CHAPTER I

INTRODUCTION

I

Of recent years, the growing importance of economists as advisers of governments has led to an increased interest in the relationship between economic theory and economic policy, and there has been considerable discussion as to the possibility and content of a 'theory of economic policy'.

At first glance, all this appears to be of purely contemporary interest and, in fact, in marked contrast to the position of the classical economists whose beliefs and environment would have precluded them from saying or doing much in the line of policy advising. But such a view is obviously superficial; it has long been commonplace to point out that the classical economists drew the line between theories and precepts much less sharply than their successors have come to do, while such writers as the late Professor D. H. Macgregor have amply shown that classical acceptance of laissez-faire never implied undiscriminating belief in a do-nothing policy for the State. Professor Lionel Robbins has recently elaborated and supplemented this view in the course of his account of The Theory of Economic Policy in English Classical Political Economy. Professor Robbins has there shown that the classical economists considered themselves as possessing 'a systematic body of scientific knowledge' on which policy prescriptions, essentially of a reformist character, could be based, and he provides a number of examples of this 'theory of economic policy' in action.

Yet so far no detailed account has been given of the inter-relation between classical economic thought and actual economic policy over any considerable period, although, as Sir Alexander Gray has said, 'the relationship between academic discussion and the debates in Hansard furnishes a problem with many curious facets'. The present work undertakes to examine the influence of classical economic thought on the policy pursued in Irish affairs by successive governments between 1817–70, and,


2 In his Economic Thought and Policy (London, 1949), especially chapter 3.


4 Robbins, especially pp. 169–76.

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in turn, the effect of Irish conditions on the thought of professional economists of the time.

The period from 1817 to 1870 is in some sense an entity both in the development of economic doctrine, and in Irish history. It begins with the publication of Ricardo’s Principles and ends with the appearance of Jevons’s Theory of Political Economy; but 1817 was also the year in which the British and Irish Exchequers were amalgamated, while 1870 saw the passing of Gladstone’s First Irish Land Act.

To say that the two events mentioned in the field of political economy mark out an epoch is hardly open to question; but the significance attaching to the two events cited in Irish history seems to call for further explanation.

It might seem more appropriate to select 1800 as a starting-point, because of the passage of the Act of Union in that year, but it is true that from then until 1817 the Union was ‘legislatively complete, fiscally incomplete’. Moreover, in that period the Napoleonic Wars at once subjected the Irish economy to very abnormal influences and placed the question of economic policy in Ireland very much in the background.

After the Napoleonic wars the political and economic difficulties of Ireland became increasingly evident, and the ‘Irish question’ came to occupy the attention of Government and the time of Parliament more and more. The ‘Irish question’ was not settled in 1870; but the Land Act of 1870 represents the first deliberate and comprehensive interference of Parliament with the rights of landed property in Ireland, and landed property formed the foundation of the Irish economic system. In this respect 1870 provides a landmark of considerable importance in the history of economic policy in Ireland.

The period in which the authority of classical political economy was at its height was then also a period in which conditions in Ireland presented a continuing problem with which successive Governments wrestled. Such a problem clearly provides an important case for the application of a theory of economic policy, and an examination in detail of the manner in which classical economic thought influenced, or was in turn influenced by, economic policy in Ireland is capable of yielding results of some general significance.

Thus, such an examination should throw fresh light on the much-debated question of the classical attitude towards the functions of the State in economic affairs. The Irish case is of particular interest in this respect; for while Great Britain and Ireland were legally one United Kingdom throughout this period, the former presented all the features of a rapidly advancing industrial society, the latter those of a backward agricultural community—in fact, in modern terms, ‘an under-developed

1 Lord Dunraven, The Finances of Ireland before the Union and After (London, 1912), p. 64.
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area*. Two important questions arise from this: first, how far did the theorists and the practitioners of economic policy consciously realise that the Union had created a very special problem by integrating two very different economies at widely divergent levels of development? Second, were the economists generally prepared to admit that the appropriate spheres of public and private enterprise might be different in the less-developed economy? In this connection there is special interest in the comparison of Great Britain, Ireland, and other countries such as India. The classical economists were generally insistent on the virtue of individualism, but there is some evidence that they were prepared to contemplate collective action or paternal government in cases of the Indian type, where the mass of the population could not be led to a perception of their own interests. What, then, would have been the classical attitude to Ireland, economically backward, yet possessed of the institutions of representative, or semi-representative government?

