles of import were abolished. It became orthodox doctrine that trade should be left entirely uncontrolled by the State, and to automatic regulation by unqualified competition.

The orthodox economy, however, was challenged by humanitarianism. Unqualified competition might pile up

Humanitarianism. wealth, but it was not right that wealth should be piled up at the cost of human misery.

Humanitarianism called for State intervention to render the life of the workers endurable. Incidentally it was urged that greater efficiency, and by consequence improved economy,

would result ; but the argument was introduced only because of the hardness of men's hearts to show that the real appeal to their sentiments was not actually contrary to their material interests. The slavery hitherto permitted in tropical and sub-tropical regions was abolished, and the philanthropists forced Factory Acts upon the reluctant manufacturers, in spite of outcries that the cost of production would be so raised that British manufacturers would no longer be able to compete in the world's markets. The same spirit of humanitarianism also showed itself in the revision of the English criminal code, hitherto the most irrationally barbarous in Europe. Three hundred years before, Sir Thomas More had pointed out how savage penalties defeated the ends of justice, apart from their moral obliquity ; but it was the appeal to the moral sense more than the appeal to expediency which now touched the public.

But middle-class supremacy could not be permanent. The demand of the proletariat, in its turn, for political power became insistent ; and with all the greater **Fear of the People.** effect because it was no longer associated, either in fact or in the imagination of the ruling classes, with revolutionary violence. When the Reform Bill was passed, the memory of the French Reign of Terror was not yet forty years old. The propertied classes dreaded the working-man, and the working-man was apt to crave for political power in order to reach that millennium which was to be achieved by literally turning the social order upside down. On those terms the upper strata were resolutely opposed to giving the working-man political power. Revolutionary fervour was intensified by the unpopularity of the royal family, which extended to most of the sons of George III., but above all to George IV., both as prince regent and as king. **The Crown.** The Crown was the subject of scandal and the object of contempt. Matters improved somewhat when George was succeeded by his brother William, and there was a definite revulsion towards loyalty with the accession to the throne of the young Queen Victoria in 1837. A certain

sense of generous sympathy for a young girl in a very difficult position counted for a good deal; so also did the fact that she blocked the way for her uncle and heir-presumptive, the Duke of Cumberland, who was left to exercise his theories of royalty in the kingdom of Hanover, which was now separated from the Crown of the United Kingdom, as it passed by male descent. As the character of the girl-queen developed, the monarchy recovered the moral prestige which it had lost, and republicanism was deprived of what had perhaps been its strongest appeal.

Then came 1848, the year of revolutions in which every government in Europe was shaken, and one was completely overturned. In the United Kingdom alone there was no attempt at revolution, and no repressive action on the part of the government. There was a moment of alarm when the Chartists threatened to gather in their hundreds of thousands, but a word of warning from the government was enough. The gathering dwindled to a few thousands, and the movement snuffed itself out. The British working-man had definitely refused to model himself on the French *sans-culottes*.

Nearly twenty years were still to pass before political power was extended to the working-man. But though the idea might still seem dangerous and rash, it ceased to be terrifying. The case for democracy really depended on the capacity of the unenfranchised classes for demonstrating their intelligence and power of self-control. Very significant proof of the latter was given when the American Civil War brought about the cotton famine, borne by the Lancashire operatives with a resolute self-restraint which won universal admiration. Their intelligence at least was being proved by the progress of their industrial organisation. The world waited only for the disappearance of the popular veteran, Lord Palmerston, from the political stage; and when the old statesman died, Liberals and Conservatives vied with each other in efforts to extend the representative system. The result was a Bill introduced by a Conservative

Ministry, and amended to the liking of the Liberal Opposition, which extended the franchise to practically the whole of the urban working class. The first parliament elected under the new franchise met in 1869, and from this time forward the working classes had an effective control, or at least an effective voice, in legislation, though the agricultural labourer was not admitted to the same privileges until the Reform Acts of 1884 and 1885.

The century from 1782 to 1886 was of special importance in relation to one of the members of what is now the United Kingdom of Great Britain and Ireland. In **Ireland**, 1782 the old system, which had subordinated the Irish legislature to the English Privy Council, was abolished, though the complete ascendancy of the Protestant minority in Ireland was retained. The commercial disabilities imposed for the benefit of the English trader were relaxed, though not removed. But Grattan's parliament did not bring peace and contentment to Ireland, where there were always three separate grievances at work: the religious grievance, which politically and socially subjected four-fifths of the nation to the Protestant minority; the agrarian grievance, which entirely subordinated the interests of an agricultural population to those of the landlords; and the purely political grievance, that the Irish people were governed effectively according to the will, not of Ireland, but of England. The revolt of the American colonies had done something further to sow a revolutionary spirit which was watered by the revolution in France.

These conditions developed the insurrection of 1798, which forced upon Pitt the conviction that an incorporating union, coupled with Catholic emancipation, must **Union of Great Britain and Ireland** provide the solution of the Irish problem. Unhappily the two measures were dissociated. The incorporating union was duly enacted in the parliaments of Westminster and Dublin in 1800; and the first parliament of the United Kingdom of Great Britain and Ireland met at Westminster in 1801. The Union included the removal of

all commercial disabilities, and the placing of Ireland on precisely the same footing as England and Scotland; but Catholic emancipation was deferred for twenty-nine years, and the agrarian grievance remained acute.

Catholic emancipation immediately preceded the Reform Act of 1832; but as a measure of conciliation, it had lost the value which would have attached to it thirty years before. Its great champion, O'Connell, entered the parliament at Westminster to devote himself to agitation for the repeal of the Union; an agitation which, with modifications, has remained with us ever since. But it was not till 1886 that the Liberal party, under the leadership of Mr. Gladstone, associated Home Rule with its own political programme. The presence, however, of an Irish contingent at Westminster had the effect of keeping the Irish agrarian problem perpetually in evidence; and especially from 1869 onwards, of forcing parliament to seek for solutions of it, whatever political party might be in power. And this reacted not only on questions affecting the land both in England and Scotland, but on the general attitude towards State intervention where class interests are antagonistic, or for the purpose of fostering industries.

Throughout the period, the process of transoceanic expansion and organisation was in progress. The movement into Canada and New Brunswick of the United Empire Loyalists led to the severance of Canada into two provinces—Ontario, mainly British, and Quebec or Lower Canada, mainly French. The loyalty of the colonists, however, did not suffer, and when, in 1812, war broke out between the United States and the British, the Canadians successfully repelled the invading forces of the Republic. A strong feeling of hostility towards the United States was generated, which has always stood as a barrier in the way of theorists who would discover in separation from the British Empire, and incorporation with the United States, the natural goal of Canadian ambitions. As a matter of fact, Canada presents the primary example of that movement towards

imperial organisation which in the nineteenth century displaced the old colonial system of subordination. The Canadians suffered neither from commercial disabilities nor from political interference. They were governed, however, under a system which they had no power effectively to modify, a system which was in fact thoroughly oligarchical. This led in 1837 to a revolt, not against the imperial supremacy, but against the existing Canadian system. This in turn was followed by Lord Durham's inquiry and report, which brought about the Canadian Act of Reunion in 1840 which united the two provinces, and gave them the representative government which shortly developed into full responsible government. In 1867 and the years following, the British colonies in America, with the exception of Newfoundland, were federated as the Dominion of Canada, a State with sovereign powers practically limited only by the mother country's control over foreign relations. The fiscal independence of the colonies is an obvious factor in the development of the commerce and industries of the British Empire.

In the southern hemisphere the seedling planted in 1788 grew into a great tree. Commencement as a convict settlement did not make the virgin continent of **Australia.** Australia particularly attractive to emigrants, and for some time to come few settlers were drawn to the colony which was named New South Wales. The convicts themselves, and the soldiers in charge, got grants of land when their terms of service expired. But the possibilities of the country for agriculture and the breeding of sheep and cattle began to be recognised. Tasmania was separated from New South Wales; a convict settlement at Brisbane started the history of Queensland in 1826; Western Australia, South Australia, and Victoria all began to be occupied during the ten years following. New Zealand was annexed in 1839. So far the growing communities preserved their exclusively agricultural or pastoral character, but they were already becoming large enough to pass out of the stage of military governorship; and the beginnings of representative government

were introduced in 1842, the home government having about this time, in connection with Canada, made up its mind that every British colony should become a free State as soon as it could be persuaded to stand on its own feet. In 1849 **The Goldfields.** a rush of immigrants was created by the great goldfield discoveries. A new population poured into Australia, giving birth to a manufacturing industrialism, and at the same time pushing forward the political emancipation. During the fifties six colonies, including New Zealand, received the responsible government which had already been achieved in Canada, together with entire fiscal liberty. As British North America, with the exception of Newfoundland, began to federate itself into a single dominion in 1867, so the Australasian colonies, with the exception of New Zealand, formed a union as the Australian Commonwealth in 1900.

The great war had also enabled the British Empire to plant its flag in another region. The semi-monarchy of Holland **South Africa.** became the Batavian Republic dependent on France; but the fugitive stadtholder handed over the Dutch colony in South Africa to Great Britain, so as to keep it out of the clutches of France. The Cape government submitted to the British occupation after a slight show of resistance. The British troops were withdrawn after the Peace of Amiens, but when war again broke out, and Holland passed palpably into a condition of subjection to Napoleon, the British again took possession of Cape Colony. With the general restoration of monarchies in 1815, William of Orange was made King of Holland, but received pecuniary compensation in lieu of the restoration of Cape Colony, which remained British. Some twenty years later, dissatisfaction **The Boers.** with the British rule drove large numbers of the Dutch subjects of the British Crown to migrate into the interior, where they were left in a general way to take care of themselves, though without any British renunciation of sovereign rights over them as British subjects. When a band of them descended through the mountains to the east coast, smote the Zulu king, Dingan, and proposed there

to set up an independent colony, the Cape government asserted its authority and converted the territory into the dependency of Natal; whereupon the Boers in dudgeon retired beyond the Vaal. In the fifties, the Home government, which then had a passion for emancipating its colonies and washing its own hands of responsibility, insisted on recognising the independence of the two Dutch governments as the Orange Free State and the Transvaal Republic; though with certain not too definite reservations as to its own authority as paramount power in South Africa. At a later stage the British authorities, under the impression that the Transvaal could not hold its own against the aggressive military force of the Zulu kingdom, annexed it; and having done so, broke up the Zulu power itself. Then the Transvaal revolted; the burghers routed a column of British troops, and the British government caused a good deal of surprise by restoring the independence of the Transvaal.

The discovery of diamond-mines on the borders of the Free State; anticipations of gold to be discovered in the interior, which were whetted by the actual discovery of Transvaal goldfields; imperial visions of British dominion in Africa extending from the Cape to Cairo since an avowedly temporary occupation of Egypt began in 1882;—all these combined to develop a policy of extension from the Cape which would have effectively prevented any otherwise possible expansion of the Boer republics. Rival ambitions and resentment at the treatment accorded to the Uitlanders or immigrants to the Transvaal goldfields by the Transvaal administration, led to the South African War, which broke out in the autumn of 1899, and was brought to a close in 1902 by the submission of the Boer republics. After a brief period, during which they were governed as Crown colonies, they were admitted to the full freedom of British colonies with responsible government; and finally, the whole South African group followed the example of Australia and Canada, and formed a federation as United South Africa in 1909. As with the other colonies,

War and
Reconcile-
ment.

complete fiscal freedom was an essential part of the South African system.

India stands on a different plane from the whole colonial system. Englishmen had gone to India not as settlers but as traders. As traders they had fought the rival traders from France, and beaten them; and in the course of the rivalry they had been brought into collision with the native powers. In the result the trading company had become the territorial sovereign of one of the richest provinces of India, where it exercised a paramount influence amounting to a practical control in two more provinces, and was regarded with fear and jealousy by every other native power. The trading functions of the company had become secondary to its political functions, and its history presents a perpetual contest between political necessities as recognised by governors-general and the commercial ideals of the directors in England. But the immediate power of action was vested in the actual government in India, which was ultimately responsible to the parliamentary Board of Control rather than to the directors; and commercial demands were always in fact subordinated to political exigencies.

It was the business of the Indian government to provide the best administration it could achieve within its own dominions, and to maintain its footing against **British Expansion.** Oriental States, each one of which desired the destruction of a rival so formidable, and the establishment of its own supremacy. The result was that very nearly every governor-general found himself forced, usually, though not always, with reluctance, into wars with one or more of the great native powers; and every war involved some annexation of territory until the Suleiman Mountains on the north-west were reached. In the governor-generalship of Lord Dalhousie, who left India in 1856, the British dominion was carried to its completion. Approximately one half of the Peninsula was under direct British administration, while the rest was ruled by princes subject to varying degrees of British control, but technically administering their own

principalities. The last annexation, that of Oudh, was not actually carried out by Dalhousie himself.

But the year after his departure a great mutiny of the native troops, supported by armed followers of many among the native nobility, threatened the British dominion. The revolt was crushed; the East India Company was brought to an end, and from 1858 onwards the great Indian dependency was administered by the Crown.

After 1815 Great Britain took no direct part in any of the European convulsions of the century, with the exception of the Crimean War. Her wars, big or small, have been fought in Asia, in Africa, and in **Europe**, America, but never in Europe, and that fact alone ensured to her a persistent industrial and commercial progress without violent disturbance. Italy, through storm and stress, emerged into a united nation. Germany acquired imperial unity through two great wars. The United States were rent by a terrific civil war. France suffered her terrible duel with Germany, as well as other contests into which she was plunged in the interests of the Second Empire, besides undergoing three revolutions and a *coup d'état*. Hungary, Italy, and Prussia gave Austria more than something to think about. Until the war of 1870 enabled the German Empire to dominate the European system, it can hardly be said that any European nation had the chance of attempting to go steadily forward on the path of industrial expansion. The one exception to the otherwise universal rule was the British Empire. Accordingly, it was only the closing years of the nineteenth century that witnessed a movement towards colonial expansion on the part of the European powers; a movement limited in the nature of the case to the African continent, and to that Far East where the sudden upspringing of Japan introduced a new factor extremely antagonistic to the exploitation of China by any of the races of the West.

CHAPTER XVII

THE NEW CONDITIONS

WE have outlined the political events of the last century and a half as bearing upon the commercial and industrial history of the period. We have now to summarise the new economic conditions and conceptions which differentiate this era from the past.

In the Middle Ages England was an agricultural country, which incidentally traded its superfluous raw material chiefly for foreign goods which were not, or could not be, produced at home. Her production and her trade were not regulated upon any economic theory, but in accordance with accepted ethical standards. But towards the close of the era a commercial expansion began which was given an increased impetus and a new direction by the maritime discoveries at the end of the fifteenth century. Commerce assumed a new importance as a source of national power, and it became the business of the State to direct it on those lines which were regarded as most conducing to the national power. A definite policy required a theoretical formula. The conditions of a trade which should advance national power were marked out as maritime expansion, the acquisition of treasure, and the development of domestic industries; this last having in view the double object of rendering the country independent of foreign supplies, and of maintaining a vigorous population in active employment. For the achievement of both these objects, the maintenance of agriculture was a primary necessity. But from first to last throughout the medieval and mercantile eras, no sweeping change in the methods of production had been introduced.

Now, however, in the second half of the eighteenth century, there came a revolution both in the methods of production and in economic theory. The tools of the work- **The World's** men began to be replaced by machinery driven **Workshop.** by water-power; and in a very few years water-power gave place to steam-power. Production became possible on a scale hitherto unimaginable, and the new conditions of production demanded the aggregation of workers in factories. Two natural English products, coal and iron, acquired a sudden and tremendous importance. Great Britain was not only the cradle of the inventors, so as to be first in the field in the application of their discoveries; she was also the one country which had the practical opportunity of applying them. While year by year all Europe echoed to the tramp of armed legions, British fleets secured the shores of Great Britain from invasion, and, comparatively speaking, a mere handful of her sons were called away from the workshops, while tens and hundreds of thousands of her continental neighbours were absorbed in the fighting line. Within her own borders she had coal and iron in abundance, and she alone was enabled by her fleets to procure raw material practically unchecked from every quarter of the globe. Before 1780 there was no country in the world which could be described as an industrial State. In 1815 there was one industrial State which had already made itself the world's one workshop.

This was the dominant material fact of the nineteenth century. Apart from all other considerations, it was a fact irreconcilable with one at least of the objects **Dependence** which the mercantile system had kept in view. **on Imports.** It was no longer possible to dream that Great Britain could in the last resort be self-sufficing, independent of foreign supplies so far as actual necessities were concerned. For a time, indeed, men could still struggle to persuade themselves that the island was capable of producing its own food supply. But the limit of its capacity had already been practically reached in 1815. The population was increasing rapidly, and by the middle of the century it was sufficiently mani-

fest that in the future England would starve unless she could get some food from abroad. But it was not merely a question of food. Industries had developed, and were developing, which would be killed if the supply of raw material from abroad were cut off for any length of time. Great Britain must collapse if she ceased to be able to draw sustenance from overseas, so that it became practically immaterial whether she could herself produce enough of this or that particular article to satisfy her needs.

Yet this change only emphasised one of the cardinal tenets of mercantilism—the necessity for maritime supremacy. Adam Smith and Mercantilism. Mercantilism broke down, not because its aim was a wrong one, but just so far as its method was condemned as false. It is noteworthy that Adam Smith, the great prophet of the ideas which displaced mercantilism, did not condemn the maritime policy of the mercantilists except from the purely economic point of view. Navigation Acts diminished commerce, and were therefore to be economically condemned. National defence, however, predominates over commercial considerations; the Acts had helped to foster maritime power, to create a navy which could hold its own against every foe. So far, therefore, they were to be not condemned but commended, in spite of the direct injury they had inflicted on commerce. Adam Smith then recognised that political considerations may override commercial considerations. But if the best course economically is to be set aside, the politician must demonstrate that the political gain will counterbalance the economic loss. Wealth is itself, potentially, power; it is convertible into power. It is the economist's business to show how wealth is to be attained. The mercantile system had not been the best adapted to the promotion of wealth. Seeking power directly, it had fallen into delusions on the subject of wealth, thereby checked the development of wealth, and consequently so far defeated its own ends by checking the development of the means to power. The great work on the wealth of nations was therefore an inquiry into the true methods of developing

wealth. The principle does not in the least militate against the further investigation of the question whether in particular cases it may be worth while to seek power actual, in preference to wealth, which is power potential.

Adam Smith, then, investigating the problem of wealth, demonstrated to conviction that mercantilism was based on a principle fundamentally false. Mercantilism called upon the State to direct the channels in which commerce and production should flow; whereas he counts all State direction injurious. The true principle is *Laissez Faire*. Every man seeks his own interest, and will direct his energies along the lines which best serve his own interests, if left to himself. Leave men to themselves, and in the aggregate their interests will be served in the highest degree, but if you control their energies the total benefit will be less; therefore, in order that the nation should become as wealthy as possible, the State should remove every possible restriction on the liberty of individual action. Individual action, directed to the acquisition of wealth, will always follow the course of buying in the cheapest market and selling in the dearest.

The mercantile system had driven statesmen to intervene in order to stimulate maritime expansion, the accumulation of treasure, and home production, especially as concerns agriculture. Whatever might have been the case in the past, no artificial help or stimulus was now required for the advancement of maritime power. Fifty years were still to elapse before the stimulation of agriculture with a view to self-sufficingness, as a political, not an economic, object, began to be manifestly futile. On the other hand, the attack on the economic fallacy of treasure-seeking was immediately victorious. *Treasure*, it was shown, is a commodity like any other. If what the country wants is treasure, it will automatically exchange goods for treasure. As its supply of treasure runs low, money prices will automatically fall, since the deficiency of treasure will make its value in exchange greater. The fall in prices will attract foreign purchasers, because they get more in exchange for

their money ; and the resulting inflow of treasure will automatically correct the previous outflow. Nothing, therefore, is gained by artificial efforts to attract a superfluity of treasure, since in the absence of restriction a sufficiency of the commodity is always ensured.

The application of the principle to the protection which had grown up under the mercantile system was less immediately convincing to private interests. The man whose own particular trade is protected by State assistance, whether by bounties or by taxing the goods of competitors, is not easily convinced that the community will benefit if he is deprived of that assistance. In every individual case the application of free trade was inevitably combated by vested interests, but the recognition of the general principle made way. If there is no interference, the individual will devote his energies to those forms of trade and production which pay. The country will devote itself to producing that which it can produce better, and at less cost, than its neighbours ; and with the product will buy from its neighbours the goods which they produce better and at less cost. The public interest is not served by artificially directing productive energy into courses which it would not naturally follow if left to itself. The argument, of course, assumed for this that the economic object, the increase of wealth, is the one object in view. Whether some other object may be better served by different policy is a separate question.

Again mercantilism, making national power its aim, while power is itself relative, not absolute, assumed that the nation suffered from the prosperity of its neighbours. The new doctrine, on the other hand, declared that the country profits by the prosperity of its neighbours. A prosperous France provides a market for British goods, as a prosperous Britain provides a market for French goods. The bigger the trade between the two countries, the better for both, and the specific transfer of treasure is immaterial, because it automatically rectifies itself in the whole field

of trade. The increase of our own wealth depends on the expansion of trade, and the expansion of trade depends on the increase of our neighbour's wealth.

All taxation is a check on trade, economically objectionable. Still, it is a necessity of State for purposes of revenue. It must be applied therefore, but only in the manner which produces the maximum of revenue **Taxation for Revenue.** with the minimum of restriction on trade. Taxes on raw material obviously act in restriction of manufacture. Taxes on food increase the cost of living, and therefore the money wages of labour, and therefore, again, the cost of all production; so that they necessarily act in restriction of production. Taxes imposed on the imported, but not on the home product, do not produce the maximum of revenue in relation to the increased price of the goods, because the home producer is enabled to raise his prices *pro tanto*, and the additional price of all that he sells goes into his own pocket, and not into the treasury. If, in the alternative, he keeps the prices down, undersells the foreigner, and deprives the latter of his market, the foreign goods cease to come in, and there is no revenue from them at all. Taxation for revenue, therefore, is barred from being protective, because so far as it is protective, it fails to produce revenue.

These are the principles of Laissez Faire as applied to commerce, which gradually won official acceptance first from Pitt, and finally from Peel, in the seventy-five years following the publication of the *Wealth of Nations*. Laissez Faire, the unfettered action of the individual, became recognised as the base principle for action, or inaction, in the maximum production of wealth.

But the conditions of the time also gradually forced to the front the separate question of the distribution of wealth. Conspicuously, while the aggregate of the national wealth increased, it tended to accumulate in the hands of the few, while the masses of the people became relatively poorer. National wealth and national welfare were evidently not merely convertible terms. Un-

adulterated competition, it appeared, was not producing national welfare. The development of a huge class living under miserable conditions perilously near the starvation line, was a political danger and a moral scandal. The economists forbade State intervention, lest wealth should be diminished. The politicians were fain to fall back on repressive measures to check the political danger. The moralists demanded intervention for the protection of the weak ; and the weak, infinitely more numerous than the strong, sought to protect themselves by combination.

The moralists urged that it was the duty of the State to seek to secure decent conditions of life for the labourer, even if wealth were diminished thereby ; but besides the moralists, there were the political theorists, the offspring of revolutionary and pre-revolutionary conditions, who claimed that the labourer had a right to the profits of his work, which the capitalist construction of society transferred to owners and employers. Force had created private property. The State is the whole people ; and only when the State controls wealth, and the production of wealth, can its distribution be effected in accordance with justice.

Socialism. The working-man must demand political power in order that the State might resume this possession and control which it had allowed to pass into the hands of the few, who had also usurped the functions of government. This theory of socialism was at the opposite pole to the theory of Laissez Faire, since it involved the entire subordination of individual interests and aims to what was conceived to be the interest of the masses ; and it cancelled the individual's competitive interest in the production of wealth which, according to the Laissez Faire doctrine, was at once the great incentive to energy, and the force which directed it into the most productive channels. But socialism was not therefore necessarily in sympathy with the displaced mercantilism. Mercantilism made national power the object of State control, whereas socialism directed it to the distribution of wealth ; and the particular restrictions which for its own

ends mercantilism had imposed on trade and production, checked the acquisition of wealth without helping towards its fairer distribution. Socialism as such was not opposed to free trade in the limited sense of freedom of import and export.

The socialistic solution had no actual chance of success in Great Britain in the nineteenth century, but two other methods of dealing with the problem, both of them influenced by socialistic ideas, were brought into operation. The moralists repudiated the political basis of socialism, but in the name of decency they demanded decent conditions for the worker. They challenged the accepted interpretation of the Laissez Faire doctrine on the ground that, as a matter of fact, the great majority of individuals were not free to pursue their own interest; a freedom which pure individualism assumed. The workers, especially women and children, could not bargain on an equality with employers, and therefore the State was warranted in extending protection to them, though the men might be left to look after themselves. It was not till parliament itself had become democratic that legislation could be charged with touching freedom of contract so far as adult male workers were concerned. And by this time individualism was deriving fresh support from the application to industrialism of the ideas of evolution and of the struggle for existence, generated by the publication of Darwin's *Origin of Species* in 1859. Thus the philanthropists were able to introduce a doctrine of limited State intervention, without admitting that they were running counter to a correctly interpreted individualism. At the same time, they in fact challenged the doctrine that the individual inevitably follows the course most to his own interest when left to himself, by urging that the manufacturers were blind to their own interests in their pursuit of cheap production by means of cheap labour, which was more than compensated by the resulting inefficiency. Until the application of compulsion, the employers who were enlightened enough to see profit for themselves in well-paid

labour and expenditure on the labourer's welfare, were exceedingly rare.

Doctrines, then, of State control made practical way only to a very limited degree. After all, the most effective solution of the problem was found in combination, which **Combination.** limits individual action without State intervention. The question was one of bargain between capital and labour. The individual worker attempting to make a bargain stood at a hopeless disadvantage; he had to take the employer's terms or starve, since the employer would have no difficulty in replacing him; whereas if the principle of collective bargaining could be enforced, employers would have to accept the men's terms or close their works. Then, in the last resort, the question would be which could hold out longest, the employer without a trade or the labourers without wages. With intelligence on both sides, the last resort would not often be reached. But collective bargaining could only be arrived at by the voluntary association of the working-men in organised unions which could act collectively, and in which the individual subordinated his immediate personal interests to those of the whole body. The worker would be subjected to the control, not of the State but of the association. He would resign his freedom of action, but he would do so voluntarily, whereas under State control he would have no choice in the matter. The voluntary association came within the scope of *Laissez Faire*, but only so long as it was strictly voluntary. The principle of combination, however, had a hard battle to fight, partly because it appeared antagonistic to the interests of the ruling class, partly because it was suspected ultimately of a political motive.

CHAPTER XVIII

THE INDUSTRIAL REVOLUTION

THE immensity of the change which passed over the face of the country during this which we have called the industrial period of English history, may be measured by many and diverse methods. We may open this chapter, however, with a few comparisons of the numbers and distribution of the population at different stages during the last two centuries. Exact figures are not available before the census of 1801, until which date the average Briton had a firm conviction that he would be stripped bare of his last rag of liberty if the government found out how many of him there were in the country; besides which, he had an uneasy feeling that the numbering of the people was not consistent with sound Protestant doctrine. But in 1801 a census was actually taken, and showed a population of slightly over nine millions for England and Wales. Expert calculations, based on parish registers, lead to the conclusion that there were about six millions in 1750, and about five millions in 1700, though these figures cannot be accepted with confidence. It seems, however, tolerably certain that the population in the first half of the eighteenth century increased approximately twenty per cent., and in the second half approximately fifty per cent., while during the whole century it had not doubled. During the nineteenth century the population approximately quadrupled, or at any rate, more than trebled itself. The first thirty years of the nineteenth century added more than the whole of the eighteenth. And the acceleration in the increase of population appears to have set in in the latter half of the eighteenth century.

Now, it was also during this period that the great redistribution of population set in. In 1700 and in 1900, Middlesex and Surrey head the list of counties arranged in order of density; but Gloucester and Warwick and Worcester alone appear among the next ten on both lists. Lancashire, Stafford, the West Riding of Yorkshire, and Durham, had all forced their way into the first twelve by 1750. Notts, Cheshire, and Kent had come in in 1800. The population, in short, was shifting from the agricultural to the manufacturing districts. According to other estimates, however, this movement is somewhat antedated, and was more directly the outcome of the development of machinery, steam-power, and coal-mining. In 1700 it was estimated that only one-fifth of the population was urban. By the end of the eighteenth century, the urban population can hardly have been less than one-third, and at the present day it is more than two-thirds of the whole.

The change in the distribution of the population may be further illustrated by noting that if we take together the northern and north-midland counties which to-day contain one-half of the population of England, we find that in 1700 they probably contained less than a quarter. And it was mainly during the last quarter of the eighteenth century that the centre of gravity was decisively shifted. In fine, a rapidly multiplying population, accumulating in the north instead of in the hitherto more populous south, and massing portentously in towns after a fashion of which London had hitherto been the sole example—these were the prominent characteristics of the change wrought by the industrial revolution. Our statisticians to-day are alarmed, and not without reason, at the signs which point to an approaching decrease of the population. A hundred years ago the prospect which appalled the prophets was that of a population increasing at a speed which could not be matched by the food supply.

