

State and Market in Victorian Britain: War, Welfare and Capitalism

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This book brings together 12 previously published essays, with a substantial new introduction. The essays fall into three broad sets. One set is centrally concerned with the fiscal character of the Victorian state, and has many of the same broad themes as Martin Daunton's previous work on the politics of taxation, *Trusting Leviathan: The Politics of Taxation in Britain, 1799-1914*, whose approach is continued in *Just Taxes: The Politics of Taxation in Britain, 1914-1979*.⁽¹⁾ The analysis emphasizes the success of the Victorian state in constructing a viable taxing apparatus by judicious balancing of interests, so that the 'fiscal-military' state of the Napoleonic period was succeeded, eventually, by a state that minimized borrowing and sought to spread the tax burden in accordance with contemporary notions of 'fairness'. These notions were less often class-based ideas of capital and labour, or rich and poor, than moral categories such as idle versus active wealth, waste versus prudence, spontaneous versus industrious incomes, or dissipation versus healthy consumption. Crucial to the argument here is the idea is that the state so constructed sought to contain the power of monopolistic interests of any kind, lest they undermine the spreading of the benefits of competition across the mass of the population. In consequence, alongside its tax strategy, the state in various ways regulated the supply of infrastructural goods, including gas, water, electricity, telegraph and rail services, so as to reduce unfair exactions by the suppliers. In this account, the Victorian state was *laissez-faire* only in the sense that it spent substantially less of the national income than in the 20th century (or late 18th century), but in other respects the term is seriously misleading. In particular, Daunton argues, it was not an 'amoral' state in terms of E. P. Thompson's dichotomy between a moral economy and a triumphant political economy. The state had a moral purpose: 'the removal of special interests, a purging of the state and a removal of the curse of speculation' (p. 5).

The second set of essays concerns the nature of the state in a different sense; the extent to which it was subordinated to a predominant City interest in the shaping of policy. Here Daunton brings together his essay from 1989 criticising Cain and Hopkins' notion of 'Gentlemanly Capitalism' with the first of his recent series of articles on globalization in the *Transactions of the Royal Historical Society*, along with more detailed studies of the workings of the 19th century City of London. In line with the arguments of the first part of the book, the theme of the second is that the Victorian state was not subordinate to any single interest group, and certainly not the City. He shows both the complex internal divisions within the City which make it impossible to assume the existence of a singular 'interest', and the limits on the capacity of 'finance',

however conceived, to subordinate industrial and other interests in determining policy. Conversely, he argues that industrial interests were not subordinated to those of finance as so often alleged. In part the idea that they did relies on a sharp dichotomy between the interests of industry and finance which is unsustainable. Much of the financial system was directly concerned with the provision of credit to industry and commerce. The City certainly had an international orientation, but so did much of industry, with huge reliance on exports of manufactured goods to pay for raw materials (and food), and thus on complex webs of financial services. Rather than losing out to the interests of finance, industrial capitalists in the Victorian and Edwardian period, Daunton argues, largely got the policies they wanted from the central state – free trade, taxation equitable between interests, public order and a relief system based on a free labour market.

The third set of essays links issues of state formation and finance to the developments in non-state provision of welfare, and unlike the rest of the book take the arguments up to the middle of the 20th century. One important theme here (with contemporary resonance) is the Gladstonian distrust of tax privileges for philanthropy, believing this to be another example of potential subversion of public purposes by the rich in the guise of subsidized charity. More broadly, the theme is the paradox of how Victorian Britain, which had such a rich nexus of associational welfare provision, evolved by the mid 20th century into a society with the most centralized state welfare system in the developed world. What is important in looking at this paradox is not to idealize those associational structures, and Daunton points to their often undemocratic character and limited coverage of the population. But, above all, he is concerned, in telling the history of British welfare provision, to undermine a simple linear narrative of the demise of voluntarism and the rise of the state. Rather, the story is one of how different combinations of state, charity, families and markets have provided welfare, and how the relationships between these elements have shifted over time. The shift to a highly centralized welfare state in mid-20th century Britain is seen not largely as the emanation of a centralizing, bureaucratic ideology, but rather as the state pursuing a politically-mandated expansion of welfare provision whilst seeking to sustain trust in itself. Hence, for example, the decision to employ National Insurance as the key financing mechanism for social security.

