

EMBARGOED UNTIL 2.00 P.M. MONDAY 6 APRIL 1998

ROTARY CLUB OF AUCKLAND

**THE NINETEENTH CENTURY:
FOLKLORE VS HISTORY**

**ROGER KERR
EXECUTIVE DIRECTOR
NEW ZEALAND BUSINESS ROUNDTABLE**

**AUCKLAND
6 APRIL 1998**

THE NINETEENTH CENTURY: FOLKLORE VS HISTORY

In 1930, Walter Sellar and Robert Yeatman published *1066 And All That*, a schoolboy-howler version of English history guided by the philosophy that 'History is not what you thought. It is what you can remember'. True to that philosophy, Chapter 49 is titled 'The Industrial Revelation'. This event is described as:

... the discovery (made by all the rich men in England at once) that women and children could work for twenty-five hours a day in factories without many of them dying or becoming excessively deformed.¹

But the government soon started to put things right:

The new situation created by the Industrial Revelation was boldly met by the statesmen of the day with a wave of Acts, such as Tory Acts, Factory Acts, Satisfactory Acts and Unsatisfactory Acts. The most soothing of these enacted that children under five years of age who worked all day in factories should have meals (at night). This was a Good Thing, as it enabled them to work much faster.²

The genius of Sellar's and Yeatman's hilarious book is that it so precisely expresses the often uninformed and confused versions of the past that clutter our imaginations. Indeed, the two passages quoted above are probably a fair summary of

1 Penguin Books, 1960, p 100.

2

l
b
i
d
,

p
p

1
0
1
-
2
.

what most people think they know about the industrial revolution which began in the late eighteenth century. Is it not one of the world's so-called 'well-known facts' that the industrial revolution was a disaster for the poor? Did it not tear them from the land on which they had worked for centuries and subject them to incredibly harsh conditions (long hours of work, unsafe machinery, semi-starvation wages, atrocious housing), with the vagaries of the emerging business cycle permanently threatening them with unemployment and utter destitution? Was it not benign state intervention, starting with the Factory Acts of the first half of the nineteenth century and culminating in the twentieth-century welfare state, that enabled the masses to share in the great wealth that their labours had created?

The immediate and most important point that has to be made about this story is that it is false. A long debate about it has engaged many economic historians throughout most of the twentieth century. According to a leading figure among them, Norman Gash, there is now widespread agreement that:

... not only in the long run but also in the short - that is to say, by the middle of the nineteenth century - industrialisation substantially raised the standard of living of the British working classes; that only industrialisation could have done this; and that relatively free industrial enterprise was the only possible method at that time of organising the country's affairs.³

As well, private and voluntary welfare mechanisms were well advanced by the turn of the twentieth century, and it is far from self-evident that they needed to be replaced by state mechanisms. Later on I will summarise some of the research findings that inform this consensus among historians. But before that, I want to explore how the popular myth of the industrial revolution, as summarised by Sellar and Yeatman, came into being and persists. That is a story in its own right, which

3 Norman Gash, 'The State of the Debate', introduction to *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

shows that past observers of past events can be just as partial and unreliable as modern observers of modern events, and that the most immediate witnesses of events can still fail to see what is going on under their noses. And it should alert us to often identical myths being propagated about the industrial revolution that is going on today in the developing world: contrary to much conventional opinion and sensationalist reporting, and despite intermittent setbacks like the current turmoil in Asia, industrialisation and urbanisation really have set the world's poor on the path to prosperity.

The first shot in the modern rehabilitation of the industrial revolution was fired by Sir John Clapham, who wrote in his book *An Economic History of Modern Britain*, published as long ago as 1926, that:

The legend that everything was getting worse for the working man, down to some unspecified date between the drafting of the People's Charter [1838] and the Great Exhibition [1851], dies hard. The fact that, after the price fall of 1820-1, the purchasing power of wages in general - not of course, of everyone's wages - was definitely greater than it had been just before the revolutionary and Napoleonic wars, fits so ill with the tradition that it is very seldom mentioned, the works of statisticians of wages and prices being constantly disregarded by social historians.⁴

