philippine studies

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Philippine Studies vol. 3, no. 1 (1955): 43–58

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This article explores the value of a definition of the underdeveloped country which emphasizes *qualitative* rather than quantitative characteristics. Most of the definitions of "underdeveloped countries" run in terms of quantitative indexes. The disadvantage of this practice is that it points up the problem of low productivity in a very inadequate light. It emphasizes the problem of "growth" but overlooks the equally if not more vital problem of qualitative change and development.

To take an example from a fairly recent study, Robert I. Crane takes as his working guide the following definition:

> ...we shall accept as underdeveloped those nations that are characterized by: (1) low productivity (relative to that of advanced nations such as the United States or Great Britain) per unit of effort or per unit of capital or per unit of land; (2) antiquated technologies; (3) widespread poverty (by Western standards of consumption of food and clothing), usually accompanied by prevalence of endemic disease and overt malnutrition; (4) a labor force that is engaged, to a large extent, in agricultural pursuits; and (5) widespread illiteracy.[1]

When speaking of "improvement" however, or economic development (used not precisely in our sense below) he introduces a qualitative consideration, but depends on the five indexes above for its measurement:

> If these nations should change their socio-economic systems in the near future, and if statistics showed that most of the five conditions stated above no longer prevailed for the majority of their populations, they would have experienced 'improvement' or economic development. The amount of change would constitute a measure of the degree of development that had taken place.[2]

The trouble with this approach is, it fails to hit at the essence of the situation—the qualitative base from which all these quantitative characteristics flow.

We would define as underdeveloped those countries characterized by: 1) a small developed capitalistic economy, market-oriented, money-using; which 2) is set within a large indigenous subsistence economy, composed mainly of rural folk, with small land holdings, using primitive methods of agriculture and producing mainly for own-consumption.

They are *developed* in so far as they possess a nucleus of a monetary, exchange economy, informed by a capitalistic spirit. They are *under*-developed in so far as the *greater* portion of the population does not live within the scope of this market economy.[3] Sociologically, these countries may be one nation (in some cases they are not even that, e.g. parts of Africa). Economically, they constitute two systems, one capitalistic, the other subsistence.

This character is what Professor Boeke calls "social dualism"—"the clashing of an imported social system with an indigenous social system of another style."[4] The indigenous social system is the subsistence economy, which he calls "village economy" or "eastern" or "pre-capitalist." The imported one is "high capitalism."

It is the clash of these two systems which gives rise to the peculiar problems of the underdeveloped country. In the concrete the unit of the subsistence economy is the village, that of the capitalistic is the town and city, when the urban character of these centers "is connected with industry, trade and transport, with credit and banks, with markets and money economy."[5]

I

It is easy enough to show how the quantitative characteristics—the low per capita incomes, the small per capita investments, the small proportion of incomes saved, and so forth—flow from the dual nature of the economy, from the predominance of the subsistence sector and the immature state of certain capitalistic institutions. To prove by statistics that of the two sectors the capitalistic is the more efficient, the more productive, the more adapted to rapid growth, would be redundant.

What is significant here, a point that cannot be emphasized too much, is that modern economic theory as developed in the more highly industrial countries of the West has limited application in the world of underdeveloped economies. We are here no longer in the industrial world of Keynes—the regions of the inflationary and deflationary gaps, of chronic industrial unemployment, of highly elastic supplies of consumer goods. We are not confronted here by the dreaded business cycle and by the sensitive mechanisms of production and consumption which respond so quickly to monetary expansion and contraction.

When we enter these regions, we find ourselves in surroundings that bear greater resemblance, perhaps, to the classical world of the past where division of labor and specialization are still innovations which have to work their leaven towards the increasing of productivity and the development of exchange and of markets; where the deficiency of effective demand is not due primarily to a deficiency in *money* income, but in *real* income, i.e. real goods that can be exchanged for other goods; where, therefore, mere monetary expansion is dissipated in inflation.[6] We are in the world of Say's Law of the market, where only production can create its own demand.

