

Lesson Eleven

Waning Power?

Aims

The aims of this lesson are to enable you to

- outline the economic slowdown in some of Britain's landmark industries
- consider the question of whether international competition actually amounted to a real decline
- detail the growing awareness of the resilience of poverty and its relationship to a 'state of the nation' debate

Context

At the time of the Great Exhibition it would be fairer to describe Britain as not merely the first industrial nation, but the only industrial nation. By the end of the century this was no longer the case as Britain found itself in an increasingly competitive environment (the 'scramble' to acquire colonies occurred also at this time). At home, increasingly sophisticated investigation into the nature and causes of poverty were making it abundantly clear that charity and faith in progress not sufficient.



Oxford Open Learning

Late Victorian Depression

By 1868, Britain was into a second phase of industrialisation based on railways, machine tools and heavy industry (coal, iron and steel, shipbuilding). Heavy industry expanded as a consequence of Britain's international supremacy in shipbuilding.

However, Britain's economic growth was beginning to slow down and become less effective in competition with European countries, especially Germany and the United States. Having enjoyed a 32% world share in manufacturing in 1870, this had fallen to 14% by 1913.

It was seen that the USA (11% world share) and Germany (23%), were overtaking Britain as manufacturing nations and their exports were increasingly cutting into the British market.

By the early 1870s, particularly adverse factors were seen to be affecting British industry, and there were a series of downturns and depressions in 1879, 1885, 1894 and 1904.

Prices moved steadily downwards without a recovery in demand. In some sectors, monthly wages were cut or remained stagnant. Profits and dividend were depressed.

A limited recovery towards the end of the 1870s did not dispel the feelings of contemporaries (not least senior politicians) that British industry was defective and falling behind its chief rivals.

British technical education was thought inferior to that of competitor nations like Germany.

Much of Britain's capital equipment was becoming or had become obsolete, and investment in its replacement was falling.

Was Britain Declining?

Despite these problems Britain still enjoyed some industrial predominance. This was seen in the success of cotton textiles which continued unthreatened until after the First World War. Nonetheless Britain was regarded as undergoing an apparent decline (accelerating after the World Wars of the first half of the twentieth century), and various explanations were put forward which historians have debated.



Liverpool's Salthouse docks at the turn of the century. Sail had not entirely given way to steam, often the two modes being used in combination.

It was thought that Britain depended too much on its staple industries. Britain was suspected of being over committed to existing technology and high cost skilled labour. It was also thought that Britain's entrepreneurs of the second and third generation were ceasing to strive and failing to look for new commercial advantage.

Striking examples of what became known as the 'cultural critique' were produced by Anthony Sampson in 1962 (*Anatomy of a Britain*), and Martin J. Wiener in 1981 (*English Culture and the Decline of the Industrial Spirit, 1850-1980*).

Defenders of Britain's performance immediately pointed out that Britain was the first industrial nation (in 1850 it produced more goods than the rest of Europe put together). Once other countries industrialised – and some, such as Russia did so very determinedly – it was inevitable that Britain's share of trade would decline.

More significantly, however, in recent years historians have come to reassess how the British economy was really structured and thus how its performance ought to be viewed. One of the most vigorous rebuttals of those who were wedded to an idea of British decline was an American historian W. D Rubinstein. He argued that obsession with Britain's manufacturing performance was misleading for a very simple reason:

'Britain's was **never** fundamentally an industrial and manufacturing economy; rather, it was **always**, even at the height of the industrial revolution, essentially a commercial, financial, and service-based

economy whose comparative advantage always lay with commerce and finance.'

Viewed this way, Britain's performance at a time of increasing competition looks altogether different. The 'dark, satanic mills' may have excited the attention but the real economic driver lay elsewhere – particularly in London, a city without parallel anywhere else in the world.

The correlation between overall investment and Britain's vast international influence were detailed by two economic historians, Peter J. Cain and Anthony G. Hopkins. They drew attention to the fact that by 1900 the British had the world's largest empire and that London was the world's financial centre. This, they argued, was no mere coincidence.

