THE RISE OF PROFESSIONAL SOCIETY

ENGLAND SINCE 1880

HAROLD PERKIN

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To Joan
—helpmate for over fifty years

Social and industrial movements of far-reaching importance are now in progress, and what they portend no living man can say. The immediate responsibility for guiding their development in accordance with the welfare of the nation lies upon those to whom the country has entrusted the conduct of its business. Behind the Government is the unseen but irresistible force of public opinion; it is difficult to ascertain with any degree of precision what this opinion is, but—subject to the exigencies of party politics—the Cabinet will always endeavour to carry out what they believe to be the wishes of the Public. It is, therefore, of the utmost importance that the power which thus controls national policy, and indirectly the legislation which gives it effect, should be as fully informed as possible about the conditions upon which its opinion and its mandates are based. But our social organisation is now so complicated, and the action and reaction of forces within it so intricate and so difficult to estimate, that public opinion is apt to be formed upon a very incomplete understanding of existing facts.

Sir Arthur Clay, *Syndicalism and Labour* (1911)

CONTENTS

Introduction to the 2002 edition xi

Preface to the first edition xxi

1 The meaning of professional society 1
1 Class versus hierarchy 2
2 Professional rivalries and the state 9
3 The culmination of the Industrial Revolution 17

2 The zenith of class society 27
1 The height of inequality 28
2 The climacteric of British capitalism 36
3 The decline of Liberal England 40
4 The fear of the poor 53

3 A segregated society 62
1 The rich and the powerful 62
2 The riven middle class 78
3 Lives apart: the remaking of the working class 101

4 Class society and the professional ideal 116
1 The professional social ideal 116
2 Professionalism and property 123
3 The defence of property 141
4 The professional ideal and the origins of the welfare state 155

5 The crisis of class society 171
1 The aborted pre-war crisis 174
2 The supreme test of class society 186
3 The crisis averted 204

6 A halfway house: society in war and peace 218
1 The great divide, 1914–18 224
2 Social change between the wars 241
3 The old order changeth 251
4 'Money isn't everything' 258
5 Spiralists and burgesses 266
6 The road from Wigan Pier 273

7 Towards a corporate society 286
1 The corporate economy 291
2 The corporate state 315
3 The corporate society 331

8 The triumph of the professional ideal 359
1 The professional ideal and the decline of the industrial spirit 363
2 Professionalism and human capital 377
3 The condescension of professionalism 390

9 The plateau of professional society 405
1 The Second World War and the revolution in expectations 407
2 'Most of our people have never had it so good' 418
3 The bifurcation of the professional ideal 436
4 The persistence of class 455

10 The backlash against professional society 472
1 Professionalism under fire 475
2 Rolling back the state? 483
3 The resurgence of the free market ideology 495
4 Britain's economic decline and the political dilemma 506

Notes 520

Index 578

INTRODUCTION TO THE 2002 EDITION

This book was first published in 1989, a year before Margaret Thatcher resigned as prime minister and eight years before Tony Blair won his first landslide victory for New Labour. At first sight it would seem that the political and social landscape has changed completely since then. After a frustrating delay under John Major, many hoped for the demise of Thatcherism and the triumphalist 'free market', and the resurgence of a less individualistic, more community-oriented government and society. The backlash of Thatcherism, it was hoped, would be a mere pause in the evolution of a mature professional society, with a restored balance between the public and private sector professionals and all the benefits of a mutually supportive system based on education, meritocracy, social responsibility on the part of the successful, and secure incomes and conditions of work and life for the less fortunate.

Alas, it has not turned out that way. New Labour has turned out to mean Thatcherism with a human face, even more freedom for big business to dominate the national economy and world trade, and the return of a more powerful private sector in disguise, that is, public-private partnerships with guaranteed profits to the investor and the risks carried by the taxpayer. Government, despite a half-hearted devolution to Wales, Scotland and Northern Ireland, has become even more centralized, with parliament sidelined to rubber-stamp the executive's decisions, local government all but irrelevant, and even the central administration subordinated to a power-hungry Downing Street where a presidential type of alternative government through unelected advisers prevails over cabinet ministers and civil service mandarins alike.