Books of previously published essays are often welcomed as ‘useful compendiums of scattered materials’ but any such notion would be wholly inadequate recognition of the value of this book. Though the essays are largely un-amended from their original form, the introduction persuasively shows how they fit together to form a complex, interwoven, and extremely rich account of the Victorian state and the political economy of Victorian society. In that sense, the whole is more than the sum of its parts. Though the core issue is the nature of the Victorian state, the analysis ramifies into a very wide range of issues, on each of which something important is said. On the question of Empire, for example, it is emphasized that the notion of ‘Gentlemanly Capitalism’ is commonly linked to the argument that the costs of the British Empire were disproportionately born by domestic industrialists and workers to the benefit of financiers and *rentiers* at home, and the colonies (or at least some of them) overseas. But this, it is argued, is too benign a view of the British Empire, within which many countries developed effective mechanisms to extract taxation, and spent the money on purposes which helped Britain, for example by providing infrastructure for the cheap supply of food to the Metropole. On the other hand, British defence spending, while its distribution was closely related to Empire, commonly bought substantial benefits to the home country by defending the world of free trade and international division of labour on which Britain’s prosperity rested. Also very telling are more specific points, like the fact that far from turning businessmen into gentry, public schools led their pupils to be more often involved in trade and commerce than their fathers.

The essays collected here have clear, common analytical assumptions underpinning them, though these are not spelt out at great length. These assumptions are those of ‘historical institutionalism’, which in this context means especially a concern to assert the ‘relative autonomy’ of the state from societal, including economic interests. In this account the state apparatus is not subordinated to the political process in any direct fashion, but neither is it the creature of any social class or sectional interest like ‘the City’ or ‘Industry’. States pursue their own agendas, but in doing so develop capacities which in turn define future possibilities. These agendas tend to be concerned above all with social stability, and hence lay great store on maintaining state legitimacy and not provoking widespread discontent. This approach shifts attention away

from the size of the state, which has so concerned many politicians as well as historians, onto the manner of its financing as the key issue which mainly determines its trajectory. In the judgement given here, the Victorian state was highly successful because it sustained consent, and this continued, albeit with some challenges into the Edwardian period, despite a rising share of public spending in national income. It was not a weak state because prior to that expansion its spending was highly constrained; on the contrary, it successfully delegated many state functions to local authorities, a delegation which achieved functional ends whilst helping to sustain legitimacy by recognizing the importance of allowing much greater powers in the localities than is compatible with contemporary notions of avoiding 'postcode lotteries'.

This methodological starting point leads Daunton to a radical questioning of many conventional wisdoms about modern British history. Most importantly, it leads to a powerful critique of the 'declinist' focus of so much of the narrative of Britain since the late 19th century. Cain and Hopkins' 'Gentlemanly Capitalism' thesis is, as Daunton points out in his introduction, linked to a broader narrative about the British state and British society, and which draws on diverse political and ideological positions to suggest that there was never a 'proper' bourgeois hegemony established in Britain, that the aristocracy in alliance with the City remained pre-eminent politically, and that culturally there was widespread hostility to 'the modern', evident in everything from veneration of ancient institutions to nostalgia for rural life. All these elements feed into a long established theme of Britain as a country suffering far more than the inevitable adjustment to the loss of high-Victorian industrial and commercial pre-eminence, but rather some kind of pathological failure to adjust, leading to serious and prolonged 'decline'.

This whole complex of ideas has come under increasing critical fire since Daunton wrote his essay on 'Gentlemanly Capitalism' 20 years ago. For example, the work of David Edgerton has radically re-appraised the notion of an anti-technological and anti-scientific state which underpins many declinist accounts. The work of Peter Mandler and others has effectively criticized the portrayal of a Britain crippled by rural nostalgia and the dominance of aristocratic and anti-bourgeois values. The work of Steve Broadberry has shown how the long-standing adverse comparisons of the British economy with German 'efficiency' were commonly based on misunderstandings about the scale and significance of areas of German superiority. This book, then, should be read both for its powerful analysis of the dynamics of the Victorian state, providing an important perspective on almost all major issues in understanding Victorian society, but also as a major contribution to undermining the narrative of decline which still encumbers so much of the historiography of modern Britain.

The author wishes to express his thanks to the reviewer.

Notes

1. Martin Daunton, *Trusting Leviathan: The Politics of Taxation in Britain, 1799–1914* (Cambridge, 2001) and *Just Taxes: The Politics of Taxation in Britain, 1914–1979* (Cambridge, 2002). [Back to \(1\)](#)

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