

- LECTURE -

Cottonopolis: Manchester, the Growth and Growing Pains of a Modern City

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History of Capitalism Series

19 April 2016

Accompanying slides available [here](#)

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Introduction

In the words of the historian Eric Hobsbawm, “whoever says Industrial Revolution says cotton”. And, we should also add, whoever says cotton says Manchester. Whilst Manchester is perhaps best known internationally for its football (admittedly, my family were keen Manchester United fans and, as a result, I was dressed in red rather than baby pink as a child), it is the Industrial Revolution for which it truly deserves fame. Described by one tourist guide from 1807 as “an immense manufacturing, mercantile, and trading town” and by another, in 1897, as “the chief industrial town of England, and the great metropolis of the cotton manufacture”, it should be clear that this was a truly capitalist city.ⁱ

Manchester, which lies in the cold and damp north of England, was at the centre of a global economy of cottonⁱⁱ, importing raw cotton to produce cotton cloth that was subsequently exported across the world – along with the cotton machinery itself. [<Images x3: Royal Exchange – the centre for exchange>](#). But for me, the city that came to be called “cottonopolis” isn’t just a figment of the past, it is one that lives and breathes in my genes today. My grandparents and their grandparents before them all earned a living working in cotton mills in or on the outskirts of Manchester [<Images x2: Arkwright Mills; Ancoat Millsⁱⁱⁱ>](#). Growing up in the 1980s and 1990s, I was bombarded with stories of an age that was by then rapidly vanishing. As my grandparents hearing stood testament, cotton mills were noisy places, in response to which cotton workers developed their own sign language to enable them to communicate during the working day. That working day was long and, traditionally at least, began at a young age. It is therefore of little surprise that the idea of my “staying on” at school after the age of sixteen was viewed as an

exceptional luxury. After all, as far as my grandparents were concerned, the younger you started work, the sooner you got on the (mill) workers' ladder!

Whilst some cotton mills were still in action whilst I was at school, including one that I visited as part of my GCSE business studies project, it was clear that they were living on borrowed time, desperately holding on for survival. Industrialisation and cotton manufacture were spreading to countries in which labour costs were significantly lower (as the manager of the cotton mill I visited made clear), leaving many of the mills in which my family had once worked falling silent. In some ways, history was coming full circle. It is certainly true to say that cloth production had begun outside of Britain, in places like India, and after a two hundred year respite in the north of England it was very clearly heading back home.

However, despite the economic decline, and one which brought severe deprivation to the Greater Manchester area in my youth, evidence of Manchester's earlier success was clearly visible in the landscape throughout northern England, which was still scattered with imposing red bricked mills, with chimneys that reached high into the sky, most of them in a dilapidated state of disrepair, with smashed out windows and crumbling brick work and the occasional sound of children "exploring" the dusty empty floors and crumbling stairwells, including my own (before, that is, health and safety barriers came to be erected). Some of these grand but now crumbling buildings found new uses and, with 1990s gentrification underway, that included as blocks of "New York loft-style apartments".

With the factory doors by then firmly closing, a number of my relatives moved to work at the other end of the "cloth trade", on the production floors or in the design studios of expanding British fashion labels, or in small couture houses where their skills in cutting cloth were still worth the price of British wages. Britain's early industrialisation was clear in every aspect of my early life, as it is in the fashion conscious and stylishly dressed Britain of today. It is just as evident in the upmarket fashion labels of Bond Street here in London, the city in which I now live, as it is in Manchester itself. From Vivienne Westwood and Betty Jackson to young designers such as Jenna Young and Burberry's trench-coat producing factories in Castleford and Keighley (soon to move to Leeds), the North's historic strength in the production of cloth has cast a long but very welcome shadow. And whilst as a feminist I sometimes feel that I'm not really supposed to be interested in fashion, I also know that my Mancunian heritage, and many years in my youth spent buying clothes in charity shops and subsequently reconditioning them, lets me off the hook!

Why Britain successfully industrialised – the causes of the British Industrial Revolution – is the holy grail of economic history. However, to me, it was never an academic question, it was something I pondered from a young age as I looked up in wonderment at the grand Victorian buildings and when being taken to watch demonstrations of cotton machinery at the city’s Museum of Science and Technology. Here, by comparing Manchester’s own experience with cities that have existed in other parts of the world and at other times, along with looking at the more intricate details of the city itself, we will seek to uncover the secrets of success.

Along the way, we will also engage with two recent challenges from the wider historical literature: one which, along the lines of Ha-Joon Chang (2002), argues that the success of Britain’s industrial centres was not the result of capitalism or of “free markets”, but, instead, a direct result of state interventions, including tariff protection. And a second which argues that rather than the world having British cities like Manchester to thank for the Industrial Revolution, such cities should instead be thanking the world. As we will see, and on both scores, a defense needs to be mounted – and I’m certainly happy to lead that defense for my home town.

We will begin in Section 1 by placing Manchester within a longer-run perspective, looking at why Western European cities such as Manchester were able to leapfrog the significantly older and larger cities of China and the Middle East, leading the West to become the leading force over the last two centuries. We will then move on to look at more detail at Manchester and its cotton industry in Section 2. Having done so, Section 3 will address the first of the twin challenges from the wider literature, asking to what extent capitalist or statist forces were responsible for Manchester’s success, whilst Section 4 will address the second, wrestling with the question of whether cities like Manchester can be said to have changed the world – or whether the world changed Manchester. By Section 5, we will be in a position to stand back and take toll, and, with it, to see not only the ups but also the downs of an industrial city and how it is reinventing itself today by combining entrepreneurship with the arts.