The pertinence of this to the theoretical analysis of the problems of the underdeveloped country is more radical than is commonly appreciated. What we have here are two types of economies functioning side by side and acting and reacting on each other: one pre-capitalistic and this the larger of the two; the other, capitalistic. The categories of modern economic theory are not at all applicable to the former, and are applicable to the latter only with important modifications.

Many of the economic analyses of the underdeveloped country have been deficient not so much from failing to acknowledge the dual nature of its economy which is quite readily seen, as from a failure to make the appropriate modifications in the analyses. Most of the statistics of national income and product reflect this monolithic view, and the only countries that distinguish between the capitalistic and the subsistence sectors in their social accounting are the Rhodesias and Kenya.[7]

This lack of theoretical precision is most seriously reflected in the disagreements among economists regarding what constitutes *economic development.* For most economists development consists in growth in gross national product, or growth in per capita incomes.[8] These see economic development solely in terms of quantitative expansion, although they may differ in the indexes which manifest this expansion. Another school sees development in terms purely of qualitative change. This position finds a vigorous exponent in Professor S. Herbert Frankel, for whom economic "growth"—the term is his—"consists in the re-fashioning of aptitudes, and beliefs of individuals to give them new freedom in their multitudinous daily tasks—many of them not assessable in accounting or financial terms."[9]

These two versions correspond perhaps to the London *Economist's* classification of the two views of economic development into 1) the engineering view which emphasizes quantitative growth, and 2) the biological view with its emphasis on the qualitative changes.[10]

Far from being in conflict, these two views are really complementary. The key to their conciliation lies in the recognition that what we speak of as "the underdeveloped economy" is really two economies. The "engineering view" looks exclusively at the capitalistic sector and sees the problem of the underdeveloped country in terms of its quantitative growth. On the other hand, the "biological view" looks at the subsistence sector and the capitalistic development of the villagers.

"Economic development" is thus used to refer to what are really three distinct, though intertwined and interacting, processes. First there is the growth of the capitalistic sector as measured in terms of its national income or product. Second, there is the lateral expansion of its sphere of influence, the spread of its spirit, technique and organization into the subsistence sectors. Third, the expansion of the capitalistic sector means that the frontiers of the subsistence economies must recede, i.e. their spirit and organization must be discarded and give way to new ideas, techniques and institutions.

For the sake of scientific precision, each of these processes must be carefully distinguished and given a specific name. If we call the first "economic growth," the second "economic development," and the third "economic change," we would certainly not be multiplying terms, but merely restoring to those words their strict denotation.

When we speak of "economic change" the emphasis is on the abandonment of an old mode of organizing production and distribution. We think of all the spiritual, intellectual, social, political as well as economic forces which loosen the grip of traditional patterns of thought and behavior, which cause men to abandon the past and launch out into new and untried projects.

The term "development" is derived from the French *developper* meaning "to unwrap." "Economic development" thus calls attention to the new entity that is emerging, i.e. to the character of the new economic system, and to the forces that formed it and gave it birth.[11]

"Economic growth" focuses attention on the increase in the size of the system, on the mechanism whereby it increases the quantity and variety of its output.[12]

To apply this terminology to the underdeveloped country as we have defined and described it, we may consider the subsistence as the receding and the capitalistic as the emerging, economic system. The dissolution of subsistence economies is "economic change." The lateral expansion and perfection[13] of the capitalistic institutions—their fuller emergence therefore—is "economic development." The increase in real national incomes (in the aggregate or per capita) is "economic growth."

The essential interdependence of these three processes is readily seen. There can be no "development" without "change." "Growth" may be the initiator of "change" and "development." At the same time "change" and "development" may be the *conditio sine qua non* of further growth.[14] Because they are separate processes, however, there is no necessary harmony among them. In other words, "change" may take place at a faster rate than "development" and "development" faster than "growth." When this happens social dislocations result. Our meaning will become clearer if we give these concepts "a local habitation and a name" and see them in concrete operation.