Beyond the parts of the globe that were coloured pink on maps – the formal parts of the British Empire – British trading arrangements, enclaves and concessions could be found dotted around the globe. These were expanding, both within the growing Empire and (perhaps more importantly), outside it.

The British presence could be found throughout South America (where she and the USA enjoyed a virtual monopoly, free from interference from other European powers). Naval and trading bases could be found all over the world: in the Caribbean, Lagos, the Cape, Singapore, Penang, Hong-Kong and Kowloon.

This commercial empire was linked by the sea lanes that were also dominated by Britain – protected by the overwhelming power of the Royal Navy. On the eve of World War One, Britain possessed more than twelve million registered tons of merchant shipping. This was more than 50% more than the USA in second place.

By this time Britain had around 20% of the world's stock capital invested in various portfolios around the globe (notably including the USA, the location of a fifth of its investment). For Cain and Hopkins, this was driven by a breed of men – the 'Gentlemanly Capitalists' of the City of London and further afield in the South East of England – but British industrialists too appear to have been willing to invest their profits overseas.

This worldwide investment brought in dividends of approximately £200 million per annum for its British investors. This income perhaps could be measured in the same way that the output of pig iron could, but was greater than the entire French national budget.

According to Cain and Hopkins, therefore, Britain was not a declining economic power by 1914 – quite the opposite. British power was growing even if one sector of the economy – heavy industry – was experiencing a relative decline as other nations enjoyed their first burst of industrialisation.

Rubinstein's case is crystal clear:

'... Britain was unique, and the failure of subsequent historians to fully understand the dimensions of this uniqueness, above all in the application of thoroughly inappropriate ways of examining Britain's recent economic performance, especially by the procrustean bed of industrial and manufacturing output, have caused so many to view this humane, rational, and successful society much more adversely than is warranted by the facts.'

Agriculture

The abolition of the Corn Laws in 1846 had not seen an immediate import penetration by overseas agricultural produce. The cost of transport had provided British farming with protection from competition.

However, Britain's population in the period from 1861 to 1891 notably increased from 31.2 million to 37.9 million. It became clear that British farming could not supply this population on its own.

By the 1870s, the grain production of the Canadian and US prairies was accessible by the Great Lakes and the St Lawrence River, which was being enlarged in key areas to permit the passage of bigger ships.

Once out to sea, trans-Atlantic transportation was by reliable steamship services. This made immense supplies of wheat quickly available.

British farming was overwhelmed by this competition, particularly in the arable sector. Between 1875-85 30% less land was devoted to growing wheat, a situation made worse when the weather contributed to some poor harvests (especially in 1875).

The drift away from land accelerated so that just 9% of the workforce was still employed in agriculture by 1901 (a quarter of Germany's figure and a fifth of France's).

Even meat production was challenged with imports of cheap meat from New Zealand and Australia after the development of effective shipboard refrigeration. Dairy produce from northern Europe was also successfully entering Britain.

Some profitability remained in Britain's dairy farming and market gardening but this did not really cover the loss to farming generally, and income from land generally fell.

Protective Tariffs

One answer to this competition was protective **tariffs** such as had been developed in Germany and the US in the 1880s and 1890s. **Joseph Chamberlain** led a determined campaign to introduce tariffs (providing a measure of 'imperial preference'), which peaked at the turn of the century.

However, demand for cheap food by the working class was such that tariffs which would have forced up food prices were at that time unrealistic. The absence of tariffs had helped make the increasing amount of grain and meat imported from Australia, New Zealand, Canada, the USA and Argentina much cheaper for ordinary families – and the male heads of these households now had the vote

Chamberlain's tariff reform campaign failed. Perhaps the surest sign that Britain's priorities were no longer dominated by the landed interest can be seen in the fact agriculture was therefore left to its fate.