Consideration of this problem in turn raises the more general question of 'economic relativity'—were the doctrines of nineteenth-century political economy regarded by their originators and popularisers as having general application, irrespective of time or place, or as being true only in relation to a particular set of institutions and conditions? The Irish case would seem to provide a significant test on which to base an answer to this. In treating these questions, then, the first step must be to provide an outline of the main features of the Irish economy during the period, as the material on which the economists had to work.

II

From the general standpoint of economic history, the period chosen for this study is clearly separated into two parts by the Great Famine of 1846. The outstanding feature of that history before 1846 was the extraordinarily rapid growth of the Irish population; after 1846 it was the surging tide of Irish emigration which drew the attention of the world.

The underlying causes of this sequence of events are to be found in the condition of Irish agriculture, for throughout the whole period the majority of the Irish people were dependent on agriculture for their livelihood. According to the Census of 1841, 66 per cent of all families in Ireland obtained their living from agriculture, but this figure would have been higher had it not been for the prevalence of domestic industry in Ulster; in most other areas the proportion of families dependent on farming was at least 75 per cent.3

1 See Robbins, p. 183.
3 Report of the Commissioners Appointed to take the Census of Ireland for the year 1841 (Dublin, 1843), p. xviii. See T. W. Freeman, Pre-Famine Ireland (Manchester, 1957), p. 75.
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Numerous and varied reasons for this state of affairs were assigned by contemporaries and have been discussed by historians. Many Irishmen found the cause in the blow which Ireland’s infant industries had suffered by the removal of protection after the Union; Daniel O’Connell was inclined to place part of the blame, at least, on the violence of workers’ combinations, especially in Dublin; \(^1\) the lack of capital in Ireland, or the lack of security for its investment, was also widely cited for the comparative absence of industrial development in the country. It seems true to say, however, that the fundamental factor was the lack of basic raw materials; once the age of coal and iron had dawned, Ireland was placed at an inevitable disadvantage as regards industrial development.

In spite of this, there was a certain amount of industrial growth in nineteenth-century Ireland. In the north-east, especially in the city of Belfast, all the main phases and features of the Industrial Revolution were experienced, \(^2\) while in Dublin trades such as brewing and distilling were well established. Outside these districts, dependence on agriculture was almost complete.

The condition of the vast majority then depended on the condition of agriculture: yet here the evidence of contemporary witnesses is curiously contradictory. During the pre-Famine years, many of them testified to the fact that Irish agriculture showed numerous signs of improvement and progress; yet the whole weight of evidence showed that the condition of the peasantry was generally miserable in the extreme. This paradox was clearly stated by H. D. Inglis, one of the many nineteenth-century travellers in Ireland who set down his reflections in book form:

If by improvement, be meant more extended tillage, and improved modes of husbandry,—more commercial importance, evinced in larger exports,—better roads,—better modes of communication,—increase of buildings,—then Ireland is a highly improving country; but, up to the point at which I have arrived, I have found nothing to warrant the belief, that any improvement has taken place in the condition of the people. \(^3\)

In this respect, as with industrial development, there were important regional differences. The more fertile eastern counties generally enjoyed a somewhat higher level of prosperity than the west, but the most striking distinction was between Ulster and the rest of the country. So great was the distress of the peasants in other provinces that the prosperity of Ulster was frequently exaggerated, but W. T. Thornton expressed the matter fairly in saying that ‘in Ulster only is the English tourist occasionally reminded of the happiest parts of his own country, by the comparative

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\(^1\) See his speech on the motion for a Select Committee to inquire into the condition of the Glasgow cotton spinners: *Hansard*, 3rd ser. vol. xi, cols. 1087–90 (13 February 1838).