II

The illustration that naturally comes to mind and the one that is most pregnant with lessons for the underdeveloped country is the history of capitalism in England. The history covers a period of eight centuries[15] from the time of the Norman Conquest in the eleventh, during which the manor was the unit of economic production and distribution,[16] to the nineteenth and early twentieth centuries during which the free market supplied the mechanism and profit the motive power for the organization of production and distribution.

The course of economic history during this span of time may be broken up into three stages. The first covers the period from the Norman Conquest and the crowning of William I in 1066 to the accession of Henry VII in 1485. The second stage stretches over the reign of the Tudors and the

Stuarts reaching its high point in the period of mercantilism or in Cunningham's term, "parliamentary Colbertism," and coming to a close about 1776. The final stage is the period commonly known as the "Industrial Revolution" and is characterized as the period of *laissez faire* which ended with the war in 1914.[17]

The characteristic events of the first stage were the dissolution of the Manor, the rise and then collapse of the Gilds. Both Manor and Gilds were based on the same principle: that of communal sustenance as the *raison d'etre* of economic organization. They died from inanition after this idea had been discarded and supplanted by maximum individual profit as the ruling motive of economic activity. From our point of view this was a period of economic change.

The second period was one of "economic development." It was during these three hundred years or so that the ideas and institutions evolved which gave England — alone among the countries of Europe — its unique preparation for the subsequent "industrial revolution."[18]

If, by the end of the second period, Capitalism had emerged in England fully developed in all its essential characteristics, the third period was one of rapid "economic growth." What made the growth possible was a revolution not in the economic organization of society — the decisive change in this had already been accomplished by the end of the fifteenth century and the new spirit and institutions held full sway by the middle of the eighteenth; what was revolutionized was the *method of production.* What happened in this latter period, therefore, was the displacement of an old method of production — the small scale domestic system[19]— and the emergence of a new method — the factory system.[20] The change took place within a fully formed capitalistic economy.

As a matter of historical fact, the revolutionary growth was made possible only by the institutional developments of the previous period.

When the steam engine was harnessed to industry and transport [writes Lipson] it found an environment prepared for its reception—above all, a class of entrepreneurs accustomed to large-scale production, the handling of labour, the utilization of credit instruments, the dependence on imported materials and the requirements of distant and varied markets. The "Industrial Revolution" came first to England primarily because she already had a rich and diversified economic life, and—more than any other nation—had developed her industrial, commercial and banking institutions on lines which facilitated an extensive outlay on machinery and buildings.[21]

The progress of capitalist development was in turn dependent on economic change. Indeed, the story of modern capitalism is one of a struggle between those who wished to preserve and those who wished to disrupt the traditional basis of economic life. In the English rural society this struggle came to a head in the enclosure movements of the sixteenth century and the violent opposition they engendered. As R.H. Tawney points out in his inimitably lucid and graceful style,[22] these enclosure movements bore a special character. They did not represent merely a gradual consolidation of holdings in the hands of small landowners who were enjoying growing prosperity.

What aroused...alarm and produced rioting and legislation was, as everyone knows, a movement the distinctive feature of which was that it was initiated by lords of manors and great farmers, "the Graziers, the rich buchars, the men of law, the merchants, the gentlemen, the Knights, the Lords," in short by the wealthiest and most powerful classes, and that it was carried out frequently against the will of the tenants, and in such a way as to prejudice their interest.[23]

What gave the period its violent character, therefore, was the struggle between the representatives of the new capitalistic spirit and those of the old sustenance principle.