Gradually this point of view was accepted among economic historians. In 1934, even the historians J.L. and Barbara Hammond, whose joint works in the early twentieth century had done much to entrench the mythology of the industrial revolution, grudgingly admitted in their book *The Bleak Age* that "this general view is probably more or less correct".⁵

It may be surprising that the folklore of the industrial revolution persists despite its steadily mounting refutation over the last 70 years. What is actually much more

4 Cited in F. Hayek, *Studies in Philosophy, Politics and Economics*, Routledge & Kegan Paul, London, 1967, p 206.

5 Ibid, p 206.

surprising is that the folklore was being generated at the time of the industrial revolution itself and, more surprising still, that it had its would-be refuters even then. Friedrich Hayek, in his introduction to *Capitalism and the Historians* (1954), quotes a letter written around 1843 by a Mrs Cooke Taylor, a resident of London, who decided to see for herself what conditions were like in the industrial North of England. At a dinner party before her departure, she mentioned her plans to the person sitting next to her, "who", she wrote, "is considered a very clever and intelligent man". He said that he would never consider travelling to Lancashire:

... that it was a horrid place - factories all over; that the people, from starvation, oppression, and over-work, had almost lost the form of humanity; and that the mill-owners were a bloated, pampered race, feeding on the very vitals of the people.

It turned out that "he had never seen it, but had been told that it existed". But Mrs Cooke Taylor's findings were completely at odds with what she had been led to expect:

Now that I have seen the factory people at their work, in their cottages and in their schools, I am totally at a loss to account for the outcry that has been made against them. They are better clothed, better fed, and better conducted than many other classes of working people.⁶

A single report like this does not by itself establish that the popular view of the industrial revolution is false. But it was not an isolated report. For example, in 1837 a Leonard Horner told a parliamentary committee:

I have often wished that those who so thoughtlessly believe and give currency to tales of the miseries of the factory-workers, and of the cruelty and hard-heartedness of their masters, would go to some of the mills to which I could send them, and judge for themselves.⁷

6 *Ibid*, p 211.

7 Quoted in Rhodes Boyson, 'Industrialisation and the Life of the Lancashire Factory Worker', ch. 3 in *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972, p 68.

The new consensus among economic historians suggests that these and similar contemporary accounts were close to the mark.

Sources of the Folklore

The mythology of the industrial revolution and its persistence in modern times are sustained by two perennial sources. One is a group of mid-nineteenth century novelists whose works continue to influence our historical imaginations. The second is Friedrich Engels, whose 1844 work *The Condition of the Working Class in England* was a major influence on Karl Marx with whom he formed an alliance in the cause of communism.

Inspired by Thomas Carlyle's 1843 work *Past and Present*, which posited a golden age of English rural community that was being destroyed by the growth of cities and factories, a group of novelists addressed what Carlyle had called in 1839 the issue of the 'condition of England', by which he meant the issue of the fate of the English working classes. The novelists included Benjamin Disraeli, who eventually became a Tory prime minister. The moral message of his novel *Sybil*, on industrial England, was succinctly captured in its subtitle *The Two Nations*, by which Disraeli meant that a serious conflict was developing in Britain between rich and poor. Another influential industrial novel is Elizabeth Gaskell's *Mary Barton*. Most famous of all is Charles Dickens, whose novels *Hard Times* and *Oliver Twist* have entered the collective consciousness of the English-speaking people with the indelible impressions they create of the harshness of, respectively, factory labour and the workhouses into which the destitute were conscripted. Dickens's brilliance with words is probably the single most important factor in the perpetuation of the folklore of the industrial revolution. For example, in the *New Zealand Herald* of 24 May 1997 Gordon McLauchlan referred to an argument with a well-known 'economic rationalist' and wrote, "I had just re-read Dickens's *Hard Times* and so I used the novel to describe the appalling working conditions of people at that time".