The characteristic feature of English industrial life in the first half of the eighteenth century was the combination of

agricultural employment with domestic industries. The bulk of the population lived not in towns, but in the country, and either supplemented work in the fields ^{Combined} by weaving, spinning, and kindred occupations, ^{Employments.} or lived mainly by these latter occupations, supplemented by work in the fields. Near the great clothing centres, the tendency was for the domestic industries to predominate as the actual means of livelihood. In the districts more remote from those centres, the domestic work was more and more a by-employment. But everywhere the principle was the same. Nearly every household was occupied both with some sort of agricultural work and with some sort of manufacturing industry. And manufacture still meant the same thing as handiwork, 'making by hand,' its literal Anglo-Saxon equivalent.

The industrial revolution, which was in full progress during the last thirty years of the eighteenth century, divorced the agricultural from the manufacturing occupations, ^{Changing} and practically made an end of domestic in- ^{Terminology.} dustries as concomitants of rural employment. At the same time, it divided the making of things into the two departments generally distinguished without regard to philology as manufacture and handiwork, the former term being commonly appropriated to the making of things not by hand but by machinery. Along with this change in the meaning of the term manufacture, is to be noted a change in the meaning of the term factory. Hitherto, in the language of commerce, a factory had generally meant a station or depôt established for trading purposes, such as the East India Company's factories at Surat, Madras, and Hugli. Now a factory becomes an aggregate of machinery and buildings for the purposes of manufacture.

All these changes, in the terminology as well as in the material conditions of industrial life, are to be attributed to the development of machinery, and the accompanying or subsequent development of the means of communication and of transport. In the first half of the eighteenth century,

machinery, except in very rare cases such as windmills and watermills for grinding corn, meant nothing more than tools, whose driving-power was in the muscles of the workmen. Practically, it was only for grinding corn that wind and water had been called in to replace the millstones worked by hand. Steam had been applied only to pumping. Wind is too unstable and too uncontrollable to be brought into general use; but in the second half of the century, water-power was first brought into play, and then gave place to steam when the discoveries of James Watt placed its enormous powers at the service of man, and the vast hidden wealth of the coal-fields was brought to light for its production. The manufacturing industries were concentrated in the regions first where water-power, and then where coal, was most readily available. Machinery required the workers to be congregated in its immediate neighbourhood, and to work in regiments, not at their individual pleasure or convenience. Before the nineteenth century opened, the factory system was established, and domestic work and manufacture had almost disappeared.

The first great manufacturing industry taken up in England had been the making of woollen cloths, with which, or after which, developed the associated industries such as spinning and the manufacture of other textile fabrics. The woollen industry was very much the largest in England, while the making of linen flourished in Ireland and Scotland. Silk-weaving had become important, but the cotton industry was still in its infancy. Outside this group there was a considerable production of iron and ironware. Hitherto, however, the furnaces for smelting iron had been of charcoal; the application of coal to the purpose had only been experimental, and the product of iron had been restricted to the localities where forests and iron-fields were contiguous.

There are two purposes served by machinery; one is to increase the output as compared with the amount of human energy expended; the other is to increase accuracy of

workmanship. The introduction of new machinery began with a sort of race between the spinners and weavers. In 1732, the spinners were leading; that is to say, in a given time they could produce more yarn than the weavers could manipulate. The reason was that the spinners were much more numerous than the weavers, when every cottage had its spinning-wheel. The first step, therefore, was to increase the weaver's output; and the first invention was the fly-shuttle of John Kay. This enabled one weaver to accomplish what had hitherto been the work of two; he could weave a piece of cloth of double-width. The fly-shuttle was soon taken up, and now the spinners were left behind. The weavers could not get enough yarn from them to keep themselves fully employed. The first attempts to improve upon the spinning-wheel were not crowned with success. But in 1764, James Hargreaves invented the spinning-jenny, which in effect worked eight spindles at once. Moreover, the new instrument could be worked by a child; and it was also very soon realised that even a hundred spindles could be worked as well as eight. At this rate the spinners were finding themselves turning out much more yarn than was wanted; that is, than the weavers could work up. Besides, the spinners were generally so far in the position of employees that they were supplied with the wool by the weavers who would not give out more than they could work up, and if the output of the individual spinner was thus multiplied, the spinners began to anticipate that many of them would be thrown out of employment. Hargreaves' machines were smashed up, and he had to migrate to Nottingham. Hargreaves' jenny was followed up in 1769 by that of Richard Arkwright, who worked on a plan which had already been tried unsuccessfully by Lewis Paul. The inventions of Hargreaves and Arkwright were both applied in the first instance not to wool, but to cotton, and Arkwright's invention had the particular merit of producing a much finer and stronger thread than before; especially as

improved upon by Samuel Crompton with the machine which came to be called the mule. The particular significance, however, of Arkwright's water-frame lay not so much in its superiority as a tool as in the fact that it was worked by water-power, whereas Hargreaves' jenny was still a hand jenny. The principles applied to cotton-spinning were very soon applied to wool, and for the time the spinners suffered because the weavers could not keep pace with their output.

It was Edmund Cartwright, a clergyman, who restored the balance by inventing the power-loom in 1784, a loom in **Cartwright's Power-loom.** which machinery did the work which had been done previously by hand. In 1789, he set up the first power-loom driven by steam. In the same year he patented a wool-comber, a disastrous blow at the time to the hand-combers, since one machine did the work of twenty men, and did it very much better. Labour-saving machinery injures the workers at first; though they commonly gain in the end, because the cheapening of production creates an enlarged demand, which, in the long-run, actually increases the amount of employment. For instance, if a machine does the work of twenty men, the diminished price of the product may multiply the demand by forty as soon as the change has become generally felt, and thus there will be employment for double the original number of men. But at the outset, the demand, though increased, would not overtake the increased rate of output; and thus sudden advances in labour-saving machinery produce immediate unemployment, and consequent hostility on the part of the workmen. Hence the machine-smashing from which inventors and manufacturers frequently suffered during the era of the industrial revolution.

The progress of iron and the progress of steam were somewhat intimately connected, because the use of iron and steel **Iron and Coal.** in machinery very much increased the utility of steam. But in the first half of the eighteenth century, the production of iron was not greatly prospering. The amount imported increased continuously. While char-

coal furnaces were a necessity, fuel was becoming more costly. For other purposes the use of coal as fuel was on the increase; but there was difficulty in obtaining an adequate blast for coke, while for coal it appeared impossible. At the Coalbrookdale Works, however, the Darbies succeeded in using coke for smelting, and had considerably developed its employment towards the middle of the century. A great improvement in the blast was introduced with an engine invented by Smeaton, and adopted at the Carron Iron Works, near Stirling, in 1760. This more than trebled the output from the coke furnace. Roughly speaking, from the middle of the century, coke, and ultimately coal, were driving charcoal out of the field. Improved processes of casting iron, and Huntsman's invention of cast steel, accompanied by the increased output from the coke and coal furnaces, made the use of iron practicable in new fields; and some time before the end of the century, the great iron master, John Wilkinson, was proclaiming that iron was the true material for building bridges, houses, and ships. His enthusiasm carried him to the point of having an iron coffin made for himself; and superior scepticism mocked at him, as in later days the *Quarterly* gibed at George Stephenson. Nevertheless, the first iron bridge was actually thrown over the Severn in 1779, and on the Severn also Wilkinson himself launched the first iron ship eleven years later.

The final triumph of coal and coke over charcoal came later, when the latter was displaced in the manufacture of malleable iron by the process of which Henry Cort was the inventor. Fifteen tons could be turned out by the new process in twelve hours where before it had been possible to produce only one ton.

The improved blast which enabled coal and coke to supersede charcoal, was attained by the use of water-power. The great desiderata for ironworks in the earlier New Iron Districts. stage of their progress were iron-fields, water-power, and accessible coal. Hence the industry perished in Sussex, which had hitherto been a principal centre because

of the accessibility of forests ; whereas neither coal nor water-power were accessible. Under the new conditions the Forest of Dean held its own, while the industry developed with great rapidity in new regions—in Scotland, in Yorkshire, and in South Wales. The development of steam-power made the accessibility of coal no less necessary, although water-power ceased to be a requisite. Steam allowed, and demanded, a closer concentration than was possible when the neighbourhood of waterfalls and the banks of streams were the places where factories were of necessity planted, and the factory town displaced what might be called the factory village.

In the seventeenth century, though the steam-pump had been invented, it was actually not much more than a **The Steam-pump.** toy on a large scale ; that is to say, no attempt had been made to utilise it for industrial purposes. But the increasing depth to which mines, especially copper and tin mines, were being driven at that period, was making the question of pumping the water out of them a pressing one. A steam-pump, or ' fire-engine,' as it was called, was invented for this purpose by Thomas Savery in 1698 ; but this was an exceedingly clumsy contrivance which was almost immediately superseded by the improved engine of Thomas Newcomen. Newcomen's engine, modified by occasional improvements, was used to a considerable extent until the inventions of James Watt rendered it obsolete. But its use was only for pumping, and it was very costly. Primarily it was employed only for mines, though the water it pumped up began to be used to provide power for working the blast for furnaces.

But in 1763, a Newcomen pump came into the hands of James Watt for repair, when he was working in Glasgow as **James Watt.** a maker of mathematical instruments. This set him upon the experiments which revolutionised manufacture by the application of steam-power as the driving force for machinery. Watt very soon lighted upon the principles which developed the modern steam-engine out of the steam-pump ; but to design a steam-engine was not

the same thing as to materialise the design in a practical form. The inventor himself had not the money to pay the necessary expenses. But in 1767, Roebuck, the head of the ironworks at Carron, entered into a partnership with him, and supplied the cash for his experiments. Still, however, he was defeated by the apparently insuperable difficulty of obtaining exact workmanship in metals sufficiently hard. Watt's practical success did not begin till Boulton of Birmingham took Roebuck's place as his partner. In 1776, Watt, Boulton, and Wilkinson between them constructed the first really successful steam-engine for Wilkinson's ironworks at Boxley. From that time the steam-engine progressed with enormous rapidity. By the middle of the eighties it was operating for pumping, for blast furnaces, and for driving mills; and incidentally it was making iron and steel the necessary materials for machinery. Mills of every kind began to be driven by steam. Watt's steam-engine was first supplied to a silk mill, and to a cotton mill in 1785, and was adopted in Manchester and Glasgow, great cotton centres, in the next seven years. Before the end of the century, steam was definitely established as the grand motive power.

The jenny, the mule, and the power-loom affected all the textile industries within no very long time after Arkwright's invention. But they were applied first to cotton, Textiles. and it was not until the machinery was widely adopted in connection with woollens and worsted, that they put an end to spinning and weaving as prevalent domestic industries. They were not, indeed, adapted immediately with success either to linen or to wool. The attempts to spin flax by machinery proved generally failures until 1793; but from that time flax-spinning progressed steadily. It was in the case of cotton that very much the most startling advance was made. In 1775, the whole amount of cotton imported was considerably less than five million pounds; fourteen years later it was over thirty-two and a half millions, or about seven times as much as at the earlier date. It is of some interest to observe that at this time the import from North

America was virtually nil, owing perhaps to the rupture of trade relations consequent upon the severance of the United States from the British Empire. The figures, however, are sufficient to show how rapidly the cotton industry sprang up from a position of comparative insignificance to one of absolutely first-rate importance. The other fabrics progressed; it cannot be said that they were driven out by cotton goods; the practical effect was that in an immensely enlarged market for fabrics of various sorts, the great bulk of the extra manufacture was absorbed by cotton. Cotton, iron, and coal were the raw material of the great manufacturing expansion of the nineteenth century.

British industries multiplied and progressed while the industries of the rest of the world stood still. Whether the **The English** steam-engine and steam-driven machinery would **lead.** have soon been taken up on the Continent had there been no French Revolution, is perhaps a matter of doubt. The English machinery was, in the first place, adapted to specially British manufactures. But apart from that, Great Britain had an enormous advantage over her continental neighbours in the abundance of the supplies available for her of the three kinds of raw material above referred to—coal, iron, and cotton. Coal and iron came out of her own soil, and her maritime ascendancy practically made cotton a British product. No nation which could not compete with her in the production of coal and iron and cotton would, in any case, have had much chance of challenging the lead which she secured in manufacture, especially in view of the peculiar outburst of inventive and manufacturing energy. But whatever chance there might have been otherwise was destroyed by the war, which swept off the seas all commerce which was not British, and prevented the foreign nations from applying energy or capital to manufacture.

The development of iron and of steam-power of themselves necessitated the development of coal-mining. If the failure of charcoal destroyed an industry in Sussex, the coal-fields, even before Watt's steam-engine was perfected, were already

giving more than the equivalent amount of employment. Every advance in the iron business involved a corresponding increase of furnaces, and of the consumption of coal in furnaces; and every fresh application of steam-power called for fresh supplies of fuel. Consequently coal-mining, like cotton manufacture, passed from the position of a minor industry to one of first-class importance. Coal-mines.

It was natural also that other industries associated with the textile trades should progress by the application of improved methods. Thus the adoption of the chemical process for bleaching made the operation one which took fewer days than it had previously required months, although the durability of the fabric was somewhat injuriously affected. Similarly, printing on calico practically placed a new class of goods in the market when Bell's cylinder printing-machine in 1783 took the place of the old blocks or stamps applied by hand. Printed calico became a cheap and popular article, whereas before it had been far too expensive for general adoption. Bleaching and Printing.

The great development of pottery lies in a different field, though it also illustrates the productive energy of the period. Derby, Worcester, and Chelsea china achieved, after 1750, an unprecedented reputation. But the greatest name connected with this development is that of Josiah Wedgwood, in whose works at Etruria, in Staffordshire, the highest perfection, both of design and of material, was attained. It is worth while to note that Wedgwood never cared to protect himself against rivals by patenting any of his methods, with a single exception. He relied on sheer superiority of workmanship, and left his neighbours at liberty to adopt his processes if they could. And there is no reason to suppose that he ever repented that attitude. His example, however, is not one which many manufacturers have ventured to follow. It requires both courage and capacity of a quite unusual kind for a man to create a market for his own wares which depends simply on the supreme skill applied to their production. Pottery.

CHAPTER XIX

TRAFFIC

PROGRESS in communication and in methods of carriage corresponded closely with the progress of manufacture. A great increase of production serves no very useful purpose unless the product can be brought to market, and the process of bringing English goods to market in large quantities was a difficult one; how difficult it is not very easy for us to imagine. As compared with other countries, she possessed for the development of internal trade one negative advantage of great importance; the State did not interpose artificial barriers by the imposition of internal duties. In England and in Scotland, and in Great Britain after the Union, trade was entirely free. But very little was done to facilitate communication. Goods had to be conveyed from one part of the country to another in waggons or on pack-horses; and in exceptional cases where rivers were navigable, or could be made navigable, they could be conveyed by water. But the state even of the great highways was extremely unsatisfactory; and that of all the other roads in the country was deplorable. The coach journey from London to Edinburgh took seven days or more. The epithets applied to the roads by Arthur Young on his peregrinations, are always superlatives of condemnation; main roads were so bad that carts and coaches constantly broke down upon them. The swiftest means of communication was by mounted messengers; and the mounted messenger was by no means secure against being relieved of any valuables with which he might have been entrusted, by gentlemen of the road.

But a development of the means of internal communication was a necessary condition of manufacturing development, and especially perhaps of that of the coal and iron industries. Practically haulage by horses was the only means of conveying heavy goods from one part of the country to another, and haulage by horses along the villainous roads was extravagantly costly. Holland and, to a considerable extent, France had gone far towards solving the problem for themselves by means of canal systems. In Holland, indeed, canal construction was not only made comparatively easy by the nature of the land ; it was a sheer physical necessity. England, by reason of abundant water, was comparatively well adapted for canal development. Nevertheless, in the middle of the eighteenth century all that had been done for the development of water traffic was the improvement of a few river-beds such as the Mersey and the Aire.

The beginning of canal enterprise was due to the Duke of Bridgewater, who was determined to convey the coal from his pits at Worsley to Manchester by some more progressive method than that of employing pack-horses, eight of which were required to carry a ton of coal. The Duke procured an Act of Parliament authorising the construction of a canal from Worsley to Manchester in 1759. The planning and construction thereof were entrusted to that remarkable genius, James Brindley. Brindley was a singularly uneducated person, who, to the day of his death, was totally unable to spell or to express himself grammatically. But he was a born engineer, who went on his way designing what superior critics called castles in the air, and turning them into solid facts very much to the confusion of the said critics. The canal, which was opened in 1761, was seven miles long, and its most astonishing feature was the aqueduct by which it was carried at a height of some forty feet across the Irwell. The Duke's confidence in his illiterate engineer was more than justified. The difference in the cost of carriage between

the new and the old methods was so great that the price of coal in Manchester was halved. The triumphant success of this first canal set the Duke of Bridgewater to work forthwith on an extension to Runcorn, and before that was finished, Brindley was already planning what became the Grand Trunk Canal which, with its branches, was a hundred and thirty-nine miles in length. Roughly speaking, the cost of carriage by the canal was about a quarter that of carriage by pack-horse or waggon. The potteries especially gained enormously, because of the immense saving not only in carriage but in breakages.

Naturally there were loud outcries as to the national ruin which would inevitably follow canal development. The

Protests. canals would take up land which ought to be employed in agriculture. The breed of horses would be ruined. The coasting trade would be ruined. But the prophets of woe did not convince the practical man; the breed of horses did not suffer—probably the canals gave employment to as many horses as the old system, through the mere increase in the quantity of goods transported. Agriculture itself benefited from the cheapening of manure and the ease with which it could be supplied. Brindley's first canal was opened in 1761; before his death, only eleven years later, he had not only actually planned more than three hundred and fifty miles of canal himself, but had advised on innumerable other canals in various parts of the country.

Canal Extension. Before the end of the century the whole country was covered with a network of canals. One only of the warning predictions of the prophets was in some danger of coming true. The success of the canals led to a considerable amount of speculation, and to unprofitable schemes, very much as fifty years later the development of railways brought about extravagant speculation in railway planning. On the other hand, canal-building prepared the way for railway-building by creating the class of labourers originally known as navigators, whose title has been abbreviated into the familiar 'navvy.' Before the days of Brindley,

there had been practically no labour of this type in the country.

While the development of canals was in progress, some improvement was also made in the state of the highways. The landowners in the past seem to have suffered from a curious prejudice against good roads, **Highways.** based on a sort of travesty of protectionist principles. Good roads would admit goods from distant places, which would compete with the local product, reduce prices, ruin their tenants, and reduce their rents. But about the middle of the century they seem to have been waking up to the fact that good roads would extend the market for the products of their own domains, besides bringing within reach commodities not otherwise available. Incredibly bad as was the state of things described by Arthur Young in his *Southern Tour*, other observers of precisely the same date were commenting enthusiastically on the vast improvements in progress. But it was not till 1773 that an Act of Parliament was passed to systematise the management of the highways.

The home market for British manufactures was very greatly increased when canals replaced the old carriage by inadequate roads, for the transport of heavy goods or of **Water** goods in bulk. It is perhaps needless to remark **and Steam.** that the export of manufactures benefited in like manner, because goods could be conveyed to the ports at much diminished cost. The development of carriage by water was almost simultaneous with the application of water-power to manufacture. But water-power was very soon ousted by Watt's steam-engine and its mechanical offspring; and carriage by water, that is, by canals, was to take a very secondary position after the creation of Stephenson's locomotive. Before this took place, the great change which is known as the Industrial Revolution, was already completed; that is to say, power-driven machinery had entirely replaced the old hand-work in the greater industries, factories had put an end to most of the domestic work, and Great Britain was already transformed from a nation of agriculturists and shop-

keepers into a nation of manufacturers, and had become the workshop of the world.

As she had led the way in applying water and steam-power to machinery in general, so she led the way in applying it to **Steam traction**, and also to locomotion by water; **Locomotion.** though here she only forestalled the possibility of any other nation challenging her maritime supremacy, which would have remained intact if steamers had never been invented. The steam locomotive meant that an unprecedented quantity of goods could be carried at unprecedented speed, and with a minimum risk of damage; and the mere increase in the speed of transit would itself have sufficed to bring about a great extension of the market. Another most important result followed by degrees from the introduction of steamships, especially after the screw drove out the paddle. Other things being equal, the steamship was very much less at the mercy of the elements than the sailing vessel, and it was presently found that steamers were manageable when of a size that no sailing vessel could ever have attained. Comparatively speaking, the element of danger disappeared from ocean voyaging, and it became ridiculous to speak in the time-honoured fashion of the sailor with only a plank between him and annihilation.

The development of the iron industry suggested the original iron 'railway,' the running of trucks upon iron rails. The **The First Railroad.** first iron railway was made in 1801, and was, in fact, a horse tramway between Wandsworth and Reigate for the carriage of coals, stone, and lime. Steam locomotives were first employed at Merthyr and Leeds in 1804 and 1811. George Stephenson built his first locomotive in 1814 at Killingworth, when Bell's steamer was already plying on the Clyde. But these were merely tentative experiments on a small scale.

The first railway line laid down with steam traction was that between Stockton and Darlington, authorised by Act of Parliament in 1823 to carry passengers. The length of the line was forty miles. The development of railways was

possible only by Act of Parliament, since otherwise there could be no powers for the compulsory purchase of land, and without power of compulsory purchase, any landowner could prohibit the passage of a line through any fragment of his property, however small. Five years earlier, Darlington had petitioned for the line which it was then proposed to work like the Surrey line above mentioned, by horse haulage ; but the scheme had been frustrated by the opposition of the Duke of Cleveland. That line was sanctioned in 1821 however ; but it was due to George Stephenson that, in 1823, steam-engines were authorised as the locomotive power.

The next year saw the proposal brought forward for the Liverpool and Manchester Railway, a scheme which attracted much more public attention than its predecessor. According to rule, there was much scornful antagonism. The projectors of another line anticipated travelling at the terrific speed of twenty miles an hour, calling forth contemptuous comment from the *Quarterly*, which was prepared 'to back old father Thames against the Woolwich railway for any sum,' and declined to believe that the people of Woolwich would trust themselves to the mercy of such a machine going at such a rate. George Stephenson at this time anticipated no greater speed than fourteen miles an hour, and replied to the suggestion of an objector that it might be very awkward if a stray cow got in his way, that 'it would be very awkward—for the cow.' The directors of the proposed Manchester and Liverpool Railway, though they had appointed Stephenson as their engineer, hesitated long before they agreed to the employment of the steam locomotive. The matter, however, was finally settled when, in 1829, Stephenson's engine, the Rocket, was victorious in a trial against two other competitors, and the railway was opened in 1830. Stephenson's engine then attained a speed of thirty-six miles an hour, which has scarcely been doubled in practice after eighty years of trains.

The victory of the steam locomotive was won when the

Manchester and Liverpool Railway was opened; to be developed not long afterwards into the London and North-
Multiplication of Railways. Western Railway. The second section, the line between London and Birmingham, a distance of one hundred and twelve miles, was sanctioned in 1833. The financial success of the new line was pleasing to the projectors, though exceedingly displeasing to the canal owners. Projects for new lines multiplied. The Great Western was sanctioned in 1835, in spite of vehement opposition from Eton and Oxford, which succeeded in deflecting the route in order that innovations so barbarous and banaisic might not contaminate the academic atmosphere. It is curious to note that even during these years, when line after line was projected and started, and there was a dangerous amount of speculation, most of the projectors do not seem to have realised that the various lines were destined to become intimately connected; and, in spite of the representations of George Stephenson, who saw further than most of his neighbours, the Great Western adopted a gauge of its own, which prevented the transfer of rolling-stock from other lines to its own, or from its own to others, thereby greatly complicating the transshipment of goods.

Fifteen years after the opening of the Manchester and Liverpool Railway, there were close on two thousand five
Effect on Traffic. hundred miles of railways working. Roughly speaking, the transit of goods took about as many hours as it had previously required days; and it would be difficult to calculate how many times the carrying capacity of the trains exceeded that of the canals. Since that time the mileage has been multiplied by eight. The utility of the railways for passenger traffic was greatly increased by the Act of 1844, which instituted parliamentary trains, the companies being required to run a sufficiency of trains at a reasonable speed, and to provide covered accommodation for passengers at a penny a mile. The companies protested, but soon learnt that cheap fares invited a huge passenger traffic; a lesson which, but for government compulsion, they would

probably have taken many years to lay to heart. The railway fever of 1845, and the subsequent disastrous panic, do not fall within the scope of the present subject.

A steamship, as we have seen, was already plying on the Clyde before George Stephenson built his first locomotive. The progress, however, of the steamship was slower than that of the railway. America may, perhaps, claim the lead, as the first steamship which actually crossed the Atlantic, in 1819, was American. This vessel, however, was not able to accomplish the whole journey under steam, a feat first achieved by two British vessels in 1838. After that, progress became comparatively rapid; and in 1839 and 1840, four Ocean steamship lines were started. The record-holding steamships of to-day race from England to New York in about one-third of the time taken by the first steamers. A more startling illustration of the advance in the speed of transport is to be found in the fact that in the days of sailing ships the normal time occupied in a voyage to India was about six months; whereas, by the overland route, Bombay may now be reached in about a fortnight. This, however, is, of course, in part due to the opening of the Suez Canal; the steamship following the old route would be timed in weeks, where the sailing vessel was timed in months.

Commercial activity was further considerably increased by the development of rapid and frequent correspondence. In the old days, commercial houses interchanged rare budgets of instructions and advice with their agents in remote parts of the country at considerable intervals of time, the mere conveyance of the letters occupying many days. The multiplication of letters was checked by the mere expense, although mail coaches were among the institutions inaugurated by William Pitt. The development of railways made possible the establishment of the penny post in 1840; and in two years after that date, the number of letters dispatched had more than doubled. Forty years later, it had increased more than tenfold; and the writer of a letter in London dispatched to almost any point in Great

Britain, could calculate on receiving an answer, if sent by return of post, within forty-eight hours.

Of less real importance, perhaps, as far as concerns internal communication, was the development of the electric telegraph ; in matters of business the great influence of telegraphy was chiefly felt where greater distances were involved. Telegraphic correspondence with the Continent, with India, America, and Australia, established a new condition of affairs. The first public telegraph was set up between London and Slough in 1844 ; and from that time telegraphy in England advanced rapidly. The first submarine cable was laid between Dover and Calais in 1851. In 1857 came the first attempt to lay an Atlantic cable ; but though this was completed, it subsequently broke down. The successful Atlantic cable was not laid till 1866. Ten years later the first telephones were patented, of which the development has made it possible to conduct business operations by actual conversation at immense distances. But the telephone has hitherto been a convenience rather than a force in the expansion of business and commerce. The same thing may be said of the application of electricity as a motor in place of steam ; it has not materially modified as yet the methods either of production or of distribution.

CHAPTER XX

THE AGRICULTURAL REVOLUTION

THE creation of machinery, the birth of the factory, the portentous development of the towns, the vast network of railways carrying huge freights and millions of passengers, are the conspicuous features of the change which passed over England and the south of Scotland, between 1770 and 1850; a change which we may summarise by the statement that a population hitherto primarily agricultural and commercial became primarily industrial and commercial, occupied more with the product of manufacture than with the product of the soil. But agriculture was already moving along a course of change which was perhaps accelerated by the industrial revolution, but was not actually caused by it; and to this rural revolution we shall now give our attention.

We saw that in the medieval period the whole country was practically under the open-field system, modified only by the tendency for the lords of the manor to consolidate their demesne lands so as to make their own acres contiguous. The bulk of the occupiers held their lands in villeinage, though a proportion of them were freeholders, or held their land subject only to some comparatively insignificant claims on the part of the lord of the manor. Villeinage passed away because rents were more convenient than services, and the substitution of rent for service tended to the general disappearance of conditions of serfdom. Then, during a century or so, which terminated in the earlier years of Queen Elizabeth, came the great period of enclosures, when pasture was expanded partly at the expense of tillage, and partly by the enclosing of common

and waste lands. Broadly speaking, when this process was brought to an end by the equalisation of the profits of tillage and of pasture, about half the arable land was still unenclosed ; that is, it remained under the open-field system. Much of it was held by freeholders and copyholders with a permanent heritable title. Much, on the other hand, was now held by tenants-at-will, who were technically liable to be ejected at short notice, but ordinarily expected to remain where they were planted, with only occasional modifications in the terms of the tenancy.

Now, these were conditions which did not encourage progress in husbandry. The open-field system virtually *vis Inertiae*. precluded all experiment on the part of the individual. The bucolic mind proverbially looks askance on any kind of innovation, clinging to the ancient ways, and contemning whatsoever is newfangled. The *vis inertiae* of a group of uneducated bucolic minds is invincible collectively, even when individually they might be capable of being moved ; and consequently the progress in agriculture and in agricultural methods was slow. The actual displacement of labour due to the conversion of arable land into pasture had come to an end before the seventeenth century opened. The rural population settled down into a decent degree of comfort. The small farmer made a subsistence which was eked out by the hand-loom and the spinning-wheel. The labourer supplemented his wages by the produce of his own croft and by the spinning-wheel. He had no ambitions, and his few wants were not difficult to satisfy. In effect there was no incentive to enterprise and progress.