In English town life, a struggle of the same nature raged between the wealthy merchants and manufacturers on the one side and the gilds on the other. The growing power of the former, together with the penetration of the capitalistic spirit into the gilds themselves, soon led to the dissolution of the communal basis of trade and industry and the triumph of individual free enterprise.[24]

The era of rapid economic growth thus became possible because of a prior age of economic development, the *conditio sine qua non* of which, in turn, was a prior economic change. But not the least among the causes of change and development was economic growth itself. Thus it was possible to organize production and distribution in England through the manors and gilds — so long as England was a country of small town and village communities. There was no need then for any elaborate division of occupations and network of exchange. As the population increased, demands on the economy grew. A greater volume of goods and services had to be produced, and, through the influence of continental taste, a wider variety was required. People were pushed out of the villages and into the towns — and new occupations had to be provided for them. Division of labor and specialization increased. Exchange developed and with it, the use of money. Markets began to expand both locally and abroad. Under the pressure of these changes manorial organization began to break down. The lords found it more convenient and efficient to commute the services of tenants for cash payments. Tenants finding a ready market for their surplus products in the towns, welcomed the emancipation from the routine of daily services to the lord and from the supervision by officials of the manor. Payments in cash soon began to replace payments in personal service.

In the town the formation of gilds represented the response of a subsistence economy to a growing market.[25] Their whole *raison d'etre* was to provide an opportunity for every small merchant and craftsman "with a small capital and his labour, to earn his daily bread in his trade freely and independently..."[26] There was no question here yet of monopoly. The tendency towards exclusiveness was a mark of a subsequent deterioration. In the beginning every person was permitted to carry on trade. All the gild asked was that before doing so, he join the gild and be subject to its regulations. Nor was there a dichotomy and conflict between labor and capital.

The capital required for carrying on a craft was insignificant, and within the means of the majority of the lower classes in the town. So labor and capital were required in about equal proportions to qualify for gild membership.[27]

But with the growth of trade and expansion of markets, capital gained in importance. In proportion as trade advanced and acquired bigger markets, "in the same proportion," says Brentano, "the Craft-Gild changed from a society for the protection of labour, into an opportunity for the investment of capital."[28] The objective of gain supplanted the idea of sustenance, and from a fraternal organization the gild developed into a monopoly. This transformation was a contradiction of the spirit that gave it birth, and marked the beginning of its dissolution. Over the ruins of manor and gilds, the institutions of capitalism arose: the marked distinction between propertied capitalists and property-less wage laborers, the free determination of prices on the market, the practice of banking and the trade in finance capital.

Change—development—growth: these processes describe a circular mechanism that determines the flux of rising and falling economic systems. The mechanism is not, however, a hitchless one. A harmonious transition from one economic system to another demands a delicate balance in the rate of change, the rate of development, and the rate of growth. But no natural law of harmony ordains such a balance inevitable. "If we must talk of social evolution," writes R.H. Tawney, "we ought to remember that it takes place through the action of human beings, that such action is constantly violent, or merely short-sighted, or deliberately selfish..."[29] The actors in history have no knowledge of the parts they are playing, nor of the design of the play as a whole. Such a design is fashioned by later historians out of facts and sometimes out of fancy. Thus when Robert Delavale of Hartley in Northumberland purchased from freeholders 720 acres of tillage and converted them into pasture land, easing out in the process some fifteen "serviceable men furnished with sufficient horse and furniture,"[30] he had no idea he was an agent of economic change and was laying the ground for the subsequent development of capitalism. Nor were the fifteen men conscious that in having been booted out of the land, they were adding to the ranks of a proletariat and were thus an indispensable factor in the rise of capitalist industry. All they knew was that they had been deprived of their means of livelihood and had nothing else to turn to for a living. Nor would it have helped if they had been told that they were suffering because economic change had taken place at a faster rate than economic development, although in our terms this was the cause of all the dislocations that gave rise to the riots and poor law legislations of Elizabethan England.[31] Economic change was disrupting "pre-capitalistic economies" and displacing whole communities before a new economic organization had developed sufficiently to provide them with a livelihood.

The discrepancy between the rates of change and development is not the only cause of dislocation. Development must be accompanied by growth at an appropriate speed. In other words as more and more of a nation's inhabitants become dependent for their livelihood on the "circular flow" of the capitalistic economy, the flow must widen to accomodate the new entrants; the opportunities for employment and the size of the output must increase. At the same time, the structure of society must adapt itself to the requirements of growth. When growth and development do not balance, the result is unemployment and poverty.