\(^3\) H. D. Inglis, *Ireland in 1834: A Journey Throughout Ireland during the Spring, Summer and Autumn of 1834* (London, 1834), vol. i, p. 80.
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neatness of the white-washed cottages, and by the appearance of the comparatively well-dressed and well-fed inmates.¹

This state of affairs was the result of the system of property relations under which agriculture operated; in Ulster that system was such as to afford a reasonable incentive to improving cultivation; in the rest of the country no such incentive existed. Outwardly in Ireland the law and practice of landed property was the same as in England. The land was held in the form of substantial estates by a comparatively small number of landlords;² and by them leased to tenants for cultivation in return for a money rent. But that this outward similarity concealed major inward differences was amply shown by the contrast between the rural economies of England and Ireland—the one normally prosperous and certainly stable, the other decaying, slovenly, and restless.

One basic difference, from which many others followed, was that in England improvements and investments in the land—such as drainage, fencing and erection of buildings—were normally carried out by the landlord, whereas in Ireland the landlords leased the bare soil, and improvements were the responsibility of the tenant. The law, based on English usage, afforded no right of compensation to the tenant for such investments, which became the property of the landlord at the conclusion of the tenancy.

Clearly this placed a penalty on improvement. But its evil results might not have been so marked had the occupier been afforded a reasonable security of tenure, which the great majority did not possess. In the early years of the nineteenth century many Irish landlords, especially those who were absentees, let their lands on long leases at comparatively moderate rents, to individual tenants. But these head-tenants, or ‘middlemen’ as they were usually called, were merely speculators who sought a profit from sub-letting the estate. The pressure of population, and the lack of alternative occupations, so increased the demand for land that sub-division was universal, and two or three under-tenants might intervene between the actual cultivator and his landlord. The cultivator’s rent per acre might be several times greater than that of the middleman, and his status was that of a mere tenant-at-will. Moreover, the state of the law made it possible for the landlord to restrain against any of the tenants, so that a cultivator who had punctually paid his rent to the middleman might find

¹ W. T. Thornton, A Plea for Peasant Proprietors; with the Outlines of a Plan for their Establishment in Ireland (London, 1848), p. 201.

² Although the classification of occupations began in Ireland with the Census of 1841, the category ‘landed proprietor’ was not introduced until 1861. 8412 persons were then recorded as coming into this category, but this was recognised as being an under-estimate; the 1876 Return of Owners of Land (Ireland) recorded 13,369 proprietors of 100 acres or more. Since the Incumbered Estates Act served to increase the number of proprietors somewhat, a reasonable estimate for the pre-Famine period would be about 10,000 landowners in a population of 8,000,000. Cf. Census of Ireland (1861), part iv, p. 62; 1863 [3204–41], vol. lx, Owners of Land (Ireland), (1876 (412) vol. lxxx), p. 178.
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himself subject to distress or eviction through the middleman defaulting.1 Nor was even the middleman’s tenure secure, being usually based on a lease for lives, with a covenant for renewal on payment of a fine. The right to renewal under such a lease was often the subject of litigation, and might well be challenged successfully and the tenancy ended.2

The practice of a lessee sub-letting a property was prohibited in 1826,3 but even before that date landlords were beginning to attempt to end the middleman system and consolidate small holdings into larger farms—a process which necessarily involved the eviction of many tenants of the poorest class. Thereafter most tenants held directly from the landlord, who managed the property through an agent, but their security in general became no greater. Few landlords gave leases, and even if they were willing to do so, many of their smaller tenants could not afford the legal costs involved. Apart from this the competition for land was such that most prospective tenants were willing to offer rents far greater than the land could reasonably produce under any system of cultivation.4 In consequence they quickly fell into arrears with their payments and continued in occupation under the constant threat of ejectment.