As we will see, through both its economic successes and its economic sufferings, Manchester has been central to the great political and social movements of the last two centuries – from *laissez-faire* to the labour movement and the rise of the suffragettes – movements that changed Britain forever. Economic change cannot be disconnected from political and social change and it is by embracing rather than resisting the latter that the city will continue to thrive.

1. Urbanisation in history: the place of Manchester

Whilst cities are, of course, nothing new, in the case of Western Europe, and looking across the long-span of time, they are a relatively recent phenomenon. The first city emerged around 8,000 years ago in Mesopotamia in the Middle East, following the Neolithic Revolution in agriculture, and supported by the development of transport and storage techniques that enabled the transit of goods into and out of the city. Over time, cities sprouted up throughout the Middle East, the Indus Valley in modern-day India/Pakistan and in China. However, rural life was still the norm and cities did not start to increase in size until around 1500 BC. At that time, Thebes was home to more than 100,000 people and, by 600 BC, the population of Babylon had achieved double that number, running at 200,000. By the time we reach 100 AD, the backwater that had been Europe was now heading to the centre stage, with the population of Rome having reached somewhere between 400,000 and 1 million.^{iv}

Whilst it is certainly not true to say that “nothing much happened” in the centuries that followed the decline of the Roman Empire, what did happen was “pale in comparison to the effects of the Industrial Revolution that began in the second half of the eighteenth century in Great Britain”.^v It is then that the next “chapter” of urban development begins.

However, as urbanisation spread in Europe, urbanisation in the Middle East and China – and despite its early start – was moving in the opposite direction. Xu, van Leeuwen and van Zanden (2015) estimate, for example, that in the early thirteenth century Yangtze Delta, 23% of the population lived in cities with more than 10,000 inhabitants. However, by 1776, the urbanisation rate had fallen to 15%.^{vi} Whilst these figures suggest that China was still ahead of Europe in 1200 AD, it is clear that by 1800 the tables had turned: Britain was now ahead (Table 1 below). In other words, whilst the West progressed, the East recessed. The question is: why?

Xu et al (2015) point to three particular forces that help explain the change in fortunes between Europe and China:

“First, in China the size of the capital city shrunk in relative terms over time, suggesting a weakening hold of central government on the economy and society, resulting in a declining capacity to collect taxes. The relative decline of the largest (capital) cities weakened the upper structure of the urban system... Second,

port cities were much less important in China than in Europe, and they continued to be rather marginal, pointing to the possible ‘inward looking’ nature of the economy. In particular the Yangtze Delta saw a large decline in the share of port cities in the total population between 1205 and 1776...[and finally] during the Qing factors of production – in particular labour - moved away from the more urbanised core to ‘underdeveloped’ areas that had been recently conquered or stabilized by the central government”^{vii}

Bosker, Buringh, and Van Zanden (2013) can similarly help us to understand the change in fortunes between Europe and the other great historic region of early civilization, the Middle East. They note that:

“the Arab world was in a way quite innovative (it adopted a ‘new’ mode of transport replacing the Roman infrastructure), exchange between Muslim cities initially was highly efficient, but at the same time cities remained dependent on the basic institutions of the state which were, because of their predatory nature, unable to generate long-term economic growth”

Taken together such research suggests that outside of Europe, urban development was composed of a small number of mega-cities,^{viii} rather than – as was the case in Europe – a large number of smaller cities. According to Bosker et al (2013), these megacities were a product of a state-driven political economy. In other words, rather than being a sign of economic success in the realm of production, and to borrow the words of Ades and Glaeser (1995), Chinese and Middle Eastern “[u]rban giants ultimately stem[med] from the concentration of power in the hands of a small cadre of agents living in the capital. This power allows the leaders to extract wealth out of the hinterland and distribute it in the capital”^{ix}. Whilst it might serve to redistribute the economic pie in favour of the elites, it did not, however, serve the purpose of long-run growth. Cities, it seems, are not enough to guarantee success in the longer term: they need to have the right foundations.

Rather than being rooted in state power, the newly emerging European cities were instead built on market exchange. In comparing Europe with the Middle East, Bosker et al (2013) note that: *“The urban system that arose in Western Europe between 900 and 1300 was... geared towards generating its own resources via market exchange; it was highly competitive, independent of large territorial states (which were quite weak between 900 and 1300) and became oriented towards long-distance trade via the sea. It was this new dynamic, more state-independent urban system that generated the long term economic development that was characteristic of Western Europe in the millennium after 900 and which finally,*

spurred on by the impact of the Great Discoveries, made Europe overtake the Arab World in terms of economic prosperity.”^x