But the eighteenth century, like the sixteenth, witnessed a development of the commercial spirit among the larger *Progressive Landlords*. landowners. The successful man of business aimed at improving his social status and his political importance by becoming a landowner ; and he was inclined to apply to the land the principles which had made him successful in business. He wanted to make his land pay. It was indeed from men of this type that the

initiative in agricultural improvements was to be expected ; for they were not prejudiced against innovations, and they had the will and the means to follow up new methods which were conspicuously advantageous. Hence, through the first half of the eighteenth century, considerable developments were in progress on many of the larger estates whereby the productiveness of the soil was greatly increased, and great advances were made in the breeding of sheep and cattle. But these things did not touch the small occupiers **The Small Holder.** who were prejudiced against innovations, were hampered by the open-field system, and could not afford to adopt methods which could not really pay unless applied on a large scale. These were difficulties which applied to the immense majority of small occupiers, whether they were freeholders, copyholders, or tenants-at-will. But this last group had yet another obstacle to face. The security of their tenure depended on their relations with the landlord. The average landlord was not in the least likely to take an unfair advantage of his tenant. But death, debt, and other inconveniences forbade the tenant, with the best of landlords, to act on the assumption that he would always be certain of generous, or even of just treatment. If he spent money on permanent improvements, the landlord might, though he probably would not, raise the rent ; and it was not worth while to take the risk. So the small occupier struggled on along the old ways while the large proprietor produced richer crops and improved cattle and sheep at less cost.

Now it is easy to see that these conditions must inevitably have had a double tendency ; to urge forward the enterprising big proprietor, and to damp the courage **Renewal of Enclosure.** of the small holders. The success of the big man made the struggle all the harder for the small one when he carried his goods to market, and made him less reluctant to part with his land. The big proprietor could turn more land to account provided that he could enclose it. Enclosure continued but slowly during the first half of the eighteenth century. For definite statistics, we are left to those effected

by Acts of Parliament. Of such Acts between 1700 and 1750, there were on an average slightly over two per annum. Between 1750 and 1810, the average was fifty per annum. These parliamentary Enclosure Acts can probably be accepted as approximately an index to the rate at which enclosure was going on by the simpler methods of agreement among the common proprietors, and direct purchase without resort to parliament.

It is clear that the process which, by the middle of the nineteenth century, had very nearly eliminated the open-field system, had, until some time after 1750, left that system still operative over something like half the land under cultivation. But it is also clear that the more costly, but also more productive, methods which the big proprietors were able to employ, were already depressing the small men. It may reasonably be presumed that these causes, which continued to operate gradually, tended to extend enclosure, to **External** reduce the open fields, and to squeeze out the **Causes.** small farmer. But the process was accelerated by two external causes, the industrial revolution and the war. The industrial revolution killed the domestic industries which, to the small man, made the difference between reasonable comfort and penury. The hand-loom and the spinning-wheel became useless when the spinning and weaving were effected in factories by water-power or steam-power. The yeoman, strive though he might, was beaten. He would not, or could not, adopt the methods by which his land could be made sufficiently remunerative to provide a decent livelihood un-supplemented by domestic industries; and the domestic industries could not compete against the factory. The war made matters worse instead of better, because the increased price of the yeoman's marketable produce was more than compensated by the increased cost of living. The yeoman, throughout the struggle, surrendered his land to those who could make it pay, and became a farm labourer. The big proprietor bought him out, enclosed his land, and leased it in large farms for extended periods which warranted expenditure on the part of the farmer, and on terms which required

the application of the newer methods. Thus the system was established with which we are familiar to-day, which practically divided the classes who dealt with the land into three groups: the landowner, who leases his land; the farmer, who rents it usually for a term of years; and the labourer, whose wages the farmer pays.

The yeoman, then, practically disappeared, while the open fields took on what we now regard as the most characteristic feature of rural English landscape, the innumerable hedgerows which sever field from field. **The Yeoman.** Yet this change is not so striking as that in the character of the rural population. At the close of the seventeenth century it was estimated that the freeholders numbered about one-thirtieth of the entire population of England. They were the men to whom, in no small degree, Cromwell owed the success of his Ironsides and of the New Model Army, the descendants of the men whose clothyard shafts had smitten the chivalry of France at Crécy and Agincourt. Rightly enough, they were looked on as the backbone of the country. But by the end of the eighteenth century they had as a class almost disappeared, although, as we have already remarked, their swift extinction did not set in until after 1750. It was necessary for the advance of agriculture that they should go, but their going was a heavy price for the nation to pay.

Poets have discoursed on the iniquity of the system which destroyed the Arcadian happiness of rural life, that the toffers of the rich might be filled to overflowing. **The Change** Goldsmith's *Deserted Village*, which appeared **inevitable.** when the process of enclosure was in full swing in 1770, paints with sympathetic sentiment the miseries of the land 'where wealth accumulates and men decay.' Yet it would be unjust to attribute the changes that were taking place mainly to the merciless greed of the rich. Agriculture had, in fact, reached the stage when it was becoming increasingly difficult and even impossible for the small agriculturist to keep his head above water. Capital and enterprise were both necessary to make a small farm pay, and the yeoman, with all his

good qualities, had neither. The country was still in a stage when it was of the utmost importance that it should be self-sustaining, and it could remain self-sustaining only if it developed food production in a manner, and to an extent, impossible to the yeoman but possible to the enterprising capitalist. The yeoman's last hope vanished when he found himself entirely dependent on his farming, and no amount of generous consideration from big landowners could have rescued him. The landlords did not drive him out, though they encouraged him to go when his fate was already a foregone conclusion.

The disappearance of the yeoman attended the disappearance of the open-field system, the enclosure of the acres

The Cottar. hitherto parted in scattered strips among a

number of occupiers. The cottars were, perhaps, affected more by the second type of enclosure, the taking in of the common wastes which deprived them of the ground on which they had kept their live-stock. Here, again, it is perhaps necessary to disabuse our minds of the idea that the changes are to be attributed merely to the rapacity of the landlords as a class. Whenever economic changes take place by which one class of the community profits and another class suffers, it is inevitable that the class which suffers should attribute that change to the wickedness of the class which profits. The yeoman and the cottar found themselves sinking while the landowners were acquiring larger profits, and enclosures proceeded apace. So they attributed their own ruin to the enclosures, and the enclosures to the rapacity of the landlords. Had they not done so, they would hardly have been human. Yet the landlords had quite sufficient reason for their procedure apart from rapacity.

Need for extending Tillage. It required no elaborate argument to show that the country would be the better if the soil were turned to the best account, and that the soil never could be turned to the best account while the open-field system continued, or while it was in the hands of small farmers who could not work on a sufficiently large scale.

It was to the public interest that the small farms should be absorbed into large ones, and that the open fields should be enclosed. *Mutatis mutandis*, the same thing applied to the waste commons, especially after the breaking out of the great French war. Population was rapidly increasing, and the amount of food which sufficed for its needs in 1760 was altogether inadequate in 1793. Yet from 1793 onwards, it was increasingly difficult to bring in food supplies from abroad, and increasingly necessary to produce enough food at home. Hence the need not only to make the most of the soil already under cultivation, but to bring fresh land under the plough. Without the war and its partial cutting off of foreign supplies, the inducement to increase the area of cultivation would have been sufficiently strong; but the war made it irresistible. Every acre that could be made to pay its way for the working, even at the enhanced war prices, was reclaimed during the war, simply because the population absolutely required all the corn that could be grown. When, at the end of the war, foreign supplies again became available, an immense amount of the land thus reclaimed would necessarily have relapsed if foreign supplies had not been excluded and home prices maintained by the Corn Law of 1815, but during the war the extension of the enclosures was an absolute necessity.

The profits of agriculture under these conditions were exceedingly high. As the margin of cultivation was extended to increase the supply and prices rose enough to **Agricultural** make the continuous extension pay, the margin **Profits** of profit on the lands previously cultivated increased, apart from the additional profits thereon due to improved methods of raising grain and stock. The farmer who could secure a large farm on a long lease was able and willing to pay a rent impossible to the small tenant-at-will. Freeholders and copyholders were bought out, and their holdings, along with those of the small tenants-at-will, were merged in the large leasehold farms; the large farmers prospered, and the great landowners flourished exceedingly. But the small folk suffered; and though their suffering was inevitable, it was

in many cases unnecessarily increased by the action of landlords. While we must resist the suggestion that the landlords as a class pursued their own interests to the uttermost with a cynical disregard for the welfare of their humbler neighbours, there is no reason for crediting them with a greater self-abnegation than any other class of the community would display under similar circumstances. There were among them grasping men who had no hesitation in pressing their own technical rights to the utmost limit of the law, or in overriding the technical rights of those who had neither the wit nor the means to defend themselves. Few were probably in the habit of allowing merely sentimental considerations to stand in the way of business. Men, in general, are disposed not to intentional injustice, but to the interpretation of justice by the light of self-interest; and abstract justice not infrequently suffered when the interests of small folk collided with those of the landlords.

With the arrival of peace, the conditions were changed. Foreign supplies were available, and the price of farm produce could no longer be maintained in an open market. **The Peace** The existing rents would absorb the farmers' profits at the reduced prices. Whole areas now within the margin of cultivation would relapse into waste. Great numbers of farm hands would lose their employment, and the rest could only be retained on reduced wages. The rural population would be reduced to misery, and the next war would find England incapable of providing her own food supply; a disastrous prospect not to be averted by mere reduction of rents which would bring ruin upon the landowners whose wealth was a primary condition of national prosperity. Such was the light in which the situation presented itself to the landowners and the agricultural interest generally. The landowners dominated parliament, and parliament dealt with the situation in accordance with their views. The Corn Law of 1815 was passed, which prohibited the import of corn when the home price was less than eighty-four shillings a quarter. But even with this artificial aid,

the whole of the landed interest suffered seriously during the twenty years that followed the peace. The unnatural inflation caused by the war had encouraged both farmers and landowners in extravagant private expenditure and dangerously speculative outlay on land. Ruinously incompetent administration of the Poor Law had on the one side made the burden of the rates overwhelming, and on the other, pauperised the agricultural labourer, while deliberately encouraging him to enlarge his family. Prices fluctuated violently, and it was not unnatural that the agricultural interest should have been firmly convinced that any tampering with the Corn Law would bring it to utter and irrevocable ruin. The Poor Law Amendment Act of 1834 was followed by an immense reduction in the rates, and very considerably relieved the landowners. Before the end of the decade, progressive agriculture was placed on a more scientific and a more systematic basis by the establishment of the Royal Agricultural Society. A great impulse was given to scientific drainage and manuring. The development of transport by rail improved the farmer's market. Farmers devoted themselves to increasing the produce of the land, not by bringing more of it under cultivation, but by extracting more from every acre.

The Repeal of the Corn Law in 1846 was followed, as it happened, by a short period of commercial depression, owing in great part to the financial disasters connected with the railway panic of 1847; and the general depression was again felt by the agriculturists, who naturally attributed it in their own case to the Repeal of the Corn Law. But this was only a passing phenomenon. It appeared, indeed, that while the Corn Laws were in force, it was only in a comparatively small portion of the country that farmers and landowners had taken the trouble to adopt the new methods of draining and manuring with any energy. But when they were no longer kept afloat by means of protection, and, at the same time, began to wake up to the immense improvement which in other districts had followed the

adoption of the new methods, they followed the example which had been set them with excellent results. External events, which could not have been counted upon, came to the aid of the farmer. The great increase in the output of gold, owing to the Californian and Australian discoveries between 1848 and 1851, began to be felt; and prices rose, and were further inflated by the Crimean War. Twenty years after the Abolition of the Corn Law, the prices of farm produce were, broadly speaking, not materially lower than they had been at the time of the Repeal. And, in the meanwhile, the new methods had considerably increased the productiveness of the farms, while the cost of production had been further diminished by the improvements in farming machinery.

By this time one of the great pleas for protection of agriculture in the earlier half of the century had ceased to be operative. It was no longer possible to dream of England being self-supporting so far as concerned the production of food. The increase of the population had outstripped all possibilities of depending on an exclusively domestic food supply. That question was to be revived in a new form, in which the term Domestic was to be replaced by Imperial, and the doctrine was again enunciated that a possible economic loss was worth risking in order to make the British Empire self-sufficing and independent of the foreign producer for its food supplies.

CHAPTER XXI

THE POOR LAW

THE half-century which saw Great Britain's development into a manufacturing nation, witnessed also an unprecedented development of pauperism, and an exceptional amount of misery amongst the working-classes. There was an immense advance in the aggregate material wealth of the nation, but it was accompanied by retrogression in the wellbeing of the majority of the people. New conditions, among which the great mechanical inventions held the first place, came into being with that suddenness which warrants us in speaking of a revolution; and the process of readjustment to new conditions was slow, as it had been in the case of the rural revolution three-centuries earlier. Whatever the ultimate advantages may be, the actual process of readjustment would seem always to be painful. And in this case it was complicated by the mental and moral disturbance of the French Revolution, and the material disturbance of more than twenty years of incessant warfare.

But even before these factors came into play, the force of capitalism was making itself felt; which may be otherwise expressed by saying that the control and organisation of industry was constantly tending to concentrate in the hands of those who could afford to work on a large scale, while those who could afford to work only on a small scale were ceasing to be independent and tending to become wage-earners, rendering paid service to their employers. When wealth accumulates in the hands of comparatively few persons who devote their energies to production and

distribution, the normal effect is to reduce the cost of production, and increase the amount of material wealth produced ; but the whole increase in the aggregate of wealth, and something more than that increase, are apt to be absorbed by the few at the expense of the many. For the few are the arbiters of its distribution, at least until the many can form a united and disciplined force determined to challenge their awards.

In the opening years of George III.'s reign, the small folk were still, on the whole, prosperous ; the cottager, perhaps, **The Cottager.** more so than at any other period. The common waste, common rights, and the three or four acres nominally secured to him by an Act of Queen Elizabeth's reign, combined with domestic industry and the wages of farm labour to secure him a decent livelihood and a sense of independence. His cottage, built on the waste, was probably rent free, though it is also probable that in most cases the nominal four acres to which he was legally entitled, were much less, even if they had any existence at all, in actual fact. Still, however little land he occupied, the common waste and common fields supplied him with fuel, and enabled him to keep pigs and occasional cows and sheep. Wages were higher and the cost of food was less than at the beginning of the century ; and, taken altogether, the lower price of the articles of which he had most need more than compensated for the increased price of others due to taxation primarily imposed for war purposes. There is no doubt that the English rustic consumed a great deal more meat than any labourer on the European continent.

But a change was at hand. With a series of bad years in the first decade of George III., prices rose, and wages did not **Growing** keep pace with the rise. Already yeomen and **Pressure.** cottars were feeling the pressure of the renewed movement to enclosure, and in the course of the next ten years the new cotton-spinning machinery was beginning to deprive them of the subsidiary domestic employment. The Repeal in 1775 of the Act requiring every cottage to have four acres attached to it, seems to imply that it was already

almost a dead letter ; but it points also to the increasing desire of the landowners to enclose common wastes as well as the hitherto open fields. The enclosure of open fields was apt to mean the submersion of the yeoman, while the enclosure of waste deprived the cottager of his rights of common. Yeoman and cottager both tended to become farm hands and nothing more, while prices continued to rise without any corresponding rise in wages. Before the great French war broke out, the price of wheat was fifty per cent. higher, while wages were less than twenty per cent. higher, than they had been fifty years before. The average price of wheat during the twenty-two years of the great war itself, was double what it had been before the war. And we shall presently see how the amazing administration of the Poor Law was so applied as to prevent an advance in wages.

The change was felt more severely in the south than in the north, for weaving and spinning departed from the south almost altogether. In the north they did The Southern Counties. not depart, but were separated from rural employment, collecting labour at the factories ; there was approximately the same total amount of labour required, though it was specialised into agricultural and manufacturing employment. In the south the population remained approximately the same, but deprived of its handicraft, and with only the same amount of agricultural labour required as before. It would, indeed, be more accurate to say that the population did not remain the same, either in the north or in the south, as it was increasing rapidly, and again the increase was fostered by the administration of the Poor Law. To some extent, however, this was counterbalanced by the increased demand for agricultural labour as more and more land was brought under cultivation during the war, as we related in a previous chapter. The practical effect was much the same as if the population and the demand for agricultural labour had both remained stationary. But the other forms of employment diminished or vanished in the south, and it is doubtful whether the new factories in the

north provided so much employment as had been the case with the domestic industries which they displaced, in spite of the greatly increased output.

Had there been a migration of labour from the south to the north, as there was a certain migration in the north from **Little Migration.** the fields to the factories, the strain on south and north would have been equalised. But there was no such migration, for the bucolic instinct is particularly conservative and immobile, and the immobility was strengthened not only by immemorial habit, but also by the action of the Restoration Law of Settlement, which was actually intended to prevent migration, as well as by the mere difficulties of transit before railways had come into being. It would, in fact, have been more difficult for a labouring family in Surrey or Devon to transfer itself to Lancashire a hundred years ago than it would be to-day for a similar family to emigrate to Canada.

There was, moreover, a danger associated with the new manufacture, of which the true significance was entirely lost **Female and Child Labour.** on the labouring classes. They could see an enemy to themselves in the machine which did the work of a hundred men ; they did not see that the labour of women and children diminished the demand for men's labour, and therefore reduced men's wages. Much of the new machinery could be handled by women and children, and the labourer saw no reason why they should not contribute their few weekly shillings and pennies to the family purse. Employers saw, and in fact very much exaggerated, the advantage of such cheap labour to themselves. In the state of friction between employers and employed which had developed under the new system, it is somewhat curious that the men did not rush to their usual conclusion that what was good for the masters was sure to be opposed to the interests of the hands. The tangible pennies brought home by their children appealed to them more strongly than logical demonstrations that every penny paid to the child meant twopence less to the father, in spite of the fact that the employers were obviously

acting on that assumption. Consequently we shall presently find that the workmen, no less than the employers, long resisted factory legislation directed to the reduction of the employment of women and children.

We may now attempt a summary of the conditions produced directly by the development of machinery, combined with the great war. The amount of pure agricultural employment was increased by the bringing of additional land under cultivation ; but this was compensated by the rate at which the population was increasing. The profits of war prices for farm produce went to the landlord and the farmer, not to the labourer. And at the same time, the labourer became entirely dependent on his agricultural wages, which were no longer supplemented either by domestic industries, or to the same extent as in the past by his rights of common. In Wales and in the north, ironworks and coal-fields provided a quantity of additional employment, as also did the immense development of the cotton industry, which became a leading instead of a minor manufacture. But both in the coal-fields and in the cotton factories, a great deal of this was cheap female and child labour. Even in these regions the demand for masculine labour in the aggregate, taking manufactures and agriculture together, was probably not at first increased ; and the price of food rose out of all proportion to any increase of wages. Moreover, the fluctuations of trade were more violent and more acutely felt by the workers, since the old doctrine that the masters were under an obligation to keep the men going during periods of depression had ceased to be recognised. And the factory workers were now congregated in towns under conditions which physically and morally were much worse than when domestic industries flourished on the countryside.

These were the practically inevitable evils of a period of transition. Manufacturers, employees, and the public at large, would probably all have benefited by resisting the natural temptation to the extensive employment of women

Summary
of Changed
Conditions.

and children ; but the enlightened views upon which Robert Owen successfully acted seemed unpractical and visionary to the rest of the world. Such intelligent intentions are not to be looked for, and without them the evils we have enumerated could hardly have been avoided. Unfortunately, legislation and administration united to aggravate these by singularly ill-directed efforts to allay them, or to prevent other possible dangers conjured up by the events of the French Revolution.

The problem of pauperism, the relief of those who cannot, and the repression of those who will not, earn their livelihood in an honest fashion, had become acute in the sixteenth century, and had been dealt with not unsuccessfully by the Poor Law of 1601, which had been injuriously modified by the Restoration Law of Settlement, and more beneficially by the Workhouse Act of 1723. On the whole, however, the general standard of prosperity and the regularity of employment had prevented the question from becoming acute during the Stuart period, and under the first two kings of the House of Hanover. But, as we have seen, in the opening years of George III., yeomen and cottagers were already beginning to feel the pressure of the renewed enclosure movement, and a series of bad harvests raised the price of food which the American War and other circumstances combined to maintain at the higher level. Thus, though the Industrial Revolution was only in its infancy during the seventies, there was a great increase of indigence even before the eighties had arrived.

So the law intervened, with no good effect. In 1782 was passed Gilbert's Act. Condemnation of the Act requires some modification. There were quite desirable clauses in it, for there were actually two Bills ; one intended to develop the combination of parishes in Unions, which had been one of the objects of the Workhouse Act. But, on the whole, the provisions of the Act were calculated to do a quite extraordinary amount of harm. The Poor Law, as it stood, provided relief for the able-bodied

only when they went into the workhouse and paid in work for relief. This salutary rule was removed by the Act. Instead, the authorities were empowered to give relief to the able-bodied without subjecting them to the workhouse test, and were instructed to find work for them near their homes. Further, a large discretion was placed in the hands of the justices, who had not hitherto shown themselves particularly well qualified to deal with the problems involved; and among their new powers was included that of applying rates to supplement wages.

The justices rose to the opportunities offered them. Their motives were excellent, but their methods were deplorable. In 1795, when the Industrial Revolution and the war, The Speenhamland Blunder. between them, had brought the distress to a painful pitch, the Berkshire justices met at Speenhamland and formulated the plan which they put into effect themselves, and which was promptly adopted all over the country. They did not exercise the powers they possessed of ordering a rate of wages proportionate to the increased cost of food; they contented themselves instead with earnestly recommending the farmers to raise the wages. They then proceeded to provide the farmers with the best of reasons for doing nothing of the kind, by applying rates to supplement wages, where the wages given were insufficient to provide the labourer and his family with a livelihood. The aid was to be rendered in proportion to the size of a man's family. When the gallon loaf cost a shilling, the labourer who satisfied the justices that he really was working for his living was to have three shillings a week for himself, and eighteenpence for every other member of his household. And for every extra penny on the price of the loaf he was to have an extra threepence for himself, and an extra penny for every other member of his family. If the wages he received from his employer did not cover this amount, the balance was to be made up out of the rates.

It is hardly necessary to point out what resulted. The farmer saw no reason for paying anything but the lowest

possible wage, and leaving the rates to do the rest. The labourer saw no reason to stand out for better wages when the rates were bound to make the deficiency good. The men's minimum wages were thus secured from one source or the other ; they had no incentive to work well, having no prospect of an increased wage resulting. They had no incentive to thrift, and they were encouraged to marry young and replenish the earth, because every extra child meant extra pay. And always it was the ratepayer who made up the balance.

On another side, apart from its pauperising tendency, the administration of the old Poor Law was very injurious. The Elizabethan Law of Apprentices enjoined a strict system on all the then recognised trades. It included limitations on the number of apprentices who might be employed, so as to maintain the market for the services of journeymen, since a certain type of master has a preference for employing cheap, if inefficient, labour. But the statute did not apply to new trades ; and their freedom from its regulations tended in practice to cause those regulations to be disregarded in the trades where they were legally applicable. Now the Poor Law officers were responsible for orphans and waifs who were brought up at the charge of the rates, and it was their business to give these children a start in life by apprenticing them to some trade as soon as they were old enough. Wherever officialdom was either corrupt or careless—and parish officialdom appears to have been habitually open to both charges—it is obvious that such a system was liable to grave abuses, and that the standard of treatment meted out to apprentices in the inferior trades was lowered, when there was no one who took the trouble to stand in the place of the parent to the apprentice.

The parishes, in short, were only too ready to get the waifs off their hands and off the rates at the earliest opportunity, and the general result was the breakdown of the system of apprenticeship so far as concerned the particular objects with which it had been instituted ; this breakdown being

accompanied by an extension of apprentice labour or its equivalent, as against the labour of the wage-earning artisan.

The system of allowances in lieu of wages appeared to be to the advantage of the agricultural interest; although, as ratepayers, landlords and farmers had to pay a **Poor Law** share of the allowances. But with the **Reform** **Reform.**

Bill of 1832, the landed interest, though still powerful, ceased to dominate parliament; and fifty-one years after Gilbert's Act, the system was overturned by the reform of the Poor Law in 1834. In great part this was a return to the earlier methods, with improved administrative machinery. Parishes were organised into Unions, outdoor relief was abolished, and the workhouse test was practically reinstated. The employer could no longer evade the payment of a living wage, and the labourer had to make his work worth a living wage. Wages again bore some relation to the work done, and there was no longer a premium upon inefficiency and thriftlessness. The principle admitted was that the parish was responsible for the maintenance of those who were literally unable to work for a living, but would give nothing to the able-bodied except in return for work done under conditions sufficiently unpleasant to make the labourer prefer almost any alternative to that of seeking relief from the Union. The principle was carried out with a stringency which made it a point of honour with the respectable poor to keep their relatives out of the House when they were past work, if the thing could by any means be accomplished. Fundamentally, the **The Change.** change was a reaction to the principle that every man is bound to earn his own livelihood by his own work, and that the provision of relief, though a duty where, through no fault of his own, the individual is unable to earn his living, must be of a kind which offers no imaginable inducement to idleness. On the other hand, it practically ignored the other doctrine which had moved the statesmen of an earlier age, that there is an obligation to provide work when the normal sources of employment are insufficient.

The effect of the new Poor Law in reducing the rates was

startling ; and it was followed at no long interval by the restoration of a living wage paid by the employer for efficient labour. Nevertheless, at the outset, the sudden withdrawal of relief caused much suffering, since that relief was not automatically and instantaneously replaced by wages. The period of readjustment was not prolonged ; but while it lasted it caused much misery, and was largely responsible for the acute unrest which marked the thirties and the 'hungry forties.'

CHAPTER XXII

PITT'S FINANCIAL POLICY AND THE CONTINENTAL SYSTEM

THIRTY-NINE years passed between the publication of the *Wealth of Nations* and the final downfall of Napoleon. During all but ten of those years Great Britain was at war, and more than once during those wars her very existence hung in the balance. 1776-1815. The one comparatively prolonged period of peace was between the Treaty of Versailles in 1763 and the declaration of war by the French Republic at the beginning of 1793. Moreover, this war period followed after an interval of only twelve years since the termination of the Seven Years' War. Yet at the end of the time the wealth of the nation had grown enormously, not only as compared with other nations which had been involved in this series of wars, but absolutely. The fact entirely belied the superstition prevalent for a long time after 1763, that the British Empire was in danger of immediate collapse, and was certainly unable to endure the strain of another prolonged war. In 1783 the fact conspicuous to the eyes of the world was that the British colonies had been victorious in their contest with the mother country, and the British Empire had been shorn of a vast dominion without winning any effective compensation. But at home it was also obvious that the national resources had been very severely strained by the War of Independence, and that the national finances were in a state of chaos. How, under such conditions, was it possible for the State to recover itself and again face twenty years of war throughout which her allies were largely dependent on her subsidies?

The American War, in fact, had not been as ruinous as it

seemed, because, although Great Britain had lost her American colonies, she had succeeded in retaining her maritime **Strength of the Empire.** supremacy, and so long as she retained that, her capacity for recuperation was almost unlimited. France, Holland, and Spain were less capable of competing with her on the seas in 1783 than in 1778. The British hold on India had been strengthened, and it is an understatement to say that this gave her the lion's share in the Eastern trade, which was an increasing source of wealth. And thirdly, the value of the United States as a market was hardly diminished by their having ceased to form a portion of the empire. In short, conspicuous as her loss had been, she had retained what was vital, and her European rivals had been more exhausted by their efforts in the contest than she had been herself.

Predictions of disaster, then, had been based on misconceptions as to the extent of the injury suffered through the **Bases of Recuperation.** war, while the American struggle had been contemporaneous with the discovery and development of a new source of wealth, of which, for a long time, Great Britain held a practical monopoly. The new machinery was created by British invention, and the new manufacture was organised by British enterprise. The raw material, for working on and with, was either produced in Great Britain or brought to her shores across the ocean from remote lands, of which it might almost be said that her maritime supremacy made them practically her property. Britain was already becoming a great producer, and her production enlarged and expanded while that of the other nations stood still.

The retention, then, of maritime supremacy, and the arrival of the new manufacture, together go far to account for the expansion of national wealth on the heels of a war generally reputed disastrous. The third factor was the reorganisation of national finance by the younger Pitt.

