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ECONOMIC FACTORS AND POLITICS:
BRITAIN IN THE NINETEENTH CENTURY

I

VIRTUALLY all who work within the terrain of history or the social sciences must seek to relate economic forces to social and political events. Many have resolved the problem to their satisfaction within the context of particular investigations. There has been, however, relatively little generalized and formal treatment of the issue in recent years. All would now agree that economic factors, in some sense, are important for politics; virtually all would agree that, in some sense, economic factors are not sufficient to explain political events. From that point, however, the subject tends to disappear into the realm of *ad hoc* formulations and private faith. This chapter constitutes an effort to expose some of the complexities inherent in the relationships among the levels of activity which constitute the structure of society. It is an exploratory discussion, and presents no new self-contained system of analysis; it is, rather, an effort to make explicit some of the assumptions which appear to underlie a great deal of contemporary thought and writing, academic and otherwise.

A reviewer has recently criticized a study in which a rather rigid and whole-heartedly economic interpretation was applied to a complex set of political and social events. The reviewer concluded:¹

Now, such an extreme position is neither science nor history. It is merely a new theology—not even good theology, because it is uninspired. It has faith in nothing but a verbal formula. It would rule Christ out of the Christian Church, Lincoln and the idea of national unity out of the Civil War, Roosevelt and the concept of human dignity out of the battle against the Nazis . . . even a great scholar knows only a very little and may not under-

¹ F. Tannenbaum, 'A Note on the Economic Interpretation of History', *Political Science Quarterly*, June 1946.

stand the little he know. Facts are easily acquired by industry and diligence. The meaning of the facts, all their meaning, is beyond the ken of any scholar—perhaps beyond the ken of mortal man.

It would be widely accepted that any satisfactory explanation of political events must leave a place for the role of ideas and for the individual; and the ultimate meaning of facts, indeed, belongs to philosophy, if not to religion, rather than with history or the social sciences.

The rejection of a rigid and monolithic economic interpretation of politics, however, is not in itself a satisfactory answer to the problem. The study of history moves towards general history, where a conscious effort is made to relate economic, social, and political phenomena; while social scientists seek increasingly to bring their various techniques to bear in a co-ordinate way on common bodies of data. Such communal effort within the social sciences demands, if it is to be fruitful, a minimum explicit agreement concerning the manner in which the various strands into which human society forms itself relate to one another.

A more refined view of society as a whole and of the inter-relations among its parts is not merely an appropriate academic objective. Its achievement may prove prerequisite to successful resolution of major problems of policy at home and abroad which characterize the post-war period. A much expanded range of functions has now fallen into the hands of governments in both their domestic and foreign responsibilities. They are not likely to diminish substantially over the foreseeable future. Their exercise demands at bottom no less than the conscious manipulation of whole societies. Decisions of priority and of technique which have confronted governments in the tasks of domestic reconstruction have been made, explicitly or implicitly, on theories concerning the way society as a whole operates: the ends it will accept, and the stimuli required to produce the actions which will achieve them. Problems of policy in the occupation of Germany and Japan involve assumptions of equal breadth and inclusiveness, as do other aspects of contemporary foreign policy. The relationship between economic factors and politics is thus a matter of wide and not wholly academic concern.

II

A useful refinement can be achieved by distinguishing the economic forces which impinge on politics, directly or indirectly, with respect to the time-periods over which they persist. The number of categories one might derive by application of this criterion is obviously very considerable. As a first approximation, however, we shall distinguish and illustrate three types of economic impulse, operating over long,¹ medium, and short periods.

Long-period impulses are, for these purposes, those which proceed from the way people earn their living. Whether a man owns a large estate or is an agricultural labourer; whether he works in a cotton mill or a mine; whether he manages industry, engages in commerce, or goes each day to an office in a bank, obviously affects his outlook on society and on the political system; and it is one factor which enters into his judgement concerning particular policies and political events.

