PROTO-INDUSTRY, POLITICAL ECONOMY AND THE DIVISION OF LABOUR 1700 - 1800

Maxine Berg

NUMBER 170

WARWICK ECONOMIC RESEARCH PAPERS

DEPARTMENT OF ECONOMICS

UNIVERSITY OF WARWICK
COVENTRY

PROTO-INDUSTRY, POLITICAL ECONOMY AND THE DIVISION OF LABOUR 1700 - 1800

Maxine Berg

NUMBER 170

August 1980

The putting out or domestic system, once a traditional subject of research among students of the origins of the Industrial Revolution, has recently been revitalised and transformed into a supposedly new subject with the new name of 'proto-industrialisation.' Detached from its earlier mercantile and urban associations and its traditional place in the historians' analysis of the breakdown of guild restrictions, the phenomenon has recently been placed in the context of the study of demographic and agrarian change.[1] Proto-industry, or rural industry practiced in conjunction with agricultural pursuits,has by its very name been identified as the source of industrialisation, and has been described as the great organisational innovation of the pre-industrial period. Great marvels of industrial organisation might have been achieved in the large urban and state enterprises of the Seventeenth and Eighteenth Centuries. And certainly the naval shipyards and arsenals, royal textile and tapestry works, glass and paper works became known for their size, division of labour and industrial discipline. But the increases in productivity and mass production in these exemplary pre-industrial works were still, it is claimed, as nothing beside the remarkable effects of the modest but all pervasive domestic industries.[2]

Historians have recently sought to understand the dynamic of this peculiar industrial structure, a structure which is credited with producing not only the labour, capital and markets for the Industrial Revolution but also its first organisational and technical changes. An underemployed peasantry in primarily pastoral agricultural regions formed the basis for an expandable and self-exploiting labour force.[3]

The possibilities of alternative employments released the limits placed on population growth by the size of landholdings.[4] Rural workers took less than the customary wage for their industrial work, both because their agricultural work gave them access to the production of part of their own subsistence, and because their dispersion prevented combination to stop price reductions by merchants. By such means merchants were provided with a differential profit above the usual urban rates, and they thus found in the system a means for the accumulation of capital.[5] And the system, in combination with favcurable harvest and population cycles brought a rise in real incomes and created the goods and the demand to build up a substantial home market before the Industrial Revolution.[6] It was, furthermore, in the country cottage and not in the urban workshop that the division of labour and technical change were first introduced without restriction, leading to increases in productivity of two to ten times.[7] In sum, a number of historians now claim that with this concept and phenomenon of proto-industrialisation they have discovered the key to the origin of the Industrial Revolution. Other forms of manufacture, the dynamic of that other great industry--agriculture--, and home and foreign trade are reduced to a subordinate role in a great transition whose pulse was set by proto-industry.[8]

This is the story we have now. But is it the story known to contemporaries? The question I wish to raise is this: did contemporaries notice and formulate the economic significance of this remarkable phenomenon? For myself, I would be surprised to discover that contemporary economic commentators failed to give this proto-industry its due regard. For unlike some historians, I do not believe that political economists

were always behind the times or totally ignorant of their surroundings. Economists of the early Nineteenth Century have traditionally been condemned by historians for ignorance of their own economic transformation. They are presented as transfixed with beliefs in the falling rate of profit, excess population growth and the stationary state. But I believe they were in fact impressively aware of and concerned to promote rapid technical change, and they were, furthermore, almost boundlessly optimistic of Britain's economic prospects. They were,if anything, more futuristic than backward in their appraisals. They made their case, however, not by description of actual machines and factories, but by economic analysis, the use of models, the formulation of broad principles of economic growth and decline, and the interplay between theory and policy debate.[9]

The purpose of my paper is to look at the analysis of manufacture in some of the economic writings of the mercantilist era and its aftermath in the later Eighteenth Century. I will deal only very briefly with the Seventeenth Century commentators, as these have been discussed recently by others. I will dwell in more detail on the Eighteenth Century, for the economic commentators in the period just prior to Adam Smith are often neglected, or considered to have moved backward after the theoretical advances of the Seventeenth Century. Yet I shall argue that their writings do convey something of that quickening of the economy in preparation for its industrial spurt -- the rapid growth of home markets, the effects of the new markets in the rapidly growing American economy, the emergence of new and vigorous industries in the town and country areas of Lancashire, Yorkshire and the Midlands. What principles of manufacturing industry did

these writers outline? Did they draw attention to the specifically rural nature of early industry -- and in effect identify this phenomenon of proto-industrialisation? If they did not, are we to claim they were prejudiced or in error, and that the historian with hindsight can offer a better picture? Or are we to be challenged to question our own concepts? If these writers did not point out the crucial significance of rural manufacture, perhaps they had other concepts and principles which transcended this category. We must ask finally how their principles for the analysis of industry related to their other wider interests in agricultural development and trade. Can their insights help us to reformulate our own understanding of the period of transition just prior to the Industrial Revolution?