Between 1880-1900, average wages increased by 22%, although there were variations between place and occupation, and were to fall back in the early twentieth century. More importantly, however, between 1870-1900 wholesale prices of commodities fell by 40%, recording an astonishing 30% fall in the retail price of food in just ten years during the period 1877-87. The duty was reduced on tea, helping to make it the drink of choice for the British.

Canning helped preserve food, lower its cost and widen its range.. Refrigeration allowed fish to be preserved for longer leading to an increase in its consumption. Fried fish (especially with chips), became a meal within the reach of many.

These factors were reflected in new and expanding sectors of the economy. The retail sector became one of increasing importance, with the growth of chain stores like Boots, Lipton's, Sainsbury's and Marks and Spencer's. On the shelves of these firms were to be found new brand names: Tate & Lyle, Birds, Huntley & Palmers, Cadbury's, Rowntree's, Lea and Perrin's.

Poverty

Not everyone would enjoy these benefits. Even at the height of mid-Victorian confidence there had always been an awareness that great poverty existed. Whilst the economic outlook remained buoyant, however, there was always hope that progress and wealth would provide a natural solution to the problem.

In his *Lives of the Engineers* Samuel Smiles had made this confident assertion:

'Everything in England is young. We are an old people, but a young nation. Our trade is young; our mechanical power is young; our engineering is young; and the civilisation of what are called "the masses" has scarcely begun.'

In the latter part of the century, however, middle-age was setting in and youthful confidence was failing. The historian, Harold Perkin, noted that all evidence 'all points to a contraction of social climbing in the mid-Victorian age'.

The middle class was still expanding through more clerks, shop assistants and managers, but movement between the classes was less. There were fewer educational opportunities; businesses were larger and more sophisticated, making it harder to start up a successful enterprise. Recruitment into the management sector was coming from within the middle classes.

Class boundaries were hardening and there is evidence that the gaps were increasing. Early in the nineteenth century it was estimated that the richest $\frac{1}{2}\%$ of the population owned 17% of the wealth, and the richest 10% owned about 40%. By 1867 these figures stood at 26.3% and 50% respectively.

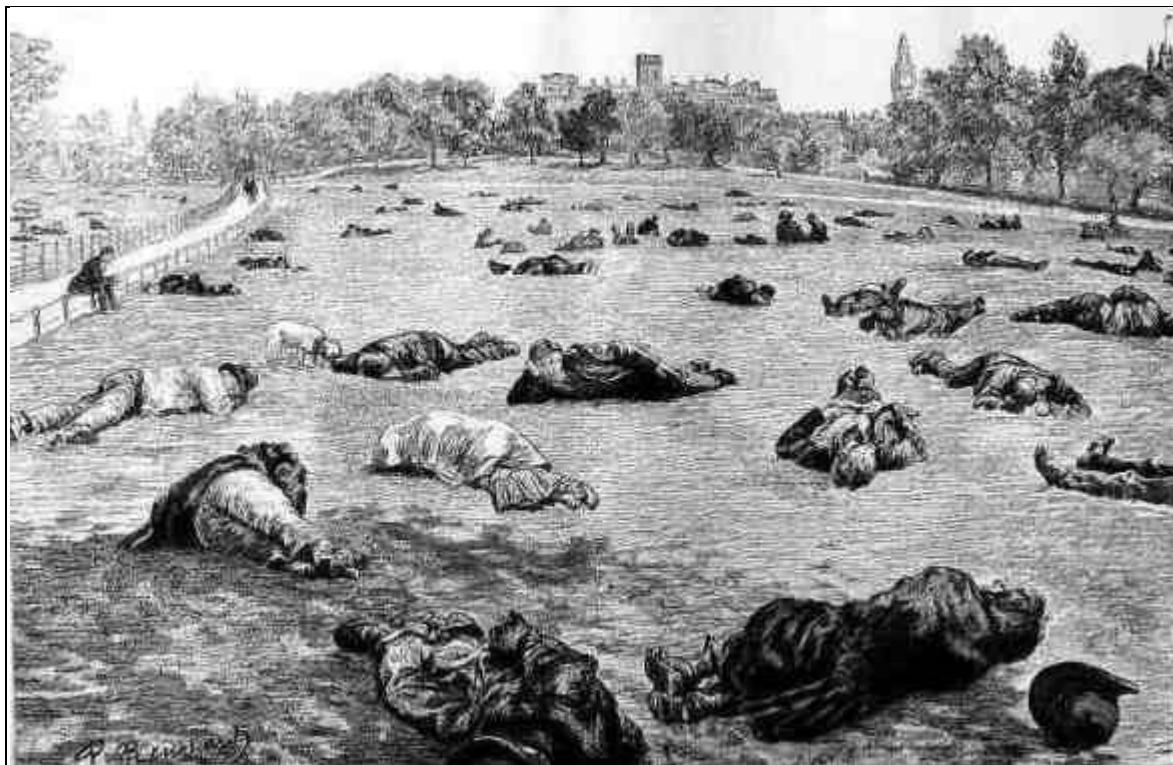
In the 1870s, at a time when a comfortably off skilled worker had an annual income of around £100 per annum, the Duke of Bedford had an income of nearly £142,000.

