


# The political economy of Peterloo

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Today is the 200<sup>th</sup> anniversary of what has come to be called the Peterloo massacre. On 16 August 1819, 60,000 working people gathered at St Peter's Field in Manchester England to demonstrate for the right to vote, against the terrible conditions and pay of factory workers and for the right to organise at the workplace, among a host of other injustices.

Peterloo has become a marker on the labour history of Britain. The peaceful demonstration was brutally attacked and dispersed by a private militia of thugs on horseback funded and directed by the local landlords and authorities with the tacit backing of the then Tory government under Lord Liverpool. An estimated 18 people, including a woman and a child, died from sabre cuts and trampling. Over 700 received serious injuries.



I am not going to discuss the event or the politics behind it as there are many thorough and better accounts to be had elsewhere. Indeed, there is a film by leading British filmmaker, Mike Leigh on the day.

Instead, I want to comment on the economics of Peterloo: the state of the British economy and capitalism at the time – to provide some context to the event and also perhaps draw out some wide generalisations.

Peterloo took place a few years after the end of so-called Napoleonic wars in which the aristocratic monarchies of Britain, Austria, Russia and Germany finally defeated the French republic. The end of the war heralded a period of deep depression in European economies, as soldiers returned home without work and bad harvests and weather led to a sharp downturn in agricultural production – still the dominant form of economic activity in early 19th century Europe.

This period of depression started before the end of war in 1812 and continued for ten years to 1822. It is reckoned that England suffered more economically, socially and politically, than during the French wars when at least there were good harvests and armaments production provided work. During the wars, Britain's export and re-export

trade increased. British ships carried the world's trade and also captured French colonies which further increased Britain's trade potential. After 1815 this virtual monopoly ended and trade declined

The depression brought discontent and distress and a response from the growing layers of industrial workers in the 'dark satanic mills' of the new big cities of Manchester, Liverpool and Birmingham that had no parliamentary representation or civic rights. The 18th century constitution remained, with the landlord class in control and forming the government.

In 1815 parliament passed the Corn Laws, enforcing higher prices for grain to protect landlord profits from cheaper foreign imports, squeezing the wages of workers and the profits of the industrial capitalists. Classical bourgeois economist, David Ricardo wrote his Principles of Political Economy and taxation in 1817 that presented a theoretical argument against agricultural rents and the corn laws. Indeed, Ricardo led the demand in parliament for an inquiry into the Peterloo massacre.

Wages were held down by the so-called Speenhamland system, which subsidised wages from the public purse somewhat like the Universal Basic Income proposed now. At the same time, the demobilisation of 300,000 soldiers, the influx of 100,00 Irish labour and the use of children and women in the factories meant that the 'reserve army of labour' (to use Marx's phrase) was huge. Indeed, the population in the industrial areas was rocketing (up 50% in the first 30 years of the 19th century).

At the same time, any attempt by rural workers to feed themselves off the land was blocked and curtailed by the landowners. The 1816 Game Laws allowed landowners to hunt for game; but not their workers. The penalty for poaching was seven years transportation to Australia. Common land had been wiped out by the enclosure measures decades before.

<b>Decade</b>	<b>Enclosures</b>
1780-90	287
1790-1800	506
1800-1810	906

The war had driven up the public debt to £834 million. Interest on this was a heavy burden to taxpayers. But the answer of the government was to end income tax, thus shifting the burden of servicing the debt onto the poorest through various sales and customs taxes. The interest paid on the debt went to the rich war bond holders now no longer paying income tax. The government tried to inflate away the debt burden by staying off the gold standard and letting the pound devalue, driving up inflation and hitting the poor again.

Radical poet Lord Byron protested in the House of Lords about the situation in 1812 *"I have been in some of the most oppressed provinces of Turkey; but never, under the most despotic of infidel governments, did I behold such squalid wretchedness as I have seen since my return, in the very heart of a Christian country"*.

All this was compounded by the weather. The year 1816 is now known as the 'Year Without a Summer' because of severe climate abnormalities that caused average global temperatures to decrease by 0.4–0.7 °C.] This resulted in major food shortages across the Northern Hemisphere.[ Evidence suggests that the anomaly was predominantly a volcanic winter event caused by the massive 1815 eruption of Mount Tambora in the Dutch East Indies (now Indonesia). This eruption was the largest eruption in at least 1,300 years.

The Year Without a Summer was an agricultural disaster. Low temperatures and heavy rains resulted in failed harvests in Britain and Ireland. Families in Wales traveled long distances begging for food. Famine was prevalent in north and southwest Ireland, following the failure of wheat, oat, and potato harvests. In Germany, the crisis was severe; food prices rose sharply. With the cause of the problems unknown, people demonstrated in front of grain markets and bakeries, and later riots, arson, and looting took place in many European cities. It was the worst famine of 19th-century Europe.