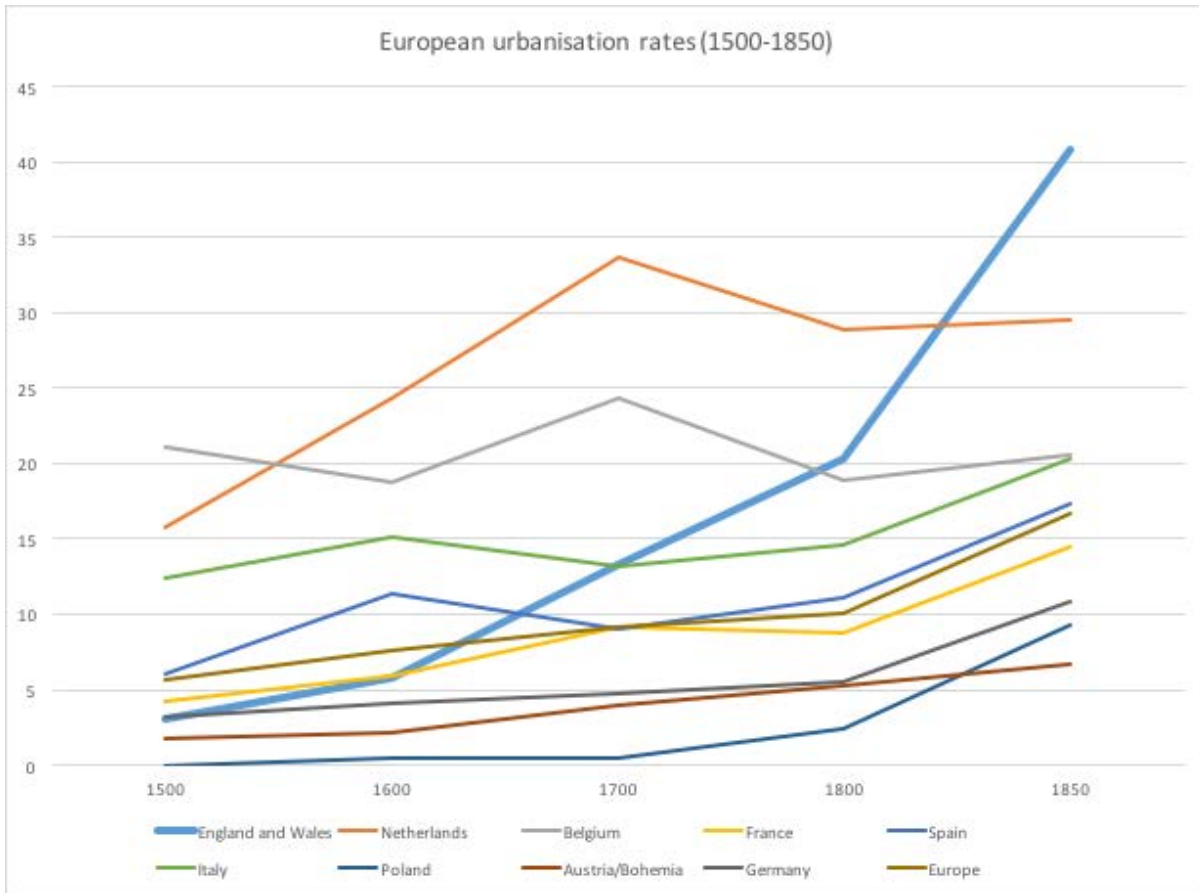
Initially, however, Britain was behind the rest of Europe in terms of its development of cities. As can be seen in Table 1, in 1500 the urbanisation rate in England and Wales stood at 3.1% compared with 5.6% on average for Europe. However, between 1500 and 1850, England’s position was transformed, from one of the least urban economies to the most urbanised part of Europe, with around four in ten people living in towns or cities, double the European average (Table 1 and Figure 1).

Table 1: Europe, Urban share of the population, 1500-1850 (%)

	1500	1600	1700	1800	1850
England and Wales	3.1	5.8	13.3	20.3	40.8
Netherlands	15.8	24.3	33.6	28.8	29.5
Belgium	21.1	18.8	24.3	18.9	20.5
France	4.2	5.9	9.2	8.8	14.5
Spain	6.1	11.4	9.0	11.1	17.3
Italy	12.4	15.1	13.2	14.6	20.3
Poland	0	0.4	0.5	2.4	9.3
Austria/Bohemia	1.7	2.1	3.9	5.2	6.7
Germany	3.2	4.1	4.8	5.5	10.8
Europe	5.6	7.6	9.2	10.0	16.7

Source: Broadberry and Gupta (2006), p.9.

Figure 1



Source: Broadberry and Gupta (2006), p.9.

Ever since Britain's urban and industrial expansion, urbanisation has been on the rise across the globe. In 1800, only 3% of the world's population lived in urban areas (Table 2). Today it is one in two and predictions suggest that by 2100, 85% of the global population will live in towns and cities.^{xi} Within 150 years, the urban population will have increased from just under one billion in 1950 to around 9 billion by 2100. Alongside, the number of mega-cities (those with a population of greater than 10 million) is set to increase from just two in 1950 (New York and Tokyo) to 28 today and 41 by 2030, with seven of the top ten set to be in Asia.^{xii} Hence, whilst cities have always existed, it is only relatively recently, and following in the footsteps of Britain, that they have become a regular feature of our daily lives.

Table 2: The global urbanisation rate

	Urbanisation rate
1800	3%
1900	14%
2000	40%
2050 (estimated)	70%

Source: *Population Research Bureau* (<http://www.prb.org/Publications/Lesson-Plans/HumanPopulation/Urbanisation.aspx>)

2. Manchester gets going

As we have seen, market-based foundations were central to the emergence and expansion of European cities. In the case of Britain, and as we will see in this section, market orientation combined with technological developments to push forward the urban frontier in the eighteenth and nineteenth centuries, taking the country to the top of the urban league table through the development of cities such as Manchester.^{xiii}

Since cities need to be fed, our natural starting point in any story of city growth must be outside of the city, in the fields of farmers rather than in the factories of industrialists. A productive agricultural sector has always been crucial to support the development of cities, just as it was with the emergence of the world's first city eight thousand years ago. However, in an increasingly global world, agricultural advance risks deindustrialisation as it can turn an economy into a super-global producer of food – a bread basket of the world.^{xiv} Hence, when it comes to the relationship between agriculture and the cities, it is a difficult balancing act.

Whilst in Britain's case agricultural productivity was certainly on an improving trend in the centuries running up to the Industrial Revolution, a result of an agricultural revolution with roots in the medieval era,^{xv} as Crafts (1985) and Crafts and Harley (2004) have shown, technological advance in industry was progressing even more quickly.^{xvi} Hence, in what can be thought of as a race between agriculture and industry, it was the latter that got ahead: whilst Britain was becoming an efficient producer of agricultural

goods, it was becoming a *super*-efficient producer of industrial goods. In economists' language, whilst it was developing an absolute advantage in both types of goods, it had a comparative advantage in industry.