And yet there is every reason to question Dickens's reliability in this context. George Orwell, a great admirer of Dickens, observed

that Dickens's direct social knowledge was confined to the middle- and lower-middle classes of London, a centre of consumption rather than production.⁸ His immediate experience of the 'lower orders' was confined to people like servants and stagecoach drivers rather than the factory proletariat. Indeed, Orwell concludes that it is "an enormous deficiency of Dickens ... that he has no ideal of work". In very few cases does Dickens tell us what his central characters do for a living. As he was also a typical Victorian moralist, it is not

⁸ 'Charles Dickens', no. 168 in S Orwell and I Angus (eds), *The Collected Essays, Journalism and Letters of George Orwell, Volume 1*, Penguin Books, 1970.

surprising that he should have responded so strongly to contemporary accounts of urban squalor and exploitation in the industrial North. But it does not follow that he wanted to change the social structure. As Orwell goes on to say:

The truth is that Dickens's criticism of society is almost exclusively moral There is no clear sign that he wants the existing order to be overthrown Nowhere, for instance does he make an attack on private enterprise or private property There is not a line in the book [Hard Times] that can properly be called Socialistic; indeed, its tendency is if anything pro-capitalist, because its whole moral is that capitalists ought to be kind, not that workers ought to be rebellious.

Another author whose image needs a similar sort of correction is Victor Hugo, whose popular novel *Les Misérables*, published in 1862, is easily but mistakenly taken to be a cry of anger at the injustices of the capitalist order. But although Hugo certainly was a fighter against injustice and an advocate of active compassion, he vigorously defended free enterprise against contemporary attacks on it. He opposed attempts to "make a special class of the bourgeoisie", whom he defined as "simply the contented portion of the people". He opposed the communists on the grounds that "Their distribution [of income] kills production. Equal partition abolishes emulation To kill wealth is not to distribute it".⁹ Like Dickens, Hugo wanted not to change the system but to ensure that the principles of the existing order were thoroughly and universally observed.

How did such misleading accounts of what was happening arise? Factory work probably did seem horrific to many people who heard or read about it; its machine-driven disciplines would have seemed inhuman to people used only to the seasonal rhythms of agriculture or the relatively comfortable professional occupations in the southern towns and cities of England. The sudden and conspicuous wealth of the manufacturers would have been considered offensive by many, not just because it was so much

⁹ See J Powell, 'Victor Hugo - Liberty and Justice for All', *The Freeman*, February 1996, pp 109-115.

greater than that of their employees but also because it was dictated purely by market forces, apparently unmitigated by the benevolent paternalism that was assumed to sustain a communal bond between landowners and their dependants. Urban housing, especially before services like water supply, sanitation and street lighting were laid on, would have seemed barbaric in comparison with rural life.

Yet the fact remains that, in general, and despite exceptions in particular occupations, this new way of life brought an improvement in the living standards of working people. The main reason this was not immediately apparent is that outside observers had had

so little experience of the poverty, squalor, very long hours of work and severely restricted opportunities that was all that the so-called 'domestic' system of rural production really had to offer most people. In contrast to this dispersed and invisible poverty, the emerging industrial cities with their concentrated populations made the relative poverty of the masses for the first time readily observable. What was in fact the start of the slow transition of the English masses from poverty to prosperity was incorrectly interpreted as a deterioration in living standards from those that were thought to have applied in a romanticised rural past. In reality, factories were often cleaner, lighter and better ventilated than the dank hovels in which people had to work under the domestic system.

Alexis de Tocqueville, the famous French commentator on American democracy, was **perceptive** enough to make the relevant comparisons. As he put it in his notes on Manchester during his visit there in 1835:

The pressures which drive men from the fields into factories seem never to have been so active as now. Commerce flourishes and agriculture is in trouble. We hear in Manchester that crowds of country folk are beginning to arrive there. Wages, low though they seem, are nevertheless an improvement on what they have been getting.¹⁰

However, all this easily escaped Charles Dickens, of whom Orwell wrote, "Wonderfully as he can describe an appearance, Dickens does not often describe a process". Yet not all novelists were limited in this way. Take, for example, Elizabeth Gaskell's 1854 'condition of England' novel *North and South*. Unlike Dickens, Mrs Gaskell actually lived for a period in the North of England and directly experienced the topic about which she wrote. In a telling passage, she describes her heroine's attempts to find a servant girl in the fictional industrial town of Milton. She encountered

¹⁰ A de Tocqueville, *Journeys to England and Ireland*, ed. J Mayer, New York, 1958, p 97.