Paradoxically, however, the main trends of professional society, not all of them intended or beneficial, have continued to advance. These trends, road tested in a study of professional society in six

major societies across the developed world published in 1996, are laid out in the following table.

THE MAJOR TRENDS OF PROFESSIONAL SOCIETY

(1) High living standards for (nearly) all

A dramatic rise in GNP per head affecting most of the population, but with an uneducated underclass of the socially excluded.

(2) The swing to services

Most workers no longer in agriculture and manufacturing but in services, some no more skilled than old manual labour but increasing numbers in professional, intellectually demanding occupations.

(3) Class into hierarchy

Broad class divisions gradually replaced by professional hierarchies, occupational ladders in diverse service occupations, increasingly employed either by the state or by large corporations.

(4) Meritocracy

Recruitment and promotion by merit, professionally trained expertise-though skewed because some can 'buy merit' more easily than others, while some have 'merit' thrust upon them.

(5) Women's equality

Professional society is the first society in history to offer women a (limited) degree of equality, based on higher education and the replacement of manual labour by mental, though at the expense of a dual burden of work.

(6) Higher education as the key profession

Higher education expands dramatically as the creator of merit, human capital, professional expertise in every major field, including bureaucracy in the government and corporate sectors.

(7) The growth of government

Professional services (education, health, welfare, defence, and law and order) all expand state administration, if not as a direct provider then as regulator and contractor. Hence the continuing rise in government expenditure, despite efforts to contain it.

(8) State welfare

The welfare state, professionally organized, an essential support of social cohesion and defence against political and economic breakdown, continues expanding although under pressure from the free market lobby.

(9) The rise of the giant corporation

Big sister to the state's big brother, the professionally managed giant corporation has become the dominant player in the national economy, with contradictory effects on its employees and customers.

(10) Globalization

The global economy is increasingly dominated by the professional executives of the TNCs (transnational corporations), the top 100 of which are richer and more powerful than three quarters of the member states of the United Nations, and use national governments as their proxies in global policies and operations.

Source: Extracted from *The Third Revolution: Professional Elites in the Modern World,* Routledge, 1996, dealing with Britain, the United States, France, the two Germanies, the Soviet Union, and Japan, since World War II.

Without changing the text below, in order to view professional society without hindsight at its level under Thatcherism, it is revealing to ask how the ten trends have fared in the dozen years since Thatcher was abandoned by the Conservative Cabinet. Surprisingly, most of the trends have continued to progress, if not always in expected ways. Average living standards in Britain have continued to rise, better than in many rival countries. In March 2002, the International Monetary Fund congratulated Britain on 'nine years of sustained non-inflationary growth, the longest such expansion in 30 years,' averaging almost 3 per cent p.a., the fastest of any developed country (*Guardian,* 8/3/02). Gross Domestic Product per head (at purchasing power parities) advanced from $12,340 in 1989 to $21,673 in 2000, a 75.6 per cent increase, amounting after inflation to 36.1 per cent—an impressive gain in living standards in a dozen years (OECD *Economic Surveys: Britain,* 1989 and 2002). Allowing for other indices of quality of life, this made Britain the fifth most prosperous country in the world (United Nations *Human Development Report,* 2001). Meanwhile, the gap in disposable income between rich and poor remained much the same, though nearly one in five (18 per cent)

remained below the (relative) poverty line, with less than 60 per cent of median income; while the richest 1 per cent own 23 per cent of the wealth and half the population own only 6 per cent (OECD: *Britain,* p. 65; *Social Trends,* 2002, pp. 87, 99).