This perhaps is the key to the "paradox" of the industrial revolution. While we have characterized it as a period of revolutionary growth, it seems to have been in its early stages also a period of rising "pauperism."[32]

This was the period of the "dismal" political economists and of the iron law of wages; the era in which Malthus, Ricardo and James Mill built classical economics on two gloomy principles: the law of population which Marx called "a libel on the human race," and the law of diminishing returns. The paradox of progress and poverty became a favorite theme. For Marx the increase in the ranks of the jobless poor—the "industrial reserve army"—was the "absolute general law of capitalist accumulation."[33] "The greatest number of poor is not to be found in barren countries or amidst barbarous nations, but in those which are the most fertile and the most civilized," wrote John M'Farlane in 1782.[34] The Italian economist, Giammaria Ortes, held it an axiom in 1774 that "the wealth of a nation corresponds with its population; and its misery corresponds with its wealth."[35] Strange words for writers who were living on the threshold of an era when, as in no other period in history, the production not only of necessities but of all manner of comfort and luxury goods would far outpace the rapid growth of population.[36]

III

We conclude with the implications of our analysis for economic policy in an underdeveloped country such as ours. Here we introduce a fourth term usually applied to the process of economic growth, namely, economic progress. The term is not a description of the process. Actually it is a judgment on the process, a term with moral implications.

The purpose of an economy is to provide the members of society with the material requisites of subsistence and comfort. To the degree that it fulfills this purpose with greater and greater efficiency, it is "progressing." All the debate regarding economic planning and free enterprise is pointless except in the light of this essential function. The important thing is that the economy do what it exists to do. If in any specific situation it does not, then it is the duty of the State (without violating fundamental freedoms that are beyond economics) to step in and take measures that will make the economy perform its function more efficaciously. Our analysis highlights some of the essential problems which, in this task, a government must face.

First, change and development must accompany the more rapid rate of growth which the needs of a growing population require. The problem of change has vital implications for the socio-economic structures of a country, implications to which a people must give explicit recognition. Economic change will mean a complete overhaul of traditional practices, the dissolution of social hierarchies which have existed for years, the tearing down of caste barriers, and the more equitable distribution of liberty and opportunity.

Secondly, the problem of development transcends economics. What will emerge is an entirely new society based on new principles of unity, new patterns of living, new standards and social values. "Change" is negative; it merely dissolves old ideas, old institutions. It is "development" which shapes a new structure, a new society. The people should be made fully aware of the nature of this new society which is emerging. It is essential that its foundations be sound and that it be geared to serve human welfare without at the same time sacrificing those values that are more important than man's daily bread.

Finally, the problem of growth introduces considerations more specifically economic. If we consciously accept free enterprise capitalism as the institutional framework within which we shall induce the growth of our economy, then important short-run and long-run problems have to be met with effective measures. In the short run, the government must adopt policies for maintaining full capacity production of the economy together with stable prices. This is a question of insuring an adequate level of total expenditures, and of counteracting unstabilizing effects brought about by internal investments and by fluctuations in the export markets.

In the long run the government has to guide the allocation of resources among the different industries in order to attain the optimum pattern compatible with the resources and culture of the nation. This involves maintaining a delicate balance between agriculture and industry, between developmental and growth expenditures, between free enterprise and planning, and so forth.

Finally, the government must take measures to maintain growth at such a rate as to cause the minimum amount of social dislocations. This means keeping the rates of growth at a rate harmonious with the rates of change and development.

Human society being an odd mixture of anarchy and order, of individual interests and the common good, there are no magic formulas that ensure social change without social dislocations. Problems will arise. But it is within man's power and therefore man's obligation to try to anticipate those problems and keep the costs of prosperity down to a minimum.

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[1] *Aspects of Economic Development in South Asia*, (New York, Institute of Pacific Relations, 1954. mimeo), p. 11.