"difficulty of meeting with any one in a manufacturing town who did not prefer the better wages and greater independence of working in a mill". Although the novel's central story is about severe conflict between factory masters and workers, it suggests that factory labour represented a kind of social liberation for the poor; at the end of work shifts, men and women are described by Mrs Gaskell as "rushing along, with bold, fearless faces, and loud laughs and jests, particularly aimed at all those who appeared to be above them in rank or station". (Dickens, it is worth mentioning, did not resist this account of factory life; he admired North and South and indeed agreed to serialise it in Household Words.)

A precise modern parallel to the urban slums of early nineteenth-century England and the reaction they provoked among some outside commentators exists in the shanty towns that spring up around the swelling cities of the developing world. These are often presented as evidence that economic development (or what is more likely nowadays to be called 'globalisation') inevitably exacerbates the division between the rich and the poor. Of course shanty towns may be poor, but they are essentially transitional: their populations have escaped rural poverty and lack of opportunity, and are moving up a ladder of income that may take them out of the shanties. Twenty years ago, Santiago was a city of shanty towns; now the last vestiges of them are fast disappearing. Again, child labour in developing countries understandably generates much compassionate anger in richer countries, but attempting to outlaw it or to discourage it with trade sanctions is likely to keep the children and their families poorer for longer, and so delay the time when parents can afford to send their children to school (which they are generally very keen to do). In fact, this tendency to see income distribution in only static terms distorts our entire understanding of the way people move up (and sometimes down) the income scale. But interest is increasing in what economists call 'income mobility', and research suggests that the more opportunities poorer people

have to improve their situations, the less inequality exists in lifetime earnings.

In a study of the 'condition of England' novels, Michael Jefferson draws the following six conclusions:

- (i) the novels accept, in varying degrees and with the exception of the works of Charles Dickens, the belief in a Golden Age before the Industrial Revolution, for which there is no foundation;
- (ii) they generally, although with some inconsistency, record a decline in the general standard of living which did not occur. Such decline as did occur was in specific, non-industrial instances;
- (iii) they suggest a decline in the quality of life under industrialisation, upon which no definitive judgment can be passed, but there are some powerful counter-arguments;
- (iv) they lay some, occasionally much, of the blame for the miseries of industrialisation upon Classical Economists and their approach to political economy, an erroneous view into which numerous subsequent writers have fallen;
- (v) in dealing with more specific instances - whether in the textile, iron and steel, coal, or other industries - the novelists took extreme cases from extreme places, and some novelists even misused evidence or used evidence containing misrepresentations and other types of error; and
- (vi) the general effect of these exaggerations and occasional fabrications is to build up a largely false picture of the evils that industrialisation is supposed to have brought to the vast majority of the British people.¹¹

Whereas the 'condition of England' novels assumed that a Golden Age lay in the past, the other main source of the myth of the industrial revolution assumed that it lay in the future. Friedrich Engels's 1844 study *The Condition of the Working Class in England* inspired Karl Marx to see the urban proletariat as the bearer of the political revolution that would usher in a classless, communist society from which

¹¹ J M Jefferson, 'Industrialisation and Poverty: In Fact and Fiction', ch. 8 in *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

private property and the division of labour would be absent. From this viewpoint, the sufferings of the urban industrial masses, however regrettable, served the purpose of driving them to fulfil the necessary and historically progressive function of liberating mankind.

And yet Engels's book is no more reliable than the 'condition of England' novels as an account of the condition of the English workers. The British economic historians William Chaloner and William Henderson conclude that Engels's direct observations, which recorded harsh and worsening conditions for factory workers in the North of England, were not so much inaccurate as atypical while his indirect accounts were often based on distortions of original sources.¹² He recorded events in Manchester at a time of high Irish immigration, which temporarily held down the wages of English workers. Above all, Engels's main purpose was to supply material for a group of continental European radical agitators to which he himself belonged; indeed, the first edition of the book was published in the German city of Leipzig.