Indeed, The Year Without a Summer is a misnomer; it was Years Without a Summer given the weather of 1816, 1817, and 1818. Lord Byron, now in permanent exile, was moved to write an apocalyptic poem, The death of the sun, while staying by the banks of Lake Geneva in July 1816 as Europe and North America were gripped by one of the coldest summers on record.

*"I had a dream, which was not all a dream. The bright sun was extinguish'd, and the stars Did wander darkling in the eternal space, Rayless, and pathless, and the icy earth, Swung blind and blackening in the moonless air; Morn came and went—and came, and brought no day, And men forgot their passions in the dread Of this their desolation."*

It is also no accident that Mary Shelley, the partner of Percy Shelley, went on to write Frankenstein in 1818. Shelley's miserable Creature is usually portrayed as the terrible result of uncontrolled technology. But in the context of the climate shock, it is also a figure representing the desperate refugees crowding Switzerland's market towns in that year. Eyewitness accounts frequently refer to how hunger and persecution "turned men into beasts", how fear of famine and disease-carrying refugees drove middle-class citizens to demonize these suffering masses as subhuman parasites and turn them away in horror and disgust.

Peterloo happened because the British government in this depression was the most reactionary. There was a fear of the democratic ideas of the French Revolution spreading. There was a lasting fear of popular movements, which reflected the fear of revolution. There was a determination to protect and defend the landed interest – the

basis of the government's political power. There was a general dislike of an organised police-force, so a consequent heavy reliance on the military and private militias meant that in any confrontation, made violence the preferred option. The government kept the Combination Acts on Statute Books until 1824, which suppressed all reform movements. This was a government of the landed few for the landed few.

The 18th century economist Adam Smith noted the imbalance in the rights of workers in regards to owners (or "masters"). In *The Wealth of Nations*, Book I, chapter 8, Smith wrote: *"We rarely hear, it has been said, of the combination of masters, though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform combination, not to raise the wages of labor above their actual rate[.] When workers combine, masters ... never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combination of servants, labourers and journeymen."*

This was also the period of the so-called Luddites, a radical group of weavers who reacted to the introduction of machinery and their loss of jobs with attacks on the machines themselves.

In this light, the Peterloo massacre was the inevitable waiting to happen. After the event, the great radical romantic poet, Percy Shelley graphically attacked the government and its ruling class in his famous poem, *Masque of Anarchy*, the final verse of which is echoed in the current campaign slogan of the British leftist Labour party:

'Rise like Lions after slumber  
In unvanquishable number –  
Shake your chains to earth like dew  
Which in sleep had fallen on you –  
Ye are many – they are few.'

At a more general level, Peterloo took place in the same year as the very first capitalist-style crisis and financial crash. The Panic of 1819 started in the Us and was triggered by the post-Napoleonic depression in Europe which led to the collapse of US export markets and the bankruptcy of several banks that had made export loans. The ensuing recession lasted until 1821. The boom and bust cycle that has characterised capitalist accumulation to this day had begun.

This was the first capitalist slump – and also the first recognisable period of depression in modern industrial capitalism. In my book, *The Long Depression*, I suggest that capitalist accumulation takes place in cycles of profitability. There are periods of rising profitability and then periods of falling profitability (within the longer-term context of a secular fall as capitalist economies mature).

There are four seasons each of approximately 10-14 years in the 19th century (they are longer in the 20th century). The first season (Spring) sees a rise in profitability as new technology and an expanding workforce is applied. In the second season (Summer), profitability falls and because labour has got stronger during the spring season, the class battle intensifies. Then comes Autumn, a new period of rising profitability built on the defeat of previous labour struggles and the weakening of labour through slumps. Finally, profitability falls again in the Winter season and there is a depression that can only be broken either by war or by successive slumps that eventually restore profitability for a new Spring.

1819 was a year right in the middle of such a Winter. The weakening of labour in the previous Autumn of the war economy from 1800-1812 had seen profitability rise for both landowners and rising industrial capitalists. But the post-war depression was one of falling profitability (as noted by Ricardo) in which the dominant landowning class tried to preserve its profits and hegemony at the expense of industry and labour through repression and taxation. Peterloo was the marker for this.

After 1822, England entered a new Spring based on industrial expansion and the revival of export markets in Europe. The industrial bourgeois mobilised its workers to fight for the vote in the cities and parliamentary representation (for property owners). The Reform Act was passed in 1832.

SPRING 1776-86: profitability up; industrialisation begins, labour strengthens, first trade unions

SUMMER 1786-1800: profitability down; Marx's law operates, labour fights

AUTUMN 1800-12: profitability up; war economy; labour weakened and overseas

WINTER 1812-22: profitability down; post-war depression, labour repressed