The National Debt had risen to an alarming figure, and the national revenue fell far short of the national expenditure. To meet deficits by borrowing is obviously bad finance. To allow the accumulation of debt is bad finance. Heavy

taxation is bad finance, because it checks commercial and industrial activity, and by preventing the development of wealth chokes the very sources of national revenue. Heavy taxation and accumulation of debt must be resorted to in emergencies, but only as abnormal necessities; under the recent régime they had become normal. The doctrine that in time of peace the debts incurred in time of war ought to be paid off, had always prevailed in theory, but very rarely in practice, because the easiest way of keeping down current expenditure is to leave debts unpaid. A Chancellor of the Exchequer threatened with a deficit is inevitably tempted to raid the funds appropriated to the reduction of debt. Pitt was undoubtedly wise in making the reduction of the National Debt a primary aim. The scheme, however, which he adopted, though enthusiastically applauded then and for a considerable time afterwards, was unfortunately not deserving of the praise accorded to it. Pitt's plan was that £1,000,000 should be set aside annually from the revenue, and placed in the hands of a committee for investment. Accumulating at compound interest, it was estimated that this Sinking Fund would, in twenty-eight years, extinguish the National Debt. So long as the government could do without borrowing, and the money was being invested at interest higher than that which it was paying on the National Debt, the scheme was economical. But within seven years of the creation of the Sinking Fund, the nation was plunged into the long war with France, once more involving enormous expenditure. The government was obliged to borrow at higher rates than it could obtain by the investment of its annual million. Obviously, therefore, it would have been cheaper to borrow less and to use the annual million for current expenses, or even to raid the Sinking Fund itself, than to go on borrowing and paying a higher interest for the sake of the lower interest accumulating on the Sinking Fund. The actual result was that the National Debt continued to be piled up in excess of the Sinking Fund at a greater rate than if there had been no

Sinking Fund at all. It should not, however, be forgotten that the Sinking Fund probably had a useful effect to which it was not, so to speak, entitled. The public and **An Excuse.** the financiers for a long time believed in its merits; that belief, however erroneous, strengthened the public confidence, and anything which strengthens public confidence is of the utmost value in periods of unrest, when the equilibrium of commerce is disturbed. As a method of dealing with the National Debt, the Sinking Fund proved unsound; but its failure in that respect may well have been compensated by its influence on public confidence. If so, it would illustrate conversely the principle applied to Walpole's excise scheme, when that minister dropped it, although satisfied of its financial soundness, in order to allay public excitement. Though financially unsound, Pitt's Sinking Fund had a calming effect on popular nervousness.

Less uncertain were the benefits arising from other aspects of Pitt's financial policy. Economy and public confidence **Campaign** had both been served a little earlier by Burke's **against** Economical Reform Bill, which had abolished **Corruption.** many sinecures, and removed opportunities for what was practically malversation of public funds. The improvement was carried much further by Pitt, so that although the revenue from customs was fifty per cent. higher in 1799 than it had been fifteen years before, it cost only £3000 more to collect the extra £8,000,000. Financial corruption had been a standing feature of government methods for more than a century, and its disappearance had a healthy effect on the whole body-politic, and not least upon the commercial and trading community.

Again, Pitt reorganised the system of taxation. Walpole had gone as far as public opinion permitted him to venture **Reduction** in the direction of removing barriers to the im- **of Tariffs.** portation of foreign goods, with the avowed object of making the English metropolis the world's market-place. Since Walpole's day there had been a reversion to the old plan of piling up duties, generally with more regard

to the interests of particular classes than to the ultimate benefit of the revenue. Then had appeared Adam Smith's book with its fresh analysis and criticisms of the mercantile doctrines and their corruption. Pitt was an ardent disciple of Adam Smith, and applied his principle with zeal. The heavy taxes on imports had produced an enormous amount of smuggling, whereby the revenue was defrauded, and a monstrous expenditure was imposed on the preventive service. Active smuggling is always a practical demonstration that the tariff is too high; that is to say, that a lower tariff will produce an actually higher revenue; with a lowered tariff the risk of smuggling ceases to be worth while, the goods pass through the legitimate channels, and though the duty paid is a lower one, the quantity of goods on which it is paid is greater. Again, heavy duties where there is no opportunity of smuggling may, by raising prices, reduce to very small dimensions a demand which would otherwise be wide. Accordingly the duty on sundry heavily taxed articles of import was greatly reduced, while the excise was raised, and taxation was otherwise readjusted so as to increase the burden on luxuries demanded only by the wealthy, and to diminish the charges on what the poorer classes required, or might be encouraged to demand. Some three thousand articles were affected by the revision of the schedule. The public debt was secured on the customs and excise revenue, while any deficiency was to be made good by special taxation.

Some years before the union with Ireland, Pitt himself would have established free trade between the islands but for opposition from the English mercantile community, which wished to maintain protection **Free Trade with Ireland.** against Irish goods, and the suspicions of the Irish legislature, which was extremely jealous of its new-born independence and feared that its freedom of action would be limited. That question, however, was settled in accordance with Pitt's views when the Act of Union placed Ireland, theoretically at least, on the same footing, politically and commercially, as England and Scotland. The measure, however, had less

effect on the commerce and industries of the United Kingdom than the earlier Act of Union, which had joined England and Scotland as Great Britain.

Commercial union with Ireland was, after all, only an extension of the principles of the treaty of 1707. The commercial treaty of 1786 with France definitely threw over the principles which had controlled commercial policy for more than a century, and had received their most notable illustration with the rejection of the French commercial treaty proposed by the Tories in 1713. According to the old doctrine, whatever was good for France was necessarily bad for Great Britain. According to the new doctrine, enlightened self-interest rejoices in a neighbour's prosperity as a means to its own advancement. The more France prospered, the more she would buy British goods; and it would be Britain's own fault if a treaty which helped to enrich France did not enrich Britain still more. The mere transfer of bullion was of no importance, since wealth is not to be identified with treasure, and a sufficiency of it as a commodity is automatically ensured. If the country wants goods more than gold, it will barter gold for goods; if it wants gold more than goods, it will barter goods for gold. Pitt's commercial treaty with France met with general acceptance, though it was hotly enough attacked in the opposite political camp, on the basis of the traditional principles; and subsequent events provided a curious commentary on Fox's fervent condemnation of the proposal on the ground that France was the natural and immemorial foe of Britain. As a matter of fact, the mutual reduction of tariffs was rapidly increasing the French demand for British goods and developing our market in France, when commercial amenities were cut short by the outbreak of war. The commercial treaty, in fact, marked a definite severance from the old mercantile theory, although the country had as yet by no means accepted in their entirety the principles propounded by Adam Smith.

France was still a monarchy when the treaty was made;

and when she became a republic, she reverted to doctrines of protection, since French merchants and manufacturers were complaining of the competition of British goods. The French Republic was at war with Great Britain within a few months; and the root principle of war is to destroy the adversary's power of resistance. If, in peace, our neighbour's prosperity is to be viewed not merely with equanimity but as a matter of congratulation for ourselves, still, when war breaks out, it is of the first importance to deprive the opponent of the sinews of war. French and British set themselves each to destroy the commerce of the other, and soon after the war began, Holland was joined with France in antagonism to Britain, and as the object of her hostility. Commercially, Britain suffered less than her opponents; her trade was reduced, but theirs was reduced very much more. Her merchantmen ran grave risks, but the Dutch and French merchantmen were almost driven off the seas. For sea-borne produce of all sorts they became very largely dependent upon neutral shipping; and Great Britain insisted on her own rigorous interpretations of international law as affecting neutral shipping in time of war. That is to say, broadly speaking, she sought to reduce to a minimum the services which neutrals could render to a belligerent power—thereby ensuring at least the latent hostility of the neutrals, with whose trade she interfered. A practical effect injurious to these islands was the consequent check on British trade with the Baltic, which at that time was the main source of food supply from outside. Hence arose the necessity for increasing the domestic supply so as to render the country self-sufficing, and the continuous process of bringing new and inferior land under cultivation, land which would not pay for tillage when foreign supplies became available and the foreign producer could compete in the English market.

The Peace of Amiens in 1802 for the time being suspended the Continental War. Meanwhile, the productive capacity of the iron and textile trades in England had been immensely increased. The stability of trade suffered from the sudden

inflation brought on by the peace, and its equally sudden cessation when war was again declared fifteen months afterwards. Until 1806 matters went on very much as they had done between 1793 and 1802 ; but at the close of 1805, Napoleon's supremacy on the Continent was established by Austerlitz, whereas British maritime supremacy was consummated by the victory of Trafalgar. It was at this stage that Napoleon resolved to crush the nation which stood in the way of his most far-reaching ambitions, by completely ruining her commerce. Britain gave him his excuse by an exercise of what she claimed as her maritime rights. She declared a blockade of the entire northern coastline, which was under French control from Brest to the river Elbe. Napoleon, having just brought Prussia under his heel by the victories of Jena and Auerstadt, came forward as the champion of European liberties against the 'tyrant of the seas,' and issued the Berlin Decree. The British Isles were declared to be in a state of blockade ; all property and merchandise of British subjects and all British manufactures were pronounced* to be lawful prize. Britain responded with the Orders in Council, forbidding the trade of neutral vessels between French ports or their trading to any hostile port, without first touching at a British port and paying the customs imposed by the British authorities. Napoleon retorted with the Milan Decree, which declared that any vessel submitting to the British regulations was thereby rendered lawful prize. In short, a desperate duel was entered upon, Napoleon endeavouring by every possible means to shut British goods out of the Continent altogether, while the British replied by claiming to prohibit the carriage of sea-borne goods except in her own ships or those of powers which were prepared to defy Napoleon's decrees.

The duel demonstrated the strength of the position which Britain had already achieved. She was able to make her programme practically secure, whereas Napoleon's 'Continental System' broke down. The Continent could not do without British goods. Napoleon might strive to block

every entry, but there was always a leak. Moreover, sheer need of British goods compelled him to issue licences for their admission, and a very great deal more of them **The Duel of Exclusion.** forced their way in than the licences authorised.

In Holland, his own brother refused to carry out the decrees, and was deposed. The Tsar of Russia deserted the system, and Napoleon endeavoured to bring him to book by the Moscow expedition, with disastrous results. In fact, the British Empire held a virtual monopoly of oceanic commerce and of the new manufactures; she could prevent any one else by force from challenging the one monopoly, and no one else was possessed of the means to challenge the other. The Continental System meant that Europe had a diminished supply, at greatly increased cost, of goods of which her peoples stood in absolute need, and they had to get them from the British and to pay Britain's price. The final effect of the whole contest was to make both the British monopolies more difficult to challenge than ever.

Napoleon's policy had emphatically failed in its object, was infinitely injurious to the Continent at large, and was ultimately turned to his own ruin, since it provided the motive for the Moscow expedition. Moreover, it confirmed the relative superiority, commercial and industrial, of Britain. Nevertheless, Britain suffered severely. It was much as if she had won a great victory at the cost of an enormous list of casualties. And she had suffered not only by Napoleon's own policy, but by her own methods of reprisal. These had created a bitter hostility to her, which was only made less disastrous because it was exceeded by the hostility to Napoleon himself, aroused by the oppressiveness of his Continental System. It actually did involve this country in a war with the United States: the grievances of neutrals have always remained a factor militating against friendly relations with other maritime powers, and it is questionable whether, in the long-run, extreme insistence on British claims did not have injurious effects which counterbalanced the advantages for the sake of which they were asserted.

CHAPTER XXIII

COMMERCIAL LAISSEZ FAIRE

NEITHER Walpole nor Pitt had interfered with the protectionist practice which had grown out of the mercantile theory. Adam Smith, as an economist, repudiated protectionist principles, but declared in effect that it was vain to hope for free trade, because the strength of the interests which profited, or thought they profited, by protection, was too strong to permit of its abolition. Free trade was the logical consummation of the economic policy of both statesmen ; but neither had in general been able to get beyond the stage of reducing tariffs on imports to a point which excited no alarm in protected trades. Protection and mercantilism were not essentially bound up together, except so far as protection might seem necessary for the maintenance or development of some kind of trade which was specifically a necessity for the existence of the empire. The Navigation Acts were created and maintained in theory, not for the sake of the shippers, but to preserve maritime supremacy and to injure a maritime rival. The importation of corn from abroad was taxed, and its export from home was encouraged by bounties, or on occasion prohibited, not in order to swell the purses of landowners or to save them from depletion, but in theory to maintain a sturdy rural population and a supply of home-grown corn sufficient to meet the needs of all the inhabitants of these islands.

Nevertheless, pure protectionism followed inevitably from mercantilism as a practical result. Every trade could put in a claim not exactly that its existence was essential to the national welfare, but that its collapse would be some-

thing like a national disaster, and that its prosperity was a proper object for the State to secure. Difficulties might indeed arise when it happened that the interests of Collation of Interests. two important trades were antagonistic. The wool-growers wanted the best market they could get, and objected to any interference with their export trade. The wool-workers, on the other hand, wanted their raw material cheapened, and demanded high tariffs on the export of wool so as to keep English wool in England, and bring it on to the market at low price. The actual result was State interference to restrict the wool-growing trade in the interest of the wool-workers. But practically it was only in cases like this, where trade interests collided, that the claim of any individual trade to protection could very well be repudiated.

The doctrines of Adam Smith, however, began to impress themselves upon the commercial community. Everybody wanted raw materials and food to be cheapened Progress of the New View. except the people who lived by the production of raw materials and food. Commerce was no longer hampered by the doctrine of the balance of trade and the fear of exchanging treasure for goods. And much of the new manufacture being practically in no danger from foreign competition, the manufacturers, having nothing to gain by protection, were comparatively ready to adopt free trade doctrines, even though they might not recognise any direct personal advantage to themselves as accruing from free trade; for it is mere human nature to be convinced that the State policy most obviously advantageous to ourselves is also the best for the community at large.

The war was calculated in every way to develop commercial barriers; to cause commercial questions between Britain and other powers to be approached by both parties Consequences of the War. entirely broken up that attempt to look upon commerce as a source of mutual benefit which had been formulated in Pitt's French treaty of 1786. The attitude of Great Britain on maritime questions, however necessary as a feature of war

policy, had been exceedingly irritating to every one else ; and Britain had like reasons for being irritated with every one else in her turn. And when the war was brought to a successful conclusion, the circumstances were still unfavourable to commercial development. Britain was ready to provide goods to any extent for an expanded market, but the European States were too completely exhausted to be able to buy largely ; a state of things which emphasised the new doctrine that our neighbour's welfare is the condition of our own prosperity, as opposed to the ancient doctrine that our neighbour's loss is our own gain and our neighbour's gain is our own loss. The fluctuations of trade during the war had their counterpart in the years which followed Waterloo, in over-production for a market which did not exist and collapse following on inflation. But at the same time it was apparent that our continental neighbours were reaping no advantages from the conditions which continued to be so disquieting to ourselves.

The first movement, then, towards a free trade policy after the war came neither from professors nor from politicians, **Petitions for Free Trade.** but from the commercial community itself. In 1820 both the London merchants and the Edinburgh Chamber of Commerce presented petitions in favour of limiting the restrictions on commerce to taxation for purposes of revenue. The position taken up was one very much in advance, not of what had appeared desirable to Adam Smith and the theorists, but of what had appeared practicable to the statesmen who were in sympathy with their theories. The petitions marked the conversion of a solid body of trained commercial opinion to the doctrine of *Laissez Faire*, the doctrine that the State does more harm than good to commerce by interfering for its regulation. The State must raise revenue. To raise a revenue it must impose taxes ; but it should impose them with a single eye to the revenue, so as to obtain the maximum amount with the minimum of interference. The petitions were expressly based on principles admittedly opposed to those on which

every government in Europe was acting, for every government in Europe was trying to regain the prosperity of its own people by shutting out foreign competition.

The petitions took the point of view of the consumer, who desires to buy in the cheapest market, and therefore from those who can produce the best goods at the least cost. Remove the restrictions which create artificial prices, and every country will be impelled to produce that which it can produce best, and to exchange that product for those things which other countries can produce better. The protective system, in the countries where it is in vogue, diverts production from its most efficient channels into others which are less efficient, and artificially compels the consumer to pay high prices. Imports do not diminish home production in general. They diminish, indeed, the home production of the goods which are imported, but it follows that they must increase the production of other goods to be exchanged for them. The energy expended on the form of production less suitable to the country becomes, in consequence, devoted to the forms of production for which it is better adapted. These principles, the petitioners claimed, were not only obviously true when applied internationally, just as they had been proved to be true when applied to internal trade; they would hold good even if other countries refused to act upon them. The exclusion of cheap goods is a positive injury, which is none the less to be avoided because our own goods are excluded from foreign markets. It is probable even that restrictions should not be maintained, even with the object of obtaining concessions as the price of their withdrawal. Checks on imports, in short, should be imposed only for purposes of revenue, since at present it does not appear that the revenue could dispense with them altogether.

This practically unqualified assertion of free trade principles was virtually endorsed by a Royal Commission appointed to deal with the question. A sudden and complete change of the entire fiscal system would throw the whole machinery of com-

The
Consumer's
Interest.

merce and of production out of gear ; but the principle was accepted as sound, and a gradual approximation to it in **A Commission of Inquiry.** practice which should yet give sufficient time for readjustment, was strongly recommended. It was particularly noted that the extent and the rigour of British protection was a favourite argument on which foreign States based their insistence on corresponding restrictions in their own defence.

Protected trades were for obvious reasons very vigorously opposed to the withdrawal of protective duties. But the old **To attract Commerce.** doctrine that it is desirable to restrict importation as such was practically dead. Foreign commerce, as Walpole had maintained, ought to be eagerly attracted to British ports, and the first outcome of the inquiry into the state of trade was, in effect, the adoption of the principle of that Excise Bill which Walpole had been compelled to drop. Thenceforth goods were permitted to be disembarked in warehouses and re-embarked without paying duty, which became chargeable only when they were withdrawn for sale in the home market.

The most powerful interest in the country, that connected with the land, was still vehemently protectionist, and only in 1815 had carried the Corn Law, perhaps the most rigorously protective measure in existence. In course of time, it was clear that protection centred in the Corn Law ; but the free trade movement in the reign of George IV. did not make the Corn Law its objective. That movement is associated with **Huskisson.** the name of William Huskisson, President of the Board of Trade in Lord Liverpool's administration. The first attack was made upon the Navigation Laws, in connection with which it had by this time become perfectly clear that the extension of artificial protection to British shipping against foreign competition was absurd. There was a strong case in the old days for the old argument that British shipping must be vigorously encouraged, artificially forced if necessary, to an immense superiority over that of other nations, even though commerce might suffer. The

question was one of national security which outweighed all other considerations whatsoever. Under the old conditions, the protection of English shipping had not met with Lord Burleigh's approval; but in the seventeenth century we had learnt to regard the Dutch as our great rivals, and the Commonwealth Navigation Act The Navigation Acts. was mainly inspired by the desire to capture the carrying trade from them. In the hands of the Restoration government the thing had been carried considerably further in the interest of purely English shipping and commerce. Colonial ships and colonial sailors had, indeed, been allowed to participate in the carrying trade, but only between British ports—exclusive of Scotland, until the Union of 1707, since Scotland did not form a part of the English dominion. It is to be remarked further, that while the Navigation Acts permitted the importation of goods produced in Europe in ships belonging to the producing country, but in no other foreign ships, goods from Africa, Asia, or America might be imported only in English ships, and had to be brought to England direct from the country of production. The rigour of the law had been occasionally relaxed in respect of specific articles; and between 1796 and 1822, the United States, Portuguese America, and Spanish America had been placed on the same footing as European States. Scotland and Ireland had been placed on the same footing as England by the treaties of Union in 1707 and 1800. On the other hand, the antagonism to Holland had throughout been emphasised by the absolute prohibition of the importation from Holland, even in English ships, of a variety of goods imported to Holland from other countries.

It is sufficiently obvious that the freedom of commerce was greatly hampered by these restrictions. The burden of the Navigation Laws was practically removed Reciprocity of Duties Act. by Huskisson's Reciprocity of Duties Act in 1823, which was afterwards supplemented in minor points, though the Navigation Laws were not finally repealed until 1849, when Victorian Britain had definitely made up its

mind to abolish protection. The principle adopted by Huskisson with regard to the British colonies, was that the trade between British ports should be confined to British ships, but the dependencies should be free to export to, or to import from, foreign countries, either in British ships or in the ships of the country which produced the imports or bought the exports; the term British being, of course, inclusive. But the Reciprocity Bill went much further. The restrictions on foreign shipping in British ports were driving foreign States to threaten retaliatory measures, which could only lead to a great war of tariffs, and although experience pointed to a probability that a tariff war would be more disastrous to Europe than to the British Empire, the victory would be only less ruinous than defeat. And the victory itself could not be ensured, when the British war fleet was out of action as a factor in the struggle.

The alternative was the removal of the restrictions on foreign shipping and trade, and the placing of the ships of all **Reciprocity** countries in the same position as our own ships, **Treaties.** provided that the concessions were reciprocal. The Bill then gave authority to the Administration to cancel the existing restrictions with any country on terms of reciprocity, but to retain them where reciprocity was refused. Fifteen such treaties were concluded between 1824 and 1829, to which others were subsequently added. The ruin of British shipping was predicted as a matter of course, but the prediction was not warranted by the event. The tonnage of the merchant navy advanced between forty and fifty per cent. in the twenty years following the passing of the Act.

Having dealt with the Navigation Laws, Huskisson proceeded to the reduction of tariffs on many kinds of goods. It **Reduction** was a constant complaint of the silk manufacturers **of Tariffs.** that their business was going to ruin, in spite of the fact that the importation of French silk was entirely prohibited. The duty on raw silk was reduced by about ninety-five per cent., that on spun silk was halved. The prohibition of French silk had been rendered ineffective by

smuggling, and a thirty per cent. *ad valorem* duty was substituted for it. The actual result was that British silks were very soon competing in the French market itself. The trades concerned with wool were vigorously dealt with. From the earliest times the woollen manufacture had been studiously protected, even at the expense of English wool-growers. The export of raw wool had been taxed, though its importation was also taxed. Latterly, the import of woollen manufactures had either been prohibited altogether or subjected to a fifty per cent. *ad valorem* duty. Huskisson reduced this latter duty to fifteen per cent., and practically abolished the duties on both the export and the import of raw wool. The duty on bar iron was reduced to less than one-fourth of the amount at which it stood, and the duty on cotton manufactures was reduced in about the same proportion. These were the changes of principal importance, but a large number of other reductions were also made in the three years from 1824 to 1826.

Huskisson's career was closed by his premature death. With a certain dramatic fitness, his end was associated with one of the events which stands out as a landmark in the history of the nation's material progress —the opening of the Liverpool and Manchester Railway—when, through an unhappy accident, he was killed by George Stephenson's famous steam-engine, the Rocket. The next sweeping movement in the direction of free trade was the work of Sir Robert Peel.

The culminating act of Peel's own life was the Repeal of the Corn Laws, a subject to be dealt with in the next chapter. Peel was called to office in the autumn of 1841, pledged to the maintenance of protection for agriculture, but not committed to that policy in any other direction. His principles were enunciated at the opening of parliament in 1842. Protection was to be maintained where it appeared to benefit the community at large, directly or indirectly, but not merely for the sake of any specific interest. At this time trade was depressed, the revenue was

showing constant deficits, there was grave and widespread discontent, and to increase the burden of taxation would have been dangerous. On the other hand, a recent inquiry had made it clear that the existing tariff arrangements were devoid of system, and were still directed to the protection of particular interests rather than to the raising of revenue. Duties which are intended to exclude foreign goods cannot produce revenue, since, if the said goods do not come into the country, no tax upon them can, in fact, be levied. On the other hand, taxes were imposed for revenue purposes on raw materials, whereby the cost of manufacture was considerably increased, and the power of British goods to compete in foreign markets was diminished. Peel resolved to take the bull by the horns. He cut down the duties on raw materials, trusting that in the course of time the expansion of trade and increased importation would counter-balance the present loss of revenue; and in the meanwhile, the immediate deficiency was to be met by the imposition of an income-tax of sevenpence in the pound. An income-tax had been imposed before by Pitt as a measure of emergency: it had been fiercely attacked as inquisitorial; an intolerable interference with the private concerns of the individual; but as a measure of emergency it had been accepted, and was so accepted again. No one dreamed at the time that the income-tax had come to stay; and it was not until the twentieth century that any Chancellor of the Exchequer ventured to declare that it had become an integral and permanent part of our fiscal system.

The result of this policy was that, in 1844, Peel found himself with a substantial surplus; and in that year and the two following years further substantial reductions were made. The duty on wool was abolished altogether, and also that on four hundred and thirty articles from which the product was insignificant. In 1846, when the Corn Law was repealed, the duties on linen, woollen, cotton, and silk goods were halved, and those on sundry other manufactures were reduced, all these having

been of a distinctly protective character. Further, Peel had now definitely adopted the principle of reducing tariffs without regard to reciprocal action on the part of foreign governments, on the ground that we stood to gain by our own action, whether the foreigner was wise enough to follow our example or not. No doubt we should be punishing the recalcitrant foreigner by maintaining high duties against his goods, but we should injure ourselves at the same time. And the proof lay in the rapid development of British exports which had followed upon the first reductions of duties. On practically the same principles, the embargo on the export of machinery was removed. Manufacturing machinery was for the most part invented by Britons, and was made very much better in Britain than elsewhere. It had been argued, and the argument had been found convincing, that by exporting machinery we should be presenting the foreigner with the means for competing with us. But to this it was now answered that we had no need to handicap the foreigner, that competition was a healthy incentive to improvement, whereas absence of competition tended to produce lethargy and to kill enterprise. Even at that time the truth of this proposition was being demonstrated, because foreign countries, debarred from the use of British machinery, were forced to devote energy and enterprise to making machinery for themselves, and were rapidly progressing therein. If competition generates progress, to check competition by protection is manifestly opposed to public policy. A wholesale adoption of free trade principles was the logical concomitant of Peel's conversion on the Corn Law question.

We may note here the disappearance of a somewhat earlier stage of the old practice of company monopolies, a system manifestly incompatible with the principles of Laissez Faire. At the end of the seventeenth century those conditions were still in force, which made it a practical necessity that, in the remote quarters of the globe, commerce should be exclusively in the hands of companies authorised, to a large extent, to exercise sovereign

Company
Monopolies
ended.

powers. The existence of rival companies had proved to be destructive, while the activities of Interlopers were a source of political embarrassment. With a wider exercise of what may be called police control of the high seas, these conditions had been greatly modified. When the East India Company became a first-class territorial power in the Indian peninsula, and for practical purposes a British State was established in India, there ceased to be any reason for confining trade to the operations of the company itself, since all British traders fell under its political jurisdiction. That is to say, the company's commercial monopoly had been preserved not for commercial, but for political reasons; when it became politically superfluous, the commercial advantages of an open trade could no longer be disputed; and when the company's charter was renewed in 1813 for twenty years, the monopoly of the Indian trade was withdrawn, though it was still retained for China, and, roughly speaking, for the rest of the Indian Ocean. The immense increase of the Indian trade which followed was decisive proof of the general benefits which would accrue from the complete abolition of restrictions on private trade; but no further steps could be taken till the expiry of the charter in 1833. This time, on its renewal, the company's trading rights were terminated, and the monopolist system was brought to an end.

CHAPTER XXIV

THE ACCEPTANCE OF FREE TRADE

PEEL's free trade policy was consummated, so far as that statesman himself was concerned, by the measures of 1846, and most conclusively by the Repeal of the Corn Law in the same year. Peel himself was not destined again to control the government, and the complete application of free trade principles to British commerce was left to be carried out by his colleague and supporter, Mr. Gladstone, as Chancellor of the Exchequer in subsequent ministries. Peel himself was forced to resign and give place to Lord John Russell, by the defeat of the government on an Irish question at the precise moment when his Corn Bill became law. The present chapter will be concerned with the Corn Laws, their Repeal, and the completion of the free trade policy by Mr. Gladstone.

From the fifteenth century onwards, the State had intervened to regulate the foreign trade in corn. Sometimes, when the supplies ran short, export was forbidden with the object of securing a sufficiency at a reasonable price. At other times, and as a general rule, government interference had not been influenced by consideration for the consumer, but by the desire to foster and encourage agriculture. To that end the export of corn had been periodically encouraged by bounties, and at times the import of corn had been checked by tariffs when the English producers were unable to obtain what was regarded as a sufficiently remunerative price.

The protection of agriculture was entirely justified on mercantilist principles. There was nothing on which the

national power was more dependent than on the breed of Englishmen; and for fighting purposes the best possible breeds were obtained among the agricultural and the seafaring folk. It was a matter of the first importance, therefore, to multiply sailors and agriculturists, to keep Englishmen on the soil or on the sea. This feeling played no small part in strengthening the aversion to enclosures in the sixteenth century, when enclosure meant conversion of tillage into pasture, because pasture reduced agricultural employment.

But the encouragement of agriculture as a source or condition of national power received an additional impulse in the latter half of the eighteenth century. It was a matter of vital importance that the British Isles should be capable of producing a food supply adequate to maintain the population, without dependence on supplies from abroad, in time of war. Until the middle of the eighteenth century this argument did not become prominent, because the normal product of the country was somewhat in excess of the needs of the population. It was only in bad seasons that any pinch was felt; more corn was usually exported than was imported. But then came a period when the population was increasing rapidly, and larger supplies were required. Larger supplies came with the improvement of agricultural methods, and the new enclosure movement, which had in view the increase, not of pasture as in the sixteenth century, but of land under tillage. But this was still insufficient to increase the product at the same rate as the population.