Just one example of Engels's suspect reliability must suffice. He claimed (on the basis of a fourth-hand account) that in Manchester the factory system provided more work for women and children than for men, so that:

There are many hundreds of men who are condemned to do household duties. ... One may well imagine the righteous indignation of the workers at being virtually turned into eunuchs.¹³

(He wouldn't dare write that today!) Yet in 1833, Henry Ashworth, owner of a famously well-run and prosperous mill (it was among those visited a decade later by Mrs Cooke Taylor, whose comments Hayek cited), told the Factory Commissioners:

¹² 'Friedrich Engels and the England of the "Hungry Forties" ', ch. 7 in *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

¹³ *The Long Debate on Poverty*, p 181.

I am happy to say that there is no married female employed by us. ... nor do I know that we have any married workman who finds it necessary or is desirous that his wife should follow any employ but that of her domestic duties.¹⁴

The Marxist movement, however, relied to an extraordinary and fatal degree on Engels's account. From the assumption that the working class was becoming progressively and inexorably worse off, Karl Marx built his whole analysis of the so-called 'internal contradictions' of capitalism that could be resolved only by revolution. Nor was he above mendacity in amplifying its effect. For example, William Gladstone, in his Budget speech to the House of Commons on 17 April 1863, said:

The average condition of the British labourer ... has improved during the last 20 years in a degree which we know to be extraordinary, and which we may almost pronounce to be unexampled in the history of any country and of any age.

Marx's version of this speech had it that Gladstone had claimed that "This intoxicating augmentation of wealth and power is entirely confined to classes of property".¹⁵

It has been estimated by one of Marx's biographers that in 30 years he and Engels foresaw 40 revolutions, none of which took place.¹⁶ The whistle was in fact blown at the turn of the century by Eduard Bernstein, leader of Germany's Social Democratic Party, which had adopted a Marxist ideology. In *Evolutionary Socialism*, Bernstein put forward evidence that, at least in Germany, the working class had been getting better off, not worse off, and that property ownership was spreading, not becoming more concentrated as Marx and Engels had predicted. The Russian revolution and then the Great Depression of the 1930s gave renewed credibility to Marx's and Engels's thesis, but after World War II it became increasingly obvious that

14 The Long Debate on Poverty, p 78.

15 Quoted in T Kealey, *The Economic Laws of Scientific Research*, Macmillan, Basingstoke, 1996, pp 83-4.

16 Cited in T Hutchison, 'Friedrich Engels and Marxian Political Economy', ch. 1 of *The Politics and Philosophy of Economics*, Blackwell, Oxford, 1981, p 13.

capitalism was raising living standards all round. In 1959 the German Social Democratic Party formally repudiated its Marxist origins and embraced the free market; 30 years later the communist movement was collapsing in its Soviet heartland.

Nevertheless, Engels's account is still available as plausible evidence for those many commentators who would argue that the net benefits that the working class derived from industrialisation were dependent on the steadily rising level of state intervention that eventually led to the modern state. At this point it becomes necessary to summarise the central findings of the new consensus on the industrial revolution.

The Evidence

Perhaps the most significant single piece of evidence that the industrial revolution did not reduce the living standards of working people is the elementary fact that the population of Britain began a rapid rise in the mid-eighteenth century that continued through the next hundred years. In 1815 it stood at 13 million; by 1871 it had doubled. Crucially, this increase was not caused mainly by a rise in the birth rate but rather by falling infant mortality and rising longevity, due to improving nutrition and health care.

The validity of this evidence came under a cloud at the end of the eighteenth century and contrary views still periodically rear their head. In 1798 the economist Thomas Malthus published his *Essay on the Principle of Population as it Affects the Future Improvement of Society*. Malthus argued that population growth was a source of poverty rather than an effect of prosperity, since whereas population grew geometrically (1, 2, 4, 8, and so on), food output grew arithmetically (1, 2, 3, 4 and so on), so pushing consumption per head down towards subsistence. This thesis was widely accepted in Malthus's day, but was increasingly challenged and by

around 1840 it was discredited by the mounting evidence of the high productivity of manufacturing and of rising consumption per head. This cycle of opinion has been repeated in recent decades, as the overpopulation scares of the 1960s and early 1970s have been followed by the experience of rising incomes per head in poor countries with large and growing populations.