This long-run economic influence has much to do with the way people dress, the sort of houses they build, the standards of behaviour which govern their relations to one another, the literature and art and science which they generate. The nature of social life in, let us say, rural England, of the early nineteenth century cannot be deduced from the simple fact that it was an agricultural society proportioned in a certain way among large and small landowners and farm labourers. But its analysis would not be meaningful if it were not placed within such a framework. This is the sort of economic influence which is associated with the conventional analysis of the Industrial Revolution. The long process of industrialization shifted drastically the proportions of the population working at different occupations. The economic balance of society altered, and with that change came, gradually, shifts in the social life and the political structure of the

¹ It is evident that society is also shaped by forces operating over much longer periods than those distinguished as 'long' here: geography, climate, and the mysterious heritage of communal life persisting over centuries. These very long-run forces which form a large part of the subject-matter of anthropology, as well as history, are not considered here except briefly, p. 140 below.

country. In the study of the nineteenth century, volumes on literature as well as politics can begin, quite properly, by paying their respects to the Industrial Revolution.

The long-run economic impulse, among other factors, affects the judgement of individuals on particular political issues; but it may operate at several removes indirectly. And its influence may take various forms. When, for example, the Ten-hour Bill was under discussion in the 1840s, representatives of the landowning interests took various positions. Some, representing the strand of responsible public service embedded in the social tradition of their class, pressed for the Bill on paternal humanitarian grounds; others supported the Bill as a tactic of embarrassment to the manufacturers who were striving concurrently to repeal the Corn Laws; others joined the manufacturers in opposing the Bill as a general threat to men of property. In each case a part of the political position of the agriculturalists on this issue can be traced to the long-run impulse imparted by their general economic background; but the form of its expression, and even the net position taken, varied widely. There is no simple one-to-one relationship necessary between the long-run impulse and a given political judgement.

Perhaps the most important political influence of this type of economic impulse is in setting the political structure of a society: the nature of the electorate, and the distribution of power among the branches of government. The two great Reform Bills of 1832 and 1867 incorporate the effects of this long-run influence.¹ The link between the increase in relative economic importance of the industrial and commercial middle classes and the Reform Bill of 1832, the link between the rise of the industrial working classes and the Reform Bill of 1867 are, of course, familiar. The timing of the passage

¹ The passage of the Third Reform Bill of 1884, which enfranchised agricultural workers and some of the remaining industrial workers, notably miners, was not, of course, due to a growth in relative importance of the agricultural working classes. It was due, primarily, to the desire of certain groups of Liberals to strengthen the left wing of the party, as well as to a widening acceptance of the concept of universal suffrage. See G. M. Trevelyan, *British History in the Nineteenth Century*, pp. 389-91 and J. L. Garvin, *Life of Joseph Chamberlain*, vol. i, chap. xxxi, pp. 459 ff.

of these acts, the role in their evolution of the concepts of modern democracy, and the complex political battles which preceded their acceptance cannot be deduced from a knowledge of the changing composition of the British working force; one can deduce, however, a strong pressure to alter the balance of political power in definable directions.

James Madison, in the discussions which led to the adoption of the American Constitution, expressed clearly the predominant influence he assigned to economic factors in politics; and since the issue of a national Constitution was structural, long-run economic factors in these terms would be relevant.¹ Madison defined the function of government as the peaceful resolution of differences of opinion and interest within the community, or the regulation of factions, and he wrote:²

. . . the most common and durable source of factions has been the various and unequal distribution of property. Those who hold and those who are without property have ever formed distinct interests in society. Those who are creditors, and those who are debtors, fall under a like discrimination. A landed interest, a manufacturing interest, a mercantile interest, a moneyed interest, with many lesser interests, grow up of necessity in civilized nations, and divide them into different classes, actuated by different sentiments and views. The regulation of these various and interfering interests forms the principal task of modern legislation. . . .