An obvious and fruitful place to look for debate on manufacture is in the so-called mercantilist literature in its heyday in the Seventeenth Century. Though now widely recognized as a historians' generalisation of a series of ad hoc economic policies and pamphlets, two common concerns did pervade much of this literature: foreign trade and unemployment. These two themes have recently been explored in some depth by Joyce Appleby and Joan Thirsk.[10] Thirsk domonstrates the existence of a mid Seventeenth Century economics of protection to labour intensive home manufacture as a solution to poverty and unemployment. Thirsk praises the projectors and those economic commentators who recommended a diversity of manufacturing, and who noticed the spread of the domestic industries. But her framework emphasises home markets almost to the exclusion of foreign trade. Yet, as Joyce Appleby has shown,

economic writers of the seventeenth century argued that British manufacture was to be understood in a world context. Appleby demonstrates that after 1660 an awareness of competition for markets dominated writing about manufacture. For the last three decades of the seventeenth century the issue was reduced to a sharply focussed debate between a protectionist industrial interest and a liberal mercantile interest. The clothiers demanded a national trade policy, subordinating commerce to employment schemes for the poor and the use of English raw materials. A mercantile interest hit back with the argument that cheap foreign imports would release English spending power for other products which could be made more efficiently at home.[11]

A new economic policy took shape, however, in the period 1695-1713, when a series of tariffs and restrictions on continental imports were introduced both to raise government revenue and to protect English industry. The result was a shift in the growth of trade away from the old centres in north west Europe towards new commercial connections in the Baltic, the Mediterranean and the New World.[12] But this shift in policy, as Appleby and Wilson, Viner and McCulloch before her, have claimed, also entailed a long period of stagnation in economic theory. Until Adam Smith, there was nothing more in British economic thought to match the liberal free trade economics of the late seventeenth century.[13]

Yet, can we so readily accept that so much of the eighteenth century was such a bleak age in economic thought? If the literature of this period is examined in terms other than those of free trade and protection (Appleby's rather anachronistic categories for progressive and reactionary positions in economic thought), there are, I would argue, more continuities between the late seventeenth century and the eighteenth century than historians

have previously allowed. The most significant continuity is in the discussion of manufacturing progress and economic growth. Appleby's group of free traders paid significant heed to the importance of England's manufacture and to the means of raising their productivity. When Defoe hailed the period since 1680 as 'a projecting age when men set their heads to designing Engines and Mechanical Motion' these writers took notice and wrote that it was higher consumption and the creation of new demands which provided the greatest incentive to efficiency, industry and invention.[14]

One of these writers whose work and political activity spanned the late seventeenth and eighteenth centuries calls into question the meaningfulness of creating a sharp distinction between the two periods. Henry Martyn, claimed by Appleby for a free trader of the 1690's, also falls within the framework of those eighteenth century writers who focussed on division of labour and technical change. His remarkable piece, Considerations on the East India Trade (1701), though quarried in passing by Appleby, seems to have received little notice by most historians except for J. R. McCulloch, who described it as the'ablest and most profound' of his collection, Early English Tracts on Commerce (1856). Martyn was the writer who 'has set the powerful influence of the division of labour in a very striking point of view, and has illustrated it with a skill and felicity which even Smith has not surpassed, but by which he most probably profited.'[15]

Martyn's tract was a powerful analysis of the connection between the extention of the market, the division of labour and technical change. He trounced immediately on the view that there was some moral or economic

advantage to employing labour intensive trade strategies or technologies.

> 'if the same work is done by one, which was done before by three; if the other two are forc'd to sit still, the kingdom got nothing before by the labour of the two, and therefore loses nothing by their sitting still.' 16

He compared the effects of the expansion of trade to those of technological innovation and better means of transport and communication, and denounced make work policies for 'reducing the business of the people by making our manufactures too dear for foreign markets.' The unemployed might be much more profitably used in trades producing other more standardized commodities than those imported from the East Indies. Displaced labour might go to less skilled trades, 'the plainest and easiest' or to the ' single parts of other manufactures of most variety because the plainest work is soonest learned.' This specialisation between trades and division of labour within trades would soon reduce costs and thus prices in home manufactures. The East India trade would reduce the price of some commodities to the English consumer, and new techniques such as frame-work knitting would reduce the price and increase the numbers of stockings sold in this home trade.[17] The East India trade would not only thereby provide cheaper consumer goods; it would also provide the incentives for higher productivity at home, by leading to 'the invention of Arts, Mills and Engines to save the labour of hands in other manufactures' so that 'other things may be done with less and cheaper labour and therefore may abate the price of manufactures, tho' the wages of men should not be abated.'[18]

Martyn then went on to develop an extremely interesting analysis of the relationship between international trade and technical change. More trade, he argued, would held to rationalise the amount of skill

assigned to each industrial process. The East India trade would introduce'more Artists, more order and regularity'in English manufactures, would rid trades of superfluous skill and bring about division of labour in manufacture. In Martyn's words it 'would be the cause of applying proper parts of works of great variety to single and proper artists, of not leaving too much to be performed by the skill of single persons -- this is what is meant by introducing greater order and regularity into our English manufactures.' [19] He illustrated this principle with detailed descriptions of the division of labour in textiles, watch making, and shipbuilding, pointing out that the maker of any individual part

> 'must needs be more skilful and expeditious at his proper business, which shall be his whole and constant employment, than any man can be at the same work whose skill shall be pusled and confounded with variety of other business.'20

Such 'order and regularity' would have the effect of reducing labour costs, though not necessarily wages, and ultimately the prices of British manufactured goods.

A comparison of the Dutch and English herring fisheries gave him a good example of the close connections between the extension of the market, the division of labour and low competitive prices. In Holland he saw a large and stable demand for herring, which generated a large labour force in the trade, and a highly efficient fishboat building industry. It was not only one which displayed a high degree of division of labour, but was also one which seems to have discovered the potential of interchangeable parts.