Modern scholarship has confirmed that Malthus's theory of population was always wrong by finding that income per head in Britain grew in the 80 years after 1700 by about 100 percent; from 1780 to 1850 by between 50 and 100 percent; and from 1850 to 1914 by between 80 and 100 percent. This growth reflected an average annual rise in individual productivity through the nineteenth century of about 1.5 percent.¹⁷ By modern standards that growth rate was not especially high; and indeed the slowness of the rise in living standards through the industrial revolution is one reason why claims that they were actually falling in the industrial North seemed plausible. But by previous standards that steadily rising productivity was truly revolutionary: during

¹⁷ Max Hartwell, 'The Consequences of the Industrial Revolution in England for the Poor', ch. 1 in *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

the nineteenth century productivity per head and real wages increased fourfold, after centuries of stagnation or very slow growth. It laid the foundations of modern prosperity. The optimistic assumption of never-ending progress that was nearly universally shared by the end of the century seemed justified: average incomes were rising, as were standards of health and education, and the crime rate was falling. The late Victorians lived in a world where, perhaps for the only time in human history, all the main social indicators were positive. No wonder the economist J M Keynes described the period as the 'glorious century'.

What has always been harder to argue is that this progress was widely shared and that industrialisation was one of the main ways in which the poor benefited from rising productivity. But the evidence confirms the anecdotal impressions cited earlier about the relative prosperity of factory workers. For example, the 1841 census returns show that women who were factory workers earned more, for shorter hours, than those in any other manual occupation.¹⁸ The pockets of poverty that did exist and that received widespread attention resulted from the lack of industrialisation rather than the presence of it. As the economic historian Rhodes Boyson explains:

The real blackspots of the Industrial Revolution were to be found not in the factories but in the unskilled outworking trades where new methods and new machines were used least. The handloom weavers whose ill-condition in the 1830s and 1840s was frequently reported on and won much sympathy came within this category - new machines were slow to replace hand labour.¹⁹

It was also newly invented machinery that made it possible to end the employment of small boys as chimney sweeps: a practice which was associated with the industrial revolution but in fact dated back

18 Rhodes Boyson, 'Industrialisation and the Life of the Lancashire Factory Worker', ch. 3 of *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

19 Rhodes Boyson, *op.cit.*

to the seventeenth century. Some other practices likewise associated with the industrial revolution were outlawed early on, such as the employment of women in coal mines. This was in any case a pretty limited business: in 1841, only 2,350 females (of all ages) were employed in coal mining, or 2 percent of total employment in that industry.²⁰

At this point in the argument reference is often made to the workhouses set up under the Poor Law Amendment Act of 1834, which was intended to end the established system of subsidising low wages up to an agreed minimum out of the local rates. The popular image of the workhouse is the one provided by Charles Dickens in *Oliver Twist*; its near-starvation rations and quasi-prison discipline were supposed to terrorise the working population into accepting the scarcely less attractive conditions that prevailed outside the workhouse. Dr Michael Belgrave, senior lecturer in social policy at Massey University, invokes this image in his review of David Green's *From Welfare State to Civil Society*.²¹ Citing *Oliver Twist* as if it were a self-evidently accurate source, Dr Belgrave explains:

The New Poor Law, introduced in 1834, aimed at disciplining those in poverty. Accepting poor relief was made so unpleasant that only the very desperate would request it. Relief was intended to be provided only by entry into the poorhouse, with conditions more like a prison than a home.