This productivity race between agriculture and industry, one in which industry was improving at the faster rate, acted to reduce the relative cost of manufactured goods (compared with food) and, given sufficient competition between producers, lowered the price for customers. In response to falling prices, customers both at home and abroad were attracted to British manufactures, boosting the production of industrial goods and, with it, the development of urban centres such as Manchester, home to the cotton industry. Whilst some manufactured goods were produced in rural areas where labour was generally cheaper (known as proto-industry), and whilst some of the initial cotton factories were built in the countryside, where economies of scale and technological spillovers existed, these rural regions developed into urban-style agglomerations of their own.

In the case of cotton, technological developments in spinning and weaving, pioneered by the likes of Hargreaves, Arkwright, Crompton and Cartwright were responsible. And you don't need me to tell you all about them – you can find their portraits on display in the National Portrait Gallery not far from here.

Initially, the new machinery was powered by water, meaning that cotton factories had to be located on fast-flowing and reliable rivers. However, following Arkwright's application of the coal-powered steam engine to powering one of his factories, water supply was no longer a limitation, as a result of which cotton factories sprouted up across Lancashire. The Bridgewater Canal, completed in 1761, helped to transport coal cheaply to the city's cotton factories.

Fundamental to Manchester's success was the stick of competition. Competition between producers ensured that new machines diffused quickly, and filtered through to lower prices for consumers. Any initial profit that came from a new machine was quickly eroded by competition with other producers, to the benefit of the customer at home and abroad. As Tim Leunig of the LSE has shown in his research work, this competitive pressure helps to account for the super-productivity of Lancashire firms.^{xvii}

By developing its transport infrastructure, Manchester made sure that as the prices of its cotton goods fell, its products could make their way to customers across the world. Transport developments included a railway connections to Liverpool, the nearest port, opened in 1830, and later the Manchester Ship Canal, completed in 1894. Interestingly, the Ship Canal is another example of competition at work: it was

pioneered by industrialists in order to break Liverpool's monopoly as a port, which they believed resulted in dock charges that were too high for Manchester's cotton exporters. In response, Manchester soon became Britain's third largest port, despite being 40 miles inland – though it also bred a friendly rivalry between the cities of Manchester and Liverpool.

<Image of Ship Canal>

In my last lecture for the History of Capitalism series^{xviii}, I noted the fundamental importance of female labour to the emergence of the Industrial Revolution: the way in which women's ability to go out to work resulted in later marriage, smaller families and, with it, better economic conditions. I argued that the decisions made by the everyday woman about work and family were just as important as the work of the industrialists and engineers celebrated in the bronze statues that grace cities such as Manchester. It's therefore of interest to note that 58% of cotton factory workers were female in 1833, that women accounted for almost 10% of business owners as early as 1788 and that the northern religious movement known as Methodism involved a number of female preachers.^{xix}

Furthermore, whilst it has long been suggested that women tended to withdraw from the workforce after marriage, evidence from midwives interviewed by the Factory Commission Inquiry of 1833 suggests that women regularly labored in the factories until the day they gave birth, returning to work within a month of doing so. According to the census for 1861, over half of Stockport mothers with children under the age of one worked, along with two-thirds of women with children under five, only withdrawing as children became older and could help to support themselves financially (Creighton, 1996, p.315).

But, whilst women were engaging in opportunities outside of the home, not all men were supportive. In his report to the Factory Commission Inquiry, Dr. Hawkins noted in 1833 that Manchester's "married women fall remarkably short of the usual characteristics of the English wife... She has had no time, no means, no opportunities of learning the common duties of domestic life; and even if she had acquired the knowledge, she has still no time to practice them" due to her factory work.^{xx} With the foundation of female labour together with resistance from certain quarters, it's perhaps of no surprise that the women of Manchester were central to the suffragette movement, campaigning for equality between men and women at the ballot box. Manchester women were well used to having a voice and using it. It's therefore a shame that of the seventeen statues in central Manchester, only one of them is of a woman (Queen

Victoria). Quite fittingly, and following a local campaign, Emmeline Pankhurst will soon be joining the former Queen, cast into bronze through private funds, helping to bring greater recognition to the historic role of women in the city.^{xxi} Many of Manchester's women, including the everyday mother, are, however, still waiting to be honored.

With the success brought by the male inventors and transport engineers *and* by its working women, by 1831 the cotton industry alone accounted for a half of Britain's merchandise exports and 22% of the country's industrial value added. In addition, and with a total factory productivity growth rate between 1780 and 1860 of 2.6% p.a., it accounted for a quarter of the economy's total factor productivity growth (Crafts, 1985; Crafts and Wolf, 2013). In 1800, Britain was home to 95% of the world's cotton spindles and, even by 1900, some 58% (Farnie and Jeremy, 2004). The majority of these were located in the Greater Manchester region: 66% of spindles were in Lancashire in 1850, and this only increased with time to 79% by 1903. The concentration of the industry led to what economists of the "new geography school" refer to as agglomeration economies – the external economies of scale that arise from firms in the same industry being located close to one another, which includes the development of a specialized and experienced labour market, suitable suppliers of raw materials and machinery, making it easy to source at low cost, and technological spillovers between firms.^{xxii}

However, despite Manchester's success, and the what might seem clear and visible role of markets combined with technological improvements, the story of the Industrial Revolution has recently been retold: firstly as one in which it is not the individual effort of entrepreneurs, merchants, industrialists and workers that brought about success, but, instead, the British state, and, secondly, as one whose success should be attributed not to domestic forces but to foreign influence. In the two sections that follow, we will wrestle with each of these in turn.