It was this state of affairs which gave rise to the many secret societies of a terrorist character which existed in rural Ireland, such as the ‘Whiteboys’ and ‘Ribbonmen’, and produced a long and repulsive record of agrarian crime. Finding no protection in the law, the peasants sought to establish their right to the occupation of land by such means as maiming the cattle and burning the ricks, or the houses, of those who went into occupation of holdings from which the previous tenant had been evicted. Murder of such ‘usurping’ tenants, or of particularly harsh agents, was not unknown; by universal custom, no one could be found to give evidence against those who performed such crimes, just as no one could be found to bid at auctions where goods seized for non-payment of rent or tithes were put up for sale.5

Only in Ulster did tenants generally enjoy some security of tenure, because of the recognition there of the custom of ‘tenant-right’—a practice or usage by which a tenant in occupation of a farm, paying or willing to pay a fair rent to his landlord, should not be evicted without being paid by the incoming tenant or by the landlord himself the full

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1 See the evidence of John Howley, Serjeant-at-Law, before the Devon Commission, Law and Practice in Respect to the Occupation of Land in Ireland, Royal Commission, Minutes of Evidence (1845 [606], vol. xix), p. 5.
3 By 7 Geo. IV, c. 28, ‘The Sub-Letting Act’. On the actual extent of consolidation effected, see below, pp. 20–1.
4 See the evidence of John D. Balfe before the Devon Commission: Minutes of Evidence, (1845 [606], vol. xix), p. 278.
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marketable price of his interest in the farm, this interest being the value of his own improvements and those inherited from his ancestors.¹ Contemporary witnesses stressed that the purchase of tenant-right was often as much a ‘goodwill’ payment by the incoming tenant for the quiet enjoyment of the holding as compensation for improvements made by the occupant, so that in fact the latter was combined with a provision for security of tenure. They were unanimous in concluding that its existence largely accounted for the greater prosperity and tranquillity of Ulster. The custom had no legal basis before 1870, but was always accepted as ‘one of the sacred rights of the country, which cannot be touched with impunity’.² Outside Ulster, most tenants could only envy their fortunate countrymen in the north, and attempt to enforce by outrage those rights which neither law nor custom accorded them.³

The general absence of security of land tenure, and of employment opportunities outside agriculture, combined with a rapid growth of population, produced a system of social and economic relations in Ireland widely differing from that known in Great Britain. Landlord and tenant did not enter into contracts as equals in bargaining power; very rarely was the Irish tenant what the English tenant normally was, a man with a substantial capital who proposed to rent a farm and cultivate it for profit, paying out money wages to labourers to assist him, and able to move elsewhere if the landlord’s terms did not satisfy him. In the first half of the nineteenth century Irish tenants could be divided into two types—small farmers and cottier-labourers. The small farmer held his land either from a middleman or from the proprietor and paid a money rent for it, but generally he either possessed little capital, or thought it prudent to conceal what he possessed for fear of having his rent increased.⁴ Many such farmers employed no labour outside their own families, but those who did usually did not pay their labourers money wages. Instead they gave their labourers a cabin and a plot of ground on which to grow potatoes, and allowed them to work out the rent in labour. Some contemporary writers recognised this as being a variant of the truck system—with wages paid in potatoes.⁵ It provided the farmer with labour without