> 'Busses and other things, are works of great variety: To make them, there is as great variety of Artists; no one is charg'd with so much work, as to abate his Skill or Expedition. The Model of their Busses is seldom chang'd, so that the Parts of one would serve as well for every Buss; as soon as any such thing can be bespoke in Holland, presently all the parts are laid together, the Buss is raised with mighty expedition.' 21

The foreign trade which would provide an incentive for the introduction of labour saving machinery should be encouraged as should the machinery itself, and Martyn found justification for his views in the number of mills and engines in Holland:

> 'But has more than only one sawmill been seen in England? . . . by a wonderful policy the people here must not be deprived of their labour; rather every work must be done by more hands than are necessary.' 22

Martyn's emphasis on markets, division of labour and technical change was to be a recurrent theme throughont the Eighteenth Century. John Cary, the Bristol sugar merchant who wrote in the 1690's was still read widely enough in the eighteenth century for new editions of his works to appear in 1719 and 1745.[23] Usually associated with workhouse schemes and the promotion of state intervention to distinguish between trades useful to the public and those yielding only private advantage, Cary's very detailed work on wages and productivity, new manufactures and technical change has been ignored by his historians.[24] He argued there could be no advantage in reducing British wages - wages should 'bear a rate according to the price of provisions.' Furthermore, if the poor were paid more, they would consume more of Britain's basic commodities.[25] There was really no need to reduce wages, for the same effect might be achieved through technical change as a whole series of industries, including sugar refining, distilling, tobacco manufacture,

woodworking and lead smelting had recently demonstrated.

> 'There is a cunning crept into the trades - the clockmaker hath improved his art to such a degree that labour and materials are the least part the buyer pays for. The variety of our woollen manufacture is so pretty, that fashion makes a thing worth twice the price it is sold for after ... artificers, by tools and laves fitted for different purposes, make such things as would puzzle a stander by to set a price on, according to the worth of men's labour ... new projections are every day set on foot to render the making our woollen manufactures easy, which should be rendered cheaper by the contrivance of manufacturers not by the falling price of labour; cheapness creates expense, and expense gives fresh employments, whereby the poor will be still kept at work.'[26]

Cary's views were confirmed by Joshua Gee who in 1729 outlined a whole series of new industries which had appeared in England since the war with the French. He was particularly impressed by the advances in the copper and brass industries, and by the emergence of the new hardware, steel and toy trades. Recognizing an increase in foreign competition in the woollen industry, he thought that other manufactures would have to supply their place in providing employment for the poor. For this task he was particularly keen on promoting the English manufacture and use of pig and bar iron from the colonies.[27] But an interest in employment did not preclude Gee from praising labour saving technical change, in particular the Italian silk throwing machine 'which with a few hands to attend it will do more work than an hundred persons can do at throwing by our method.'[28]

Daniel Defoe's Tour of 1724-6 provided another variation on Martyn's theme of division of labour and technical change. Observation and detailed journalistic description, not economic analysis, led Defoe to highlight a very different aspect of the new industries and new techniques others had praised. His Tour contained a remarkably detailed description of the highly sophisticated domestic system of

of the West Riding of Yorkshire. Here was a countryside which seemed 'one continuous village.' To every considerable house was attached a'manufactory or workhouse,' each had its own stream of running water and easy access to coal fuel, and each kept a horse or two and a cow or two with enough land to feed them. Amongst the manufacturers' houses were 'scattered an infinite number of cottages or small dwellings, in which dwell the workmen which are employed, the women and children of whom are always busy carding and spinning.' The workmen were all employed in the clothiers' manufactories, 'a houseful of lusty fellows, some at the dye-fat, some dressing the cloths, some at the loom, some one thing, some another, all hard at work and full employed upon the manufacture, and all seeming to have sufficient business.'[29] Yet this detailed description of a phenomenon which historians have told us was much more widespread, and indeed the most significant development of the pre-industrial economy, did not stimulate an economic analysis. Why was this? Was it, as Defoe claimed, because earlier writers 'had not properly explored the countryside?' He himself had found it necessary 'to dwell in it and go across the country backwards and forwards.'[30] Or was it because this very sophisticated form of industrial organisation displayed a principle of far greater interest to economic writers than the mere fact that this was rural not urban industry? For what Defoe described was not a region of peasants practicing by-employments, but a workforce dwelling in the countryside. The system therein described depicted a division of labour between agriculture and industry. For Defoe saw few people out of doors in the area and little corn. Their corn came from Lincolnshire, Nottinghamshire,

and the East Riding, and the clothiers bought their beef in the market in Halifax. He also described a division of labour within the workshops. This was not family production in peasant households, but the employment of workers in assigned tasks and, as a result, it was a 'populous and wealthy region.'[31]

But Defoe also saw a different kind of rural industry in the coastal areas of Fife where the manufacture of linen 'prevented the poor from sinking into even greater poverty,' and where the thread manufacture was carried on by women whose husbands were seamen on the coast.[32] The overall picture presented by Defoe was not one of the predominance and progress of particularly rural industries, but one of industrial regions in Lancashire, Yorkshire and the Midlands where town and country formed a continuity. Such regions became known for the manufacturing industries in which they specialized. It was not the fact that this was rural industry that impressed even Defoe, but that it was specialized manufacture. And what impressed writers on political economy in the mid Eighteenth Century was that this specialized manufacture was subject to all the gains in productivity to be had through the division of labour and technical change.

