

Lesson Two: Economic Developments

The Georgian era, spanning from the early 18th century to the early 19th century, was marked by significant economic developments in Britain, which had lasting effects on its society and the global economy.

1. The Industrial Revolution

Several influences came together at the same time to revolutionize Britain's industry: money, labour, a greater demand for goods, new power, and better transport. By the end of the eighteenth century, some families had made huge private fortunes. Growing merchant banks helped in putting this money into use. Increased food production made it possible to feed large populations in the new towns. These populations were made up of the people who had lost their land through **enclosures** and were looking for work. They now needed to buy things they had never needed before.

In the old days people in the villages had grown their own food, made many of their own clothes and generally managed without having to buy very much. As landless workers these people had to buy food, clothing and everything else they needed. This created an opportunity to make and sell more goods than ever before. The same landless people who needed these things also became the workers who made them. By the early eighteenth century simple machines had already been invented for basic jobs. They could make large quantities of simple goods quickly and cheaply so that “**mass production**” became possible for the first time. Each machine carried out one simple process, which introduced the idea of “**division of labour**” among workers. This was to become an important part of the industrial revolution.

By the 1740s the main problem holding back industrial growth was fuel. There was less wood, and in any case wood could not produce the heat necessary to make iron and steel either in large quantities or of high quality. But at this time the use of coal for changing iron ore into good quality iron or steel was perfected, and this made Britain the leading iron

producer in Europe. This happened only just in time for the many wars in which Britain was to fight, mainly against France, for the rest of the century. The demand for coal grew very quickly. In 1800, Britain was producing four times as much coal as it had done in 1700, and eight times as much iron.

Increased iron production made it possible to manufacture new machinery for other industries. No one saw this more clearly than **John Wilkinson**, a man with a total belief in iron. He built the **largest ironworks** in the country. He built the world's **first iron bridge**, over the River Severn, in **1779**. He saw the **first iron boats** made. He built an **iron chapel** for the new Methodist religious sect, and was himself buried in an **iron coffin**. Wilkinson was also quick to see the value of new inventions.

When **James Watt** made a greatly improved **steam engine in 1769**, Wilkinson improved it further by making parts of the engine more accurately with his special skills in ironworking. In this way, the skills of one craft helped the skills of another. Until then steam engines had only been used for pumping, usually in coal mines. But in 1781, Watt produced an engine with a turning motion, made of iron and steel. It was a vital development because people were now no longer dependent on natural power.

One invention led to another, and increased production in one area led to increased production in others. Other basic materials of the industrial revolution were **cotton and woolen cloth** which were popular abroad. In the middle of the century other countries were buying British uniforms, equipment and weapons for their armies. To meet this increased demand, better methods of production had to be found, and new machinery was invented which replaced hand work. The production of cotton goods had been limited by the spinning process which could not provide enough cotton thread for the weavers.

In **1764**, a **spinning machine** was invented, which could do the work of several hand spinners, and other improved machines were made shortly after with the far greater

production of cotton thread. The slowest part of the cotton cloth making industry became weaving. In 1785, a power machine for weaving revolutionized cloth making. It allowed Britain to make cloth more cheaply than elsewhere, and **Lancashire cotton cloths** were sold in every continent. But this machinery put many people out of work. It also changed what had been a "cottage industry" done at home into a **factory industry** where workers had to keep work hours and rules set down by factory owners.

In the Midlands, factories using locally found clay began to develop very quickly, and produced fine quality plates, cups and other china goods. These soon replaced the old metal plates and drinking cups that had been used. Soon large quantities of china were being exported. The most famous factory was one started by **Josiah Wedgwood**. His high quality bone china became very popular as it still is. The cost of such goods was made cheaper than ever by improved transport during the eighteenth century.

New waterways were dug between towns, and transport by these canals was cheaper than transport by land. **Roads** still used mainly by people rather than by goods, were also improved during the century. York, Manchester and Exeter were three days' travel from London in the 1720s but by the 1780s they could be reached in little over twenty –four hours. Along these main roads, the coaches stopped for fresh horses in order to keep up their speed. They became known as "stage" coaches a name that became famous in the "Wild West" of America. It was rapid road travel and cheap transport by canal that made possible the economic success of the industrial revolution.

Soon, Britain was not only exporting cloth to Europe. It was also importing raw cotton from its colonies and exporting finished cotton cloth to sell to those same colonies. The social effects of the industrial revolution were enormous. Workers tried to join together to protect themselves against powerful employers. They wanted fair wages and reasonable conditions in which to work. But the government quickly banned these "**combinations**" as the workers'

societies were known. Riots occurred led by the unemployed who had been replaced in factories by machines. In 1799, some of these rioters, known as **Luddites**, began breaking machinery that had put them out of work. The government supported the factory owners and passed legislation making the destruction of machinery punishable by death. The government feared the possibility of a revolution, similar to the one that had occurred in France.