3. Manchester: a capitalist or a statist success story?

For a long time, industrial expansion in cities like Manchester has been seen as the poster-boy for capitalism. Of course, as far as Marx and Engels were concerned, Manchester was capitalism in action. One might therefore think that the city's development should be attributed to individual efforts, rather than state intervention. However, authors such as Ha-Joon Chang (2002) have suggested that Britain's industrial success was in large part due to the state's interfering hand, including tariffs placed on imported

textiles from Tudor times and through to the eighteenth century. In his popular book, *Kicking Away the Ladder*, Chang makes the argument that having themselves become successful through the use of tariffs, rich countries are now denying poorer countries the same route to growth.

However, whilst the tentacles of the state cannot be completely dismissed, it is important to note that whilst Left-leaning thinkers like to see the state as being the machine of the people, able to solve collective action problems and work to the benefit of the majority, historically speaking the state has often been on the side of the Master rather than the common man, helping to bolster the position of elites by restricting the freedoms of the majority. That includes through regulations which restrict the ability of new firms to enter (protecting existing firms), and through using tariff protection to maintain the incomes of established sectors of the economy. In the nineteenth century that included protecting landowners through placing tariffs on agricultural imports (the famous Corn Laws), something which increased the price of food for the average worker and, needless to say, the costs of industrial producers. Hence, to those coming from the bottom or middle ranks of society, state interventions often seemed to be working against them rather than in favour of them.

It is, therefore, perhaps of little surprise that the free trade movement can find its origins in Manchester in response to the new industrial class rising up against the then elite. These “laissez-faire” industrialists were not an established elite living comfortable lives on the backs of the poor, they were the new kids on the block: the under-dogs that were in fact challenging the elite. The free trade and laissez-faire movement was not, therefore, something imposed on the poor by the rich, but a movement that came from below: from a new segment of society that was struggling to make it from rags to riches. And here it is worth noting that social mobility in Victorian Britain was not far off that of the 1970s – this was a time when you could climb the ladder, and without needing a formal education.^{xxiii}

Manchester’s historic fight for free trade was celebrated in the building and naming of one of the city’s greatest buildings, the Free Trade Hall. [<Image>](#) In the words of William Dean Howells, who in 1909 published in New York a tourist guide for Americans, “ I am not myself so extreme laissez-faireist as to have thought of that school with pathos in the city of its origin, but I dare say it was a good thing in its time. We are only now slowly learning how to apply the opposite social principles in behalf of the man rather than the Master, and we have not yet surmounted all the difficulties or dangers of the experiment” (p.21).^{xxiv}

In addition to the state-centred challenge presented by Ha-Joon Chang to the market-led story of growth, the role of the state in the expansion of cities like Manchester can also be seen in other, more malign, ways: in the state's colonial machine and the overseas slave labour from which British industry necessarily benefited, the infamous triangular trade between Britain, Africa and America.^{xxv} In cities like Liverpool, cotton textiles were hauled onto ships destined for Africa, exchanged for slaves on the African coast and subsequently taken in chains across the Atlantic. Here, they were sold to cotton farmers in the American South, allowing British traders to purchase the raw cotton that could be brought back into Britain in order for cities like Manchester to manufacture the next round of cotton textiles, ready for the next outbound journey along the triangular route.

Whilst the role of slavery certainly cannot be denied, it is important to note that as evidence of its human toll began to emerge, Manchester took a leading role in the anti-slavery movement.^{xxvi} And, support didn't come simply through words – supporting the anti-slavery cause came with great personal suffering for the working people of Manchester. During the American Civil War (1861-5), the blockade of Southern Confederate ports prevented the outflow of raw cotton to Britain, which led to a "cotton famine" in the Manchester region. Within a year of the war beginning, 60% of Lancashires spinning and weaving machines were out of action due to a lack of raw material. Some merchants and producers called upon the British government to instruct the Royal Navy to break the blockade. However, at a meeting of workers in the Free Trade Hall, it was decided that Manchester should support the cause of Abraham Lincoln, refusing to take possession of slave-picked cotton. The suffering was acknowledged by Abraham Lincoln when he wrote to the working people of Manchester in 1863 to say: "I know and deeply deplore the sufferings which the working-men of Manchester, and in all Europe, are called to endure in this crisis." A statute now stands to the former President in the centre of Manchester.

Furthermore, whilst some might interpret free market doctrine as being in support of the buying and selling of human beings, seeing slavery as one of the products of capitalism, it is important to remember that those such as Ayn Rand and Milton Friedman that trumpet the free market build their case on the premise of individual freedom. The free market can only ever work well when individuals have the ability to be in charge of their own destiny: it is this freedom that means that we can each benefit from our own talents and efforts and so are driven to work hard, invest and skill-up. In this sense, free-market economics presupposes individual freedom rather than being at odds with it. Slavery should certainly not be seen as a product of free-market economics; it is an anathema to it.

Having noted that there is a limit to how much Manchester's success can be attributed to the state as opposed to the free market, and with it that of Britain, it is nevertheless important to acknowledge that whilst in general markets bring benefits, they are certainly not perfect. Where the state produced most benefit was where it chose to intervene in a way that corrected market failures, particularly in the basic realms of waste and sanitation.

Waste and sanitation have long placed a limit on the expansion of cities. The historic city of Rome was only able to expand to the size it did by tackling these basic but important practical necessities, including by the state and the private sector working together. According to the OECD "[i]n many of today's rapidly urbanizing countries, water supply and sanitation are far bigger problems than food supply".^{xxvii} <Image: Ancoats 1890> This could also be said of Manchester in the late eighteenth and early nineteenth century.