The prevalent idea would seem to have been that forty-eight shillings a quarter was the proper price for wheat; **A Standard Price sought.** that when it fell below that price, it was advisable to encourage export by bounty, and when it rose above that price, it was advisable to admit foreign wheat untaxed. The most important of the earlier Corn Laws was that of 1689, which had established a bounty on exportation when the price fell below the standard. But the changes taking place in the latter half of the eighteenth century were

accompanied by oscillations in the market price of grain which caused a search for further remedies. The outcome of this was the Corn Law of 1773, which was specifically intended to encourage importation, so as automatically to maintain an equality of the total supply. The desired result, however, was not obtained, and again the protective theory carried the day; the theory, that is, that the aim of legislation should be to ensure that the home production should by itself be sufficient to meet the requirements of the population. Thus the Corn Law of 1791 recognised a somewhat higher standard of price as necessary; it prohibited importation when the price was below fifty shillings, while imposing a merely nominal duty if the price was more than fifty shillings, and granting a five-shilling bounty on export when it sank to forty-four shillings.

But then came the great war, and with the war a practical cessation of foreign supplies. Prices rose, and it paid to bring more waste and inferior land under cultivation; land which it would not have paid to cultivate at the lower prices before the war.

**Margin of
Cultivation
extended.**

The population increased, and the obvious practical fact is that the soil became definitely incapable of producing sufficient supplies for the country unless inferior land were brought under the plough, which it would not pay to cultivate unless the price of corn was high. The prices which made the inferior land pay brought very large profits from the superior land, which profits went partly into the pockets of the landlords, and partly into those of the farmers who had long leases, and could not have their rents raised till the termination of those leases. Why the small farmers and labourers failed to benefit, we have already seen. The prosperity of the landlords and the large farmers led those more fortunate classes to a prodigality of expenditure which would have been fully justified if they had had any warrant for counting on the permanence of high prices, but was most extravagant in view of the prospect of a fall in prices when the war should come to an end.

When the war did come to an end, the agricultural interest woke up to its predicament. Foreign corn would now be procurable at very much less than the war prices; the inferior land would cease to pay its way, and would go out of cultivation; the profits of the superior land would drop to their old level; landowners and farmers would be ruined; the reduction of the area of cultivation would throw multitudes of labourers out of employment, and the country would cease to produce enough to maintain itself from its own resources in the event of a great war. The predominant influence in parliament of the landed interest secured the passage in 1815 of a corn law which was intended permanently to maintain war prices for grain. The importation of corn was prohibited whenever the price of grain should be less than eighty shillings a quarter.

The Corn Law was not a piece of merely selfish legislation. The honest conviction that the country must be kept self-sufficing, that rural employments must be maintained to preserve the stamina of the nation, that the agricultural labourer must not be thrown out of work and driven into the towns, counted for at least as much as the landowner's anxiety over diminishing rent-rolls. But the effects were bad. Prices fluctuated violently. An abundant harvest might bring prices down to little more than fifty shillings; a short harvest might more than double them; farmers and landlords, in fact, never knew where they stood, and the ill-paid wage-earners were acutely conscious that their daily bread was extremely expensive. And at the same time, the landed interest was solidly opposed to any relaxation of the system.

Still, the pressure of the Corn Law on the population at large could not be ignored. In 1828 a slight modification was introduced by which a duty was imposed of twenty-three shillings, instead of total prohibition, when the price of wheat was sixty-four shillings, sixteen shillings at sixty-nine shillings, and only one shilling

at and above seventy-three shillings. But the relief afforded was wholly insufficient.

The Reform Act of 1832 transferred the parliamentary preponderance from the landed to the manufacturing and commercial classes. The working-man as yet stood outside the franchise, and was generally disposed to believe that his grievances were due to his own lack of political power. Working-class leaders and agitators were apt to regard legislation intended to benefit the labouring classes as merely a specious method of silencing their demands for political reconstruction. Hence it was not from the working-classes that the attack on the Corn Laws emanated, **The Manu-** but from the manufacturers. Trade in the **facturers.** thirties was depressed, as we have seen. The manufacturer desired to diminish the cost of production. To that end he wanted to reduce his wages bill. He could not pay lower wages while his employees' bread bill was so heavy. His employees' bread bill would be reduced by the abolition of the Corn Law, and the reduction of his own wages bill would follow. Therefore the manufacturer desired the abolition of the Corn Laws. Self-interest leading to that conclusion, the manufacturer perceived the more readily the benefits which would accrue to the community at large from the policy which would be advantageous to himself. The whole of the reduction in the price of food would not be appropriated to the reduction of wages; the working-man would be better off. Not only so, but the lower wages would be accompanied by increased employment; the working-man would therefore gain all round, and much social unrest would be allayed. With cheapened production, commerce would expand, and the wealth of the country would be materially increased. As matters stood, the agricultural interest was being protected at the expense of the community at large; and yet even the agricultural community itself would probably gain more than it lost by the abolition of protection; since, in its reliance on protection, it was making no efforts towards progress. Landlords and farmers, deprived of the

enervating influence of protection, would devote energy and capital to the improvement of methods, as the manufacturers had done; and they too, in the long-run, would find themselves better off, since, according to the free trade doctrine, protection acts upon the organisers of industry very much **Anti-Corn Law League.** as lavish poor-relief acted upon the labourer. The Anti-Corn Law League was born in October 1838, and from that time forward a vigorous Anti-Corn Law propaganda was carried on in the country; though it was still looked upon askance by the Chartists, who were simultaneously urging their own political panacea.

It was, indeed, becoming increasingly evident that some remedy must be found for the existing state of things. **The Liberal Remedy.** Liberals, who had controlled the administration since the passing of the Reform Act, were still not prepared to advocate the repeal of the Corn Laws. The remedy which found favour with them was the establishment of a fixed duty on imported corn. But in 1841 the Liberals fell from power, and the Conservatives took office under the leadership of Sir Robert Peel.

The Anti-Corn Law League professed no connection with any political party. It had a single purpose, the abolition of the Corn Laws, though this carried with it the general adoption of free trade principles. But neither of the political parties was prepared to put an end to the duties which both regarded as necessary to the preservation of British agriculture, though both were prepared to modify the rigour of the existing regulations. The choice lay between a fixed **Peel's Sliding Scale.** duty and a sliding scale: the Liberals favoured the former; Peel, in 1842, adopted the latter. The principle of the sliding scale is that duties should rise as prices fall, and should fall as prices rise. It was argued that a fixed duty, high enough to act with protective effect in years of plenty, would make prices prohibitive in lean years; and although the sliding scale was open to various objections, it appeared preferable to the fixed duty. Peel assumed that so long as the price of wheat ranged between

fifty-four and fifty-eight shillings, the agriculturists received adequate remuneration. He took twenty shillings as the proper duty to charge when the home price was fifty or fifty-one shillings, and he proposed that, with every rise of one shilling in the price, there should be a corresponding fall of one shilling in the duty until it should be reduced to one shilling, which charge was to be retained, whatever the height to which the price might rise.

The Bill was passed in the House of Commons by a majority of rather more than three to two; and when Mr. Villiers, the representative in parliament of the Anti-Corn ^{Peel's} Law League, moved, as he had done before, for ^{Conversion.} the total repeal of the duties, the majority against him was four to one; but the League itself was only stimulated to renewed activity. The agitation was favoured by a practical demonstration of the need for a cheap food supply, when, in 1845, Ireland was smitten by an overwhelming blight of the potato crop. This carried conviction to the mind of the Prime Minister in the autumn of that year. Parliament being then in recess, he proposed to his Cabinet an immediate suspension of the Corn Law by Order in Council; for the ratification thereof parliament was to be summoned forthwith, and was to have submitted to it a proposal for the free admission of corn from British dependencies.

But it was only by degrees that Sir Robert won over the majority of his colleagues to acceptance of his new views. Lord John Russell, the leader of the Opposition, ^{An Anti-Corn} took the opportunity to issue a manifesto which ^{Law Ministry.} was a practical declaration in favour of Corn Law Repeal. Under these circumstances, Peel resigned. But, in spite of Peel's own promises of support, Russell failed to construct a Liberal administration. Peel was again summoned to take office, assured of the support of Liberals and Radicals in his free trade policy, which was actively opposed by the protectionist stalwarts of the Conservative party, headed by Lord George Bentinck and Mr. Disraeli. In the House of Lords the old Duke of Wellington played the same sort of part as

in the case of Catholic emancipation and the Reform Bill. He believed in the Corn Law, but he believed also in the vanity of attempting to maintain it in defiance of public sentiment, and he induced the majority of the House to accept the inevitable.

Peel's proposals for dealing with the Corn Law were combined with those for the abolition or reduction of the duties on woollen, linen, cotton, and silk manufactures mentioned in the last chapter. Whether any of those manufacturing groups would have deprecated those particular measures, even if they had not been associated with the Repeal of the Corn Laws, may be doubted, since they had come fully to believe in the advantages of free competition and in their own ability to defy the foreign competitor. Individualism, *Laissez Faire* in its completest form, was now the accepted doctrine of the whole body of manufacturers. But on the question of the Corn Laws they were, at any rate unanimous; and the fact was in itself sufficient to bar any of them from claiming protection for themselves. In spite of the vigour and vigilance of the Opposition, the Corn Bill was carried by substantial majorities. Three years were given in which to complete the change. In the interval a greatly modified sliding scale was to be in operation, but after 1849 there was to be only the practically nominal registration duty of one shilling on imported grain. This too was abolished some years later, though it was temporarily revived under a Unionist administration in the twentieth century.

The year 1846 was the moment of decisive victory for the principles of commercial free trade, which, in a very short time, passed out of the sphere of practical discussion, until the whole question was revived again by Mr. Joseph Chamberlain in 1903. But the system was not yet applied with anything like completeness.

Peel had no sooner carried the Corn Laws than he was defeated on another issue, and the Liberal ministry came to office, which remained in power till 1852. The period was marked by the collapse of the Chartist movement, which led

up to the more effective industrial organisation of the working-classes in trade unions. Ireland also afforded an illustration of misapplied though well-intended methods of relief for the population suffering from the potato famine, and of the extravagances in which an administration may be landed by a pedantic interpretation of general principles in their particular application. The only marked step, however, in the direction of free trade, was the final disappearance of the Navigation Acts from the Statute Book. The protectionists, now led in the Upper House by Lord Derby, and in the Representative Chamber by Mr. Disraeli, were perhaps still not without hope that the policy of free trade might yet be discarded by the country.

The Peelites, or former Conservatives who had followed Sir Robert into the free trade camp, were severed from their former party, but had not yet associated themselves with the Liberals. During 1852, the Conservatives were the largest single party in the House, but were only allowed to carry on the government after the acceptance of a resolution definitely affirming the policy of free trade, which practically precluded the party from again including protective designs in its programme. But, as commonly happens in such cases, the Peelites had been steadily approximating to the Liberals; and at the close of the year the Derby administration was replaced by a coalition of Liberals and Peelites with a Peelite, Lord Aberdeen, as their chief; a coalition which, in fact, passed into a fusion of the two parties.

A Peelite, Mr. Gladstone, became Chancellor of the Exchequer, and in 1853 introduced the first of the Budgets which carried the system of free trade to completion. The principle laid down was, in the first place, the abolition of duties which, from the point of revenue, were unproductive. The next point was to free all articles except finished manufactures—everything, that is, which could be regarded as material for manufacture—from duties, except where the revenue would be materially affected.

In view of the reduction of revenue from the abolition or diminution of the taxes on soap, tea, and a number of other articles, the income-tax was retained, though not without reluctance. The breaking out of the Crimean War prevented any further lightening of the burden of taxation, and Mr. Gladstone retired when the Aberdeen ministry fell.

In 1859, however, he again returned to the Exchequer; and in the following years the free trade policy was carried to completion. A commercial treaty with France

**French
Commercial
Treaty.**

was negotiated by Mr. Cobden, who had done more than any other single man to convert the country to the acceptance of the now predominant doctrines. The Emperor Napoleon III. was himself a convert, but he could not venture to act in advance of general economic opinion in France. It was arranged, however, that French duties on British goods were to be greatly reduced, and were in no case in the future to exceed thirty per cent. *ad valorem*. On the other hand, in the United Kingdom duties upon practically all manufactured goods were entirely withdrawn.

**Budget
of 1860.**

The Budget of 1860 was framed on the basis of this treaty. The effect of the sweeping changes may be expressed in a comparative statement. In 1845, the number of taxable articles scheduled was still eleven hundred and sixty-three. When Mr. Gladstone took office in 1853, the number had been reduced to four hundred and sixty-six. Forty-seven had then disappeared, and by the Budget proposals of 1860, the remaining four hundred and nineteen were reduced to forty-eight, of which more than two-thirds were quite insignificant. In the whole number there remained no protective or differential duties, so that the whole extra cost of the articles due to taxation went to the revenue.

One item, however, dealt with in a Bill by itself, the abolition of the paper duties, was rejected by the House of Lords;

**The Paper
Duties.**

an action which led, in 1861, to the inclusion of all the financial proposals for the year in a single Bill. Since the House of Lords laid no claim to the power of amending a money Bill, the entire Budget was passed, and

they did not again intervene on financial questions until their rejection of the Budget in 1909.

The extraordinary prosperity which attended the establishment of free trade was universally regarded as the effect of that policy, and was effectively demonstrated by *The Tide of Prosperity*. In the twenty years from 1842 to 1861, the total income assessed for taxation had risen more than forty per cent., and the rate of advance during the second half of the period trebled that in the first half. In spite of a commercial crisis in 1866, the result of the excessive speculation which commonly follows upon a period of rapid expansion, the progress of national prosperity continued until 1874, when there set in a period of general depression, which was not confined to this country.

CHAPTER XXV

THE FIRST FACTORY ACTS

UNTIL Adam Smith's exposition of the principles of *Laissez Faire*, the propriety of State intervention, to control or to **The Old Order** authorise the control of trade and industry, and **the New**. had been universally assumed. The State had made laws, or had created authorities with power to impose regulations, which touched every department. It had sought, by direct intervention, to check or develop particular branches of commerce and particular branches of industry. Directly or indirectly, it had sought to regulate the quality of goods and to fix wages and prices. Adam Smith had proclaimed that the whole system was economically unsound, and that the maximum of wealth would be attained by leaving the individual free to pursue his own interests in accordance with his own judgment. In the last chapters we have seen how, in the field of commerce, the doctrines of Adam Smith prevailed, and the State limited its restrictions on trading to a minimum of taxation, of which the only object was the necessary provision of revenue. Now, however, we have to observe the contemporaneous development of State intervention in the field of industry in defiance of the principle of unfettered competition, the regulation by the State of the relations between employers and workers—generally in the interest of the workers.

Such regulation was not altogether new. The State had, in the past, sanctioned insistence on apprenticeship and regulation limiting the proportions of apprentices to adult workers, having in view not so much the benefit of the journeyman as security for competent workmanship. But the inter-

vention of which we have now to speak had in view primarily the security and health of the workers themselves; and it was generated by the new conditions created by the industrial revolution and the collection of workers in factories. The new machinery gave employment to women and children in a manner which, for the first time, called attention to the labour of women and children as a subject for regulation; and this occurred precisely at the moment when employers were realising the charms of Laissez Faire as applied to the relations between employers and employed.

When the bulk of the population was in a strict sense rural, it appeared to most observers, including those of philanthropic inclinations, an entirely admirable thing that quite young children should be engaged in industriously adding to the family income. A little schooling and a little play was good for them, but not too much schooling and not too much play. If they got work to do out-of-doors, that was good for them, and if they did it indoors, the sanitary conditions were simply those of their own homes, and would have been the same whether they were idle or busy. Probably there were a good many parents who overworked the children; but it was obviously natural, on the whole, that the sight of children busily employed habitually filled the observers with a benevolent satisfaction. It is pretty certain that most of the children of the labouring class were compelled to be industrious, and that their industry was turned to account by their parents, but more than that we can hardly say.

Of pauper children, however, it can be asserted with some confidence that their lot was not a happy one. They were 'nobody's bairns,' and the parish was not its Christian duty by them at the smallest possible expense, and to get them off its hands at the earliest possible moment. The parish's conception of its Christian duty was austere; the mortality among its stepchildren was extensive, and those

The Field of
Intervention.

Children
in Rural
Districts.

Pauper
Children.

who survived were apprenticed to anybody who would take them as early as possible, sometimes with a fee to the employer. For the most part, the employer into whose hands they fell was interested only in getting as much out of them as he possibly could in return for board and lodging.

With the arrival of machinery, the new factories were natural recipients of large numbers of these pauper apprentices.

Factories. A great deal of the work with machines could be done by quite young children, and they could go on doing it for hours at a stretch, whether they were children of the parish or of wage-earning parents. As a rule, the masters were actuated mainly by the desire to get the cheapest possible labour, and the cheapest possible labour seemed to be that of children. Nor did they in general recognise either the duty or the policy of considering the physical, mental, or moral health of the children they employed, who were overcrowded in the factory buildings under worse conditions than the most prolific families in the rural labourers' cottages.

As early as 1784, the outbreak of epidemics attracted the attention of the benevolent; and a Manchester Committee

The Manchester Committee. of Inquiry was led to insist upon the extreme importance to the health of the community of shortening the hours of work for children under fourteen, and giving them opportunities for the recreation necessary to their proper physical development. In consequence of this report, the Manchester magistrates declared their intention of refusing to allow indentures of parish apprentices in mills where they would have to work more than ten hours a day. The effect of the resolution was unfortunately much diminished, because the magistrates had no power to apply the principle against the employment of children who were not bound as apprentices. The practical evils continued, and the result was the formation of the Manchester Board of Health, which, not content with the necessarily limited action of the magistrates, called for legislation which should make proper sanitary conditions and reasonable hours of labour compulsory. It is to be noted that they expressly

called attention to 'the excellent regulations which subsist in several cotton factories,' as demonstrating that insanitary conditions and excessive hours were not necessary to the conduct of the cotton industry. About the same time, public attention was called to the treatment of pauper apprentices by some particularly flagrant examples of cruelty which were brought before the courts.

In view of these revelations, parliament in 1802 readily passed what is sometimes called the First Factory Act, introduced by a leading cotton manufacturer, Sir Robert Peel, the father of the more famous statesman. The Act provided for the restriction of apprentice work to twelve hours during the day, and its abolition at night. Some conditions absolutely necessary to the barest decency were imposed, and the apprentices were to be instructed in reading, writing, and arithmetic. Mills and factories were to be registered and visited, and small fines imposed for neglect of the regulations. Practically, the Act applied only to cotton and woollen factories, and only to the treatment of apprentices, so that its actual effect was almost imperceptible.

Peel's
Appren-
tices Act.

The next step was the Act of 1819. But by this time the manufacturers were prepared to do battle for the principle of Laissez Faire. Their trade would be ruined if they were not allowed to conduct it in their own way, and were restricted in the employment of cheap labour or by the unpractical theories of sentimentalists. Practically the only advance was that the employment of children under nine was prohibited in cotton mills, and of any person under sixteen for more than twelve hours, exclusive of meal times. A further Act in 1825 made Saturday a short day of nine hours, and millowners themselves, their fathers, their sons, and by a subsequent Act in 1831 their brothers, were forbidden to sit as justices for hearing complaints under the Act. An employer who ran his mills at night was to be held to have infringed the Act unless he could prove that no one under the age of sixteen had been employed.

Amending
Act.

Peel's Act of 1802 does not really present itself as a Factory Act, but rather as an amendment to the apprenticeship sections of the Poor Law. The Act of 1819, and the two Amending Acts which followed at intervals of six years, brought children and young persons other than apprentices within the scope of the regulations; but these were so limited that the name of the First Factory Act is generally appropriated to the measure passed by the Reform Parliament in 1833.

The movement in the direction of factory legislation was not a party one in the sense of being taken up as a party matter by either the Tory or the Whig leaders, **Parties and Legislation.** names which, after the Reform Act, were very soon replaced by Conservative and Liberal. But the active promotion of such measures in parliament came from the Tory side. The reason is not to be found in any deeper humanity, any warmer sympathy with the working-man on one side than on the other, but in the simple fact that the manufacturers necessarily conceived that their own interests, and therefore the interests of the nation at large, were bound up with the principles of Laissez Faire, whereas the landowners had an equally sound reason for discrediting those doctrines. But the movement did not run on party lines, because, apart from the few men who were capable of viewing public questions uninfluenced by their personal interests, there were manufacturers who believed in the reform of the factory system as desirable in the interests of every one concerned, but did not see how the reforms could be carried out unless compulsion were applied. Thus, among the best manufacturers, there were several who, in their own factories, did everything, and more than everything, that it was proposed to make compulsory; but they felt themselves handicapped thereby in the competition with their less liberal rivals; and they knew that there were many more who were prevented from following their example mainly by the fear of handicapping themselves.

Now, hitherto the question had been approached by parliament in the spirit of a rather apathetic benevolence,

and without passion. The evils that existed were sufficiently obvious to cause some prickings of the public conscience. The better class of manufacturers satisfied their own consciences in the arrangements of their factories, and in their own interests were not unwilling that other manufacturers should be forced into line with themselves. Economic theory had only been brought in, in order to resist State intervention on general grounds as an interference with individual liberty. There was nothing in the nature of a working-class movement. The Manchester Board of Health had rested its arguments on mere common-sense sanitary grounds, protesting against the system which most of them, being medical men, recognised as destructive to the health of the rising generation, and as fostering epidemics and disease.

Before the parliamentary Commissions, there was practically only one man who was ready to urge on economic grounds that the existing system was wrong. Robert Owen spoke from practical experience. Starting like many other great cotton manufacturers, practically without capital, he had arrived at a position on a level with that of the leading cotton men. And he had systematically and voluntarily instituted in his own works all the practices which the anti-reformers declared would be bound to bring the trade to ruin. He employed no pauper apprentices; his hands worked comparatively short hours; he refused to work young children; he provided for the education of the children of his employees. He had no particular faith in State intervention, but he was confident that he had gained much more than he had lost by a policy towards the workers which, to his neighbours, savoured of quixotic extravagance; and he believed that every one would be the better if his own principles of management were universally adopted. But so far parliament had sought to impose on the millowners only a very small modicum of reform, and had entirely failed to provide effective machinery for enforcing its own regulations.

Now, however, parliament was stirred up by more energetic

reformers. In 1832, Michael Sadler, the Tory member for Newark, endeavoured to procure a Ten Hours Bill. He drew **Michael Sadler.** a vivid picture of the conditions of child labour in factories—the over-crowding, the poisonous atmosphere, the exhausting hours, the lack of education, the demoralisation under the existing system. State intervention was an evil, of course, but it was warranted when the evil with which it sought to deal was a still greater one. In this case, to call it an interference with the freedom of the subject was absurd. Manufacturers themselves were not free agents, since they could not afford to adopt the reforms they themselves desired, when, by doing so, they handicapped themselves in the competition with their neighbours. The adult labourer was not a free agent, since he was obliged to take the terms offered him or starve. Least of all were the children free agents. The opposition of the manufacturers, however, caused the Bill to be withdrawn, and a committee, with Sadler as president, was appointed to investigate the whole question.

Sadler lost his seat at the general election, for Newark was disfranchised, and he stood for Leeds, where he was **Lord Ashley.** defeated by Macaulay. His place in the House of Commons was taken by Lord Ashley, best known as Lord Shaftesbury, the title to which he succeeded a good many years later. A fresh commission was appointed, and Lord Ashley's Bill had to give place to the government measure of 1833, commonly described as the First Factory Act.

There were really two separate questions involved: the regulations which it was advisable to enforce, and the means by which they were to be enforced. Hitherto regulations had been made, but had been practically a dead letter. There had been gradual encroachments on the time limits, and the children had been kept at work on by-operations during meal hours. When regulations were broken, the authorities remained in ignorance of the fact, because there was no one to complain. Workmen would not give information for fear

of dismissal, and also because many of them had no objection to the existing system so far as child labour was concerned. The remedy proposed by Lord Ashley for this state of things was an increase in the penalties for breaking rules, and in the rewards for information leading to convictions.

The government, however, adopted the suggestion made by the manufacturers themselves, that independent government inspectors should be appointed with extensive powers of investigation, and of giving effect to the law. The appointment of government inspectors was very much the most important feature in the Bill, because, for the first time, it created a probability that the law, when passed, would be enforced. The Bill applied to the textile industries. Except in silk mills, it prohibited the employment of children under nine altogether. Children under thirteen were not to be employed for more than forty-eight hours in a week, or nine hours in one day. Young persons under eighteen were limited to twelve hours in a day, and to sixty-nine in the week. The inspectors appointed had free right of entry, of inquiry, of calling evidence, and of inflicting penalties for infringement.

Lord Althorpe's Factory Act of 1833 displaced the Ten Hours Bill advocated by Mr. Sadler and Lord Ashley. What both the reformers had at heart was the condition of the children; and, so far as the children were concerned, the main differences between their proposals and those of the government were that the latter were less drastic, but provided much more adequate machinery for enforcement. The Act, in one respect, went a little further than the displaced Bill in fixing nine hours instead of ten as the limit for young children, though it allowed twelve instead of ten for young persons.

The government had a considerable amount of support from the manufacturers. On the other hand, Sadler's Bill had found favour among a large number of the operatives, who were very ill-pleased by the course the government took. When Sadler's Bill was shelved and a commission of investi-

gation appointed, it was believed that this was done to please the manufacturers with the object of getting rid of the Bill altogether, although, as it turned out, **Dissatis-** the report of the Commission, in spite of its **faction.** presumed bias in favour of the manufacturers, was in favour of legislation. In the same way the appointment of inspectors was unpopular, and was denounced as a trick of which the object was the provision of berths for gentlemen who would act in the interests of government and of the manufacturers. Events proved that the suspicions of the operatives were without justification. The Royal Commission did not seek to shelve the matter, and the inspectors proved themselves energetic, and generally whole-hearted, reformers.

Now though the attitude of the operatives on these points is intelligible enough, since what they feared was that the **The Work-** Act was merely going to be used to shield the **men's Point** masters, it is not at first sight altogether con- **of View.** sistent with what has been said of the opposition among operatives to restriction on child labour. But the fact would appear to be that the motives which actuated the operatives were not exactly the same as those which actuated the parliamentary promoters of protection for children. No one at that stage would have ventured to propose any measure limiting the working hours for adults. To do so would have been regarded almost universally among the classes admitted to the franchise before 1867 as an unwarrantable interference with freedom of contract; although Michael Sadler himself had denied the effective freedom either of masters or of men. Legislative interference was possible only because it was palpably impossible to argue that freedom of contract was touched by the case of the children. But the operatives themselves were very thoroughly conscious that for them in existing conditions there was no freedom of contract; and they wanted legislation which would shorten the hours of men's work. Direct legislation with that object was out of the question, but they saw in the Ten Hours Bill a means of obtaining what they wanted indirectly. If the

Ten Hours Bill had been carried, their idea was that it would necessarily have been followed by limitation of the hours during which machinery was running. They looked to this limitation of hours as the only means by which the limitation of the children's hours could be made effective. But if the time were restricted during which machinery might be running, it followed that the hours of adult labour would become limited also; and thus the Children's Ten Hours Bill would actually serve the same purposes as a general Ten Hours Bill.

**Restriction
of Machinery
Hours.**

Now this plan was spoilt by the Act which the government adopted. Limitation of the hours during which machinery must be running was not contemplated at all, and the Act was to be made effective by the intervention of the inspectors. So far from helping to restrict the running of machinery to ten hours a day, the Act encouraged the employment of two sets of children, each set doing eight hours of actual work, and thus fitting into a complete working day of sixteen hours. The popular conviction that the inspectorships would be a mere farce, and that their creation was nothing but a job, was perfectly genuine; partly because they were, in fact, the outcome of a suggestion made by the manufacturers themselves, who honestly wished the Act to be effective, but naturally enough, were not credited with that wish by the operatives. It must be borne in mind, too, that at that time the bitterness of class feeling, generated in the days when the well-to-do classes and the government were habitually actuated by the fear of Jacobinism, was still vigorous, and was still kept alive as we shall presently see by the repression of trade unions.

It was the actual fact that the law proved extremely difficult to enforce, and there was a good deal of warrant for agitation for its amendment. The agitation, however, was discounted in parliament, because it was now palpably mixed up with the demand for shortening the hours of adult labour. That is to say, there were a large number of people who were willing enough that anything

which seemed reasonable should be done for the protection of children, but at the same time were not prepared to listen to any demands for legislation on behalf of adults. Hence, nothing further was effected by the agitation so long as the Liberals remained in power. It was not till 1844 that another effective Factory Act was passed, during the administration of Sir Robert Peel.