[2] *Ibid.*

[3] Sanford Mosk, writing of Latin America, points out the dominance of subsistence farming in most of the twenty Republics: "In every one of the twenty republics, with possible exception of Argentina and Uruguay, it [the subsistence sector] embraces a substantial fraction of the inhabitants. In Mexico about 70% per cent of the population has lived wholly or largely outside the commercial framework, although Mexico actually has had a more diversified economy than most of the Latin American countries." *Industrial Revolution in Mexico*, (Berkeley and Los Angeles, University of California Press, 1950) p. 12. The same is true of Asian countries from Turkey at the threshold through Iran, Iraq, Arabian Asia, India, Pakistan, Burma, Ceylon, Southeastern Asia and Indonesia to the Chinese mainland. See, for example, L. Dudley Stamp, *Asia: A Regional and Economic Geography*, (London Methuen, 8th ed., 1952), esp. pp. 157, 245-249, 293, 298, 304-306, 355, 375, 385-388, 399-406, 429-433.

[4] J. H. Boeke, *Economics and Economic Policy of Dual Societies as Exemplified by Indonesia*, (New York, Institute of Pacific Relations, 1953), p. 4.

[5] The qualification is important. Some types of cities are pre-capitalistic, for example, the typical urban center in the East even in present days, and in the West during the early Middle Ages. What is indicated in this latter type by the term "city" is merely "the court, the royal center, the religious center or the military center—merely a consumer, living as a parasite on the village economy." Boeke, *op. cit.*, p. 16. Also Henri Pirenne, *Medieval Cities*, (Princeton Univ. Press, 1946), pp. 56-76.

[6] See Professor Ragnar Nurkse's *Problem of Capital Formation in Underdeveloped Countries*, (New York, Oxford Univ. Press, 1953), p. 9.

[7] U.N., *National Income and Its Distribution in Underdeveloped Countries*, (New York, 1951), pp. 22-23.

[8] We might include among these the economists of the United Nations and one of their severest critics, Professor Jacob Viner (see his *International Trade and Economic Development*, Glencoe, Free Press, 1953).

[9] *The Economic Impact on Under-Developed Societies*, (Cambridge, Harvard University Press, 1953), p. 78.

[10] "The Economy of Development," anon., *Economist*, Aug. 22, 1953.

[11] To use the terminology of philosophy, "economic change" emphasizes the *terminus a quo*, while "economic" development" looks at the *terminus ad quem.*

[12] It is this triple distinction that Maurice Dobb apparently has in mind when he speaks of "those views of economic development, moulded exclusively in terms of continuous quantitative variation, which see change as a simple function of some increasing factor, whether it be population or productivity or markets or division of labor or the stock of capital"—(what we mean by "growth".) These tend to ignore he says, "those crucial new properties which at certain stages may emerge and radically transform the outcome"—("development" in our sense). The emergence of these new properties involves "revolutionary transitions in which a qualitative change of system occurs." See *Studies in the Development of Capitalism,* (New York, International Publishers, 1947). pp. 11-14.

[13] The word is used here in its strict philosophical meaning, i.e. perfection in the sense of acquiring ontological fullness, or becoming more fully itself.

[14] The interdependence of these processes as well as the differences in their character are of course ordinary in the historian's stock-in-trade. We have mentioned Maurice Dobb's *Studies in the Development of Capitalism.* We might cite here W. Cunningham. He speaks of feudalism as merely a passing phase, a tendency which never quite congealed into a full system. "Such a system was necessarily only a passing stage of social progress; had the national life been permanently confined by its narrow restrictions, no great material achievements could ever have been accomplished. *For growth and development imply change;* the feudal contracts would have so fettered individuals as to check all energy and enterprise." *Growth of English Industry and Commerce During the Early and Middle Ages,* (Cambridge, Univ. Press, 1890), p. 130. (Underscoring ours)

[15] W. Cunningham, *The Progress of Capitalism in England,* (Cambridge Univ. Press, 1925), p. 38.