The rapid development of Manchester brought insanitary conditions and squalor, with which diseases spread fast and the toll was taken on the health of workers. Engels is famous for his emotive words relating to "The Condition of the Working Class in England" – a book published in Germany and the USA as a warning of what would be to come. However, you did not have to be a Marxist to acknowledge that there were "growing pains" associated with the expansion of cities like Manchester, as Lord Shaftesbury, the Conservative politician, demonstrates. More recently, economic historians have turned to data in an attempt to test the more qualitative conclusions of Engels, Shaftesbury, Dickens and others. Here, there is nothing more real than the evidence relating to the toll on the human body: the residents of Manchester lived shorter lives than those born in the countryside, witnessed the deaths of more of their children, and, through disease and malnutrition, were stunted.^{xxviii}

The rapid expansion of the cities created an environment that was squalid, overcrowded and rich in disease, much like the slums that surround the growing Indian cities today. Infant mortality was on the rise and life expectancy at birth in Manchester was a mere 25 years (compared with 45 in rural Surrey). These adverse effects of economic growth on the nation's health acted to undermine the roots of prosperity. Creativity and productivity were harmed, and it is easy to see why: try getting a good long day of work done if you are feeling ill and lacking nourishment. Only once the state began to take appropriate action, providing clean water supplies, sanitation systems^{xxix} and public health programmes, together with regulating work, such as for child labourers, were the negative effects of economic growth on health successfully counteracted. Once it did, the nation's health began to improve and so did economic growth.

Here, state interventions really did bring benefits. Health and the economy were able to positively – rather than negatively – feedback on each other, creating growth levels never before seen and a dramatic change in the human body.^{xxx}

3. Manchester: domestic versus external forces

The global nature of the cotton industry cannot be underplayed and has received emphasis in a couple of recent works, including the works of Beckert and Riello. You could say that the industry was global even before “globalisation” itself – that is, before the period which economic historians refer to as the first big wave of globalisation in the latter half of the nineteenth century. With a history in textiles that dates back to Flemish immigrants of the fourteenth century, a history that therefore benefited from international labour flows, by the nineteenth century Manchester had outcompeted Indian textiles to become the leading global cotton manufacturer, one that imported raw cotton from Egypt and the American South and exported its yarn and woven cotton cloth to customers across the globe. In fact, not only did Manchester sell cotton goods, it also exported the secret to its success: the machinery which had made it so super-productive. Whether you were in Japan, Russia or Turkey, if you wanted to start up your own cotton mill, you could literally order one off the peg from a contact in Manchester.

However, recognising the global reach of the cotton industry no longer seems to play to Manchester’s advantage. With global economic history having become all the rage in the last decade, along with the recognition that “the West has not always been best” – that it was only with the Industrial Revolution that the region pushed firmly and significantly ahead of what had been the leading regions of the world for millennia (the Middle East, the Indus Valley in Pakistan/India and the Yellow River Valley in China) – historians now choose to downplay the role of British industrial cities like Manchester. In his book, Riello, a Professor of Economic History at Warwick, notes that whilst we have traditionally thought of Manchester (or, more broadly speaking, the north of England) as having changed the world, it is time to acknowledge that the world changed the north of England.

In other words, in a lecture such as this, rather than me suggesting that the world is standing at Manchester’s feet, it is instead me – the Mancunian – that that should be thanking the rest of the world; thanking it for the early spinning and weaving technologies, along with textile design ideas, imported from

the East, something which both spurred on British entrepreneurs on, encouraging them to make substitutes, and on which they could “free ride”.

Clearly, Manchester – and indeed Britain’s whole Industrial Revolution – could not have been the success it was had it been a hermit, and, furthermore, the whole point of economic trade theory is to show that the whole is more than the sum of its parts: that countries do better by engaging with each other than trying to “do it alone”. However, the dramatic shift we have seen in the historical literature recently, away from arguing that Britain’s (and, with it, Manchester’s) success was a result of internal forces to instead arguing that it was a result of external forces is, in my view, going a little bit too far. As Eric Jones has pointed out, “[i]deas and materials have filtered from the East but that is not the point, even without any allowance for independent [European] discoveries. The point is the response. However early in time developments in making cotton had occurred in Asia, and whatever transmission to Europe there was, the technological response in England was utterly novel and utterly formative of the modern world. The cant term would be “game changer””

4. Manchester in the twentieth and twenty-first century

Manchester’s specialisation in the area of cotton production brought significant growth opportunities in the Victorian age, allowing the city to benefit from economies of scale, workers in possession of the required skills and experience and knowledge spillovers. However, whilst specialisation can bring success, the next moment it can spell disaster. In the words of the OECD (2015), specialisation “can yield returns if this part of the economy is performing well. However, it also reduces economic resilience and increases the risk of a severe downturn if the sector experiences an external shock or decline for other reasons”. Unfortunately, this was to be the fate of Manchester. After the First World War, the deterioration of global economic conditions and the de-globalisation of the world economy, cost many a cotton producer. Unemployment soared and it is here that we can find the roots of the North-South divide. Whilst the south-east entered the age of art-deco, of the kind any viewer of *Poirot* can appreciate, and with “Bright Young Things” whizzing from one champagne party to the next along the country lanes of Oxfordshire and Surrey in their new motor cars, or flying over the newly built lidos with the help of the new-fangled aerospace technology, the north fell into a grimness and bleakness that only Orwell’s *Road to Wigan Pier* can make clear.

Despite the optimism that came with a return to expansionary economic conditions after World War Two, when international trade was being rebuilt and the British government began promoting domestic industry, including with phrases such as “Britain’s bread hangs on Lancashire’s thread”, by the 1970s and 1980s it was becoming clear that industry was not to be the future. As cotton mills were closing down across the north of England, along with mines and steel works, bringing mass unemployment, banking took off. Rather than reducing, the North-South divide crystallised.