Josiah Tucker, Malachy Postlethwayt, and the author of Reflections on Arts, Commerce, and Foreign Artists[32a] considered the ways of introducing new industries, the prospects and possible dangers of introducing new techniques to displace labour, and the best locations for particular industries. They debated the benefits of encouraging the immigration of foreign artisans as a means of reducing the wages and increasing the

discipline of English labour,[33] or as a source for new industries and skills.[34] Postlethwayt broadened this enquiry into the costs of labour to a consideration of other ways of reducing costs of production, and of ways of creating new markets. He argued that 'the general perfection of the manufactures of a state consists in obtaining the preference of every class of consumers: this was to be achieved by the maximum variety of output and by the cheapness of commodities. 'The choice of various kinds of goods multiplies the desires of other nations.'[35]

An abundance of cheap British manufactures might be achieved despite high labour costs if there was some prospect of labour saving technical change. The possibilities seen in this by Henry Martyn in 1701 had by the mid Eighteenth Century become a subject of some debate, and the pros and cons of labour saving inventions were carefully considered. The author of Reflections on Arts and Commerce argued that the machines 'did the work truer and better than the hand, and the labour saved by them was so great 'that they who use the machine must undersell the others in a vast disproportion.'[36] Still he did not consider it easy to determine the pace at which technical change ought to be allowed to proceed. He finally decided that 'engines' might be introduced with no problem, in the first case / where they did jobs that could not be done at all by hand, as with pumps, fire engines, looms, wine and oil presses; and secondly where the commodities concerned could not be produced at all except by machine, as in papermaking and iron processing machinery, and fulling mills. Another consideration was the type of economy -- was this a country with a large sector of foreign trade, or a fairly isolated

community? Commercial states that had to produce cheaply to gain foreign markets had no option but to use labour saving techniques. But those with little trade where the technological unemployment created might adversely affect home markets did have some justification for holding back or preventing the use of machinery.[37]

Postlethwayt rejected such arguments, limiting his reservations to the use of machinery in agriculture. He thought that the skill of workmen would lead naturally to invention, invention which would not, contrary to popular opinion, reduce employment. It would lead, instead, to more employment 'by multiplying works and increasing the produce of the balance, which never ceases to increase home consumption.'

> 'We do not see any objection that can be made to the economising of time, or facilitating the work of manufactures which may not be equally well made to all inventions of new fashions, or of new stuffs, by which the old are forgot ... I believe no man will say it is the interest of a nation to prohibit new manufactures, in order to favour the workmen employed in the old.'[38]

But still, Postlethwayt believed with the author of Reflections on Arts and Commerce that home markets had to be maintained in order to prevent any English industry being undermined by foreign imports. The best security for this market was in the 'cultivators of the soil,' and 'every machine tending to diminish their employment would really be destructive of the strength of society, of the mass of men, and of home consumption.'[39]

This broad analytical interest in skills, labour costs and technical change was complemented in these writers by an awareness, but no conclusive analysis, of the geographical dispersion of industry.

The major distinctions they noticed were those between the incorporated and unincorporated town, between large and small towns, and between the metropolis and the provinces. Tucker condemned the French 'matrises' as a 'cloy upon trade,' and commended Birmingham, Manchester, Leeds and four-fifths of London because they had no companies.[40] And Postlethwayt praised the Dutch who refused to allow limitations on the number of workmen in a trade and on the quantity of work produced.[41] The author of Reflections on Arts and Commerce disagreed with Postlethwayt on the place of large cities and the metropolis in the industrial hierarchy. The anonymous author argued that though the lower branches of manufacture were by far the most important for numbers employed, that the more refined branches succeeded best in large and rich towns. They not only held out the prospect of a greater market, but also held more attractions 'for curious workmen than common food.' But many industries seemed to have a tendency to move northwards, 'from the dearer to the cheaper place.' Even the Spitalfields silk trade might soon be carried on in the North. This movement away from the metropolis, 'the general market and magazine for the world' might be a dangerous development in the long term, for

> 'small towns find their conveniences near them and produce scarce any effect further than about thirty miles round, whereas London puts the whole nation in motion.' 42

Postlethwayt, however, defendad the claims of the country. Provisions were too expensive in the city and workmen would fall prey to 'superfluous wants,' 'dissipation,' and 'neglect of work.' The higher wages offered in the city would 'tempt workmen from other places and industry would be absorbed by a few towns.' The country was also the best place for

the early introduction of improvements:

> 'it is indifferent to the State whether a manufactory be in one town or fifty miles off in a village, which will become a town in its turn. Experiments are there made quietly by a small number of chosen workmen and their example by degrees invites others thither.' 43

And Tucker threw his weight behind the iron manufacturers dispersed throughout the countryside and villages of the Midlands. These were 'men of middling fortune,' and the 'nailers amongst them were ranked among the lowest class of life.' But the 'whole of their fortunes together' and the immense yearly value of their labour led him to reckon their trades the 'second manufacture of the kingdom.'[44]

Early to mid eighteenth century economic commentators, then, were not very interested in pursuing an analysis of the location of industry as the special feature of its progress. It was the potential markets, the skill, ingenuity and suitable price of labour, and the possibilities of labour saving technical change which attracted much more attention as the means of encouraging the creation of new industries in Britain and allowing her to dominate world markets in old and new trades. By the 1760's and 1770's Anderson's Historical Deduction of the Origins of Commerce was organised around cataloguing new manufacturing industries, and describing the new machinery daily being introduced into particular trades. And William Kenrick, unreservedly assumed that any well governed nation would expedite the introduction of labour saving machinery, as the best means of gaining foreign markets.[44a] By this time too writers

on political economy were concerned with problems of labour discipline and looked for alternatives to the present system, alternatives not yet perceived in machine technology, but certainly seen in some form of factory organisation. Where Postlethwayt had claimed the poor were industrious and deserved good wages, J. Cunningham in 1770 objected that the so-called industry of the poor was only predicated on a series of Elizabethan statutes to enforce labour and regulate its price. But this had clearly proved insufficient for

> 'the lower sort of people in England from a romantic notion of liberty, generally reject and oppose everything that is forced upon them; and though, from a fear of punishment, you may oblige persons to labour certain hours for certain wages, you cannot oblige them to do their work properly. If they work against their wills, they may slight their work, and our foreign trade may be hurt.' 45

The answer to the problem might be found in the type of factory discovered by him at Abbeville. Six hundred workers came to work and left it at the beat of a drum, and 'each branch had a distinct foreman who disciplined the workmen so as to make them excel in every branch of the whole.'[46] // The stage was then set by the later eighteenth century for Adam Smith's analysis of the significant connections between the expansion of markets, the divison of labour, and technical change, acting in concert to turn the engine of economic progress. The eighteenth century was not marked by a gap between the insights of the seventeenth century mercantilists and the advances of Adam Smith, but by continuous analysis from the later seventeenth century of the connections between markets, technical change and industrial expansion.