In the meanwhile, the inspectors were very practically testing the difficulty of making the law effective, and the **The Inspectors' Difficulties.** systematic series of reports which they were required to draw up ultimately proved of great value. In the first place, they had to enforce the age limit of nine for the employment of children, whose working hours were restricted to eight until they reached thirteen years of age. The inspectors found, to begin with, that they could rarely obtain positive proof as to age, because the births had not been registered, since registration was not made compulsory till 1837; while the statements of parents were entirely untrustworthy. They could require a medical certificate that the child's health and strength were of the nine-year-old standard, but the medical certificates themselves might be obtained from wholly incompetent persons, and were practically worthless. Even when the inspectors obtained powers to appoint competent certifying medical men, it was impossible to prevent fraudulent practices by which honest certificates were transferred to the wrong children.

Another great difficulty was found in what was called the **The Relay System.** Relay System. The factory 'day' was from 5.30 in the morning to 8.30 at night, work after 8.30 counting as night work, and being forbidden for children and young persons. Children could begin their eight hours at any time during the fifteen hours day. In theory, one of the objects put forward was, to enable the children to attend school besides doing their work in the factory; though, from our point of view, we may rather wonder how much good they could be expected to get out of their lessons.

In practice, however, under the relay system of working the children in batches, and irregularly, regular school attendance generally became out of the question for them, except in those well-regulated establishments where there were two regular shifts, morning and afternoon, so that the children who worked in the morning could attend afternoon school, and *vice versa*. The example of these establishments impressed upon the inspectors the advisability of establishing the half-time system, and allowing a batch of children to be employed either before the dinner-hour or after it, but not both before and after. Another educational difficulty lay in the lack of available schools, or the hopeless inefficiency of the so-called schools within reach. The experiences of the inspectors in this field may be reckoned among the circumstances which pointed the way to the establishment of education under State control.

Two principal points, however, emerged with regard to the hours. Without the adoption of the half-time system, it was practically impossible to ascertain whether **The Checks** children were or were not being worked more **break down.** than their eight hours. And with a fifteen hours day it was practically impossible to ascertain whether young persons were or were not being worked for more than their twelve hours. The checking of night work was a comparatively easy matter.

In 1841, just when the Liberal ascendancy came to an end and the Conservatives were returned to power, the advocates of the ten hours day discovered a new lever to **Women.** help them in their purpose. If a ten hours day could be obtained for women working in factories, it would hardly be possible that the men's day should not be practically reduced to ten hours also. Moreover, if the question of women's employment were pressed, it was to be expected that there would be a cessation of the substitution, then apparently in progress, of women's labour for that of men. They began to urge limitations on the number of women to be employed in any factory in proportion to the

men, and the prohibition of the employment of married women. Agitation in this direction was strengthened by the **The Collieries Report.** appearance in 1842 of a report on the employment of women in mines and collieries, of which we shall have more to say in the next chapter. Here we have to note that the appalling picture presented of female labour in the mines, made just that kind of appeal which was of the utmost service in moving popular sentiment on the whole subject of female employment. The general approval with which a very strong Collieries Act was passed, made the way very much easier for a less drastic Act dealing with factories which, after three abortive Bills, was introduced in 1844. The public looked at matters from a humanitarian point of view, with very little regard for abstract economics which it left to pamphleteers and public debaters. It realised an evil, and wanted to have that evil abated. Its imagination had at last laid hold of the inherent cruelty of extensive child labour which, in 1844, was driven home to it by Mrs Browning's *Cry of the Children* more effectively than by any **Public Sentiments** amount of statistics; and it began to realise the ruinous effect on the next generation of the monstrous overworking of young women. This had actually been increased by the limitations on the work of children and 'young persons,' which had been partly replaced by the next cheapest kind of work available, that of women. Women's work was cheaper than that of men, even when it was of equal efficiency, because normally the minimum for which a woman would work was the amount on which she could keep herself alive, but the minimum for which a man would work was that which would at any rate help to keep alive a wife and children as well as himself. Moreover, it was not easy for any one except an extreme *doctrinaire* to claim that women were free agents. As in the case of the children, public opinion recognised in women, though not in men, fit objects of legislative protection. The men might take care of themselves, but the health of the mothers of the next generation was a matter which the State could not afford to neglect.

Driven by public opinion, Peel's ministry passed the Factory Act of 1844, by which women were brought into the same category with young persons. For children the half-time system was enacted. The difficulty of the fifteen hours day during which young persons might be employed for thirteen and a half hours, that is, for twelve hours plus an hour and a half for meals, was met by the regulation that the thirteen and a half hours must be reckoned continuously from the hour at which their personal employment began. The meal-times must be simultaneous; and thus there was a definite check on the practice of encroaching on off-hours and meal-times to extract more than twelve hours' work. Further regulations were introduced requiring machinery to be fenced when women, young persons, and children were liable to passing near it. Protection for women in this respect was the more necessary from the greater risk of their garments becoming entangled. The powers of inspectors were, in some degrees, increased, but that of actually laying down regulations was transferred from them to the Home Secretary.

Still, however, the ten hours goal was not attained. It was not reached till the passing of Fielden's Factory Act three years later, in 1847. In the course of the debates on the Act of 1844, the House of Commons had actually, at one stage, voted in favour of the ten hours day; that is, of making the day, as opposed to the night, a period of twelve hours from 6 A.M. to 6 P.M., out of which two hours were to be allowed for meals. Night work being prohibited, except for adult males, this was the practical equivalent of ten hours for the women, which must have become in practice a ten hours day for the men also. That vote, carried by a majority of nine, was rescinded a fortnight later by a majority of three; but in the course of the next three years there was a considerable shifting of public opinion, and Fielden's Bill was carried by substantial majorities, the ten hours day coming into operation in 1848.

It will be worth while here to note something as to the

character of the arguments urged upon both sides during the later stages of the battle for ten hours. There appears to have been very little reference to what may be called first principles ; that is, no stress was ever laid, after a very early stage, on the theory that the State ought in no circumstances to intervene. The proposals were habitually resisted on the ground of their specific inexpediency. It was claimed either that things were nothing like so bad as they were painted, and therefore there was no ground for interference, or else that, however bad they were, any restrictions on the employers' liberty of action would ruin the particular trades concerned. For example, there was the celebrated exposition of Nassau Senior, a professor of political economy, that the cotton manufacturers made all their profits out of the last hour of employment ; so that if that hour were struck off, they would have no profits at all, and if two hours were struck off, they would work at a definite loss. It would be superfluous here to examine the argument, but its fallacy was demonstrated by the actual fact that the two hours were struck off, and the manufacturers continued to work at a profit. The truth probably is, that down to a certain point shortened hours are actually compensated by increased efficiency. The real economic problem is to ascertain the precise point at which the shortening of hours ceases to beget an equivalent increase in efficiency. It is clear, however, that that point was not passed in the Ten Hours Bill. As to the other argument, it generally resolved itself into declarations that there was much less reason for interfering with women and children in the factories concerned than in other employments. Whether that was the case or not, the evidence was convincing that there was more than sufficient ground for intervention if once the question was removed from the sphere of general principles. It was always possible to maintain the abstract proposition that no circumstances could warrant State intervention at all ; but if it were once granted that State inter-

vention for the protection of workers might, under certain circumstances, be justifiable, the case for intervention for the protection of women and children in factories was convincing; and the event proved the economic soundness of the shortened hours of Fielden's Act. From this point of view, the fact that incidentally the Act entailed shorter hours for adult men's labour, or even that this was the real aim held in view by large numbers of those who were most urgent on behalf of the ten hours, could not be treated as a sufficient reason for refusing protection to the women and children.

CHAPTER XXVI

INTERVENTION EXTENDED

FIELDEN'S ACT imposed the ten hours limit, but still did not completely secure it ; as it left the old legal period of the day, the fifteen hours from 5.30 to 8.30, unaltered.

Loopholes.

This fifteen hours day had always given opportunities for the evasion of the time limit—an evasion which it was intended to check in 1844 by the clause in the Bill of that year, which required the thirteen and a half hours then allowed for work and meals together to be continuous. But after the Ten Hours Bill was passed, employers found that the wording of the clauses left loopholes which enabled them to work women and young persons on the relay system, which was described in one of the inspector's reports as one ' for shuffling the hands about in endless variety, and shifting the hours of work and rest to different individuals throughout the day,' so that it again became impossible to test whether the legal hours were really being maintained. The

**Opposition
among
Masters.**

masters in general were quite convinced that the new regulations would prove extremely injurious ; many of them were anxious to prevent the effective operation of the Act, and were very indignant with those inspectors who endeavoured to insist on the law being obeyed to the letter. The inspectors had lost their judicial powers, and the magistrates habitually favoured the manufacturers' point of view. As a matter of fact, they can hardly have felt the limitation of hours at all markedly at the outset, since the passing of the Act coincided with an epoch of great depression, when only fifty-two per cent. of the mills and of the operatives in Manchester were working

full time. But in 1849 trade was recovering its activity, the mills were getting into full work again, and the relay system was being widely brought into operation.

Accordingly, in 1850, the government introduced an Amending Act fixing the legal twelve hours day during which the protected persons might be employed, from 6 A.M. to 6 P.M., allowing an hour and a half for meals. **The 'Day' of Twelve Hours.** This was practically a slight relaxation of the ten hours rule itself, but it got rid of the relays, and it was accompanied by the establishment of the Saturday half holiday, the Saturday working day terminating at two o'clock. Nevertheless, even now the desire indirectly to secure the advantages of the ten hours day for the male operatives was balked, because the legal day of fifteen hours remained in force for children, who could still be employed as early as 5.30, and as late as 8.30, in assisting the men. When the children's day and the women's day should be made identical, but not till then, the men's day would be brought within the shorter compass, because the men's work required the cheaper assistant work, and would have to stop when no assistants were available. Three years later, in 1853, another Act limited the children's day within the same twelve hours as the women's day. Manufacturers who sought to evade the Act were now reduced to doing so by illegally stealing a few minutes for work at the beginning and the end of the day, and at the intervals, a process for which it was rarely possible to bring them to book. The most determined of the ten hours men continued to agitate for the actual stoppage of machinery, except during specified hours; but government maintained its determination to refuse legislation avowedly directed to limiting the work of men.

In another direction the protection of the workers in factories was stubbornly resisted by the manufacturers. The controversy was concerned with the fencing of **Protection of Machinery.** What a layman would describe as 'machinery,' in manufactories, falls technically under two headings; the machinery proper, and the shafts and

gearing which drive it. The employees not being ordinarily in contact with the latter, the fencing required by the law was habitually neglected, with the result that many serious accidents took place owing to the ignorance of persons who accidentally came into dangerous proximity to it. The manufacturers who wished to get rid of the restrictions imposed by the Factory Acts, appear to have selected this question of fencing machinery as the best starting-point for procuring amendments in the existing law. They succeeded, in 1856, in procuring an Act under which 'secure fencing' was required only for the machinery with which women, young persons, and children were 'liable to come into contact'; and as this was generally interpreted as not including the machinery with which their ordinary work did not bring them in contact, the manufacturers were practically relieved in respect precisely of that gearing which in the view of inspectors was responsible for the most serious accidents. But this was the one case in which manufacturers succeeded in procuring an amendment of the law in their favour. Nevertheless, the fact remained obvious that whether they lost or gained by the regulations which the State had imposed upon them, they very certainly were not ruined.

The Factory Acts, as we have described them, applied only to textiles, cotton, woollen, and silk manufactories. These had been dealt with, not because matters were worse in the trades concerned than in others, but because the evils were concentrated, conspicuous, and at the same time provided a clear field for experimental legislation. Those who had taken up the question energetically had no intention of stopping at textiles. Opponents had lifted up their voices against interference with these comparatively innocuous trades; but when Sir Robert Peel pointed to the worse conditions prevailing elsewhere, his words were accepted as a challenge, and his audience intimated that those other trades should have their turn. Textiles were taken first because they were the most immediately practical subjects for treatment.

But while factory legislation was still applied only to children and young persons, very drastic State intervention had been brought into play in another field.

Reference has already been made to the Collieries Collieries.

Act of 1842, which prepared the way for drawing women within the scope of the Factory Acts. A Commission of Inquiry had revealed a state of things in the coal-fields which can only be called appalling. Something had been done to check the worst of the dangers by which coal-mining in particular is attended, by the introduction of safety-lamps; but at the very best, coal-mining conditions must be dangerous, and the underground work is of a very severe description which it is hardly necessary to describe. Nevertheless, in the absence of regulation, women and children were extensively employed underground carrying burdens along passages where it was impossible to stand upright, and hauling trucks where it was possible only to crawl. There were no limitations to the hours of work. The industry had, of course, been developed enormously with the progress of the iron manufacture and the use of steam-power; but, carried on under the existing conditions, the mining population would have been irrevocably ruined physically in another generation; intellectually and morally, the conditions were not less ruinous. The report of the Commission was a moral shock Act of 1842. to the nation, and Lord Ashley's Bill was carried almost, by acclamation. The employment underground, of women and of boys under ten was absolutely prohibited.

The peculiar character of mining set that industry in a class by itself with regard to State regulation. The individual may, perhaps, be trusted to do the best for himself when left to take the consequences of his own carelessness; but it is otherwise when the limbs and lives of hundreds of persons may be risked by the recklessness of an individual, or the false economy of an employer. The prevention of accidents in mines by legislation was a much less debatable matter than the prevention of accidents in factories, where it could be argued that the victim of an accident had only his own

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carelessness to thank if he became entangled in machinery. A suspicion that the miners themselves would resent inspection and intervention was responsible for some delay before matters were carried further than the Act of 1842.

But petitions from the miners themselves brought about another Act in 1850. A small number of inspectors was appointed, whose number was afterwards increased when the institution of the Royal School of Mines had made it possible to give a regular training in the mining profession. All accidents had to be reported, and a valuable guide was thus provided for protection against prevalent causes of accidents. The Act of 1850 was supplemented in 1855 by the imposition of further regulations, breaches of which were severely penalised. The indictment of the mine managers for manslaughter after a serious explosion in 1856, although it did not lead to a conviction, served as an effective warning; and in 1860 and 1862, further Acts were passed, imposing precautionary measures wherever there was a risk of abandoned workings being penetrated in the progress of new workings, and requiring every mine to have a double shaft for reaching the surface, owing to the danger of a single shaft becoming actually blocked and imprisoning the miners in a living grave.

It may be said generally that the Collieries Act of 1842 and the Factory Act of 1844 marked the stage after which public opinion became increasingly favourable to industrial protection, that is to say, the intervention of the State to impose conditions on the employment of labour; although very convincing evidence continued to be required before general assent could be obtained for measures directed to the protection of adult workmen. The battle of State intervention was practically won as far as women and children were concerned, because the individualist argument did not apply to them. They were not free agents: the fact had become so palpable that it ceased to be disputed. The only argument against State intervention, so far as they were concerned, had become the purely economic one that

the trade in which they were employed would suffer from intervention on their behalf; and the answer to that argument was found in the plain fact that where the State had intervened, the trade affected continued to flourish abundantly instead of falling into the ruin which the economists had predicted. It is curious to observe that protests against the limitation of female labour after the middle of the nineteenth century arose chiefly from those women themselves who looked upon such legislation as being tyrannically imposed, not for the protection of women, but in order to shut them out of the labour market, and keep them dependent on men; or at best, in order to raise men's wages by excluding female competition.

Intervention in the textile industries was the logical precursor of intervention in other fields. It is natural to find that, collieries apart, State intervention was applied **Calico-** to the manufactures and employments allied to **printing.** the textile trades. The first group taken in hand, as usual by Lord Ashley, was the print-works. In the calico print-works of Lancashire, Cheshire, and Derbyshire in 1843, less than one-half of the persons employed were adults of either sex; and of the rest, less than one-half were over thirteen. The chief trouble here lay not in the character of the work itself, which was not as a rule particularly severe or unhealthy, but in the very long hours to which all the workers were frequently subjected. The fact appears to be that, with rare exceptions, such as Robert Owen, all manufacturers clung to the idea that the measure of the output was the **Hours** number of hours worked, and that reducing the **and Output.** number of hours meant reducing the output. On that hypothesis, the exigencies of competition forbade any employer to work his hands shorter hours than his competitors. The manufacturers could not free themselves from this conviction until, when the law compelled them all to shorten their hours, they found the output actually increased instead of diminished. And yet, in the report of 1833 with regard to calico-printing, it was expressly pointed out that the factories

which carried on night work regularly came to grief, manifestly from the resulting inefficiency of the workers. Special examples also were given, showing that where an extra pressure of work had been put on, efficiency was not visibly affected during the first month, but deteriorated increasingly as time went on, till at last so much spoilt work was turned out that the managers shortened the hours again, whereupon the amount of spoilt work immediately diminished.

The measure carried in 1845, dealing with the print-works, fell very much short of the provisions of the Factory Act **Bleaching and Dyeing.** of the preceding year. It fixed eight as the prohibitory age, and forbade children and women to be employed on night work; but night work was reckoned only between 10 P.M. and 6 A.M. It was not till 1860 that the kindred industries of bleaching and dyeing were brought within the compass of State regulation. The operatives, and a considerable number of the masters, were anxious for a compulsory reduction of hours, because the latter found by practical experience that the trade as a whole could not be brought into line without compulsion. The great difficulty appears to have lain in the occasional pressure for the execution of large orders in a short time, involving an excessive temporary extension of hours. It was pointed out, however, that this difficulty would be removed by legislation, since the merchants would find that they must give adequate time for the execution of orders when their demands could no longer be met in a hurry by working overtime. In fact, the merchants merely took advantage of the existing conditions to postpone giving orders till the last moment. Both bleaching and dyeing works were brought under the Factory Acts in 1860.

Lace-making was another kindred industry where it seemed desirable to control the work of women and children, now that **Lace.** the general principle of protection might be regarded as established. Here, however, there were special difficulties. In the bleaching and dyeing, the fact that the work was not completely concentrated in factory

buildings had stood in the way, but in lace-making the old system of domestic industry still played a large part: a good deal of work was actually done by the workers in their own homes, and a good deal more could be done there instead of in the factories without much difficulty. It was found practicable, however, in 1861, to apply the Factories Act to lace-making with some modifications, and without driving work out of the factory into the homes of the workers, where it was still held that interference was not practicable. Even here, however, the view was gaining ground that there was room for the extension of factory regulations.

From 1861 to 1867, the extension of the principle of the Factory Acts to other trades was daily becoming more assured. In 1861, a Commission was appointed, on the motion of Lord Shaftesbury (of whom such ^{Other} ~~trades.~~ frequent mention has been made while he was still in the House of Commons as Lord Ashley), to inquire into the condition of children and young persons in trades not already regulated. During the next five years a series of reports were issued. The general outcome of the investigations was that, with modifications according to the particular character of each trade, very much the same conditions were prevalent everywhere; and that the evils were rather more marked in the smaller than in the larger establishments, and had their influence in the home work as well. Everywhere the long hours with cheap labour prevailed, together with disregard of sanitary conditions whenever either time or money could be saved. Everywhere there was the same conviction that the trouble could not be remedied without compulsion, because the independent employer who attempted to improve conditions in his own establishment would suffer in competition with the rest. It would, perhaps, have seemed that the experience of the textile trades, which demonstrated that improved conditions and shorter hours increased ^{The Masters'} the output instead of diminishing it, would have ^{Difficulty.} led the masters in other trades to anticipate gain rather than loss from applying the same principle in their own

establishments. But the difficulty of experiment in this direction lay partly in the immediate loss of trade entailed upon the innovators. At the end of the first twelve months possibly, and at the end of the second probably, a ten hours output would have exceeded the old twelve hours output. But some time would elapse before the increased efficiency made itself felt. For the first six months the ten hours output would probably be definitely less. During that time the reforming house would be losing a certain amount of trade, especially when large orders were coming in which could not be executed without working overtime. The long-hour houses would secure the orders and the consequent connection. Thus it remained a real solid fact that masters could not afford to act upon the new principles independently, though the universal adoption of those new principles might be of advantage to the whole trade. A few recalcitrants could wreck any movement that was not universal and could not be enforced by law.

Thus the pottery inquiries revealed a particularly grave state of affairs; but while such firms as Minton and Wedg-
Extensions. wood were ready to petition for legislation, even they could not risk venturing on independent action. In 1864, six trades were brought under the operation of the Factory Acts—pottery, paper-staining, the manufacture of lucifer matches, percussion caps, and cartridges, and fustian-cutting—the last being partly a home industry, and the first employment in that category to be brought under the Factory Acts.

But the great extension came with the Act of 1867, supplemented by a Bill for the Regulation of Workshops. Besides
Factory and Workshops Acts, 1867. the specific regulated trades, the term factory was made to cover any premises in which fifty or more persons were employed in any manufacturing process. Both this Act and that of 1864 introduced or authorised additional restrictions in the case of dangerous trades; trades, that is, in which there is danger of poisoning or of physical injuries arising from other causes

than machinery. The supplementary Workshops Regulation Act was intended to apply the same principles, though necessarily by somewhat different methods, to smaller establishments and to home work ; though the criterion, taking the numbers employed as setting the line of distinction between factory and workshop, was by no means an ideal one. It is somewhat curious to observe, however, that the latitude of hours which had rendered enforcement so difficult in the case of the earlier Factory Acts, and in the later Acts had been carefully abolished, reappeared in the workshop regulations, in apparent disregard for the teaching of experience. The dislike of rigidity is as apparent in English legislation as the opposite sentiment is apt to be in other countries.

CHAPTER XXVII

COMBINATION

THE industrial conditions with which we are familiar, present to us the two factors of capital and labour in strong contrast and often with their interests, or supposed interests, in extreme antagonism. It is in the main this antagonism of interests which has led to the modern system of trade unions—combinations of workmen for the protection of their own interests in relation to their employers. In the Middle Ages, such combinations did not exist, because the vast majority of workmen, whether budding apprentices or full-fledged journeymen, were themselves potential masters who expected and intended to set up business on their own account. The craft-gilds were not trade unions in the modern sense, but were associations of members of the trade formed for the regulation of the trade theoretically at least, in the interests both of the whole body and of the public at large. During the mercantile period, capitalism played a much larger part in industry; but the trades were still comparatively few in which any large number of workmen formed the establishment of a single employer. The large capitalist was still commonly the customer, rather than the master, of a number of domestic workers, while the relation between the small master on the one hand, and his few journeymen and apprentices on the other, bore a nearer analogy to that of a householder and his domestic servants than to that of the factory owner and his hands. There was a tendency towards the concentration of capital, a tendency in the direction of what became the factory system as opposed to the domestic system; but while the domestic system pre-

dominated, there was no marked antagonism between capital and labour, and the organisation of labour in opposition to capital would have been extremely difficult if it had been attempted at all, while there was very little inducement to make the attempt. Here and there we hear of clubs—associations of the workmen which attempted to control the rate of wages, and to insist on membership as a condition of employment; but such associations were sporadic, and were possible only for a limited number of trades.

The decisive change came with the introduction of the factory system, which had a double effect. In the first place, the worker no longer had his own hand-loom or spinning-wheel; he became dependent on the employer for the actual tools of his trade; and in the second place, workers were concentrated round the factory instead of being scattered over a wide area, so that their organisation became much more practicable. The final differentiation between labour and capital arrived only when and where the operatives ceased to possess the means of production, which passed into the complete control of the capitalist employer. Trade unionism, the combination of the workmen, is the outcome of the opposition between capital and labour, the employer and the employed; and labour did not seek systematically to organise itself until that separation was decisively marked by the separation of labour from the means of production, which only became general with the invention of machinery and the introduction of the factory.

Until the introduction of machinery, then, combinations of workmen to protect themselves against the action of employers were only occasional and sporadic; but they were on the increase in the third quarter of the eighteenth century. The old rules, which authorised the justices to fix the rate of wages and to enforce apprenticeship regulations, were falling into desuetude; and in the face of the new inventions it was no longer possible to impose legal restrictions on the use of the labour-saving machinery, which was, in the first instance, producing unemployment.

It was becoming definitely the interest of capital to pursue a policy which, for the time being, was opposed to the interest of labour; just as three hundred years before it had become the interest of the landowners to adopt a policy opposed to the interests of the agricultural labourer. The individual labourer lost his power of resistance as the ownership of the means of production passed to the capitalist. The law would no longer, as in the past, intervene to protect him. The new machinery diminished the demand for labour, while the supply increased. The individual labourer was at the mercy of the employer, whose terms he was bound to accept or to starve, because his neighbours were competing against him for employment. His only chance lay in legislation and combination, and the progress of Laissez Faire doctrine destroyed all hope of legislation.

Combination, then, was the only one of the alternative which survived. But while this situation was the outcome of the Industrial Revolution, the French Revolution also broke in upon it, filling the capitalist and governing classes with an overwhelming dread of Jacobinism. In the eyes of authority, all working-class combinations assumed a political character, and were to be looked upon primarily as revolutionary organisations. The result was the passing of the Combination Acts of 1799 and 1800, which explicitly prohibited the formation of trade combinations under severe penalties. The law applied to combinations of masters as well as to combinations of operatives, but practically the two things were on a totally different footing. The individual master could lock out his men and replace them with others without difficulty, and without breaking the law, but his men could not strike in a body without joint action, which brought them under the law. If the men formed a combination, any master could take action against them; but if masters formed a combination, it was not practically possible for the individual operative to take action against them, while the operatives were debarred from taking joint action by the same law. The

operatives were, indeed, so helpless that when they made organised attempts to compel the masters to obey existing statutes, their leaders were arrested and imprisoned for illegal combination. The position was made the worse because of the tacit assumption of all the legal authorities that the working-man was a dangerous revolutionary, so that in practice the law was habitually stretched to the utmost in penalising him, and in favour of the manufacturer.

It must be observed, however, that combinations were attacked only on the direct initiative of masters. So long as they kept their action within limits which **Combination made Futile.** did not stir masters to active hostility, they were left alone, or in some cases were even encouraged. Broadly speaking, in highly skilled trades where the operatives were of a class unlikely to be associated with revolutionary designs, the political panic did not come into play, and masters often found it convenient to recognise the men's organisations, with beneficial results. But the fact remained that even these organisations existed on sufferance, while in comparatively unskilled trades any and every attempt at organisation was fraught with danger. Moreover, apart from the actual Combination Laws, the judges had, for some years before they were passed, exercised their function as interpreters of the law in such fashion that it was already difficult for workmen to act in concert without risk of punishment for conspiracy under the common law. The one effective weapon of the working-man, the strike, was taken entirely out of his reach when it insured prosecution and condemnation under the severest penalties that the law permitted.

Some examples of the prosecutions are worth citing. The cotton industry provides a case of interest. At certain mills wages were being paid at less than the current **Instances of Prosecution.** rate. Some of the better paying employers suggested that the men should leave the mills where the lower rates were paid. A meeting of the men was held, where it was decided that the current rate should be demanded. Although many of the men had attended that meeting with

the concurrence of their employers, the officials were prosecuted and imprisoned. The story may be taken as illustrating the attitude of the better employers who did their best to give their men fair treatment, but were handicapped in competition with the meaner kind of employer, who could only be brought into line by compulsion. The most notorious case was that of the Scottish weavers in 1812. Weaving was a trade in which the statute was still in force whereby the justices were empowered to fix the rate of wages. A number of the masters ignored the award of the justices and practically all the weavers in Scotland struck, not for higher rates, but for the rate which they were actually entitled by law to claim. It was not the masters, but actually the government, who intervened and arrested the members of the weavers' committee, who were all sentenced to various terms of imprisonment.

It is of no little importance that we should realise the extent to which it was the political not the economic factor **The Reason a Political One.** that controlled the attitude of the government and of the law courts. It was not the desire of capital to depress labour in its own interests that made the Anti-Combination Laws and interpreted the Law of Conspiracy. Both were based upon the conviction that the British working-man was craving to emulate the French *sans-culottes*; that he was a dangerous person who must be kept in his place, and allowed no opportunity of concerted action. The inevitable result was that he was driven as far in the direction of sans-culottism as it was in his nature to go. His real grievance was in fact the economic one, but if he attempted to remedy it, he was sent to prison. Even those masters who were well inclined could do little in the face of the competition of those who were ready to take every advantage the law allowed them. And from this sprang two particularly evil results. The working-man learnt to believe that the employer was his natural enemy, with the corollary that the employers were forced into an attitude of suspicion and hostility; and the working-man learnt also to believe that it was vain to

hope for any improvement in his position, except through the acquisition of political power. And thus, even after the Repeal of the Combination Laws, it was a long time before he came to regard any proposals for industrial reform, or for the improvement of working-class conditions, approved by the capitalists, as anything but sinister devices to trick him into quiescence.

This is perhaps the reason why we find that it was among the skilled trades that the movement for the Repeal of the Combination Laws was organised. For them **The skilled** revolution offered no attractions. They saw in **Trade** free combination immediate security for adequate wages and decent industrial conditions; and they anticipated as the result the disappearance of the revolutionary spirit, and a natural adjustment of the relations between employers and employed on lines of mutual accommodation. The power to combine would make permanent combination superfluous. The event did not accord with their expectations, but the circumstances explained why it was they, not the operatives in the less favoured industries, who sought and obtained the Repeal of the Combination Laws.