² Evidence of John Hancock before the Devon Commission, Minutes of Evidence (1845 [606], vol. xix), pp. 483–4.
³ Tenant-right was recognised on some estates in other provinces, notably Lord Lansdowne’s in Co. Kerry. See the evidence of W. S. Trench before the Select Committee of the House of Lords on the Tenure (Ireland) Bill, 2 July 1867 (H.L. Rep. 1867 (518), vol. xiv), p. 8. In many areas some payment to an outgoing tenant by his successor or his landlord was not unknown, but there was a great difference between such practices and the well-established custom of Ulster; see Relations between Landlord and Tenant in Respect of Improvements in Farms, Poor Law Inspectors’ Reports, 1870 [C. 31], xiv.
⁴ See below, p. 135, and references there cited.
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need for working capital, and the labourer with the security of subsistence at least for himself and his family—so long as the potato crop was good. Poor as such a man might be, the cottier-labourer who was allowed potato ground by his employer was much more secure than a labourer who had no more than a cabin and had to take land under what was known as the ‘conacre’ system to secure food. Conacre, or the eleven-months system, amounted to a letting for a single crop, the land being generally manured and prepared for seed by the lessor, and the lessee paying a money rent for it. These rents were usually relatively high and, since agricultural wages were low and the demand for labour in rural areas small and fluctuating, a labourer who leased potato ground in conacre was always in a precarious position. During the summer months, when their store of potatoes was exhausted and the new crop not ready to harvest, many such cottiers from the western counties tramped eastwards in search of work, travelling to England or Scotland if need be to earn money to pay their rents; often their families had to support themselves by begging until the autumn, when the men returned and the potatoes were dug. The cottier-labourers followed this system because it gave them access to the land, and possession of a patch of land was the only way in which they could guarantee a supply of food for themselves and their families; money wages were too low and too rarely paid for any rural labourer to rely on buying his provisions in the market. The fatal defect in the system was that the food supply was never guaranteed; if the crop failed ‘beggary or at least the greatest distress must necessarily ensue to many of the labourers’ and their landlord had no hope of recovering his rent.¹

With the continuing pressure of population in the years from 1817 to 1846, the distinction between the small farmers and the cottiers tended to become increasingly blurred. Sub-division had reduced many farmers’ holdings to such a size that the sale of the whole produce would scarcely pay the rent, and the farmer and his family were reduced to depending on the universal subsistence crop, the potato. While such men struggled to hold their land and avoid being reduced to the status of labourers, the labourers in turn sought to escape from the conacre system by bidding for land and setting themselves up as farmers.² In this situation the rents which were offered came to be out of all proportion to the productivity of the land, for ‘the only protection against want, the only means by which a man could procure food for his family, was by getting and retaining possession of a portion of land’.³ In consequence, no farmer

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with any capital behind him would compete for a tillage farm, since he could never obtain one at a rent which would leave him a fair return on his capital. Such large farmers as there were invested in cattle and took grazing lands—where good profits could be made, but very little employment was given to agricultural labourers. So, at the other end of the scale, those who were unsuccessful in the competition for land usually drifted to the nearest town in search of work, but even in the country towns the normal demand for labour never approached the supply. Though many found their way to Dublin or Belfast and the English industrial cities, there was usually a reserve of labourers in most Irish towns, willing but unable to find work at any wage, even though the current average was sixpence a day.¹

Socially, the effect of this situation was to produce a class structure composed of the landlords and their agents, the small farmers and the cottiers. There was virtually no class of substantial tenantry, and only a very small urban middle class, to which the agents sometimes belonged, since many landlords employed solicitors in this capacity.² Between these classes in Ireland, the normal relation was one of antagonism rather than co-operation and mutual respect. ‘There exists to the most frightful extent a mutual and violent hatred between the Proprietors and the Peasantry’, wrote the Lord-Lieutenant, Anglesey, to Lord Grey in 1831,² and fifteen years later his successor, the Earl of Bessborough, still testified that there was ‘no congeniality of feeling between those of any class’.⁴ The economic situation of landlord and tenant made this inevitable, but the position was aggravated, outside Ulster, by the fact that generally the landlords were Protestants and the tenants Roman Catholics, who, up to 1838, had to pay tithes for the support of the Established Church of Ireland while their own clergy depended entirely on voluntary contributions.