It was on this edifice built up through the eighteenth century that Adam Smith developed the division of labour into a principle underlying the whole mechanism of the economic and political institutions he was analysing in the Wealth of Nations. But his analysis was also one which has seemed to some historians to denounce the whole proto-industrial structure, what Joan Thirsk calls a 'simplified, partial and occasionally harsh view of the domestic system', and a 'grotesque caricature of the weaver-farmer.'[47] But as I will now argue, this is a partial and simplified view of Adam Smith.

Smith's comments on domestic industry cannot be fully understood outside the framework of his model of economic growth and development. The basic elements of this model -- the division of labour, the expansion of markets, and the accumulation of capital -- were specified in Books I and II, and the dynamic of the model outlined in the important, but often neglected Book III, 'Of the Different Progress of Opulence in Different Nations.' Smith argues that the division of labour or the specialisation of economic activities, the original source of improvement, generates gains in productivity because of greater dexterity, time saving, and new inventions. But right from the outset he specifies that this hinges on the development of the market and upon capital accumulation. Specialisation took place accordingly in different areas in response to the size and condition of the market.

> 'It is found that society must be pretty far advanced before the different trades can all find subsistence.' [48]

The size of the market determined the extent to which any trade could be carried on as a separate full time employment. It, therefore, determined the constraints on increases in productivity.

> 'There are some sorts of industry, even of the lowest kind, which can be carried on nowhere but in a great town. A porter, for example, can find employment and subsistence in no other place ... In the lone houses and very small villages of the Highlands of Scotland, every farmer must be butcher, baker, brewer for his own family.'49

The labourer who had to take on multiple employments because the market was not large enough to sustain any single occupations could not increase his dexterity, save his time, or apply himself to technical improvements. There were, therefore, strict limitations to his potential productivity.

The extent of specialisation was also determined, as Smith continued, by the size and rate of increase of the capital stock. An employer's capital had to be sufficient to employ a particular labourer at any single occupation. Any increase in a capital stock would also tend to raise wages, which in turn created incentives for a division of labour and higher productivity.

> 'The owner of the stock which employs a great number of labourers, necessarily endeavours, for his own advantage, to make such a proper division and distribution of employment, that they may be enabled to produce the greatest quantity of work possible.' 50

In Book III Smith demonstrated how this framework -- division of labour, market and capital -- came together in a dynamic model of the development of agriculture and industry, town and country. The model and the historical economics of this Book form the reference point for views of manufacture expressed by Smith elsewhere in the Wealth of Nations. Here Smith argued that there was a 'natural progression' of economic development. The 'natural' (which was not necessarily the actual) course of development was a model of balanced economic growth based in the first instance upon agriculture. Manufactures for distant

sale' might 'grow up of their own accord, by the gradual refinement of those household and coarser manufactures which must at all times be carried on in even the poorest and rudest countries.' Based on domestic raw materials, they generally spring up in an inland country which produced an agricultural surplus which it in turn found difficult to trade, due to high transport costs. The surplus, however, made basic needs very inexpensive, encouraging the immigration of a larger labour force. These workmen

> 'work up the materials of manufacture which the land produces ... they give a new value to the surplus part of raw produce ... and they furnish the cultivators with something in exchange for it that is either useful or agreeable to them ... They are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth to the manufacture, so the progress of the manufacture re-acts upon the land and increases still further its fertility.'51

This was the 'natural progress' from agriculture to manufacture and thence to foreign commerce, praised by Smith for leading both to the most rapid rates of growth and to a balanced economy. Such 'natural progress,' Smith conceded, had actually taken place in certain parts of England, where some cities had arisen on the basis of rural industries which complemented regional agricultural surpluses.

> 'In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham and Wolverhampton. Such manufactures are the offspring of agriculture!52

Agricultural surpluses and the cheap provisions they entailed also created the best conditions for working men and women. For in such conditions these would leave their employers, and work much harder as independent labourers and artisans for a larger return. This was the

reason that landlords, farmers, and other masters preferred poor harvests, low agricultural output and high food prices, for in these dear years they 'make better bargains with their servants ...and find them more humble and dependent.'[53] Where agriculture was fully developed and surpluses and provisions plentiful, labourers could 'trust their subsistence to what they can make by their own industry.'

> 'Nothing can be more absurd, however, to imagine that men in general should work less when they work for themselves, than when they work for other people. A poor independent workman will generally be more industrious than even a journeyman who works by the piece. The one enjoys the whole produce of his industry; the other shares it with his master. ... the superiority of the independent workman over those servants who are hired by the month or by the year, and whose wages and maintenance are the same whether they do much or do little, is likely to be still greater.' [54]

The produce of their labour was,furthermore, frequently ignored by the government and by political arithmeticians: it often consisted of goods which were consumed at home by the family or by neighbours, and were never retailed through the market.