2. Agricultural Revolution

The Georgian era in Britain witnessed notable agricultural advancements that fundamentally altered farming methodologies and enhanced productivity levels. This epoch is frequently linked to the British Agricultural Revolution, which established the foundational principles of contemporary agricultural practices.

❖ Crop Rotation

In the 18th century, the practice of crop rotation became a fundamental aspect of agriculture in Britain, playing a significant role in the Agricultural Revolution. This era was characterized by a substantial rise in agricultural output, which was vital for accommodating a burgeoning population and aiding the shift towards industrialization. The **Norfolk four-course crop rotation system** gained widespread acceptance during this time. This progressive approach involved the systematic rotation of four distinct crops over a four-year cycle, typically comprising **Wheat or Barley, Turnips, Clover, and Oats or Barley**. This method was essential as it minimized the extent of fallow land, thereby enhancing overall productivity and promoting soil health by replenishing nutrients that were depleted by cereal crops.

❖ Enclosure Movement

The enclosure movement is frequently recognized for its role in advancing the British Agricultural Revolution through enhanced crop yields and livestock output. Enclosed farms provided farmers with increased authority over their land, allowing them to implement better

farming techniques like **crop rotation and selective breeding**. This resulted in elevated productivity levels, which were crucial for sustaining a burgeoning population and facilitating urban industrial growth.

3. Financial Revolution

The Financial Revolution in Britain, initiated following the Glorious Revolution of 1688, underwent significant developments during the 18th century. This period witnessed the formation of **essential financial institutions**, including the **Bank of England**, established in **1694**, and the implementation of **government bonds**, which facilitated more effective borrowing by the state. The establishment of a **public debt system** permitted the government to fund military conflicts and other expenses at reduced interest rates, in contrast to absolutist nations such as France, where bondholders wielded less power over governmental affairs.

The Georgian period marked a significant **shift from the use of commodity money to a more advanced banking framework**. The advent of **fractional reserve banking** enabled private banks to generate money through lending practices, which greatly enhanced the money supply and liquidity within the economy. London and Amsterdam established themselves as leading financial hubs/centers during this era, characterized by a mutually beneficial relationship that encouraged financial innovation.

The 18th century marked the strengthening of global trade networks, especially through **triangular trade** routes linking Europe, Africa, and the Americas. British trading enterprises, notably **the East India Company**, were instrumental in this growth by obtaining monopolies on profitable trade routes and goods. This economic development was further enhanced by improvements in financial instruments that facilitated risk management and investment.

4. Growth of Commerce and Trade

The 18th century, especially during the Georgian period, experienced notable advancements in commerce and trade, largely influenced by the economic principles of **mercantilism** and the growth of British trading enterprises.

Mercantilism served as the prevailing economic doctrine in Britain from the 16th to the 18th centuries, focusing on the accumulation of wealth through a favorable trade balance. This theory asserted that a nation's strength was contingent upon a robust economy, achievable by maximizing exports and minimizing imports. The British government actively endorsed this approach through various regulations, tariffs, and subsidies designed to safeguard domestic industries and encourage exports.

During this era, British entrepreneurs broadened their business ventures on a global scale, resulting in the proliferation of trade routes and the formation of monopolistic trading entities such as the East India Company. These organizations were instrumental in facilitating international trade, particularly in commodities such as sugar, tobacco, and enslaved individuals. The period was characterized by a vigorous economic climate, with Britain emerging as one of the foremost trading nations worldwide.

The Georgian era witnessed also a significant expansion of trade routes. By the early 18th century, Britain had developed extensive trading networks linking it to diverse regions, including North America, Africa, and Asia. This expansion was not solely focused on resource acquisition but also aimed at establishing political supremacy through economic strategies. The government's active participation in trade resulted in an influx of wealth and resources into Britain, further propelling its industrial development.

5. Expansion of the British Empire and Overseas Trade

- ❖ **Colonial Trade:** The British Empire experienced substantial growth, especially in regions such as North America, the Caribbean, India, and Africa. These territories

played a vital role in providing essential raw materials, including sugar, tobacco, cotton, and tea, which proved to be immensely profitable for British traders.

- ❖ **The Transatlantic Slave Trade:** British traders were heavily engaged in the triangular trade, which involved the transportation of enslaved Africans to labor on plantations in the Americas. The wealth amassed from this system, particularly from sugar plantations in the Caribbean, significantly bolstered British trade.
- ❖ **East India Company:** The East India Company enhanced its dominance over trade in Asia, particularly in India, where it emerged as a leading entity. It traded in highly coveted goods such as spices, textiles, tea, and silk, which were in great demand in European markets.

The End