Economically, the operation of the land system created a situation which was a curious hybrid—neither a pure subsistence nor a fully developed money economy, but a mixture of the two. The landlords received their rents in money from the small farmer, who obtained it from the sale of crops or livestock, sometimes supplemented from outside sources such as labour on public works or elsewhere, fishing, or the profits of an illicit still. But the rent payment was almost the only money transaction in which many small tenants were involved from year to year, since it absorbed most of their cash resources. The prevalence of very small

² The traveller in Ireland meets only magnificent castles or miserable hovels, but no edifice holding a middle rank between the palace of the great and the cabins of the lowly; there are only the rich and the poor’ (de Beaumont: Ireland, Social, Political and Religious (trans. W. Cooke Taylor, London, 1839), vol. 1, p. 262).
⁴ Bessborough to Russell, 22 December 1846 (Russell Papers, P.R.O. 30/22/5).
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holdings tended to reduce the regular demand for labour, while the use of the potato-truck system—itsel itself a symptom of the poverty of the farmers—ensured that much of the employment that was given was not paid for in ready money. In general, only the landed proprietors were in a position to give steady employment to labour, but many did not do so to any great extent. Often the wealthier proprietors were absentee, and many others were struggling with properties so encumbered by debts and settlements that they could do little for their tenants.1

Such was the system which produced the results that puzzled travellers—increasing produce accompanied by increasing distress; the landlords indifferent or powerless, the tenants indolent and improvident. This ram-shackle economy was ill-equipped to withstand any shock to its agricultural foundations; bad seasons inevitably reduced many of its members from poverty to destitution. In 1817 and again in 1822 crop failures brought much distress, met primarily by the organisation of voluntary relief.2 When the potato blight reached Ireland in 1845, however, it was no longer a question of distress, but of disaster. The potato-truck system broke down—tenants and cottiers were left without the essentials of life and without money to pay for any substitute for the potato. Thus it was of no avail simply to import corn and meal, and in 1846 the Government had to undertake a programme of public works on an unprecedented scale in order to employ the able-bodied and give them the means of earning money to buy food. But in many rural areas there was no mechanism of wholesale or retail trade in existence, while the people tended to crowd to the relief works and neglect the cultivation of the land, so that eventually the authorities were compelled to provide direct relief in kind through the medium of soup kitchens. Inevitably jobbery and corruption went side by side with fever and starvation.3 When Ireland emerged from the crisis, in 1848 and 1849, landlords and tenants alike were ruined. The landlords had been unable to collect their rents, and the steadily rising poor-rates were beyond the capacity of many of them to pay. Many of the tenants had been evicted, or had given up their holdings in order to obtain poor relief,4

2 There was then no general system of poor relief in Ireland, but in 1817 the Government advanced £30,000 to supplement private subscriptions for relief, and in 1822 advanced £50,000 for public works, mainly road-making. Cf. Parker, Sir Robert Peel (London, 1891), vol. i, pp. 244–5; Hansard, 2nd ser. vol. vii, cols. 1124–5; Goulburn to Wellesley, 29 March 1822 (B.M. Add. MSS. 37298); and below, chapter vi, p. 171.
3 Most contemporary, and many subsequent, accounts of the Famine are strongly biased. C. E. Trevelyan, The Irish Crisis (London, 1848; reprinted from vol. LXXXVII of the Edinburgh Rev.), gives an account of official policy from the standpoint of one of its framers. Much information is contained in the Transactions of the Central Relief Committee of the Society of Friends During the Famine in Ireland in 1846 and 1847 (Dublin, 1852). The standard historical treatment is now Edwards and Williams (eds.), The Great Famine; Studies in Irish History, 1845–52 (Dublin, 1956).
4 One of the most widely criticised features of famine relief policy was the so-called ‘quarter-acre’ clause in the Poor Relief (Ireland) Act, 1847, which made it unlawful for any

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