But this account repeats the conventional error of confusing the report of the Poor Law Commissioners with the Act that followed it. The Commissioners had indeed recommended that assistance be limited (with some important exceptions) to able-bodied men who voluntarily entered the workhouse with their whole families; they had also recommended that conditions in the workhouse were to be 'less eligible' (more stringent) than those outside, so that only those who

²⁰ J M Jefferson, 'Industrialisation and Poverty: In Fact and Fiction', ch. 8 in *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

²¹ *New Zealand Herald*, 8 April 1996.

genuinely needed assistance would seek it. In the event, these principles were not embodied in the Poor Law Amendment Act. Instead, only a small minority of 'paupers' (people receiving poor relief) entered workhouses; most continued to receive out-relief financed from local rates. In the second half of the nineteenth century, the number of paupers declined steadily: from over a million in 1849 to three-quarters of a million in 1892 (at a time of rapidly rising population). Of the latter figure, only some 93,000 were able-bodied; and of these, only 25,652 were living in workhouses, most of whose 186,607 inhabitants at the time were the old, the young, or the mentally ill who could live in private quarters only with difficulty.²² The real deterrent effect of the workhouse sprang not from its material conditions, which were never as harsh as Dickens portrayed them, but from the stigma of having to resort to it. In trying to understand the nineteenth century it is very important to give the factor of the work ethic and belief in self-reliance their due weight, especially since welfare assistance has come to be viewed in the present century as a right and circumstances creating eligibility for it as outside the control of the individual. The true meaning of Dickens's novels, as the historian Gertrude Himmelfarb has argued, is to reinforce the work ethic by contrasting his memorable rogues, like Bill Sykes and Fagin, with "those among the very poor who made a determined effort to be moral, law-abiding, and self-supporting".²³

Another very important element in the apparent decline of poverty during the nineteenth century is private welfare. David Green has done a great service in bringing to light the roles of private charity and also of mutual aid in the form of the friendly societies that supplied sickness and death

22 C G Hanson, 'Welfare Before the Welfare State', ch. 5 in *The Long Debate on Poverty*, Institute of Economic Affairs, London, 1972.

23 G. Himmelfarb, *The De-moralisation of Society: From Victorian Values to Moral Virtues*, Institute of Economic Affairs, London, 1995.

benefits.²⁴ In addition, private savings grew through the nineteenth century, including among poorer groups. Early in the twentieth century, however, private income-support and income-maintenance mechanisms began to be displaced by state welfare programmes financed from taxation. The friendly societies resisted proposals for state pensions advanced in the 1890s, arguing that they amounted to a form of "universal pauperisation" or "a huge outdoor relief system".²⁵ The continuing rise in welfare dependency in New Zealand in the presence of growing employment opportunities suggests that that judgment had some merit.

Education is perhaps the welfare service for which the evidence of the adequacy of private provision in nineteenth-century Britain is the most conclusive. Some enlightened employers of the early nineteenth century, like Henry Ashworth, opened libraries for their factory operatives and schools for their children.²⁶ In his 1994 study *Education and the State*²⁷, Edwin West claims that, by 1840, up to three-quarters of adult male workers were literate (and slightly fewer females); by the 1860s, 90 percent of the working class was literate. Private schooling grew rapidly in the early nineteenth century; most parents had their children educated and the fees they paid were the schools' main source of income. The Newcastle Commission reported in the 1860s that almost all children were receiving primary education (5.7 years of it on average) and that consequently there was no need for the state to provide it. Nevertheless, in the 1870s the nationalisation of the school system began, apparently motivated by misinformation to the effect that up to half the children of Britain lacked schooling. West calculates that the state subsidies which were used to displace or take over private schools were largely financed by taxes levied on the working classes who had used those schools; but, of course, in the

24 David Green, *Reinventing Civil Society: The Rediscovery of Welfare Without Politics*, Institute of Economic Affairs, London, 1993.

25 C G Hanson, *op. cit.*, p 133.

26 Rhodes Boyson, *op. cit.*, pp 81-2.

27 Liberty Press, Indianapolis.

process parental/consumer sovereignty over schooling was replaced by bureaucratic and producer sovereignty.