[16] Frederick Seebohm, *The English Village Community,* London, Longmans Green, 1890), Chap. III.

[17] The divisions are of course arbitrary to a great degree. "In the interpretation of the past," writes Ephraim Lipson, "it is impossible to isolate the different periods of economic development into water-tight compartments. There is always a constant tide of progress and change, in which normally everything is in a state of transition and nothing remains at a standstill...Nowhere do we find sharp and clear-cut lines of demarcation, but everywhere a gradual and almost imperceptible movement." *The Economic History of England,* Vol. I, p. 264.

[18] The best short summary of this preparation is found in E. Lipson's *A Planned Economy or Free Enterprise: the Lessons of History,* 2nd ed., (London, Adam & Charles Black, 1946.) See Chap. III, "The Growth of Free Enterprise." Lipson's theme here as well as in his *Economic History of England* is that all the institutions which marked capitalistic "modern England" really developed not during the 100 years of the "industrial revolution" but in the 300 years of Mercantilism.

[19] "The predominant form of industrial organization [during the age of mercantilism]—the domestic system (where the work was carried on in the home)—was essentially a capitalist system;..." Lipson, *A Planned Economy,* p. 81.

[20] Thus the subtitle of the standard work on the industrial revolution, Paul Mantoux's *The Industrial Revolution in the Eighteenth Century*, is "An Outline of the Beginnings of the Modern Factory System in England."

[21] *A Planned Economy*. p. 87.

[22] *The Agrarian Problem in the Sixteenth Century*, (London, Longmans Green, 1912), Part II, Cap. I.

[23] *Ibid.*, p. 179.

[24] Lipson, *Economic History*, Vol. I. p. 89.

[25] The family, acording to Lujo Brentano, was the exemplar for these gilds. "...whatever and however diverse may be their aims, the Gilds take over from the family the spirit which held it together and guided it: they are its faithful image, though only for special and definite objects." *On the History and Development of Gilds, and the Origin of Trade-Unions*, (London, Trubner & Co., Ludgate Hill, Preface dated 1870), p. 10.

[26] *Ibid.*, p. 60.

[27] *Ibid.*, p. 73.

[28] *Loc. cit.*

[29] *Op. cit.*

[30] *Northumberland County History*, vol. ix, p. 124. Quoted by Tawney, *op. cit.*, p. 258.

[31] A most vivid illustration of our point is found in the history of the English poor laws which Arnold Toynbee divides into three epochs: from 1349 to 1601, from 1601 to 1782, and from 1782 to 1834. For a short treatment, see *Lectures on the Industrial Revolution of the 18th Century in England*, (London, Rivingtons, 1887, 2nd ed.), Chap. IX: "Growth of Pauperism ."

[32] "The problem of pauperism came upon England in its most terrible form between 1795 and 1834. The folowing statistics will illustrate its growth:

[33] *Capital*, vol. I, Mod. Lib., p. 707

Year	Population	Poor-rate	Per head of population
1760	7,000,000	£1,250,000	or 3s. 7d.
1784	8,000,000	2,000,000	or 5s. 0d.
1803	9,216,000	4,077,000	or 8s. 11d.
1818	11,876,000	7,870,000	or 13s. 3d.

[34] *Enquiries Concerning the Poor*, 1782. Cited in Polyani. *The Great Transformation*, p.103.

[35] Cited in Polyani, *loc. cit.*

[36] In 1815 population in the United Kingdom was increasing at the annual average rate of 1.4%, total industrial production at 2.1%, consumer-goods production at 1.9%. In 1847 the corresponding rates were 1.1%, 3.5% and 3.2%. The average growth rates of population, total industrial production and consumer-production for the period from 1793-1912 were: 1.0%, 2.6% and 2.2% respectively. See W. W. Rostow, *British Economy of the Nineteenth Century*, (Oxford, Clarendon Press, 1948), Table on p. 8.