The Repeal itself was due to the untiring energy and skill of a master tailor, Francis Place, who became convinced that the free combination of the workmen provided the true solution of the industrial problem. In alliance with Joseph Hume, a prominent parlia- **Combina-
tion Laws
repealed.** mentary representative of the group known as Philosophic Radicals, he engineered almost unsuspected the passage, in 1824, of a Bill repealing the Combination Laws, before the employers understood what was going on. The immediate result was a sort of epidemic of trade unions, which created a panic; and it was only by exceedingly dexterous management that, in 1825, Place succeeded in getting the last year's Act virtually confirmed by another Bill, which had been intended practically to cancel it altogether. The opposition to the unions now had to rely on the common law of prohibition of conspiracy, while the Bill expressly exempted from its

operation associations formed for the regulation of wages and hours of labour. The Act of 1825 established permanently the right of collective bargaining and the right of concerted withdrawal, but it still left many important questions unanswered, among others the right of dissuading imported workers from taking the place of strikers.

For a moment it seemed as if the labour world was on the point of combining itself in trade unions; nevertheless, the movement was almost immediately relegated to a secondary place. There was a grave depression of trade in the years from 1825 to 1829, reducing the demand for labour, creating unemployment, and inevitably reducing wages. Hence no advantage came to the workers, and trade unions, as a remedy for the existing industrial conditions, seemed to be stamped at the outset as a failure.

This does not mean that the formations of associations came to an end, but that their effective value was found to have been overrated; and it was some time before labour leaders realised that the weakness of their methods had lain partly in defective organisation and discipline, and partly in the need of funds for sustained activity. The next stage, therefore, in the movement prominent during the thirties was not the better management of the individual associations, but pursuit of the idea of a general federation of labour, a trades union as opposed to the trade unions. The distinction is sufficiently obvious, though habitually lost sight of in popular parlance. A trade union is a union of the members of a particular trade. A trades union is a combination of many trades. Trades unionism in the thirties stood not even for a combination of particular trades, but for the common union of all manual workers. We may, in fact, distinguish between four separate kinds of union; the local associations of the members of a particular trade; the association of local associations belonging to one trade, which is still definitely a trade union; the federation of associations of connected trades, which now generally bear the name of Amalgamations or of Federations, according

to the degree of independence retained by the members of the associated bodies ; and the association of trades based on the idea of the solidarity of labour at large, the fundamental conception of a universal trades union.

The way for the trades union idea was prepared by the attempt to consolidate a national union of cotton-spinners, embracing the whole of the United Kingdom ; an incorporation of existing societies which did not seek to abolish them, and substitute for them a single society, but united them for the pursuit of common objects, expressly for maintaining the standard of wages by joint action, but not for joint action in demanding increases. This in particular was the object of the National Association for the Protection of Labour, founded in 1830, which combined a large number of diverse trade organisations. This was followed by a Builders Union of the whole group of trades which might be regarded as together making up the building trade. The National Association, though it appears to have exercised **Alarm created.** a widespread influence, was too much in want of funds and of real cohesion to be a really powerful combination ; but the Builders Union adopted a line and a tone of so aggressive a character as to create great alarm among the capitalist class—an alarm which was undoubtedly aggravated by the elaborate ritual which the union chose to adopt, and its fantastic ceremonial of initiation, which all meant very little, but was supposed to mean a great deal. The trades union became a bugbear to which designs were attributed much darker and deeper than the mere defence of labour against subjection to capitalism ; and the masters were inspired to unite in a declaration that they would employ no one who did not renounce the trades union.

The trades union movement now took its colour from Robert Owen, who had convinced himself that the solution of the industrial problem lay in the actual **Robert Owen.** possession and control by the labourers themselves of the means and methods of production. His theory took shape in the Grand National Consolidated Trades

Union, which was to unite all the workers, control manufacture, and abolish individual competition. Each trade was to have its own local lodge, though where numbers were small there might be a local lodge combining miscellaneous trades. The lodges were to combine the functions of provident or benefit societies with that of trade organisation, while the system of elaborate oaths and initiatory rights was retained. The new union progressed with enormous rapidity, and in a few months appears to have embraced associations of workers of every imaginable kind, including ploughmen, chimney-sweepers, and female tailors.

Then came an epidemic of strikes, which generally collapsed for want of funds, while, on the other side, the widest alarm **The Law** • was created among the capitalist class. **The intervenes.** result was that the law was again brought to play against the union. The government at this time, as we have seen, was under the influence of the extreme advocates of Laissez Faire, which, from the capitalist point of view, meant securing a perfectly free hand to capital. For them, unionism in all its aspects pointed to the dictation of industrial policy by combinations tyrannically imposed upon masters and workmen alike by flagrant intimidation. It was not possible to revive the Combination Laws, but it was possible to make the most of the Law of Conspiracy. Most extravagant suggestions were made, but the working legal instrument was found in the application of the existing law forbidding the administration of oaths, as well as of the Law of Conspiracy, without new legislation. For administering an oath on the formation of an agricultural lodge of the 'Grand National' in Dorsetshire, and for no other offence whatever, seven Dorchester labourers were condemned to seven years' transportation. The actual outcome seems to have been nothing more than the abolition of the customs administering oaths; the real importance of the story lies merely in its being the most flagrant illustration of the determination of the authorities to wrest the law to the utmost in penalising combinations.

The plain fact was that at this time the alarm of the employers was superfluous. Without any straining of the law, they were too strong for the workmen, and would have beaten them in a stand-up fight. The supply of labour was so far in excess of the demand that strikes were doomed to failure, and were paralysed by the presentation of what was called the 'Document' as a condition of employment; that is, the signature by the operative of an undertaking to renounce unionism and unions. In an industrial war between labour and capital, capital, under these circumstances, was bound to win; labour was not strong enough for war, especially at the moment when the Reform of the Poor Law was pressing very hardly upon masses of the population. Labour, moreover, was too vague in its conception of methods, and too disunited, to seek its ends by other means than war. But, in addition to all this, the whole strength of the government and the governing classes was ranged on the side of capital against labour; and for this the labouring classes were themselves to a great extent responsible, because they were exceedingly apt to act with a violence, and to adopt, like the builders, a dictatorial tone, which appeared to the other side to afford conclusive proof that they were practically dangerous; while the complete impracticability of Robert Owen's schemes, had they been given effect, for a time gave the object of which they were theoretically in pursuit the appearance of mere visionary sentimentalism.

The socialism of Robert Owen must be definitely distinguished both from the professed socialism of the present day, and from the so-called socialism present in every Act of government which assumes for the State any functions hitherto left to the individual to discharge; from the Factory Acts to the provision by the State of free education and Old Age Pensions—forms of State intervention which have been resorted to with equal readiness by both political parties. Legislation of this type has regularly proceeded on the principle that the State is warranted

Strength
of the
Capitalists.

Socialism.

in intervening to apply compulsion or to appropriate public funds for the benefit of the poorer classes of the community, when a specific benefit to the community at large is to be anticipated from the specific act of intervention. Modern socialism, on the other hand, claims that the possession and control of the means and methods of production ought to be in the hands of the State, while it also claims that the State itself ought to be in the control of the labouring classes, meaning thereby the manual workers. But Robert Owen's socialism dismissed State intervention, while it claimed that the means and methods of production ought to be in the hands of the workers themselves; a scheme which was expected to operate on the principle that 'value' depends precisely on the amount of labour expended on production, the expenditure of labour being measured by time; the day's work of the ploughman, the miner, and the engineer, being equivalents. On this basis, personal competition was to disappear, and personal property with it, the materials of production in every trade being in the possession, not of the individuals, but of the whole body of members of that trade. The working impracticability of such a scheme scarcely needs discussion, apart from the problem of carrying out the transfer of property from the capitalist to the corporate trade.

The inadequacy of the fighting power of the Owen trades union was sufficiently demonstrated by experience; and it was a natural result that working-class opinion **Chartism.** was for the most part driven over to the doctrine that industrial salvation was to be found only in the capture of political power by the working classes. Nor is it surprising that, in the face of the class hostilities aroused and the rigour of the government,⁶ a very considerable section of the workers should have looked upon constitutional agitation as hopeless and adopted revolutionary physical-force doctrines. Thus it was that between 1839 and 1848 chartism assumed the leading place in the labour movement, while among the chartists the physical-force men loomed largest in the eyes of the public. To the working-men, factory legislation

appealed only so far as they could see in it a lever for securing the ten hours day to themselves, and to some extent for getting rid of the competition of female labour. The Abolition of the Corn Laws many of them proclaimed to be merely a fraudulent device put forward by their natural enemies, the manufacturers, in their own interests. But as a matter of fact, during the Peel administration trade was improving; the initial suffering caused by the reform of the Poor Law had passed, and its beneficial results were coming into play; and with improving conditions the normal British disposition to prefer common-sense opportunism to revolutionary methods predominated. Trades unionism had been driven out of the field, and trade unions had found that an aggressive policy only brought about decisive defeat. It appears, then, as if trade unionism was inactive; but the apparent inactivity seems merely to have meant that for the time **The Unions** being aggressive antagonism to the employers **and Chartism** was dropped by them. In general there is no appearance of their associating themselves, officially at least, with chartism; on the contrary, they insisted rather on their non-political character, and pushed forward the prudential and educational side of their work. They tended to pass under the direction of the more level-headed members who realised the futility of mere pugnacity, and the necessity for thorough organisation as a preliminary to joining battle, as well as the unwisdom of joining battle at all when their ends could be gained by what in politics would be called diplomatic pressure.

And so it befell that although there was a renewed period of depression following immediately after the Repeal of the Corn Laws, due not to that measure, but mainly to the panic which followed on railway inflation, the Year of Revolutions in Europe, 1848, witnessed in England the collapse of chartism and the demonstration that the British workingman had made up his mind to repudiate insurrectionary methods.

CHAPTER XXVIII

TRADE UNION DEVELOPMENT

REVOLUTIONARY chartism reached its highest point in 1842, after which date the physical-force men, though still loud of voice, represented a constantly dwindling proportion of the workers. Trade unionism, on the other hand, was settling down to the pursuit of immediately practicable objects by business-like methods. Throughout the early forties separate trades were organising themselves on national lines, while resisting the temptation to the more far-reaching schemes which, in the thirties, had excited so much hope, and had ended in complete disappointment.

Prominent among these amalgamations were the Potters Union, the Cotton-Spinners Association, the Flint Glass Makers Society, and the Miners' Association; the last being primarily a federation of the Miners' Union of Northumberland and Durham with that of Lancashire and Yorkshire. In relation to the masters, the line they adopted was not that of aggression, but of a sturdy resistance to aggressive action on the other side; and to this end they took the very important step of securing an efficient lawyer to advise and conduct their actions at law. The Miners' Association made W. P. Roberts their salaried legal adviser after he had for some time been in the habit of acting for the Miners' Union of Northumberland and Durham; and the pertinacity and legal acumen with which he fought every case on their behalf very soon led other great associations to rely upon his services. It was no longer a foregone conclusion that the law would side with the employers, and an immediate check was set on their more flagrantly auto-

cratic proceedings. A counter-move was attempted by the introduction of a Bill extending the summary powers of justices of the peace, who could generally be relied upon to assume that employers must be in the right, and men in the wrong; but a vigorous agitation brought about the defeat of the Bill by a combination of the Radicals with a few Whigs, and with that group of the Tory party which called itself Young England. The Miners' Association, however, was again dissolved by another practical demonstration of the unpreparedness of labour for conflict on a large scale. A great strike among the miners was disastrously defeated, whereby the position of the new school with its opposition to strikes was considerably strengthened.

It was at this stage, in 1845, that the idea of federated trades reappeared in a form markedly different from that of the trades union. A National Association of **The National United Trades** was formed, but with no intention **Association.** of exercising control in the individual trades. Its purpose was rather to serve as a committee, which should concert and promote measures favourable to working-class interests, and should adopt what may be called a diplomatic rôle in connection with trade disputes. Past experience had generated caution, and the greater trades held aloof; but the new association had no extravagant intentions. Its function in trade disputes was that of a mediator, convinced that the true interests of masters and men were identical, and that most differences were capable of adjustment when approached in a reasonable spirit of mutual accommodation. In its programme, Owen's idea of the transfer of the material of production from capital to labour was translated into the idea of co-operative production, which could only mean that the united producers would, at the same time, be converted into capitalist bodies. On the whole, however, the Association failed to satisfy the expectations of the local bodies, which were always disposed to complain that their claims received insufficient attention and support from the central body; while the employers were in no haste to believe in its

good faith. It was one of those tentative experiments which are generally in themselves foredoomed to failure, but in the long-run are helpful, because they bring to light the real nature of difficulties of organisation which have to be overcome before effectiveness can be attained.

Meanwhile, however, the healthy spirit which had actuated the promoters of the Association was at work in those bodies which had held aloof from it, trusting to the greater efficiency of the individual action of separate unions. Several of these devoted themselves energetically to the education of their members, the spread of real knowledge and information, and the cultivation of intelligence. They issued trade journals, moderate in tone, and inculcating moderation in action. They studied political economy, and at least endeavoured to base policy on a scientific appreciation of the facts with which they had to deal.

In the adoption of this course, more skilled and better paid trades, notably the compositors, led the way. But the trade in which the new principles found their most effective expression was that of the engineers, whose union was to become the great exemplar and model of what was in the third quarter of the nineteenth century the new unionism. The Amalgamated Society of Engineers created the type of an efficient working organisation.

The engineers had been somewhat behindhand as compared with sundry other trades in the formation of national as distinct from merely local unions. Their various London societies, however, were advancing along the lines of co-operative action, and a simultaneous movement of the same kind was in progress in Lancashire. In 1848 there was a powerful amalgamated society in Manchester, with a membership of six thousand, which had accumulated a reserve fund of £27,000. It had been absorbing local groups, and perfecting its organisation for nearly twenty years; and until 1843, it had devoted its energies to this single end, entering upon no conflicts, and taking no part in general movements. In 1846, however,

a collision with the masters on questions of piecework and overtime brought it into prominence, owing to the conviction, through the action of the masters, of some of its leading members for conspiracy. In 1850 the Amalgamated Society of Engineers was formed, which brought into a single combination a large number of the Lancashire and Metropolitan societies, chiefly through the energy of William Allan, the secretary of the Manchester society, and William Newton, a leading member of one of the London unions. Although a good deal of difficulty attended the formation of the society at the outset, and a good many of the provincial branches of combined associations separated themselves from it, before the end of 1851 it was in full working order, with a membership of eleven thousand paying a weekly contribution of a shilling, and under precisely the same rules and regulations, and with the same staff of officials, as the Manchester society.

The stability, and therefore the ultimate power, of the amalgamated engineers was immediately put to the test in the great strike of 1852. Hitherto strike failures, when they had not wrecked the great strike, 1852. The engineers' strike offered a remarkable contrast to its predecessors. The subject of the conflict, as before, was piecework and overtime, which the Amalgamated Society was determined to abolish. The masters refused, and announced that any strike would be met by a universal lock-out. They disregarded a proposal for arbitration, and acted on their declaration when the society men refused to work overtime. The conflict lasted for three months, and ended with the complete victory of the masters—in spite of the fact that the excellent conduct of the men throughout attracted a great deal of public sympathy and substantial subscriptions from outside; notable among their supporters being the group who at that time went by the name of 'Christian Socialists,' among whom were prominent such men as F. D. Maurice, Charles Kingsley, and 'Tom' Hughes. It may be noted in passing that the term somewhat strikingly illustrates the

wildly diverse meanings in which the word 'Socialist' may be used.

The masters carried their victory so far that the men were actually not readmitted to work until they signed the Document, undertaking to renounce their unions.

The Outcome. The ethics of the men's subsequent conduct may provide highly debatable matter. In fact, they recognised no obligation to act upon their undertaking, which they regarded, not as a fair agreement, but as a promise given under conditions which made it void. Virtually they had been forced to an unconditional surrender which would have left them permanently at the mercy of the masters, if they actually cut themselves off from concerted action. Promises made under duress can certainly not be regarded as having the same validity with promises made voluntarily. But, on the other hand, if you elect to challenge an opponent to combat *à outrance*, and the victor spares your life on condition that you promise to serve him as a slave, are you subsequently entitled to repudiate your promise? The action of the men practically affirmed the principle that the repudiation of unionism was a promise which masters were not entitled to exact, and men were not under an obligation to keep. They did not leave the union, and the masters did not venture on the logical retort of locking them out for the breach of faith. The union was not even seriously damaged, and three years afterwards it had a slightly larger membership than at the time of the strike, with an accumulated reserve of very nearly £36,000; thirty-seven years later the membership and the balance were both almost six times as large.

'The engineers demand our special detailed attention, because they exemplified the principles and established the type which gave effective strength to the trade union movement. A society less skilfully and thoroughly organised than theirs would have gone to pieces on the collapse of the strike; at the best, it would have been unable to exercise any extensive influence for a long time to come; whereas it was immediately

accepted as the model which other unions endeavoured to emulate.

The society fulfilled the double function of a great benefit club, and of a union concerned with trade policy. In the first capacity, the different branches controlled the distribution of their own funds, but only in strict accordance with minute regulations which applied to all alike. In the second capacity, the funds were under entire control of the central body, which refused or allowed strike pay in accordance with its own considered judgment. The high subscription provided, after payment of all benefits and expenses, an annual surplus which accumulated as a strike fund. Also, the society adopted the principle of making its officials experts, not amateurs; men whose business it was to master the details of administrative management besides being conversant with the details of the trade. Organisation, in short, was treated as a definite business, not as work incidentally taken up in the time men could spare from earning their livelihood. Herein lay the great contrast with the earlier organisations, with their small and irregular subscriptions, extremely inefficient financial administration, and universal amateurishness. Further, they courted publicity, whereas the earlier societies had traded upon secrecy. These were the features which most attracted attention and imitation; but it is also to be observed that the engineers had appropriated at least one characteristic of the medieval guilds. It was a part of their policy, as had also been the case with the skilled labour unions at the beginning of the century when combinations of unskilled labour were treated as criminal, to admit none but trade workers to membership; perhaps with the idea of aiming at efficiency, but certainly with the intention of preventing the skilled workers from being swamped from the numbers of the unskilled.

For obvious reasons there is always an intimate connection between strikes and depression of trade. From 1852 to 1857, there was a general absence of strikes, which had also been further discredited by the failure of the engineers. Doctrines

of conciliation gained ground. But in 1857 came another brief period of depression, quarrels between masters and **The Builders' unions**, and in 1859 the great builders' strike in **Strike, 1859.** London. A strike in one establishment was followed by a general lock-out; the masters taking their stand on a flat refusal to recognise the unions, or to make any bargain with them, or indeed to employ any one contributing to any union which attempted to concern itself with wages or hour of labour. The effect of this was to bring into the Builder Union subsidies from other unions amounting to over £20,000; and the battle ended in a compromise under which the masters gave up the attempt to enforce the 'document, although, on the other hand, the men's demands in which the quarrel had originated, were not conceded. But there was one effect of the strike which could not have been anticipated. The engineers had been able to support the builder by making no less than three successive grants of £1000, a startling demonstration of the efficiency of their methods and organisation. The immediate result was the formation of the Amalgamated Society of Carpenters on the same lines as the engineers, and this new union soon became an active force in the general movement.

During the sixties there were various circumstances which in the sight of the public, gave an undue prominence to union **Growth of the** which were untouched by, or rather were strongly **New Spirit.** hostile to, the new spirit; and hence, at the very time when moderation, constitutional action, conciliation and arbitration, were the watchwords of the most powerful bodies, the noise and violence of a few unions and a few men who claimed to represent working-class opinion were very commonly supposed to typify the trade union attitude. But as a matter of fact, the new spirit was generally dominant. Several important national amalgamations now had their headquarters in London. A small group of their secretaries established very intimate personal relations, and, working in complete harmony, obtained a very wide influence, which was increased by the creation of the London Trades Council.

Emergencies had frequently brought into being local trades councils of a temporary character; committees, that is, of delegates from various unions which were occasionally able to arrange for joint action. In Glasgow, Sheffield, Liverpool, and Edinburgh, such councils had become permanent before 1861, when the London Trades Council was born.

It originated, in fact, from the Trades Committee, which met during the builders' strike. It was first constituted actually among the smaller London unions in 1860, but was joined in 1861 by the engineers and other leading societies; and for practical purposes the group of secretaries above mentioned formed the inner council, which directed its operations. As to the relations between labour and capital, the attitude of this group may be generally summarised by saying that they sought to enforce in all cases the best conditions which the best employers were personally willing to concede. They believed also in concentration on parliamentary action; but the aim of such action was by no means that of the modern Socialist. In their own view, it was directed to obtaining the removal of the restrictions which still hampered collective bargaining and placed the working-man at a disadvantage. To obtain these ends they sought the franchise, which was still denied to the working-men; but while still unrepresented, they desired to obtain the ear of parliament. And beyond this they took an active interest in the political questions of the day, and sought to arouse a similar intelligent interest among the body of the workers. In other words, they wished to make the working-man an intelligent politician, fit for the exercise of political power.

Hence the Trades Council, under the influence of the group, did not consider that it was going outside its province in proclaiming its sympathy with the northern States on the question of slavery when the American Civil War broke out. How far the spirit which actuated these leaders had permeated the working classes at this period, was admirably illustrated by the behaviour

The London
Trades
Council, 1861.

The Cotton
Famine.

of the Lancashire operatives under the sufferings entailed by the cotton famine, when the import of cotton from the southern States was prevented by the blockade of their ports by the Federals.

Meanwhile, in the north of England, work of a somewhat similar character was being carried out by the Glasgow Trades Council and by the Miners' National Union, which had replaced the once formidable, but long defunct, Miners' Association. To their initiative was due the Masters and Servants Act of 1867, which abolished certain long-standing legal anomalies. As matters stood, the terms 'masters' and 'servants' in themselves convey the fundamental idea of the different status of the parties to a contract between employer and employed. The master who broke contract could only be sued for damages; the servant who broke contract committed a criminal offence, and was liable to imprisonment. Further, the servant, being charged with a criminal offence, was barred from giving evidence, whereas the employer was not. The servant was liable to summary arrest, and was tried before a single justice of the peace, who, as matters stood, was almost inevitably biased in favour of the employer. In its more flagrant aspects, the law was remedied by the Act of 1867, in the ministry of Lord Derby, though it was not till the Employers and Workmen Act of 1875 that another Conservative government abolished the old nomenclature, and made employer and employee equal parties in a civil contract.

But in the meantime, trade unionism was not getting the credit for restraint and moderation which the methods of the great societies deserved. On the one hand, employers saw that they were developing into increasingly powerful organisations, which could dispute the autocracy of the capitalist in the conduct of what he regarded as his own business, and even threatened to capture the practical control. More than this, a series of outrages, particularly conspicuous in Sheffield, produced the very general belief that the unions themselves were exercising a

terrorising influence over the workman, far more tyrannical and destructive of true liberty than any despotism of the masters. It was not realised that the outrages and the tyranny for which some of these smaller local bodies were responsible were no less detestable in the view of the great societies than in that of the employers or the moralists. A particularly gross outrage at Sheffield, in October 1866, brought matters to a head, and there was a universal demand for an investigation of the whole question—a demand which was vigorously endorsed by trade union meetings all over the country.

A Royal Commission was accordingly appointed early in 1867. Before the Commission, the case for the unions was ably presented by Frederic Harrison and 'Tom' Hughes, who had no difficulty in proving that the great unions were entirely innocent of the charges generally brought against them, that they were not aggressively warlike organisations, and that their functions were very largely those of benefit societies. The general effect of the inquiry was by no means what had been expected by the public at large, and may be said in general to have cleared the character of unionism, although it left no doubt that among ill-regulated unions those evils were rife which had been attributed to the whole movement. On the other hand, there was nothing which touched the employers' contention that collective bargaining, and therefore the whole system of trade unionism, was irreconcilable with the unfettered conduct of business by the capitalist proprietor.

But a second question had arisen simultaneously with regard to the status at law of trade unions. There had long been doubts as to their power of protecting their funds; whether, that is, they had any power of taking corporate legal action. But, since the Friendly Societies Act of 1855, it had been generally assumed that the power had been secured of proceeding against any official who appropriated the society funds. But in 1867, by a decision of the Court of Queen's Bench, it was pronounced

not only that trade unions did not come within the scope of the Act, but that the purposes of a trade union were so far in restraint of trade as to make such associations actually illegal, in spite of the fact that the Act of 1825 had expressly sanctioned combinations aiming at the settlement of questions concerned with wages and hours. Not much was gained, therefore, by clearing the character of the unions so long as they were branded by the law as illegal associations.

The report of the Commission then, so far from suggesting further legislation for the suppression of trade unions, proposed a slight extension of the formula of the Act of 1825, exempting combinations from prosecution; but at the same time it did not propose to extend the right of registration under the Friendly Societies Act, and therefore the power of protecting their funds, to unions which included in their objects limitations on the use of machinery, on piecework, and the like, or whose rules authorised them to intervene outside their own trade.

The Commission, then, had done something, if not to attract public sympathy, at least to mitigate the hostility of public sentiment towards unionism. But the main benefit lay in the fact that it made clear precisely what legislation was required in order to make trade unionism an effective force. It was on this, therefore, that the energies of the leaders of the movement were concentrated for some years to come.

It was necessary that two base principles should be recognised: first, that no act committed by a workman should be illegal unless it would be equally illegal if committed by any one else; secondly, that an act which might legally be done by an individual should not be rendered illegal when done by a combination of persons. The recognition of those principles would in effect legalise the unions. But if, then, by registration they became corporate bodies, capable of taking corporate action at law, they would at the same time be open to attack in their corporate capacity; every possible opportunity of involving them in litigation would be seized, and their position would become untenable. It followed, therefore, that they must, at the same time,

obtain the right of action for protection of their funds, and immunity from being proceeded against as corporate bodies.

The urban working-man was enfranchised by the Reform Act of 1867; and at the general election in 1868, the trade unions all over the country, instigated by the London Trades Council, urged their members to vote only for candidates who were pledged to satisfactory views on the trade union question. The Liberal Ministry, however, was still entirely under the influence of the ideas developed when the strength of the party lay among the manufacturers. The government measure introduced in 1871 was anything but satisfactory from the point of view of the unions, while the concessions it made seemed ruinous in the eyes of the employers. In fact, it gave with the one hand what the unions demanded, and took it away with the other. Trade unions were legalised; they could protect their funds by registration; they could not be proceeded against at law. But any attempt at coercion applied either to masters or to workmen was severely penalised, and it lay within the discretion of the courts to discover coercion not only in actual violence or abuse, but in the mere intimation that a strike was in progress. In fact, the government was dominated, not by a positive desire to cripple the unions, but by the dread that the unions would practically be able to control the action, not only of their own members, but of the outside workers.

To this attitude the government adhered uncompromisingly. The result of this was that at the general election of 1874, the unions ran several independent candidates instead of voting for Liberals. Two 'labour' members were actually returned, and in every other case the seat was won by a Conservative, while there is no doubt that in many other constituencies the scale was turned against the outgoing government by the labour vote.

The new Conservative Ministry proved amenable, and the Act of 1875 conceded the whole of the trade union demand. The trade unions had won their battle on the only line then

possible, by insisting that they were fighting simply for the working-man's freedom of action, for a real instead of imaginary freedom of contract. It is hardly necessary to point out that what they were really working for was the compulsion of the working-man by the working-man, instead of by the employer or by the State; since in an imperfect world the actual practical freedom of the individual working-man to make contracts for himself is unthinkable, whenever the supply of labour exceeds the demand. He cannot stand out for terms better than his neighbour would accept. But the men who won the battle stood committed to the principle that the coercive force, applied for the advancement of the working-man, should be that of working-men in voluntary combination, in preference to that of the State.

But they had won their battle under favourable trade conditions, when the commercial prosperity of the country was at its highest. Those conditions were not permanent, and the discovery that the coercive power of the unions was not sufficient to counteract the effects of trade depression, led to the rise of a new school who sought to apply the power of combined labour to the control of legislation in the direct interest of the labouring class.

It is curious to note that the two methods of procuring regulation, by direct trade union pressure and by legislation, were both successful, between 1870 and 1875, in procuring a nine hours day. A factory Nine Hours Bill for women and children was obtained by the Lancashire cotton-spinners. They were not, it is true, to any extent altruistically influenced by consideration for the women and children; but they judged by previous experience that parliament might be ready to act on their behalf, but would certainly turn a deaf ear to any proposals openly directed to the legislative curtailment of adult male labour, though that was the unavowed object of the legislation demanded. They adopted this line from a fully justified conviction that the inevitable sequel in practice would be the reduction of the men's hours as well as those of the women

and children. The Gladstone administration of 1869 to 1874, which fell into such bad odour with the unions over the question of coercion and molestation, was equally determined to resist the Nine Hours Bill, since the conviction prevailed that the ten hours already conceded marked the limit within which State interference was warranted; but the succeeding Conservative government expressed its sympathy by passing the Act. It is perhaps superfluous to remark that in this, as in all other cases, the concessions of government to the demands of labour were stigmatised as a corrupt attempt to capture the labour vote. It is remarkable, on the other hand, that in 1871 the engineering trades wrung the nine hours concession from the employers without any appeal to legislation.