It is the long-run impulses from the economic system which change the balance of power among factions.

A second type of impulse imparted to the social and political systems by the economy can be described as operating over the medium-run or over trend periods. The British economy in the period 1790-1914 operated in a manner such that trend movements of (say) longer than a decade existed which placed particular pressures on one part of the community or the other. In the period of the French wars, for example, agriculture prospered; but the

¹ The timing of the Constitutional Convention and the urgency which characterized its proceedings were, of course, related to the troubled course of economic and political events over the period 1783-7.

² *Federalist*, No. 10.

working classes suffered from chronically high food-prices. In general these years were pervaded by a contented spirit among agriculturalists and by a working class unrest out of which the conceptions and aspirations of the modern British working-class movement took their initial shape. The Speenhamland System and the Combination Acts reflect two of the diverse responses of politics to the pressures exerted by the working classes, generated in turn by very specific economic trends. From 1815 to the mid-century, on the whole, agricultural prices fell, and important segments of the farming community were discontented and defensive, with consequences which infected the whole sequence of political life. After 1873, for a quarter century, industrial prices tended to fall, and industrial profit margins as well. It is no accident that, in these years, the assumptions of mid-century *laissez-faire* were questioned not only by socialists, but also by the advocates of fair trade and by those who formed the international steel-rail cartel. In many ways the new imperialism of these years was a Great Depression phenomena; and it is a just, if fortuitous, irony that Joseph Chamberlain's battle for power was lost in 1906 because several basic trends of the Great Depression had, by that time, changed their direction: capital exports were very much on the rise, in part due to policies Chamberlain had previously sponsored in the Colonial Office; British exports were expanding; prices and profit margins were on the increase; tariff reform no longer appealed.¹

The trend movements of the economic system generate new attitudes of mind among the classes and interests affected, and they lead often to the formulation of major legislative proposals which form, over considerable periods, the focus of political life, the concrete issues over which ministries fall and reputations are made and broken. The attrition against measures of protection from 1815 to the final repeal of the Corn Laws is a political sequence strongly

¹ See E. Halevy, *A History of the English People, 1905-1915*, p. 14. The election of 1906 was affected not only by the turn in the trends from their Great Depression pattern, but also by the cyclical expansion begun in 1904 which would be accounted a short-period phenomenon in the vocabulary used here.

affected by the trends within the economic system over the three decades preceding 1846. Another important example was the trend movement of real wages from 1900 to 1914. There were many deep and long-run influences which made likely the development, in these years, of a political party representing the British working classes, and the formulation in British society of a concrete programme designed to increase working-class security. But that development was given a special urgency and impetus because the economic system in its normal relatively free workings, yielded a more rapid rise in retail prices than in money wages. Much of the political pressure which was mobilized for the Liberal reforms in the pre-1914 decade derived its immediate strength from the desire of the working classes, conscious or otherwise, to redress by legislative action the balance of income distribution decreed by the economic system.¹

A third type of impulse imparted to politics by the economy is the short-period impulse, associated with the fluctuations of the trade-cycle and of the harvests.² In the nineteenth century severe unemployment or a passage of high food-prices did not usually determine the nature of the major political issues nor the basic relative strength of the forces which arrayed themselves on either side; but they tended to detonate the underlying forces, by accentuating unrest, and to achieve some slight but occasionally significant shift in the balance among those forces. They thus affected the timing and character of political events. The introduction of the Speenhamland System in 1795 was, for example, connected with the two bad harvests which had immediately preceded; the appearance of the Luddites in 1811 and again in 1816 was directly connected with the severe unemployment of those two years. It is significant that the Peterloo massacre occurred in 1819, a year of severe depression; although the pressures which underlay it, as reflected in the banners which were carried, indicate the influence of long-run and

¹ Halevy, *op. cit.*, pp. 270-3 for the combination of long-run and trend forces which affected the budget of 1907; and, more generally, for the basis of working-class discontent in falling real wages, p. 441.