> 'The produce of their labour, therefore, frequently makes no figure in those publick registers of which the records are sometimes published with so much parade, and from which our merchants and manufacturers would often vainly pretend to announce the prosperity and declension of the greatest empire.'[55]

Yet Smith's 'natural progression' was not an historical model of European economic development. With regret, he traced how European policies and follies had generally resulted in an opposite course of development -- not from agriculture to industry and commerce, but from foreign commerce and industry to agriculture. The unnatural course

of European economic development had been based on policies which favoured the development of luxury manufactures using foreign raw materials, and which had been introduced to substitute for former imports. Such industries had usually been the 'scheme and project of a few individuals' and were established in maritme towns or inland cities 'according to their interest, judgment or caprice.'[56] Of those manufactures which Smith praised as the offspring of agriculture, he said,

> 'In the modern history of Europe, their extension and improvement have generally been posterior to those which were the offspring of foreign commerce.' 57

After a detailed history of the decline of feudalism in Western Europe, as a history of feudal vanities and mercantile cunning, he pointed out with no little distaste the results. The great proprietors 'to gratify their childish vanity,' had sold their land and relinquished their feudal privileges. The merchants and artificers 'in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got' exploited the countryside and turned the terms of trade in favour of the town. If the towns thus became in the end the cause of the improvement of the country, this development had been slow and uncertain.

> 'Compare the slow progress of those European countries of which the wealth depends very much upon their commerce and manufacture, with the rapid advances of our North American colonies, of which the wealth is founded altogether in agriculture.'58

Finally, the capital created by a merchant, 'who was not necessarily the citizen of any particular country' was an unstable possession until part of it was re-invested in the land. An economy with a significant agrarian base was much more likely to have a strong and stable political and social structure.

It is from within the framework of this model of economic growth based on specialisation, markets and capital whose dynamic entailed the emergence of industry out of agricultural origins that we can now understand Smith's criticisms of rural by-employments. It was because of the gains of specialisation and the demands of markets that 'in every improved society the farmer is generally nothing but a farmer, the manufacturer nothing but a manufacturer.' It was because there was inadequate capital to provide full time occupations that the under-employed country weaver 'sauntered a little in turning his hand from one employment to another.' And it was because of inadequate capital invested in the land, combined with the exploitation of the country by the towns that rural workers were paid lower wages for their by-employments than rates of wages paid for full time employment would have warranted. These workers, underemployed in agriculture, would work in their free time for less than customary wages or prices in another trade. The existence of these by-employments, seen by Smith at their worst in the Highlands of Scotland, was a sign of the poverty and exploitation of rural society. The merchants and the towns, of course, benefited, and the domestic system was from their standpoint a success. It gave merchants access to an easily exploitable rural labour force which created a lucrative source of differential profit. The domestic industries and by-employments criticised by Smith had been created out or rural poverty not out of agricultural wealth. They were not manufactures which had grown up naturally out of agriculture (as in Leeds, Halifax, Birmingham and Wolverhampton), but unnatural extensions

of commerce, monopolistic restriction, and mercantile greed from the towns into the country. The countryside and its workforce had been put at a disadvantage by a long history of economic policies designed to promote the interests of urban incorporated industries at the expense of agriculture and other rural enterprises. And urban artisans had falsely credited themselves with superior skills, established and buttressed by resort to monopolies and corporate restrictions. Smith was indeed critical of these developments, but in his model of the natural progress of opulence what better sustained analysis and prescription for the agricultural origins of industry? What greater praise for the significance of basic domestic commodities catering to a home market, and for the importance of the rural industries which gave rise to the fastest growing urban areas of the period? It is surely a caricature of Adam Smith to describe him as a 'partial' and 'biased' 'accountant' who failed to consider 'the human beings whose labours created the wealth of the nation.'[59] He was a theorist whose economic analysis was a social and moral tribute to the growth of agriculture, and the development of the country region with its own integrated towns as opposed to the wealthy, mercantile city. And he was a theorist who found in tenant famers, country labourers and independent artisans a class whose individual interests and attributes were pre-eminently conducive to the growth of the wealth of the nation.

Smith's few asides on the poverty of those domestic industries practiced as by-employments did not constitute an analysis of this industrial organisation. If we are to understand his perspectives we must look to his much broader enquiry into the division of labour,

specialisation and technical change, subjects which had occupied economic commentators throughout the Eighteenth Century. And more fundamentally, we must look to his agrarian based model of economic development which detailed the manner in which manufacture should arise from out of agriculture, and towns from out of the country. Smith and his eighteenth century predecessors avoided a direct discussion of the merits and demerits of rural industry because they were more interested in the fundamental principles of improvement in rural and urban industry, and in agriculture. Some of Smith's contemporaries and followers did, however, confront the issue head on. The result was a substantial debate between James Anderson, Arthur Young and Dugald Stewart.

Anderson chose the problems of Scottish economic development to frame his denunciation of the domestic system,

> 'if manufacture be of such a nature as to admit of being carried on in separate detached houses in the country, and may be practiced by any single person independent of others, it must invariable happen, that the whole of the money that is paid for the working up of these foreign materials flows directly into the hands of the lower ranks of people, often into those of young women and children; who becoming giddy and vain, usually lay out the greatest part of the money thus gained, in buying fine cloaths, and other gaudy gewgaws that catch their idle fancies.' 60

Anderson complained that such industries would lure labour away from agriculture, and encourage landlords to break up their tenancies into small plots to rent to cottagers instead of to tenant farmers. This would lead to a very unstable social order and totally undermine the order of rich substantial tenants, resulting ultimately in lower agricultural productivity. Anderson preferred industries that needed 'to be carried on by people in concert' who would all 'work in one

place.' Kept some distance from farming areas and protected by apprenticeship barriers, such industries would provide markets for agriculture without interfering with it or seducing away farm labour.[61]