To this same period belongs the establishment of the Trade Union Congress. It was born of the trades councils which, as we have seen, were local in character. Between 1860 and 1870, every great industrial centre had developed its own trades council or committee of delegates from various trade unions for the discussion of joint interests and the concerting of joint action.

**The Trade
Union
Congress.**

In 1868, the idea of a general annual conference was taken up by the Manchester and Salford Trades Council, which issued an invitation to a congress to be held at Manchester. The congress resolved to meet the next year at Birmingham; but it was not till 1871, when battle was being joined in parliament over the Act for the legalisation of trade unions, that the London Trades Council definitely associated itself with the scheme of the annual congress. From that time the congress became an established annual institution, at which delegates assemble from all the leading unions. The proceedings of the congress have always been regarded as affording the clearest index to working-class sentiment at the moment; and this is perhaps the most important function which the congress really discharges. It cannot be said to direct trade union policy, but it commonly indicates with sufficient clearness the course which trade union policy is likely to follow in the immediate future.

CHAPTER XXIX

RECENT DEVELOPMENTS

AFTER the series of Gladstone budgets, which completed the establishment of commercial free trade, the policy remained intact. It was not until the twentieth century **Tariff Reform.** that its soundness was again seriously called into question, though something was heard of Reciprocity or 'Fair Trade,' a doctrine to which a Conservative Chancellor of the Exchequer referred as a 'pious' opinion. Therefore, when Mr. Joseph Chamberlain reopened the whole question in 1903, the incredible seemed to have happened, and the public were as much startled as they had been seventeen years before by Mr. Gladstone's conversion to Home Rule. But at the following general election the electorate very emphatically pronounced against tariff reform; so that no government has held office which was prepared to give effect to Mr. Chamberlain's doctrines.*

As to the progress of those doctrines in the country, it would hardly be possible at the present moment to make any statement which would not be challenged in one or other of the political camps. An attempt to give a historical account of its genesis and expansion would inevitably be condemned as a partisan statement, and would be out of place in a work which advocates no views, and passes no judgments, while seeking to explain the views and judgments on the strength of which action has been based. So long as the State has taken no action on the new lines, it remains superfluous to enter upon a historical discussion of the stages through which tariff reform proposals have passed, except, perhaps, in a very brief outline. It will suffice, therefore, to say that

Mr. Chamberlain's campaign opened with a proposition not economic, but political; namely, that Imperial Preference would consolidate the British Empire, and that this was an end well worth any economic sacrifice which it might entail. The reply was that any 'preference' of material value to the Dominions would involve an economic sacrifice so heavy in the taxation of food and raw material that it would tend rather to the disruption than the solidarity of the empire. And to this, again, it was replied that so far as food was concerned, there would be merely a transfer of taxation from goods at present taxed to goods at present untaxed, which would not be practically felt by the working classes, still less by the wealthier part of the community. At the next stage, passing beyond the original question of Imperial Preference, taxation of imports was commended as a weapon for breaking down the hostile tariffs of other States, a means for the enforcement of free trade. The reply here was that no country adopting the retaliatory method has thereby obtained better commercial terms than Great Britain with her free trade policy. The stage was then reached when it was claimed that British manufactures could not compete in foreign markets with protected native manufactures, or in home markets with foreign manufactures subsidised by bounties or produced at less cost. The reply was that competition provides an inducement otherwise lacking to improve the methods of production; that with free trade the home producer would find means to hold his own, whereas tariffs would raise prices, reduce the purchasing power of money, and diminish employment instead of increasing it, as the tariff reformers anticipated. Beyond this, in dealing with this part of our subject, we must content ourselves with saying that up to the present time the programme of tariff reform has not been endorsed by a majority of the electors of the United Kingdom.

The Factory Acts, after 1867, recognised in their application three main types of working places: factories, which included all establishments concerned with certain particular manu-

factures irrespective of the number of hands employed, and all establishments connected with other manufactures in which more than fifty hands were employed ; **Types of Workshop.** workshops proper, being the remaining manufacturing establishments in which less than fifty hands were employed ; and domestic workshops, where the whole of the work was done by members of the household, who were not officially regarded as employees. The regulation of factories had now come to be regarded as a normal and necessary function of the State ; that of workshops followed inevitably from factory legislation, so far as principle was concerned, although admittedly more difficult to carry out in practice ; while regulation of the domestic workshop was far from being accepted in principle besides seeming to be almost untenable in practice. The objection held, that investigation into family arrangements was an unwarrantable interference in private concerns ; and so far the control claimed was infinitesimal.

The tendency, however, towards State intervention had become strong. The next step to be recorded, apart from **Factory Act of 1878.** the Nine Hours Act mentioned in the last chapter, was the Act of 1878, which was intended rather to remove anomalies in the existing working of the law than to introduce any extension or any fresh principle. The arbitrary numerical criterion for distinguishing between factories and workshops was abolished, for it was clearly unreasonable that the employment of a few hands more or less should subject an establishment to restrictive regulations from which its competing neighbour was free. Accordingly, the term factory was extended to include all places where mechanical power was used, while workshops covered those where literal manual labour alone was employed ; although in certain specified cases establishments which would have counted as workshops under this definition were placed under the more stringent regulations of factories. Domestic workshops still remained practically outside the scope of the Act. A further subdivision is to be noted, of factories into textile and non-textile, and of workshops into those where

children and young persons are employed, and those called 'women's workshops,' where children and young persons are not employed.

The regulations of the former of this last pair were brought into line with those of the non-textile factories, while those applied to the latter were exceedingly loose, and scarcely distinguished them from the domestic workshops. Although the ten and a half hours day, or twelve hours including mealtimes, was the outside limit of the legal working hours for women, the legal day within which the twelve hours must fall was still, in the women's and in the domestic workshops, a day of fifteen hours ; so that the enforcement of the twelve hours day was a matter of extreme difficulty.

The whole system of regulation by Factory Acts had been directed from its very commencement in 1802 exclusively to the protection of children, young persons, and **Theory of the women.** No regulation for the benefit of adult **Factory Acts.** males as such would at any time have been admitted, in defiance of the individualist doctrine, which was overwhelmingly predominant wherever theoretical considerations came into play at all. When the State regulated the labour of women and children, it was always on the hypothesis that the individualist argument did not apply in their case, because they were not, in fact, free to bargain upon their own terms. The trade unions had fought, not for trade regulation, but for the removal of regulations and rules and interpretations of law which restricted collective bargaining ; although covertly the support of the men had been given to factory legislation, because they saw that indirectly the protection given to women and children would practically apply to the conditions of their own labour.

But from the seventies, factory legislation on these lines met with much opposition from women and the advocates of women's rights, on the individualist ground **Restrictions and Women's Rights.** that the women workers were deprived of their freedom of action by such legislation, and were barred from competition with men. As a matter of fact, men

had fought and continued to fight their own battle on the pretext of protecting women and children ; but in doing so, if they had increased their own employment, they had not diminished either the employment or the wages of the women.

Two lines were followed. One was the exclusion of women from work from which they were essentially unfit, not because man is the superior being or because he wanted a monopoly of that work, but because women could not do that work except at the expense of the health and strength of future generations. The other line was the limitation of hours. But the effect of this was not to give the men the advantage of being able to work longer hours, and so to be preferred in the competition for employment, but to procure for the men a reduction of their own hours, which was indeed their one object in supporting all legislation of the kind. All collective bargaining and all State regulation postulate the assumption that it is desirable to secure a decent standard of life for the worker, and that, in the absence of any power to apply compulsion to individuals, the worker cannot, on the average, secure such a standard. Compulsion can be applied only by one of the two alternative methods—legal enactments and collective bargaining. Collective bargaining has always proved practically inoperative so far as women's work is concerned. Women's work, therefore, must be left either to untrammelled individual competition, which even the men felt to be intolerable for themselves, or it must be subjected to State regulation.

Of the three systems, unfettered individual competition, collective bargaining, and State regulation, each one has its drawbacks ; but public opinion has long decided that the first is intolerable, and for a century it has acted on the principle that the third, State regulation, is to be applied on the merits of each particular case, where good cause must be shown for concluding that neither unfettered competition nor collective bargaining brings an adequate standard of living within the reach of a tolerably efficient worker.

• In one respect, at any rate, State regulation has definitely

carried the day, apart from the specific conditions of the work of women and children. Nothing but State action can enforce sanitary conditions. Men, as well as women **Sanitary** and children, will take up unhealthy trades, **Regulation.** with an eye to the immediate earnings, and with very little thought for the comparatively remote future. They know that the trades are unhealthy, but not whether or how the unhealthiness can be mitigated. Nor, when means of mitigation are pointed out, are they in any hurry to view them with favour when the application entails any degree of personal inconvenience. Hygienic regulations may be annoying to employers because they involve expense; to the workers they are apt to be annoying, because they involve that infinitesimal amount of personal trouble which is peculiarly irritating, because its very insignificance gives it an air of superfluity. A precise parallel is always found among the uneducated classes when the outbreak of an infectious disease necessitates isolating regulations. Hygiene in the workshop is not popular until the workers have definitely learnt by experience to associate it with a marked improvement in health. Without State intervention it would be introduced only on the initiative of masters sufficiently far-seeing to anticipate from it an economic benefit to themselves.

The great advance in the study of hygiene during the last half-century has been responsible for a good deal of legislative action which is stigmatised as grandmotherly, chiefly because it descends to minute details the importance of which is manifest to the expert, but not immediately at least to the lay mind. The public readily grasps the necessity of prohibiting exposed lights in mines, because an indefinite number of lives may be dramatically sacrificed in a single explosion. It is not equally ready to insist on ventilation, the lack of which is responsible for a vast amount of tuberculosis. Broadly speaking, the establishment of hygienic conditions in many trades is possible only through direct State intervention; and it follows that if the establishment of hygienic

conditions is desirable, State intervention directed to that end must also be desirable. The only available objection is the somewhat paradoxical one that insistence on healthy conditions keeps alive a large number of people whom Nature intended to be killed off, who overcrowd the labour market with the physically unfit, and whose survival generation after generation must tend in the long-run to racial deterioration.

The principle, then, had been recognised that the health of the workers ought to be protected, not only in their own **The Principle accepted.** interests, but in that of the general community ; and that this can be effected only by judicious legislation, though whether legislation is actually judicious in particular cases is usually a matter of argument. It is to be observed that in this particular field the objection to regulation on behalf of the male workers has not been maintained. Moreover, the fact that whereas there is always an inducement for manufacturers on a large scale to give a certain degree of attention to hygienic precautions, such inducements are particularly likely to fail to operate in the domestic employments, which engage a section of the population the least alive to the evils of foul air and the virtues of cleanliness. The actual difficulties of inspection and control continued to prevent the application of effective legislation for these so-called domestic workshops ; but the published results of inquiries have gone far towards removing abstract objections to intervention in domestic establishments if machinery can be invented for giving it practical effect.

There is one aspect of this problem which should not, perhaps, be passed over. The workers in great numbers of **Domestic Work.** these domestic shops could not subsist at all on their present rate of remuneration if they had to pay the increased rents necessary to the increased space required by any sanitary regulations which touch upon questions of overcrowding. They would therefore, it is argued, be thrown upon the rates. The apparent answer is that this would apply to only a very small percentage after

a very short time. Most of the labour, if not all, would still be in demand if higher rates had to be paid for it. The bottom of the matter is touched by the proposition that all work which is worth getting done at all is worth subsistence rates; and the subsistence rate intended by that proposition means a standard which makes decency and health at least possible. It does not, in fact, seem improbable that if the standards were in this manner compulsorily raised for the lowest class of employees, the whole of those persons now engaged in 'sweated' industries would find employment at higher rates and with tolerable hours, without inflicting any tax on the community, just as the regulations applied to women in factories neither diminished employment for them, nor increased the cost of production. Tentative efforts in this direction were made by the Acts of 1891, 1895, and 1901. More particularly it is to be noted in this connection that all trades classified as dangerous—to deal with which the last-named Act was passed—are subject to the specific regulations applied to those trades, whether carried on in factories, workshops, or domestic workshops.

Regulation also began to be extended beyond the area of the factory and the workshop. In 1886 it was recognised that there was no logical ground in the abstract for refusing to apply in other employments the **Shop Hours.** principles which had now ceased to be challenged in their application to manufactures, whether manual or mechanical. An Act was passed limiting service in shops for young persons to seventy-four hours in the week, although no limitation was set upon the work of adults, women as well as men being excluded from its operation. This is in accordance with the principle affirmed by the advocates of women's rights, in their objection to regulations distinguishing between women and men, and also with the general principle that direct regulation of adult labour by the State demands at least exceptional justification. In the case of shops, moreover, the interests of the consumer, as well as of the worker, are directly and palpably affected by the hours question.

In the case of manufactures, the consumer is affected only so far as the shortening of hours may raise prices; and it is doubtful at least whether prices are in the long-run raised at all. But the consumer's convenience at any rate is touched by the retail shop hours, because the working classes in the main have to do their shopping after their own working hours are over, whereas the leisured classes do their shopping during the working-day hours; to which must be added that the employment of shop assistants in part begins before and finishes after the actual opening of the shops.

Broadly speaking, however, the twentieth century recognises the principle of the enforcement by the State of regulations which the better-class employers would be willing to adopt on their own account if they were not afraid of being handicapped in consequence by the action of their competitors. The problem has become one not so much of principle as of administrative feasibility, and of compromising between a rigidity which cannot allow for special circumstances, and an elasticity which makes regulation practically a dead letter.

Certain characteristics of the British attitude towards State regulation have remained unchanged from the beginning.

Children. The original theory of factory legislation is still the working theory of State intervention. It was, and is, assumed that children stand outside the economic basis of discussion altogether. They must be kept out of employments which prevent their growing up into healthy and intelligent citizens; and they must be protected from their parents, from parental exploitation, as much as from any other exploitation. The question throughout has been one, not of principle, but of degree. The line at which intervention must be stopped is withdrawn further and further; always in the direction of excluding children from any work which is not educational, and of raising the age at which wage-earning employment should be permitted. Thus, in 1903, their employment in street trading, while under eleven years of age, was made illegal; and this age limit is likely to be raised.

**A Problem
of Adminis-
tration.**

Similarly, it is probable that 'half-timers' will be abolished in factories; that is, that it will cease to be permissible to employ children in factories until they have been discharged from elementary schools. Half-time permits the elder children to take half-time at school and half-time at factory.

The second stage took women also in part out of the sphere of economic argument, on the hypothesis that they must not be allowed to do work injurious to the physical development of the population. On the one side **Women.** there is a tendency to extend this protection, while, on the other, it is checked by the propagandists of the doctrine that such legislation is a masculine device for shutting women out of the labour market.

The dislike to interference with adult male labour continues in force, that question remaining within the field of economics. There can be no doubt, however, that resistance to State intervention has weakened of recent years. In one particular, however, there is a notable tendency towards a reversion to a principle which, during the nineteenth century, was completely suspended. The nineteenth century insisted that wages were a plain matter of bargain between employer and employed, although before the nineteenth century the State had empowered different authorities, beginning with the gild-merchant and ending with the justices of the peace, to intervene and fix the rate of wages. But once more an Act of 1909 constituted an authority having the power in certain specified employments, four in number, to fix the minimum rate of wages for women. The Act is avowedly only an experiment on a small scale, but there can be no doubt that if it is found to work successfully, the principle will be extended. It is to be observed, however, that the State intervenes not directly, but by the creation of an elective authority. The experiment in question, it should be remarked, is the outcome of experiments already at work in the oversea Dominions of New Zealand and Victoria. The fact suggests that the comparative ease of experimentation in new countries is likely to have an effect at present

**State
Regulation
of Wages.**

incalculable on the progress of economic theory and practice in the mother country, where tradition and custom present much greater obstacles to the application of untested theories.

The dominant theory has always been that the adult male labourer is a free agent in the making of his own bargain as to wages and hours with his employer. First, **The Public Attitude.** it was held that as an individual he was a free agent, and that combinations destroyed his freedom. Then it was held that as an individual he was not free, being at the mercy of his employer, but that he could acquire freedom through combination and collective bargaining. Freedom of contract being the recognised ideal, combinations were suppressed on the one hypothesis, and on the other were treated as emancipative. As a matter of fact, trade unions have proved themselves liberators or tyrants in proportion to the intelligence, self-control, and public spirit of their members. Public opinion fluctuates in favour of collective bargaining, or against it, very much according to the temper shown by the men when differences arise between them and the masters. The prevalent opinion outside manufacturing circles is that the unions are strong enough to carry their point when justice is on their side; at any rate, that a closer approximation to freedom of contract is attained through unions where the workmen are capable of organisation, than under the system either of State control or of individual bargaining.

But where collective bargaining is impracticable, there has been a greater inclination towards State intervention. This **Employers' Liability.** has been the basis of nearly all factory legislation whether dealing with hours of work, protection of machinery, or sanitary matters. It has been applied in particular to legislation of the type described as 'employer's liability.' Both the great political parties have accepted the general doctrine that employers should be held liable for accidents befalling their employees, in the course of their employment. Differences have arisen mainly on the question

of contracting out, the right of the employee to make a bargain exonerating the employer from liabilities imposed by statute. If individual employees are free agents, there is obviously no justification for denying the right of contracting out. If they are not free agents, but could practically be compelled by the masters to contract out if legally at liberty to do so, compulsion is necessary to their security ; and on the principle that the individual workman standing alone is not a free agent, contracting out has been invalidated.

In another field, however, hypothetical freedom of contract has been more drastically dealt with. In dealing with land, the occupier is theoretically free to make his ^{Land} own bargain with the owner. The bargain is settled by the higgling of the market, mitigated by amicable personal relations subsisting between landlord and tenant. A man becomes a tenant, and takes up a farm with his eyes open ; he is under no obligation to betake himself to farming. If the terms do not suit him, he can seek another farm or another occupation. For the State to interfere between landlord and tenant is to interfere with freedom of contract. In Ireland, however, and in the Scottish Highlands, this doctrine has been completely repudiated. Not without very vigorous opposition, the State has acted on the assumption that the peasantry are not free agents, that their labour is not mobile, that they are virtually tied to the soil, and therefore, if left to themselves, have no choice but to accept the landowners' terms. The establishment of land courts to fix fair rents has been held to be warranted by the assumption that between landlord and tenant the contract is not free.

Less debatable has been the enforcement of the now generally accepted doctrine that the agricultural tenant is entitled to compensation for improvements. As matters stood in the past, the tenant who sank money in improving his holding might either find himself ejected at short notice without compensation for his expenditure, or might be called upon to pay a higher rent because the holding would now let for more, owing to the improvements which he had made. The doctrine

at least is now established that the tenant, and not the landlord, should derive the principal benefit from the improvements which the tenant has made. Apart from all questions of justice or injustice, it is obvious that the old system deterred every tenant from making improvements, when he had before him the prospect of being mulcted, and of losing the profit on his expenditure and enterprise by having to pay an increased rent or to surrender his holding.

In other respects legislation has intervened in agriculture chiefly with the aim of facilitating the establishment of a **Agricultural** peasant proprietary; that is, of enabling the **Depression.** small holder to become the actual proprietor of his croft or farm, purchasing it with funds advanced by the State. The economic advantages, however, of a peasant proprietary are exceedingly debatable, and it is by no means certain that future legislation will follow the same line. The movement itself, so far at least as concerns England in particular, was inspired by a growing desire to stop the agricultural depression which began to set in in the late seventies with a series of bad harvests. What that depression meant may be gathered from the statements that the wheat acreage was about halved between 1874 and 1900; and between 1870 and 1900 the actual population employed in agriculture had fallen more than fifteen per cent. This rural depopulation, with its corresponding expansion of the urban population, presented an alarming prospect, and it is not surprising that, to a large number of observers, bringing the people back to the land appeared an imperative necessity for which it was worth paying almost any price, from the national point of view; although it had long ceased to be possible to contemplate the question from the old point of view of endeavouring to raise sufficient food supply from the soil of the British Isles.

The year 1875 marked the decisive establishment of trade unionism and collective bargaining as institutions sanctioned by the law; no longer permitted doubtfully, but clearly authorised as respectable. They had habitually been upheld by

Radicals, and cold-shouldered by orthodox Liberalism ; while it was the Conservatives who, under the educational influence of Disraeli, ultimately became their sponsors. The hope or fear of their legislative suppression was destroyed. It was, in fact, even in 1870, a fore-gone conclusion that some such Act as that of 1875 would not be very long deferred. Throughout those years, unions were increasing and multiplying on the one side, and employers on the other were recognising them by the institution of boards of conciliation and arbitration, where they met the men's representatives, and dealt with them as representatives and not as individual units. Employers had not, indeed, overcome their hostility to unionism as an interference both with their own rights and with those of independent workmen ; but they realised that collective bargaining could no longer be treated as illegitimate. Indeed, they accepted the inevitable, and resolved to treat with the unions in a reasonable spirit from their own point of view, while organising themselves to resist unreasonable demands on the part of bodies whose intelligence and organisation they had learnt to respect.

The natural effect followed. Frequently facing each other with a desire to avoid battle, to persuade rather than to defy, the employers on one side and the union leaders on the other ceased to take for granted that the other side had no case, endeavoured to appreciate its point of view, and found themselves in consequence adopting views of their own, which were not always satisfactory to the more militant members of their associations. Hence both sides came into practical agreement as to one principle in the regulation of wages, namely, that they should be controlled by prices on a sliding scale, prices and wages rising and falling together, or in immediate sequence. The doctrine is one which makes an immediate appeal to common sense ; but, like other such doctrines, it has drawbacks. It came into play when trade was progressing and expanding, the supply of goods could not keep pace with the demand, and high prices ruled. High wages, therefore, also ruled.

The Unions
and the
Employers.

The Sliding
Scale.

But in the late seventies and early eighties, came a period of depression. The markets were glutted and prices fell. **A Period of Depression.** In fact, from 1875 onwards, the reductions in wages demanded by the employers were so heavy that one union after another refused to submit, and union after union was beaten in the contest. In industrial as in international warfare, both sides generally have a disposition to turn to arbitration when the issue is doubtful; but either side, when confident of victory, is apt to prefer the arbitrament of battle. It is the general rule that the masters are better able than the men to endure the strain of a long strike or lock-out. At this period the masters were uniformly successful, and the fact gave a great impulse towards a movement among the men to demand State regulation directed among other things to the establishment of a legal minimum wage, which employers entirely declined to concede. During these years, not only were wages reduced in some cases by as much even as fifty per cent., but in many districts there was some increase in the hours of employment. For fighting purposes the unions were seriously crippled, because, during the period of depression, there was so heavy a drain on their finances for the provision of 'out-of-work benefit' at the same time that their subscriptions fell off in number and in regularity. Large numbers of the humbler unions, and some even which stood in the front rank, were entirely wiped out. Nevertheless, the system survived the crisis, which reached its nadir in 1879.

The operatives suffered from depressed trade and fallen wages; and the failure of the unions to remedy this distress **Trade Union Dissensions.** inevitably tended to diminish the somewhat excessive confidence which, in more prosperous days, had been reposed in their effectiveness. Disasters in war are habitually imputed to incompetence or treachery in the generals, and it is confidently affirmed that a different strategy on their part would have averted defeat. The inertia of the leaders of trade unionism, represented particularly by the parliamentary committee of the Trade Union

Congress, was generally blamed by the more ardent spirits who wanted to see something done, and believed that it could be done. But there were other causes which militated against solidarity among the trade unions. Some were organised, like the engineers, largely on the Provident and Friendly Society basis, and, though their revenues were large, only a limited proportion of the funds were free for militant purposes. Others were organised like the miners and cotton operatives, exclusively for trade purposes, and obviously the latter were much readier than the former to throw down or to take up the gage of battle. The miners were divided, Northumberland and Durham adhering to the sliding scale doctrine and objecting to State regulation, while Lancashire and Yorkshire called for a legal eight hours day, and for the maintenance of wages by the restriction of output. And to increase the difference, the specialisation of trades led to angry disputes between different unions, each of which claimed that their own trade and no other ought to be employed on certain kinds of work, each disputant being able to make out in its own favour a case convincing in its own eyes.

There were then numerous discordant elements at work in the trade union world; elements, that is, which brought different trades into conflict, and the members of one trade in different districts into conflict; differences of aim between groups, each aiming at the welfare of the working-man, but some seeking it exclusively in a more favourable adjustment of the relations between labour and capital, while others attached an equal importance to the application of their funds to the betterment of the working-man's position when suffering from sickness, old age, or unemployment. Some were moved by the desire to maintain a sort of aristocracy among the trades, to require high subscriptions and a certain exclusiveness in their membership; while the associations of workers in comparatively unskilled trades, where low wages ruled, were necessarily dependent on small subscriptions and a limitation of their aims to militant objects. Hence, in spite of the general acceptance of the doctrine of the brother-

and the conditions of labour and commerce for the public benefit. Even the nineteenth century had rejected *Laissez Faire* in connection with those sections of the community which it had recognised as incapable of fighting their own battles. Individualism had superseded the old State control on the ground that State intervention defeated its own ends, and was sure in the long-run to do more harm than good to the community at large. The novelty now lay in the application of the old principle on a very much enlarged scale, in a democratic community—a community whose government was controlled, not by the wealthy classes, but by the working-men.

Individualism has never been dominant, except in a modified form. All political parties have repeatedly admitted the principle of State intervention on behalf of the weak, when the interests of the weak clashed with those of the strong, and the competitors did not compete on even terms. The theory on which the trade union battle had been won in 1875 was, that the legalisation of the unions set labour and capital on even terms when their interests clashed. On that hypothesis, individualism forbade further State intervention. But obviously between that position and the socialist position, which demanded universal State control, there remained a very wide field for possible operations, which the individualist could approve with a clear conscience wherever it appeared that the State intervened, not to check free competition, but to remove handicaps and abolish abuses. Hence every act of State intervention hitherto has been supported by a strong body of those who claim to be individualists, and flatly repudiate the socialist ideal; while every such act in favour of the working classes has also been condemned or applauded as socialistic.

Socialists the leading spirits of the new movement called themselves; and some of them, at least, were aiming at a social revolution. Monster meetings of the unemployed, riots on a large scale, and conflicts with the police and the authorities, such as are rare in this country, created considerable alarm; more particularly as

the centenary of the fall of the Bastille drew near. The authorities, however, were wise enough to allow the popular orators a very considerable latitude, and it was presently understood that the British working-man was no more disposed to the attainment of his ends by revolutionary violence than he had been forty years before. The movement did mean that he demanded greater activity on the part of his leaders; that he meant labour to dominate industry as capital had dominated it in the past; that he felt the insufficiency of the existing machinery by which labour sought to promote its own interests. But the movement developed along constitutional lines, not on the lines of violence, as had at first seemed probable. Leaders of great organising capacity came to the front, and they were supported by the sympathy of the public, as soon as the brief inclination to panic was over, and the appeal was made to their sense of justice instead of to the passions of the mob.

The movement aimed at giving trade unionism a new vitality; and a very remarkable effect in this direction was produced by the great strike in the London **The Dock** Docks in 1889. Hitherto union among the un- **Strike.** skilled workers had been conspicuously unsuccessful; but when the whole mass of the dock labourers came out on strike to demand the 'docker's tanner,' the minimum wage of sixpence an hour, the dockers did not find themselves dependent on their own contributions, but were supported by substantial subscriptions from the public at large, amounting to nearly £50,000, while more than £30,000 was contributed from Australia. The strike was completely successful in its objects, and it showed that the public was no longer inclined to assume without inquiry that employers were bound to be in the right, and employees in the wrong. Possibly, indeed, the reaction went somewhat too far, and the public began to be too much inclined to assume the reverse; an inclination which was increased some while afterwards when Lord Penrhyn practically closed his quarries rather than recognise the right of collective bargaining.

The line of action taken by the new unionism may be briefly summarised. It aimed at procuring more active State intervention on behalf of the working classes, and at increasing their power in the legislature by the creation of a parliamentary party avowedly representative of the manual workers. It brought pressure to bear on government departments for their recognition of trade union rules and trade union rates of wages. It utilised the democratising of municipalities very effectively for the application of the same principles in municipal undertakings. Late years have witnessed a great development of arbitration and conciliation boards, and especially notable has been the activity of the government intervention in trade disputes in order to persuade both sides to come to an agreement, when, left to themselves, they have seemed unable to attain such a consummation. It may be remarked, however, that at the present time the system, which seemed to be making rapid strides, would appear to be somewhat endangered by an occasional inclination on the part of the men to repudiate terms with which their representatives have been satisfied, and to prove to their own satisfaction that they are morally justified in denouncing existing treaties. The crises of 1911, though they have for the most part been honourably surmounted, are a warning that, in industrial as in international politics, the advocates of arbitration have not yet abolished the possibility of war.

But we are now on ground which is too close to us for discussion from the historian's point of view. Labour has attained a degree of organisation for which history provides no precedent; and on its use of that organisation British industrial prosperity in the future mainly depends.

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