² For a more extensive discussion of this type of impulse, covering the period 1790-1850, see Chapter V above.

medium-run forces as well.¹ Similarly, the Reform Bills of 1832 and 1867 both represented the adjustment of political pressures long in their generation; but they were passed at or close to cyclical low points preceded by intervals of working-class unemployment and unrest.

We have thus distinguished three types of impulse from the economic system acting on social and political life: a long-run force which constitutes the framework within which social life develops and which affects particularly the general balance of power within the community and the structure of its political life; a medium-run impulse, associated with economic trends, which often defines major political issues and generates movements designed to achieve certain concrete political results; and short-run impulses which in the nineteenth century affect the timing of political events and their colouring.

This rough and arbitrary formulation, based on the distinction of the time period over which an economic force operates on society as a whole, explains in part why the relation of economic factors to politics is complex. Embedded in any political event of importance one is likely to find not simply an economic factor, but a range of economic factors, with different and even conflicting impacts on the minds and public behaviour of men. The great gathering at St. Peter's Field, Manchester, in August 1819 was not simply a response to a period of cyclical unemployment; nor was it simply a response to several previous decades of painful social adjustment and restricted standards of living; nor was it simply the response of an increasingly large segment of the community to the lack of political representation. It was all of these things.

III

The multiplicity of economic impulses acting on political life is among the lesser complexities which surround the rela-

¹ The short-run influence was represented at Peterloo by the cry of cyclical depression, 'A fair-day's wages for a fair-day's work' which Carlyle made the occasion for extended reflection (*Past and Present*, bk. 1, chap. iii, pp. 23-9). The trend impact of the war-time high food-prices can be detected in the call for 'No Corn Laws'; and the long-run aspirations of the working classes in 'Equal Representation or Death' (W. Page, *Commerce and Industry*, p. 47).

tion between economic factors and politics. More difficult is the mechanics of their operation. Here it is necessary to seek a rough outline of the structure of society which historians and social scientists can take as agreed.

It is a useful convention to regard society as made up of three levels, each with a life and continuity of its own, but related variously to the others. These three levels are normally designated as economic, social, and political. Each is itself capable of elaborate sub-division, and these subdivisions, too, have their own life and continuity. Within the economy, for example, one can isolate for examination the evolution of its capital market institutions; or the development of iron and steel trades; or the course of wheat prices. Nevertheless the production and distribution of goods and services form a unified and interrelated operation; and the component parts of economic life may be studied in relation to a larger whole (e.g. the national income, or the level of real wages). Similar unity among discrete strands exists in the social and political levels of society although, lacking quantitative measures and refined analytic tools, it is less easy to define and to manipulate.

The economic level of society imparts, as is suggested above, a variety of impulses to social and political life; and these have been distinguished in three arbitrary categories according to the time-period over which they operate. But it also receives back from social and political life other impulses which affect its course. Such interactions are discussed briefly below. For the moment it is sufficient to note that the relations between the economic level of society and its other levels do not run merely in one direction.

The social level of society, as viewed here, is very broad indeed. It includes the way people live, the culture and religion which they generate and regard as acceptable, their scientific pursuits, and above all the general political concepts which serve to rationalize their relationship to the community.¹ In a passage which implies the use of an analytic

¹ A satisfactory definition of the term 'social' is difficult, although its accepted usage is tolerably clear. A. L. Rowse (*The Study of History*, p. 69) has defined social history, on a rough-and-ready basis, as how society consumes what it has

structure not very different from that developed here, Professor G. M. Trevelyan has written:¹

... the social scene grows out of economic conditions, to much the same extent that political events in their turn grow out of social conditions. Without social history, economic history is barren and political history unintelligible. But social history does not merely provide the required link between economic and political history. It has also its own positive value and concern.