So what of the poor?

For a long time there had been depictions of poverty in novels; Elizabeth Gaskell and Anthony Trollope set novels amongst the poor of Manchester, Dickens depicted all aspects of London. Many other accounts were journalistic impressions: emotive and sensational.

From time to time also the government conducted enquiries through its Royal commissions that investigated a particular aspect of poverty, or took evidence about the condition of the working class.

Numerous statistics were also produced on particular aspects related to these Commissions. In 1884, an economist named John Rae remarked that 'in the wealthiest nation in the world almost every twentieth citizen is a pauper'. He went on to add that between a third and half the population were inadequately housed, a fifth were insufficiently clothed and that for many in the population old age was only to be dreaded as it brought on certain poverty.



The poor were never entirely out of sight and out of mind. This illustration from 'The Graphic' in 1887 depicts homeless people asleep at mid-day in St James' Park, in the heart of London's fashionable West End.

Until the late 1880s, however, there had been no systematic attempt to establish just how much poverty existed or why people were so poor. This changed with a vast survey of London commissioned by a wealthy Unitarian ship owner, **Charles Booth**.

Between 1887-1903, Booth surveyed London's streets, starting with the East End, and eventually producing a report that ran to seventeen volumes.

Booth collected evidence from School Board visitors as well as teachers, police, clergy, Factory Inspectors and Friendly Societies.



Booth had the wealth to be able to employ paid assistants. These included a relative of his, Beatrice Potter, better known to history under her married name of **Beatrice Webb** (as she was by 1909 when she sat for this portrait, now in the National Portrait Gallery, London), and **Clara Collett**.

Colour-coding each street according to income, Booth's conclusion was startling: out of London's population of 4.2 million, no less than 1.3 million of them lived in poverty.

Faults can be found with Booth's research methods. He was not able to double check the data that he was supplied with, having to rely upon the accuracy of his researchers. Some of his definitions were vague, others judgmental.



Extremes of wealth and poverty across central London can be seen from this section of the 1898-99 edition of Booth's poverty survey.

Activity 1	Go to www.ool.co.uk/1110ha and first note the colour-coded categories that Booth applied. Then, search an area of London and see how many of these can be found within a given district.
	

For example, Macklin Street, off Drury Lane, was given the two lowest colour classifications: Dark Blue ('Very poor, casual. Chronic want'), and Black ('Vicious, semi-criminal'). The residents of Macklin Street may have acknowledged the first description whilst simultaneously resenting the latter.



Booth's finding influenced many other social investigators. Amongst these was the founder of the Salvation Army, **William Booth** (left) and the campaigning journalist **William T. Stead**, the editor of the *Pall Mall Gazette*. Together Booth and Stead collaborated in producing a book entitled *In Darkest England* (1890), the title being a deliberate parody of European exploration of Africa. They were at pains to point out that misery, degradation and savagery could be found far closer to home.