Anderson's worries over the effects of domestic industry on agriculture also loomed large in Arthur Young's work. In his controversy with Mirabeau between 1788 and 1792, in the Travels in France and the Tour of Ireland he pursued the issue entirely with regard to the productivity of labour in agriculture. He found those provinces known for their manufacturing -- Normandy, Brittany, Picardy, and the Lyonnais to be 'among the worst cultivated in France.' 'The immense fabrics of Abbeville and Amiens have not caused the enclosure of a single field.' 'The agriculture of Champagne is miserable, even to a proverb: I saw there great and flourishing manufactures, and cultivation in ruins around them.'[62] Examples drawn from Britain and Ireland confirmed him in his view that poor cultivation was to be attributed entirely to 'manufacture spreading into the country, instead of being confined to the towns.'[63]

Young's vituperative denunciation of domestic industry induced Dugald Stewart to raise a spirited defense against both Young and Anderson. Young's bias in favour of manufacturing towns went too far, Stewart claimed, for he never enquired into the type of manufacture, in particular whether it was for luxury or common commodities. The manufacture of common commodities was a much safer development, for luxury commodities were much more subject to market fluctuations.

> 'The manufacturers of Norwich who deal in fine crapes and other delicate stuffs are laid idle three times for every once that the Yorkshire manufacturer who deals in low priced serviceable cloths experiences a similar misfortune.'[64]

And in defence of Smith's 'sauntering weaver' he argued,

> 'Though it follows that a domestic manufacture must always be a most unprofitable employment for an individual who depends chiefly for his subsistence on the produce of a farm, the converse of the proposition requires some limitations. A man who exercises a trade which occupies him from day to day must of necessity be disqualified for the management of such agricultural concerns as require a constant and undivided attention ... but it does not appear equally evident how the improvement of the country should be injured by his possessing a few acres as an employment for his hours of recreation. ...

'Occasional labour in the fields' was better than 'those habits of intemperate dissipation in which all workmen who have no variety of pursuit are prone to indulge.'[65] But with this, Stewart had actually changed the terms of the debate. It is notable that he was not discussing a farmer-weaver, but a worker in a rural area who kept his own garden.

Stewart and his contemporary Lord Lauderdale also tackled the wider eighteenth century principles of industrial progress, challenging Smith's views on the effects of the division of labour and the introduction of machinery. They were the first to question, on similar grounds to Stephen Marglin's recent critique, the reasons why the division of labour should lead to gains in productivity. And they drew attention, as Smith had not, to the labour displacement effects of technical change.[66]

The debate over domestic industry continued into the first half of the nineteenth century, as economists compared industrial structures across regions and countries, and often disputed at cross purposes over some historical ideal and the worst examples of sweating which pervaded nineteenth century British industry. Its major legacy was a series of historical myths which live with us yet today about the role of rural industry in the transition to industrialisation. They were the myths left like those of Frederick Engels:

> 'Before the introduction of machines, spinning and weaving of the raw materials took place in the workers' house. Wife and daughters spun the yarn, which the husband wove or which they sold if the family's father did not process it himself. These weaver families mainly lived in the countryside near the towns, and could do quite well with their wages ... In this way the workers vegetated in a rather comfortable existence ...their material position was far better than that of their successors.'67

Footnotes

1. See F. Mendels, 'Proto-industrialization: The First Phase of the Process of Industrialization,' Jrl. Econ. Hist., Vol. XXXII (1972); Hans Medick, 'The Proto-Industrial Family Economy,' Social History, October, 1976; E. L. Jones, 'Agricultural Origins of Industry,' Past and Present, 1968.

2. Jan de Vries, The Economy of Europe in the Age of Crisis, Cambridge, 1976, pp. 95-96.

3. See Joan Thirsk, 'Industries in the Countryside,' in F. J. Fisher ed., Essays in the Economic and Social History of Tudor and Stuart England, Cambridge, 1961

4. See H. J. Habakkuk, 'Population Growth in Nineteenth Century Europe,' Jrl. Econ. Hist., 1957;
David Levine, Family Formation in the Age of Nascent Capitalism, London, 1977;
Franklin Mendels, 'La Composition du Menage Paysan En France au XIX^{e} Siecle: Une Analyse Economique du Mode de Production Domestique,' Annales, July - August, 1978

5. Hans Medick, 'The Proto-Industrial Family Economy,' Social History, October, 1976, p. 299;
F. Mendels, 'Agriculture and Peasant Industry in Eighteenth Century Flanders,' in W. Parker, ed. European Peasants and their Markets.

6. A. H. John, 'Agricultural Productivity and Economic Growth in England, 1700-1760, Jrl. Econ. Hist., XXV, 1965;
D. E. C. Eversley, 'The Home Market and Economic Growth in England, 1750-1780,' in E. L. Jones and G. E. Mingay, Land, Labour and Population in the Industrial Revolution, London, 1967;
Joan Thirsk, Economic Policy and Projects, The Development of a Consumer Society in Early Modern England, Oxford, 1978

7. See Jürgen Schlumbohm, 'Productivity of Labour, Processes of Production, and Relations of Production,! Some Remarks on Stagnation and Progress in European Rural Industries, c. 17th to 19th Century,' Paper presented to the Conference on Proto-Industrialisation, Eleutherian Mills Historical Library, 1977

8. See 'La Proto-industrialisation: Theorie et Realite,' Programme for Session A.2 Huitieme Congres International d'Histoire Economique, Budapest, 1982. It is, however, conceded that rural industry did sometimes end in de-industrialisation.