There are various senses in which this intermediate role for social life may be taken as meaningful. The limited aspect most relevant to present purposes, however, is the manner in which general ideas are formed which serve as the basis for a considerable array of political positions on particular issues.

It appears to be a general characteristic of education, in a broad sense, that the community equips the individual with a set of general ideas which he may modify, reject, or supplant, by which the multiplicity of situations he confronts is reduced to order, made explicable, or tolerable. These are the conceptions that relate man to his family, his fellow-men, to his church, and to the state. In terms of nations similar general ideas develop which set, let us say, a Britisher's conception of his relationship to the continent of Europe, or to the African colonies, or to the United States.

These powerful simplifications alter only slowly; but they alter in such a way that they appear adequately to conform to the society's range of interests, and to explain the phenomena which men confront daily in their lives. There is a hard long test of empiricism that societies, as opposed to individuals, apply to the large ideas they accept. Once accepted

produced. This is not wholly satisfactory; for the writer, the teacher, the dress designer, are all producing in an economic sense; and it would be an arbitrary distinction that would segregate the work of the scientist in an industrial laboratory from the scientist in a subsidized university laboratory. Social activities appear to arise from human needs or desires over and above the technical minima necessary for food, shelter, clothing, and reproduction. These needs are met by the production of goods and services; and the working force consists of men, not factors of production; therefore, 'social' qualities and objectives suffuse the process of production as well as consumption.

¹ *English Social History*, p. vii.

these ideas have an authority of their own and a great independent reality among the forces which move men to act.

The fact that such general ideas change slowly, and that men's attachment to them is often impervious for considerable periods to evidence of their unreality, irrelevance, or inapplicability, has led to a considerable literature of cynicism in which men's minds are regarded as an anarchic open market for large concepts, unrooted in solid judgement or empirical tests. Pareto's sociology and some of the subsequent literature of fascism enshrined this bias, as did some of the discussion of semantics in the United States during the 1930s.¹ While it is clearly necessary to take into account the very considerable time lags which attend the rise and fall of ideas, in relation to the situations which they are designed to explain, and to appreciate the independent power they exercise over the minds and behaviour of individuals, at bottom and in the long run, ideas appear to be rooted in

¹ J. M. Keynes closed *The General Theory of Employment, Interest, and Money* with a comment on the relative potency of vested interests and ideas in determining the course of history (pp. 383-4): '... the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is generally understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas. Not, indeed, immediately, but after a certain interval; for in the field of economic and political philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil.'

Keynes's observation is not at issue with the view developed here. It would be accepted that a given set of special interests confronting a given situation can find resolution in a variety of ways; that the course followed in fact may depend on the ideas current, especially in the short run; and that the long run, in history, is compounded of a series of short-run resolutions to particular issues and conflicts. The argument here would emphasize, however, that the ideas available, and their acceptability, depend on previous or current experience and interests, not excepting the 'General Theory'. For a comment on the independent power of institutions, apart from their 'original meaning or purpose', similar in its general implications to Keynes's observations on the limited rationality of political judgement, see L. B. Namier, *The Structure of Politics at the Accession of George III*, vol. 1, p. 164.

real and substantial changes in the conditions under which men live.

In the period 1790-1914 the eighteenth-century notion of responsible aristocratic government gave way to concepts of representative democracy; notions of *laissez-faire* and self-help triumphed over older concepts of paternalism and then quite promptly began to lose ground to a revived conception of state responsibility for the general welfare. Similarly, the mid-century hopes of permanent peace and of universal free trade with the countries of the Empire dropping like ripe fruit from the tree, hardened into a more exclusive conception of Empire and a defensive British nationalism *vis-à-vis* Germany. Each of these massive changes was associated with real events, economic in character in the first instance. This does not imply that those who formulated the ideas were personally motivated by economic forces; nor does it imply that individuals accepted the new ideas by a Machiavellian process of rationalization. It does imply that the complex of changes in society which in the end made the new ideas acceptable to the majority of the British people were, at their basis and in their origin, economic.