Dr Michael Belgrave argues that welfare states were set up in the Western world after World War II because of "the obvious failure of the marketplace to provide the necessities of life for all".²⁸ But it is far from "obvious" that the appropriate response to any shortcomings in nineteenth-century private welfare is the kind of welfare state that we have today, with its state monopoly over the financing and provision of a wide range of services. The nineteenth century saw the spontaneous emergence of a variety of private welfare mechanisms whose virtues and potential are now being rediscovered. It is surely clear by now that any necessary state involvement should have confined itself to supplementing and strengthening those mechanisms rather than displacing or replacing them with inflexible, unresponsive bureaucratic ones financed by high taxation. Far from writing off nineteenth-century private welfare as the detritus of history, as some social policy academics like to do, we need to obtain as much information about it as possible to help inspire present efforts to reform our failing welfare state. We could ponder, for a start, the willingness of people to put into practice their professions of compassion. Victor Hugo, for example, did not just write novels about the poor, but, like Jean Valjean, the hero of *Les Misérables*, provided much poverty relief from his own pocket: according to one of his biographers, during his peak earning years he gave away about a third of his income.²⁹

Combining Truth and Optimism

The true record of the industrial revolution has always been available to those who wanted to become acquainted with it. Yet the folklore has survived and even flourished alongside this record. This is hardly unusual: for all the talk of the modern

²⁸ New Zealand Herald, 8 April 1996.

²⁹ André Maurais, cited in Jim Powell, *op. cit.*, p110.

'information revolution', in many subjects knowledge is in effect ghettoised by self-censorship and fashion. But why exactly should this be true of the history of the nineteenth century?

Like all good myths, that of the industrial revolution has a melodramatic appeal: the forces of evil (unbridled capitalism) do their worst but are ultimately vanquished by the forces of good (unbridled state intervention) and our sympathies are supposed to be conscripted in support of the latter. But the fundamental reason for its persistence is more prosaic. The myth of the industrial revolution has served a succession of political purposes since its origins in the 1830s. The most abiding purposes have been reactionary and protectionist ones. The 'condition of England' novels, as we saw, expressed a horror of industrial life and a nostalgia for some mythical rural community. Alternatively, as in the case of Dickens, they called for a moral awakening of industrial employers to their humanitarian duties. The nostalgic view was useful

propaganda for the landowning class in its defence of Britain's corn laws, which imposed high tariff barriers against grain imports. It made it possible plausibly to portray the manufacturers and their allies in the Anti-Corn Law League as ruthless exploiters of the poor, and to represent their argument that repeal of the corn laws (which was finally achieved in 1846) would lower the cost of living for the poor as a mere smokescreen for their real aim of reducing wages and increasing profits.

At the turn of the twentieth century, the myth of the industrial revolution was again pressed into service, this time to assist the collectivist drive for state welfare; the formulation of 'scientific' poverty lines facilitated the 'discovery' that a large minority of the population lived in poverty and helped legitimise proposals for state pensions and other benefits. And perhaps the main current political function of the folklore of the industrial revolution remains that of legitimising the modern welfare state and its supposedly guiding principle of 'social justice'. Dr Michael Belgrave's unreliable but orthodox comments serve to perpetuate the belief that the poverty and squalor that were said to be the fate of the industrial masses before the welfare state rescued them would soon return if any serious moves were made to shift the responsibility for welfare from the state back to civil society.

But must those of us who want to challenge the orthodoxy be forever handicapped by the Devil's monopoly on the good tunes? The history of the industrial revolution ought to be told in a way that is not only reliable but inspiring as well. The industrial revolution, indeed the nineteenth century generally, can more accurately be presented as a triumph of individual freedom - and not just economic freedom but also political and intellectual freedom, which made possible the huge advances in science, medicine, engineering and technology that together laid the foundations of modern prosperity. In these statist and elitist times, it is hard to make the point that good can emerge

spontaneously from the unplanned and unforeseen decisions of millions of actors. Yet the industrial revolution was entirely unplanned and unforeseen. Like past eras of rapid economic growth in Asia, it happened because rival domestic political forces had, by chance, reached a self-limiting stalemate that unintentionally created a sphere of freedom in which ordinary people could start to realise their dreams of self-improvement, just as we are seeing with the market-driven rise in prosperity going on around the world today.

In the late twentieth century, knowledge of the necessary political and institutional conditions of economic growth has been formalised into the benign economic policy regime that is becoming established in more and more countries and holding out the promise of the end of poverty as well as of oppression. The more entrenched and successful that policy regime becomes, the easier it will be to present the industrial revolution as an early and major episode in the story of the emancipation of humanity. That should be inspiring enough for anyone.