

# Progress Delayed: Ireland's 'Industrial Revolution'

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## Introduction

The key failure of Ireland's economic experiences during the industrial revolution can, in large part, be attributed to the failure of Ireland during the 19th century to create an industrial base large enough to sustain population growth. This failure marked Ireland out as distinct from all other European nations. During this age of industrial revolution every other country in northern Europe was able to maintain increased population levels at much higher living standards. In Ireland the century closed with a lower population than that which existed at the start of the century.

In this paper I shall analyse this industrial failure and, more importantly, analyse the factors which lay behind it. I will then show why the nationalist myth which laid the blame for this economic failure on British rule is a misconception which, if followed to its logical conclusion, can be a very dangerous one. Having completed these

tasks I will then outline why an understanding of the economic history of this time is vital for anyone attempting an analysis of our current economic position.

## Industrial failure and rationale

It is important to realise that from 1690 until the early 1800's, Irish economic progress did not differ significantly from the general European pattern. Haughton (1991) notes that Irish manufacturing was relatively well developed by the early 1800's. He also points out that over this period Irish population growth was actually higher than the northern European norm. Indeed he states that "It is important to realise that the industrial revolution did in fact come to Ireland initially."

In contrast to this, a summary of Irish industrial progress during the 1800's makes dismal reading. Daly (1981) notes how manufacturing employment fell in relative and absolute terms during this century. This trend was diametrically opposed to that happening in Europe. Consumer industries and the textile industry (except for linen) suffered major declines during this period. There were

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notable exceptions to this rule and I shall discuss them later in this essay.

This industrial failure had implications right across the whole spectrum of Irish society. Haughton quotes Mokyr as stating that the Irish famine represented "the cost of failing to industrialise." It is worth noting that the class which suffered most in the famine was the agricultural labouring class. However, in Ireland during the 19th century, not enough employment could be created in industry to absorb this class. The result of this was a large scale income crisis for this group when the potato blight removed their farm-based sources of employment. This income crisis resulted in famine.

Cullen (1972) argues that even if the famine had not occurred Ireland would have suffered population loss during this period anyway. This was due to the fact that insufficient growth occurred to sustain population levels. Europe-wide the trend saw a decline in the numbers the land could provide a living for. However, in Ireland this decline was not balanced by a growth in economic employment. The result of this was a fall in the numbers which Ireland's economy could support and hence emigration and population decline occurred.

Having established that industrial failure is the key to understanding Ireland's economic progress (or rather lack of) during this period, I shall now examine the rationale which lay behind it.

The significant change which happened in the early 1800's was the opening up of markets *vis-a-vis* Britain. Daly (1981) records how a single British

Isles market was created by two forces. Firstly, the 1801 Act of Union created free trade between the two nations. This free trade came into force in 1824. Secondly, technological changes in transport, especially with the advent of steam-ships and railways, made the shipment of goods between the two countries easier, cheaper and quicker.

One factor to bear in mind is that this single market was not just a political creation of the British establishment as nationalists would contend. Daly notes that technological as well as political factors were behind the creation of this single market, (ie. improved transport was responsible for its creation as much as the Act of Union). Nor was it certain that the creation of a single market would result in economic disaster for Ireland. The law of international comparative advantage dictates that when the single market came into being those Irish industries inefficient by British standards would be wiped out by their more efficient British counterparts. However those industries in which Ireland was relatively more efficient would prosper. They would have access to one of the world's largest and wealthiest markets. Because only relatively efficient industries could survive in this single market, the economic welfare of Ireland and Britain would thus be maximised. Each country, because of the single market, could devote all of its attention and resources to performing those economic activities in which it excelled.

It must be remembered that this process did occur to some degree in Ireland. Daly notes that at the end of the 19th century, Irish industry was

concentrated in a few major sectors. Within these sectors, Irish industry was among the best in the world. Harland and Wolfe shipbuilders in Belfast were world leaders in their field. Guinness in Dublin operated, at St. James' Gate, Europe's largest brewery. The linen industries of north-east Ulster were famous world-wide, and feared little from competition. Belfast possessed the world's largest rope factory. However the development of these world class industries did not offset the decline in industrial employment caused by the collapse of relatively inefficient industries in the face of British competition. The question then is why did more of these world class giants not develop? I shall argue that this lack of numbers was not due to political factors, as nationalists would argue, but rather due to economic factors. *Caused by Act of Union*

### Why the lack of development?

It is more instructive to examine the economic development of the British Isles in regional terms rather than in national terms. Firstly, it is notable that those regions which prospered during the industrial revolution were not necessarily those associated with the British political establishment. For instance, central Scotland, southern Wales and parts of northern England were more heavily industrialised than the regions surrounding London.