While these conceptions may have economic roots, they often express the widest sensibility and aspiration of which men are capable; and the shifts in conception which occur affect men's attitudes towards issues wider than those of politics. In reflecting genteel doubt concerning the sanctity of mid-Victorian articles of faith, Gilbert and Sullivan were no less a product of the Great Depression than Joseph Chamberlain.

As suggested earlier there are many aspects of political life which take their shape from the social level of society; but for these limited purposes the most significant is the generation of wide conceptions in terms of which specific issues are viewed, fought over, and settled. Social life furnishes to politics its vocabulary.

Politics, the third level of society, emerges as the arena in which the various interests and powers of the community negotiate the terms of their common life. In the resolution of any particular issue there is involved not only the network

of pressures and formulations arising from the economic and social levels, but also the technique of politics itself: the accepted methods of mobilizing and making effective these pressures according to the rules and procedures which constitute the political system. This is an absorbing human activity demanding special virtuosity. The life of the political system, like that of the economy and the social system, is in a sense autonomous. At any moment of time the terms within which it works are, it is true, given; and the balance of power within the community sets relatively narrow limits to the actions which are permissible to the politician. Nevertheless, within those limits, a complex process of formulation, persuasion, personal initiative, and compromise takes place which, in its detail, bears often relatively little direct relation to the large basic forces outside the level of politics.

In nineteenth-century Britain the types of issue which arose for political settlement can be grouped in three categories:

First, issues of the balance of power in society and of political structure. Of these the Reform Bills are the most obvious example. The great crisis in the early years of this century over the power of the House of Lords would, of course, also fall within this category. The various Acts, legislative and in common law, relating to the status of the trades unions are only a little less important, and might well be grouped with the basic constitutional issues.

Second, issues of the distribution of income in a broad welfare sense. This category would include the Corn Laws and their repeal; the Factory Acts; education bills; the social legislation of the pre-1914 decade; issues concerning the structure and incidence of taxation, most notably, perhaps, the question of the income tax. The effects of such legislation over a period of time may be to alter the balance of power in society, and thus to help induce structural changes at a later stage. But the issues actually arise and are settled fully within the existing political structure.

Third, issues concerning the security and relative power of the community as a whole. Foreign affairs fall within this category, and questions of war and peace; although one might include, for Britain in the nineteenth century, the problem of Ireland as well. This general category falls mainly outside the present discussion, although it is susceptible of analysis in similar terms.

As between issues of the balance of power and what are here called issues of income distribution a sharp line is, occasionally, difficult to draw. The final repeal of the Corn Laws involved pressures almost as various and profound as the passage of the Reform Bill of 1832; although there is a sense in which the Corn Laws were lost with the passage of the latter act. And a useful distinction can probably be made between them as distinct types of political issue. The Reform Bill of 1832 involved specific consequences which could not be fully foreseen, stretching far into the future. It was not an issue of measurable gains or losses, for the segments of the community concerned, like another penny on the income tax. It shifted political power at its bases and thus stirred very large hopes and fears. For the landowning gentry a whole way of life appeared to be at stake; and emotions were brought into play transcending economic factors in their limited sense. These are the issues in politics which involve the greatest dangers to the process of peaceful adjustment; and in countries outside Britain in modern times they have often yielded revolution or civil war.

In terms of the international community, and problems of diplomacy, many of the issues which have resulted in war have been of this nature. No significant, peculiarly economic stakes appear to be involved, but rather the relative power of states which, it is felt, will determine the decision in a whole range of particular future issues incapable of exact prediction. The role of economic factors in a matter of Corn Laws, taxation, or tariff adjustments between nations is evident and fairly direct. The overtones of high moral or political principle which are occasionally invoked on such occasions are a relatively thin and conventional veneer. In the case of the Reform Bill of 1832, or the German invasion of Belgium

in 1914, however, the basic balance of power appears in question for classes within a community and as between different communities. And with the balance of power there enters legitimately the whole way of life to which men are attached and the large ideas to which they owe allegiance.