Since the financial crisis, the British government has been hoping to rebalance the British economy – from finance to manufacturing, from the prosperous south of the country to the ailing industrial north, from consumption to investment and from imports to exports. Their view has been that a more balanced economy will be a more resilient economy – one less prone to the adverse effects of global shocks and one that is able to take advantage of new avenues of growth, that doesn’t have all of its eggs in one basket.

However, this rebalancing doesn’t seem to be going anywhere fast. A 2015 report by Dr Craig Berry and Professor Colin Hay of the Sheffield Political Economy Research Institute, based at the University of Sheffield – the historic home of British steelmaking since the Industrial Revolution – finds evidence that the British economy has been becoming less rather more balanced since 2010, when the Conservative-Liberal Democrat Coalition government made it a top priority.^{xxxi}

The report notes that whilst the size of the financial sector as a proportion of the UK economy has fallen from 9.9% of output to 7.4%, the manufacturing sector has continued its long-term decline as a share of output, and now stands at just under 10%. Furthermore, whilst there has been little change in the share of the southern versus northern regions in the UK economy, what change there has been has tipped it further in the direction of the south. As *The Guardian* recently noted in February this year response to a Joseph Rowntree Foundation study, ten of the top twelve most declining UK cities are in the north of England.^{xxxii}

The Chancellor, George Osborne, is not entirely unaware. Whilst the economy has been returning to growth, as far back as 2014 he was already pointing out that “the recovery is not yet secure and our economy is still too unbalanced...Britain is not investing enough. Britain is not exporting enough. There

are encouraging signs...But we can't be passive observers of the forecasts. We need to roll up our sleeves, get to work and make it happen."^{xxxiii}

This rolling up the sleeves comes in the form of the Northern Powerhouse, a scheme which aims to connect the big northern cities of Manchester, Liverpool, Leeds, Sheffield and Newcastle. None of these cities, Manchester included, are particularly sizeable when compared with those overseas, in places like India, China and the Middle East – not to mention London. Given that the greater is the size of a city, the higher seems to be its productivity, it is vitally important that where cities are small but located relatively close to one another that they work as one. According to the OECD (2015), "Europe needs to deal with the fact that – in global comparison – its large cities are relatively small, which implies a specific need for cities to be well connected to each other" if they are to take advantage of the benefits of agglomeration. Here, and if it is successful, the Northern Powerhouse could act as a model for other parts of Europe. However, there are two caveats.

Firstly, the benefits that sit on the horizon as a result of northern cities working together, such as by coordinating transport systems and public services, and by opening up producers to the competitive pressures of the other cities, risk being undermined by another recent policy change: devolving or decentralising powers to the local level, including through the appointment of city mayors. The OECD (2015) finds that in urban areas in which governance is fragmented, productivity suffers. For a constant population, halving the number of municipalities can boost productivity by around 6%. By devolving more and more powers to individual cities, there is a real risk that cities will be unable to work together as successfully as they otherwise could, scuppering the benefits that closer integration through schemes such as the Northern Powerhouse has the potential to bring.

It is therefore vitally important that new city-level powers are very carefully thought out so as to avoid poorer cities losing out, which can for example happen where spending becomes anchored to local as opposed to national tax receipts, and that when they acquire new powers, cities use them in a way that is cooperative in regard to other cities and do not become little oceans of "nationalism" – or bastions of internal reliance – that lead the individual interests of local leaders (and local interest groups) to be placed ahead of the benefits to the wider population that cross-city engagement can bring.

Secondly, whilst in comparison with London, cities like Manchester might seem relatively “poor”, the real poverty is to be found in the surrounding old cotton mill towns, like Rochdale, Burnley, Bolton and Oldham – towns that were once part of Manchester’s cotton network. This must be borne in mind as the plans for the Northern Powerhouse develop. Whilst the centre of Manchester has been undergoing gentrification and rejuvenation, many of these other surrounding areas have been left to fester. Hence, whilst Manchester ranks 45 out of 74 in the Joseph Rowntree Foundations’ ranking of relative decline, many of the close by smaller cities perform very poorly indeed (see Table). It is, therefore, vitally important that these areas are woven into the Northern Powerhouse Project. It is also worth mentioning a couple of other cities which also similarly need help after a similar spell of deindustrialisation but are more distant from the Northern Powerhouse Project and so risk being left behind, including Dundee (which ranks 7/74), Nottingham (which ranks 12/74) and Glasgow (which ranks 16/74).

Table: City-level index of relative decline

	Ranking (1=worst; 74=best)
Rochdale	1
Burnley	2
Bolton	3
Blackburn	4
Grimsby/Hull (joint position)	5
Grimsby/Hull (joint position)	6
Dundee	7
Middlesbrough	8
Bradford	9
Blackpool	10
Nottingham	12
Liverpool	19
Birmingham	24
Manchester	45
London	63
Cambridge	73
Milton Keynes	74

Source: Joseph Rowntree Foundation

Compared with these other cities, Manchester has in fact been doing a great job of reinventing itself in the post-cotton age. We've already mentioned the fashion industry, an outgrowth of Manchester's cotton past. But not only has the Manchester of the twentieth and twenty-first centuries become known for fashion, it is also a hub of creativity more generally. And here, Manchester often does best when it pulls together the past and the present, harnessing the energy of the social discontent that followed economic decline in a positive direction, as it has done, for example, with film-making, TV, music and art.

By being home not only to the entrepreneurs of the industrial age but also to more artistic types, Manchester is in a position to grow from strength to strength in the years ahead. In fact, it is precisely these two types of figures that a study published just this year has shown to be the source of growth.^{xxxiv} Drawing on 1.2 million people from 3000BC to the present day, covering 2000 cities in 30 countries, the authors find that it is the entrepreneur and the artist, and not the politicians, the religious figures or the military that most contribute to successful city growth. With this in mind, Manchester has the potential to become a modern day Venice, where arts and commerce sit neatly alongside.