9. See Maxine Berg, The Machinery Question and the Making of Political Economy, 1815 - 1848, Cambridge, 1980

10. Joan Thirsk, Economic Policy and Projects; Joyce Appleby, Economic Thought and Ideology in Seventeenth Century England, Princeton, 1978

11. Appleby, Economic Thought, chapter 7

12. See Ralph Davis, 'The Rise of Protection in England, 1689-1786,' Ec. Hist. Rev., 2nd series, XIX, August, 1966

13. Appleby, Economic Thought, pp. 251-2

14. ibid., pp. 165-70

15. J. R. McCulloch, ed., Early English Tracts on Commerce, (1856), Cambridge, 1952, pp. xiii, xiv., The tract was not, however, in Adam Smith's library.

16. Henry Martyn, 'Considerations on the East India Trade,' (1701), in McCulloch, ed., Early English Tracts, p. 569

17., ibid., pp. 586, 590

18., ibid., p. 589

19. ibid., pp. 590-1

29. ibid., p. 591

21. ibid., p. 613

22. ibid., p. 615

23. John Cary, An Essay on the State of England, Bristol, 1695, new editions, 1719 and 1745; and An Essay Towards Regulating the Trade and Employing the Poor of this Kingdom, 2nd edition, 1719 Joyce Appleby lumps Cary with the group of free traders even though his arguments favoured protection for home industries and he condemned the East India trade.

24. See Charles Wilson, 'The Other Face of Mercantilism,' in D. C. Coleman, ed., Revisions in Mercantilism, London, 1969

25. John Cary, An Essay Towards Regulating the Trade, p. 95; and An Essay on the State of England, p. 143

26. Cary, An Essay Towards Regulating the Trade, p. 99

27. Joshua Gee, The Trade and Navigation of Great Britain Considered, London, 1729, pp. 5, 69

28. ibid., p. 10

29. Daniel Defoe, A Tour Through the Whole Island of Great Britain, (1724-6), Harmondsworth, 1971, ed. Pat Rogers, pp. 493-4

30. ibid., p. 485

31. ibid., p. 496

32. ibid., pp. 628, 631

32a. Reflections on Various Subjects Relating to Arts and Commerce Particularly the Consequences of Admitting Foreign Artists on Easier Terms, London, 1752 is ascribed in the Krews Catalogue to Richard Parrott, and by T. S. Ashton in his Economic History of England in the Eighteenth Century to Dean Tucker. The arguments in this pamphlet, however, contradict those in Tucker's, A Brief Essay on France and Britain with Regard to Trade, 1749.

33. Josiah Tucker, A Brief Essay on the Advantages and Disadvantages which Respectively Attend France and Great Britain with Regard to Trade, London, 1749, p. 27

34. Reflections on ... Arts and Commerce ... and Foreign Artists, pp. 54-64

35. Malachy Postlethwayt, Britain's Commercial Interest Explained and Improved, 2 vols., London, 1757, Vol. II, p. 400

36. Reflections on Arts, Commerce and Foreign Artists, p. 24

37. ibid., p. 24

38. M. Postlethwayt, Britain's Commerical Interest, Vol. 2, pp. 416, 420

39. ibid., p. 420

40. Tucker, Essay on Britain and France with regard to Trade, p. 5

41. Postlethwayt, Britain's Commercial Interest, p. 414

42. Reflections on Arts, Commerce and Foreign Artists, pp. 10, 21, 42

43. Postlethwayt, Britain's Commercial Interest, pp. 416, 420

44. Josiah Tucker, The Case of the Importation of Bar Iron from our own Colonies of North America, London, 1756, p. 5

44a. A. Anderson, Historical and Chronological Deduction of the Origin of Commerce from the Earliest Accounts to the Present Time, 2 vols., London, 1764;
W. Kenrick, An Address to the Artists and Manufactueres of Great Britain, London, 1774

45. J. Cunningham, An Essay on Trade and Commerce, London, 1770, p. 92

46. ibid., p. 130

47. Joan Thirsk, Economic Policy andProjects, pp. 150-1

48. Adam Smith, Lectures on Justice, cited in An Inquiry into the Nature and Causes of the Wealth of Nations, 1776, Oxford, 1976, 2 vols, Vol. I, Book I, chap. ii, p. 31ff. All subsequent references are from Vol. I.

49. Smith, Wealth of Nations, I. ii. p. 31

50. ibid., I. viii. p. 104

51. ibid., III. iii. p. 409

52. ibid., p. 409

53. ibid., I. viii. p. 101

54. ibid., p. 101

55. ibid., p. 103

56. ibid., III. iii. p. 408

57. ibid., p. 410

58. ibid., III. iv. p. 422

59. Joan Thirsk's phrases in Economic Policy and Projects, pp. 149-155

60. James Anderson, Observations on the Means of Exciting a Spirit of National Industry, chiefly intended to promote the Agriculture, Commerce, Manufactures and Fisheries of Scotland, 2 Vols., Dublin, 1779, p. 39

61. J. Anderson, Observations, p. 53

62. Cited in Dugald Stewart, Lectures on Political Economy, Vol. I in Collected Works, ed. Sir W. Hamilton, Edinburgh, 1855, Vol. VIII, p. 164

63. ibid., p. 165

64. ibid., p. 177

65. ibid., pp. 175-6

66. See James Maitland, Lord Lauderdale, An Inquiry into the Nature and Origin of Public Wealth, Edinburgh, 1804;

Dugald Stewart, Lectures on Political Economy, pp. 189-195, 314-331; Lord Lauderdale, ibid., pp. 167, 294-5;

See Stephen Marglin, 'What do Bosses do? The Origins and Functions of Hierarchy in Capitalist Production, in Andre Gorz, The Division of Labour: The Labour Process and Class Struggle in Modern Capitalism, Atalantic Highlands, N.J., 1976

67. Frederick Engels, The Condition of the Working Class in England (1845) trans. Institute of Marxism-Leninism, Moscow, ed. E. J. Hobsbawm, London, 1969, p. 37