

**THE RECENT RATE OF MATERIAL
PROGRESS IN ENGLAND: ADDRESS TO
THE ECONOMIC SCIENCE
AND STATISTICS SECTION OF THE BRITISH
ASSOCIATION, AT MANCHESTER, 1887;
PP. 3-49**

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ROBERT GIFFEN

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THE RECENT RATE
OF
MATERIAL PROGRESS IN ENGLAND.

ADDRESS TO THE
ECONOMIC SCIENCE AND STATISTICS SECTION
OF THE
BRITISH ASSOCIATION,
AT MANCHESTER, 1887.

BY
ROBERT GIFFEN,
PRESIDENT OF THE SECTION.

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THE RECENT RATE
OR
 MATERIAL PROGRESS IN ENGLAND.

IN coming before you on this occasion it has occurred to me that a suitable topic in the commercial capital of England, and at a time when there are many reasons for looking around us and taking stock of what is going on in the industrial world, will be whether there has been in recent years a change in the rate of material progress in the country as compared with the period just before. Some such question is constantly being put by individuals with regard to their own business. It is often put in political discussions as regards the country generally, with some vague idea among politicians that prosperity and adversity, good harvests and bad, in the most general sense, depend on politics. And it must always be of perennial interest. Of late years it has become specially interesting, and it still is so, because many contend that not only are we not progressing, but that we are absolutely going back in the world, while there are evident signs that it is not so easy to read in the usual statistics the evidence of undoubted growth as it was just before 1870-73. The general idea, in my mind, I have to add, is not quite new. I gave a hint of it in Staffordshire last winter, and privately I have done

something to propagate it so as to lead people to think on what is really a most important subject. What I propose now to do is to discuss the topic formally and fully, and claim the widest attention for it that I possibly can.

I.

There is much *prima facie* evidence, then, to begin with, that the rate of the accumulation of wealth and the rate of increase of material prosperity may not have been so great of late years, say during the last ten years, as in the twenty or thirty years just before that. Our fair-trade friends have all along made a tactical mistake in their arguments. What they have attempted to prove is that England lately has not been prosperous at all, that we have been going backwards instead of advancing, and so on; statements which the simplest appeal to statistics was sufficient to disprove. But if they had been more moderate in their contentions, and limited themselves to showing that the rate of advance, though there was still advance, was different from and less than what it was, I for one should have been prepared to admit that there was a good deal of statistical evidence which seemed to point to that conclusion, as soon as a sufficient interval had elapsed to show that the statistics themselves could not be misinterpreted. There has now been ample time to allow for minor variations and fluctuations, and the statistics can be fairly construed.

I have to begin by introducing a short table dealing with some of the principal statistical facts which are usually appealed to as signs of general progress and the reverse, and I propose to go over briefly the items in that table, and to discuss along with them a few broad and notorious facts which cannot conveniently be put in the same form.

MATERIAL PROGRESS IN ENGLAND.

Statement as to production or consumption of staple articles in the United Kingdom in the undermentioned years, with the rate of increase in different periods compared.

	1855.	1865.	1875.	1885.	Ratio of increase per cent.		
					1855-65.	1865-75.	1875-85.
Income Tax assessments, million £ ..	308	596	571	631	28	44	10
Production of coal, million tons ..	64	98	132	159	53	85	20
" pig iron ..	3.2	4.8	6.4	7.4	50	83	16
Receipts from railway: goods traffic per head of population	11s.*	18s.*	21s. 2d.*	..	68	18
Clearances of shipping in foreign trade, million tons ..	10	15	24	82	50	60	33
Consumption of tea per head, lbs. ..	2.3	3.3	4.4	5.0	43	83	13½
" sugar ..	30.6	89.8	62.7	74.8	30	58	19

* These figures are for 1860-64, 1870-74, and 1880-84.

The first figures are those of the income tax assessments. What we find is that if we go back thirty years and compare the amount of income tax assessments in the United Kingdom at ten years intervals, there appears to be an immense progress from 1855 to 1875, the first twenty years, and since 1875 a much less progress. The total amount of the assessments themselves, stated in millions, was as follows :—

			Millions.			Millions.	
1855	£308		1875	..	£571
1865	596		1885	..	631

And the rate of growth in the ten yearly periods which these figures show is—between 1855 and 1865, 28 per cent.; between 1865 and 1875, 44 per cent.; and between 1875 and 1885, 10 per cent. only.

Making all allowance for changes in the mode of assessment by which the lower limit of the tax has been raised, for the apparent increase before 1875 which may have been due to a gradual increase of the severity of the collection, and for the like disturbing influences, I believe there is no doubt that these income tax assessments correspond fairly well to the change in the money value of income and property in the interval. How great the change in the rate of increase is, is shown by the simple consideration that if the rate of increase in the last ten years, instead of being 10 per cent. only, had been 44 per cent., as in the ten years just before, the total of the income tax assessments in 1885, which is actually 631 millions, would have been 882 millions! Something then has clearly happened in the interval to change the rate of increase.

These figures being those of money values, an obvious explanation is suggested which would account in great part for the phenomenon of a diminished rate of increase in such

values without supposing a reduction of the rate of increase of real wealth, of the things represented by the money values, to correspond. This is the fall of prices of which we have heard so much of late years, and about which in some form or another we shall no doubt hear something at our present meeting. It is quite clear that if prices fall then income tax assessments must also be affected. The produce of a given area of land, for instance, sells for less than it would otherwise sell; there is less gross produce, and in proportion there is even less net produce, that is, less rent; consequently the net income appearing in the Income Tax Schedules is either less than it was or does not increase as it did before. The same with mines, with railways, and with all sorts of business under Schedule D. The things themselves may increase as they did before, but as the money values do not increase but diminish, the income tax assessments cannot swell at the former rate. It is the same with salaries and other incomes not dependent so directly in appearance on the fall in prices. Salaries and incomes are of course related to a given range of prices of commodities, and a fall in the prices of commodities implies that the range of salaries and incomes is itself lower than it would otherwise be, assuming the real relation between the commodities and incomes to be the same after the fall in prices as it would have been if there had been no fall in prices. Hence the income tax assessments by themselves are not a perfectly good test in a question like the present. The change implied may be nominal only, so far as the aggregate wealth and prosperity of the community are concerned, though of course there can be no great and general fall of prices without a considerable redistribution of wealth which must have many important consequences.

This criticism, however, does not apply to the remaining