Activity 2	Go to the <i>Dictionary of National Biography</i> and search for the biographies of Charles Booth (written by the historian, Frank Prochaska), and William T. Stead. What solutions did Booth suggest to combat poverty? Why did William Stead go to prison – and when was he last seen alive?
	

William Booth asked a very pertinent question that went to the heart of the supposed virtues of Protestant, liberal England:

'What use is the 'Gospel of Thrift' to a man who has had nothing to eat yesterday, and has not three pence today to pay for his lodging tonight?'



Another researcher was Quaker **Benjamin Seebohm Rowntree** (left), a member of a successful family of chocolate and cocoa manufacturers. Rowntree applied Booth's findings to a smaller place – York – making a house to house enquiry, covering 11,560 families in 388 streets.

Rowntree drew a poverty line designed to establish a base point at which the basic needs to maintain 'physical efficiency' could be maintained. This would vary between households but Rowntree's assessment placed it at between 18s. 10d. (approximately 93p), and 21s. 8d. (roughly £1.08p) per week.

Rowntree also applied a judgement of his own. He drew a distinction between 'primary poverty' (those who simply could not earn enough to sustain themselves or their families), and 'secondary poverty'. These were people whose poor expenditure, usually brought on by their living conditions, made life worse. As a teetotal Quaker, for example, Rowntree would not count beer as anything else but a luxury.

Rowntree published his *Poverty, a Study of Town Life* in 1901. He estimated that 27% of York's people (10% in 'primary poverty') 'with earnings... insufficient to maintain the minimum necessities for the maintenance of mere physical efficiency'. Booth's poverty line in London had a figure of just under 31% in similar circumstances.

Activity 3

Go to the Rowntree Society site at www.ool.co.uk/1111ha, then to the section 'Rowntree History' and on to 'Rowntree Family Biographies'. What was the approach to business of Joseph Rowntree and Seebohm Rowntree? What is the Joseph Rowntree Reform Trust?



The great problem was irregular earnings. Periods of casual work would be followed by times of unemployment, or under-employment. This would be made worse by bouts of illness (stemming in no small part from their living conditions), making it impossible to budget and very difficult to live.

In 1895, one school in London's East End asked its girls to record their meals for a week. Here were two examples representing the average:

<i>Age ten, Monday</i>	
Breakfast	Bread & butter; tea
Dinner	Meat fried from Sunday; potatoes, greens. Batter pudding
Tea	Bread & butter; coffee.
Supper	Black pudding and bread
Between meals	Bread & butter; toffee

<i>Age eleven, Thursday</i>	
Breakfast	Egg & bacon; bread & butter; tea
Dinner	Soup, bread & cheese
Tea	A cup of tea and half a teacake
Supper	Small brown herrings; bread & butter; tea
Between meals	Half an apple; a piece of coconut; toffee; nuts

The researchers came to the same conclusion that others were finding. Quantities were small, quality was dubious, and bread and butter was the most filling part of the diet. Meat disappeared from the menu early in the week and the reliance on bread increased as the money ran short towards its end. The number of girls who had nothing to eat after tea increased also as the week progressed.

Priority was often given to the working man, who had the most nutritious of such food that could be afforded. The children received left-overs, the mother often went without.

By the turn of the century the problems were plain to see. This was recognised by everyone from across the full spectrum of belief and outlook (Booth moved from the Liberals to become a Conservative; the Rowntrees were Liberals; Beatrice Webb was one of the founders of the Labour Party).

What was less clear, however, was what ought to be done. Should there be a redoubling of charitable effort? Should there be a systematic scheme of emigration? Did responsibility ultimately rest with government or the individual?

One thing was clear. The pillars upon which British power and confidence had traditionally rested – industrialisation, *laissez-faire*, minimal government – were now shaking.