Looking ahead, economists would do well to spend as much time with artists as they do with business types. And, in their policy of rebalancing the economy, rather than seeking to go backwards in time, reproducing the old industrial age, policymakers need to recognise and embrace what the arts can do for an economy.

5. Conclusion

According to the OECD (2015), cities are the drivers of long-run growth. The greater levels of competition they exhibit, together with deeper labour markets (facilitating the matching of job openings with suitably skilled workers), the faster spread of ideas and the diverse entrepreneurial and intellectual background all serve to propel economic growth. Evidence suggests that "cities the main centres for R&D activities, patent applications and venture capital", that every time the population of a city doubles its productivity rises by 2-5%, and that the further away a region is located from a city, the lower is its rate of economic growth.

Whilst cities have a longer heritage in the parts of the world outside of Europe, it was in Europe where urbanisation first reached modern-day heights, with British cities, including Manchester, leading the way. In the new age it is, however, outside of the West, in emerging markets, where urbanisation is once again

steaming ahead. In the process, there is a lot to be learned from the experiences of a city like Manchester, a city that shows both the best and the worst of what capitalism has to offer, and a city from which mistakes are still to be learned.

Not only does Manchester have lessons for cities in newly developing countries, it also has lessons for the capital here in the UK. Specialisation, whether in cotton or in banking, can bring expansionary economic conditions for a lengthy period of time, but it can also leave a city vulnerable. Whilst London is thriving today, just as Manchester was doing in the Victorian age, it should not take its success for granted. However, like Manchester, by balancing business with the arts, the city can make itself more resilient.

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ⁱ Britton (1807); Baedeker (1897).

ⁱⁱ Recent books noting the global nature of cotton include Beckert (2014), *Empire of Cotton: a global history*, and Riello (2013).

ⁱⁱⁱ Photograph by Chris Allen; The copyright on this image is owned by Chris Allen and is licensed for reuse under the [Creative Commons Attribution-ShareAlike 2.0 license](#). See

https://commons.wikimedia.org/wiki/File:Ancoats_Mills_-_geograph.org.uk_-_185819.jpg

^{iv} OECD, “The Metropolitan Century”, p.23 (2015)

^v OECD, “The Metropolitan Century”, p.23 (2015)

^{vi} <http://www.cgeh.nl/sites/default/files/WorkingPapers/CGEHWP63XuyiVanLeeuwenVanZanden.pdf> p.18, Table 13

^{vii} Also see Lucassen and Lucassen (2014).

^{viii} Xu, Van Leuwen and Van Zanden (2015); Bosker, Maarten, Buringh, Eltjo, Van Zanden, Jan Luiten (2013). In the case of the Middle East, Baghdad, Damascus, Cairo and Istanbul. In the case of China, Kaifeng, Hangzhou and, later, Beijing, Shanghai and Guangzhou.

^{ix} Ades and Glaeser (1995), p.224

^x This is quoted from the 2008 version of the paper:

<http://www2.econ.uu.nl/users/marrewijk/newgeo/pdf/bagdadnaarlondon-dec2008.pdf>

^{xi} OECD, “The Metropolitan Century” (2015)

^{xii} OECD, “The Metropolitan Century” (2015)

^{xiii} According to Allen (2009), technological advance came about in response to a combination of high wages and cheap coal, which made mechanization profitable. In essence, Britain was able to enter a virtuous circle in which technological developments (productivity improvements) and workers’ wages positively fed back on each other, generating faster economic growth than ever before. See Bateman (2014) for a summary.

^{xiv} Crafts and Harley (2002); Williamson (1985).

^{xv} Allen (1992, 1999).

^{xvi} Crafts and Harley (2004).

^{xvii} Leunig (2003) writes that: ““Britain’s industrial success stems from more intensive competition, manifested through external economies of scale and longer production runs.”

^{xviii} Bateman (2014)

^{xix} Burnette: “Women workers in the British Industrial Revolution”, EH.net:

<https://eh.net/encyclopedia/women-workers-in-the-british-industrial-revolution-2/>

^{xx} Dr Hawkins’ report is contained in the Second Report of the factory Commission Inquiry, section D3.

^{xxi} <http://www.bbc.co.uk/news/uk-england-manchester-35360244>

^{xxii} For evidence of the relative contribution of each of the factors discussed in the text to Lancashire’s success in the cotton industry, see Crafts and Wolf (2013). They note, in particular, cheap coal and access to markets.

^{xxiii} Long (2013)

^{xxiv} William Dean Howells (1909).

^{xxv} Everill (2015)

^{xxvi} For a brief but informed summary of the British anti-slavery movement, see Oldfield’s BBC article:

http://www.bbc.co.uk/history/british/empire_seapower/antislavery_01.shtml

^{xxvii} OECD, “The Metropolitan Century” (2015). Also see Rose and Angelaskis (2014).

^{xxviii} Szreter and Mooney (1998); Nicholas and Oxley (1993); Floud et al (2011).

^{xxix} For details of the interventions and the slowness of Manchester authorities to take action, see Dolman (1895). Dolman notes that Birmingham led the way in terms of “municipal socialism”.

^{xxx} Floud et al (2011).

^{xxxi} Berry and Hay (2015)

^{xxxii} <http://www.theguardian.com/society/2016/feb/29/uk-10-of-12-most-declining-cities-are-in-north-england-rochdale-burnley-bolton>

^{xxxiii} <https://www.gov.uk/government/speeches/chancellors-economy-speech-in-hong-kong>

^{xxxiv} Gergaud, Laouenan and Wasmer (2016)