Secondly, the failure of Ireland to industrialise was not unique in the British Isles. Daly points out that East Anglia also experienced industrial

underdevelopment and population loss. She also notes that during the 19th century, most British government investment in Ireland was not concentrated in Loyalist Ulster (which would have been the case had the nationalist conspiracy theory been valid), but rather in Catholic southern Ireland in the form of Land Purchase Bills and light railway networks.

We need, therefore, to turn to factors which are internal to Ireland and are of an economic nature to explain Ireland's relative economic failure. I believe that evidence I have used above casts great doubt on the nationalist thesis that Ireland failed industrially during this period because of a conspiracy drawn up by the British political elite who used their political hegemony over Ireland to keep her economically underdeveloped. The location of industrial growth within the British Isles does not coincide with those areas in which the British political elite would have wanted growth to occur.

Thus it appears that an examination of factors indigenous to Ireland will, in time, reveal a satisfactory explanation for our relatively poor performance. Such an explanation may be derived from studying the factors which were present in north-east Ulster and which made her succeed industrially. If northern Ireland industrialised then why did the South largely fail? A study of the differences between the two regions may in time reveal those factors which hindered economic progress in the south.

Houghton (1991) lists numerous factors which may have stunted

economic growth. These include the land tenure system, lack of natural resources, lack of capital and human resource problems. None of these factors considered in isolation seem able to satisfactorily explain economic downfall. Reform of the land tenure system in the late 19th century did not stimulate economic growth. Lack of coal did not hinder Belfast's success. In any case, for most light industries fuel costs were relatively unimportant and would have been balanced by lower wage costs. Capital does not seem to have been scarce. Daly (1981) records how in 1922 Irish residents held £106 million of British government securities. But revealingly only £9 million was held by Ulster residents. This reveals that part of the problem may have been a reluctance for southern Irish holders of capital to invest in industry and instead to prefer the security and prestige that ownership of bonds and land may have bestowed.

Human resource problems remain a controversial topic. Some feel that emigration stripped Ireland of her most enterprising and most talented sons and daughters. However, figures reveal that those who emigrated were slightly less literate and poorer than the norm (Haughton 1991). In any case I feel that emigration was a result of industrial failure rather than a cause of it. The debate over the relative importance of all these factors remains an inconclusive one.

At this juncture it is instructive to reflect on why a sound understanding of economic history is extremely useful for anyone trying to wrestle with our current economic questions.

### **So what?**

On a general level Solow (1986) makes the point that economics is not simply a type of "social Physics" governed by rigid laws, but rather a social science in which processes are often influenced by social, cultural and sometimes political factors. To have a grasp of these influences and their implications for policy-making, I believe that it is necessary to have a thorough understanding of the long term economic understanding of the nation in which you are interested. Hence, to understand the Irish economy today it is necessary to understand economic history.

On a more particular level, I believe that economic history can instruct policy-makers; Haughton makes this point. Because history is capable of holding lessons for policy makers it is very important that we have a valid and not a false understanding of the past. To ensure that our view of the past is in fact valid it is necessary that our history should constantly be re-examined and revised (otherwise our policy makers may proceed on a course of action based on assumptions about the past which are in fact incorrect).

One short example shall demonstrate the relevance of economic history. An analogy can be drawn today between the Ireland of 1992 and the Ireland of 1800. Both are about to enter into a single economic market. In 1800 Ireland was about to tear down its fiscal, tariff and customs barriers with Britain. In 1992 we are about to enter a single European economic and monetary

union. We may even subscribe to a political union.

### **Conclusion**

To follow the nationalist interpretation to its logical conclusion would be to view Ireland's involvement in free trade as something which will damage our industrial prospects. This view is mistaken. A more correct analysis of history, I believe, is to view the creation of the single British Isles market of the 19th century as not a harmful thing in itself for Ireland's economy, but rather that the single market should be viewed as an opportunity that was not grasped. Today I look upon the single European market as an opportunity for Ireland to utilise as far as possible its comparative advantage.

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