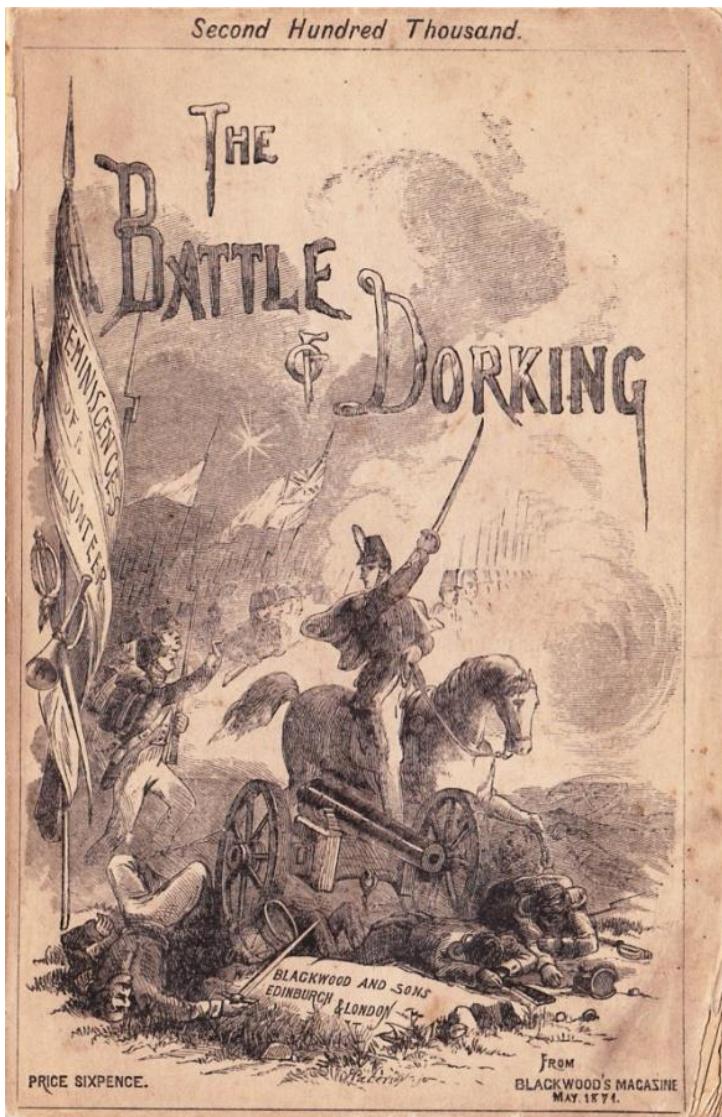


The armies of Europe look on as the British lion is gored by the Boer Bull from a French magazine in 1899. The British laboured to an eventual victory over the Boer commandos but volunteer recruitment to the British Army revealed a shocking truth: some 40% (much higher in industrial towns), of potential recruits to the Army had to be rejected due to their poor physical health.

In 1892, Beatrice Potter had married **Sidney Webb**, a writer and political activist who shared her outlook on life ('it is only his head I am marrying' she declared). As the twentieth century dawned Sidney Webb asked a question that would not have been raised at the time of the Great Exhibition fifty years before:

'How can we build up an effective State – how, even, can we get an efficient army – out of the stunted, anaemic, demoralized denizens of the slum tenements of our great cities? Can we, even as a mere matter of business, any longer afford to allow eight millions of whom I have already spoken – the 'submerged fifth' of our nation - to be housed, washed and watered worse than our horses? Is it not clear that one of our first and most indispensable steps towards National Efficiency is to make really effective that 'National Minimum' of

sanitation which is already nominally compulsory by law? This means a great extension of municipal activity in town and country.'



Another manifestation of ebbing self assurance: the front cover of George Chesney's *The Battle of Dorking*, published in 1871. This highly successful book depicted an invasion of Britain by an unnamed but German speaking country, sparking off a whole new genre called 'invasion literature'. Sometimes Britain's sovereignty was undermined by alien or supernatural forces (H. G. published *The War of the Worlds* in 1898), but usually it was the Germans.

Tutor-marked Assignment C

Essay

Do you agree that Britain was a declining power after 1870?

(24 marks)