Much of the dissatisfaction with analyses which place an exclusive emphasis on economic factors in politics arises from the obviously complex nature of the forces and motives which enter into these basic struggles for power, either within states or between them. Men do not usually fight and die for finite economic gains. They are, more generally, moved by a loyalty to ideas. These ideas, in turn, may be largely generated from economic life, and from a social life substantially shaped by the economy. But in war men are often moved by a simple sense of community quite independent of a particular economy or society, except that it is theirs; and in combat soldiers are often dominated by a loyalty that extends not much beyond those who are at their side. In times of peace this primitive loyalty to the community, though muted, can constitute an independent element in politics, acting as a powerful solvent in moments of acute domestic conflict, as the Duke of Wellington showed in 1832 and 1846.¹

IV

The argument has thus far roughly defined the nature of the impulses generated by the economic system; it has sketched briefly the social and political structure on which they have their impact; and it has indicated some possible routes by which they may find their way, directly and indirectly, to the arena of politics. As suggested earlier, however, the economic system receives as well as imparts impulses; and these interactions are an additional element of complexity.

One of the more important interactions lies in the field of education. One can trace in nineteenth-century Britain a dynamic reinforcing process: the rise of an industrial and

¹ On the eve of the American Civil War the symbols of community were widely invoked, notably in the closing passage of Lincoln's first Inaugural Address; but they failed to produce a resolution.

commercial middle class; its insistence on improved facilities for education; and the consequent strengthening of that class in both its economic activities and in politics. In the latter half of the century a similar process affected the economic and political strength of the working classes. Religion, too, and science, and other aspects of social life tended, over the century, to reinforce the economy whose structure and direction of change gave them their special bias. In its broadest sense it is the social level of society which produces or fails to produce men of the type required for the efficient working of the economy.

The influence of politics on the economic system is, of course, very considerable. It sets, in the first place, the framework of law within which goods and services are produced. Among other major issues of the century, British politics was called upon to decide whether the basic framework of the economy was to be one of protection, or of free trade; and whether bargaining in the labour market was, in part, to be collective, or as between individual workmen and firms.

More than that, the structure of government taxes and disbursements, decreed by politics, constituted an authentic part of the economic process; and the government's intervention was meaningful even when it took the negative form of a Gladstonian obsession with economy. In many of the most important activities of government it is accurate and convenient to regard politics as a way of taking economic decisions alternative to private markets. This is patent in the case of war; notably, in this era, the French wars, when the society, having become engaged in large military enterprise, transferred to the government a significant range of economic decisions (e.g. the scale and terms of foreign loans and subsidies). These decisions, in turn, shaped indirectly many other aspects of economic life. Although the direct role of government in the economy is less marked during times of peace in the nineteenth century, the nature of political intervention, as a minor but real instrument for the taking of economic decisions, is much the same.

Society emerges, then, from this schematic analysis, as a

dynamic structure of three levels, each with a quasi-autonomous life of its own, each receiving and imparting impulses from and to the other levels. In the formal sense with which economists are familiar the analysis of society is a dynamic problem: the impulses which are generated within society require time in which to work themselves out.

Movements within the economic system, long-run in character, set the framework within which social life and its concepts evolve, pursuing, on the whole, a sluggish life of their own. The long-run impulses have their main impact on politics, having worked through the social structure, where they have been generalized, associated with non-economic aspirations, and crystallized into ideas and particular, often structural, political objectives. Similarly, the medium-run or trend impulses imparted from the economic system become associated with wider concepts and objectives before they make their full appearance in politics, often in the form of particular non-structural acts of legislation. The short-run economic forces tend to strengthen or weaken the relative forces making for or resisting political change; and they thus affect the timing and character of political events. The political level of society receives from the other levels this complex of impulses and by rules and conventions and ideas which are themselves partially the product of long-run economic and social influences, sorts them out, and seeks to resolve conflicts among them in a manner such as to avoid resort to settlement by trial of brute strength. In performing these functions the political level of society sets the basic terms of both social and economic relationships in society; and, in receiving and disbursing income, it actively engages in current economic activity of significance.

V

It is evident that the unity of the structure of society, and its shape, derive from the character of man: his desires and motives and aspirations. Any complete theory of society would have to begin, formally, with psychological hypotheses. No attempt to supply them will be made in this limited and

exploratory discussion. But two observations concerning the position of the individual, in the structure outlined above, appear germane.

It will be noted that, of its nature, this structure is determinist in a loose-jointed way at the most. The economic system imparts certain impulses to the social system; and it constitutes a framework within which social life must develop; but it does not determine the particular manifestations of social life. Romantic poetry may have been connected, by various remote and proximate links, to the coming of the Industrial Revolution; but it was not written by Arkwright or Ironmaster Wilkinson. Similarly, the nature of political problems, and within limits, the nature of their possible resolution is given, at any moment of time, by forces external to political life. The particular solution arrived at, however, may vary substantially; and its particular form may have important consequences for the future. The area for freedom of action afforded to the individual in politics is certainly not infinite; but it is real. Referring to an incident that involved F. E. Smith, Mr. Churchill once wrote:¹ 'This probably turned the scale in favour of Mr. Bonar Law's leadership, and may traceably have altered the course of history. However, it is always being altered by something or other.'

Within economic life, as well, technical conditions and the economic environment are given, but progress is achieved by the efforts of men stretched to the limit of their energy, imagination, and competence, as the history of any great firm will attest. There is, in short, a considerable place for the individual within each level of this structure. On occasion it may be proper to regard the course of history as inevitable, *ex post*; but not *ex ante*.

Secondly, there is the question of motives. Is man in society basically economic man? Here only a very limited observation will be hazarded. It appears necessary to distinguish the behaviour and motives of individuals from those of economic, social, and political groups. In devoting his efforts to the repeal of the Corn Laws John Bright was no doubt helping to effect a shift in relative economic advantage

¹ W. S. Churchill, *Great Contemporaries*, p. 151.

among the economic and social classes of Britain. One can scarcely imagine an issue more purely economic in its character or intent; and without its economic substance there would have been no such well-financed agitation. Yet Bright, the Quaker, threw himself into the great crusade out of the broadest of motives, as a whole man; and as his later positions on the Crimean War, the American Civil War, and the Second Reform Bill indicate, he regarded the repeal of the Corn Laws as part of a larger political conception for Britain and the world. There is little doubt that many of his followers shared the Free Trade vision, with its full penumbra of hopes for peace, democracy, and universal prosperity.

More generally, the personal economic motives of a political figure appear often to have little relevance to his position on particular issues. The profession of the politician or statesman, as one who helps press forward or resolve peacefully the pressures thrust from below into the arena of politics, is, in one sense, intrinsically disinterested. The politicians who directly benefit economically from participating in politics are, for Britain in the nineteenth century, rare. And in other countries and in other times, the fact of the connexion rarely appears to be the decisive element in shaping major political events. Men may seek in politics the opportunity to exercise powers of leadership or of oratory; they may enter politics from a sense of service or out of family or social tradition, like Namier's 'Inevitable Parliament Men' of the eighteenth century. The interplay of personal motives and impersonal political forces is, surely, a relevant and interesting aspect of the study of society. It appears necessary, however, to avoid treating them as identical.

At every stage, then, the individual appears to work out his destiny within limits which, while narrow from the perspective of the whole evolution of society, provide, more or less adequately, for the expression of his full energies and aspirations. History seems to be tolerant of the individual if he avoids the larger illusions of grandeur.