The swing to services, not all professional of course, has gone still further, from 68 per cent of the workforce in 1989 to 72 per cent in 2000, reducing the share in manufacturing industry from 29.8 to 26.5 per cent, leaving consumers heavily dependent on manufactured imports from the Third World. Agriculture now accounts for less than 2 per cent of employment and even less of GDP, making Britain one of the countries most dependent on food imports. (OECD: *Britain,* Basic Statistics table).

Hierarchy has almost overwhelmed class: the trade unions have been marginalized, despite threats of strike action by rail workers, air traffic controllers, postal workers, teachers and others; and the once (pre-dominantly) working-class Labour Party has been replaced by New Labour, a self-styled pragmatic party without the class roots of Old Labour, a worrying development for both unions and party members.

Meritocracy has been transmogrified, as merit has come to be defined in non-traditional ways, to include talents no longer dependent on higher education: pop music, fashion modelling, sport, Britart, television presenting, soap operas, and other celebrity vehicles now yield huge incomes and greater wealth than ever. Women have become yet more equal, both in higher education (up from 46 to 55 per cent of the students) and employment (up from 43 to 45 per cent of the work-force), and their hourly full-time earnings have risen from 75 to 82 per cent of men's (*Social Trends,* pp. 60, 71, 92). But recruitment and promotion have been less than feminists would like especially in the top echelons, and modest advance has been at the cost of overburdening themselves with double careers in the job market and in the domestic sphere. Higher education, the chief creator of human capital, has been broadened, largely by the upgrading of colleges and polytechnics to university status, to cater for a third or more of the student age group, although at the price of charging fees and abolishing maintenance grants which the Tories avoided but New Labour imposed at the risk of excluding the children of the least affluent.

Despite the boasted rolling back of the state, government has continued to extend its influence over civil society; control by the centre has gone further than ever before. Within government itself,

where democracy has declined still more and a species of elective dictatorship, begun under Thatcher, central control has been expanded. The welfare state, victim of attack and erosion by the free market ideology, has been severely squeezed under the Major and Blair governments, to the point where public services, especially the National Health Service, education, public transport, and police and prisons, have become the main target of political complaint.

Above all, the giant corporation has become more gigantic, with mergers and takeovers increasing at a faster pace, undermining some of the most beneficial trends of professional society, notably the career ladder and secure conditions of work and retirement, now guaranteed only for the top executives. Finally, the global economy, run increasingly by the executives of the transnational corporations, has become even more dominant, extending increasingly unequal incomes and life chances across the world. This has provoked a backlash from the Third World and the anti-globalization movement, to which we should now add the threat of terrorism against the affluent West.

There are other, less healthy trends, clouds no bigger than a person's hand in the 1980s, that are now threatening the world. A by-product of affluence and economic growth, global warming, denied by the United States government and the multinational corporations, has become incontrovertible, with floods in Africa, South Asia and the United States itself, forest fires in Indonesia, California and Australia, rising sea levels in the Pacific islands and other low-lying countries, and even encephalitis-carrying mosquitoes in New York. Do-it-yourself terrorism of the Al-Qaeda kind is a serious challenge to the very notion of the nation state, and religious fundamentalism, not only by Islamists, is calling on loyalties that override patriotic nationalism. What the American government calls 'rogue states', many of them originally funded and armed by the United States during the Cold War, have begun to develop weapons of mass destruction, aimed at the West and the global economy. Both terrorists with sophisticated techniques and weapons and the scientists of 'rogue states' with nuclear, chemical and biological devices have been trained in professional institutions, often in the leading universities of the West.

All these trends, for good or ill, are at bottom driven by one single factor: human capital, or professional, educated expertise. That factor is still at work but with unexpected effects that belie the older conceptions of educated merit. The cult of celebrity and the

rise of huge incomes and capital accumulations have created a new meritocracy of talent owing little to higher education in the traditional sense. Sportsmen like David Beckham and Ian Wright, pop stars like Madonna, and Paul McCartney, fashion models like Kate Moss and Naomi Campbell, artists like Damien Hirst and Tracy Emin, have become millionaires and some owners of landed estates, with success owing more to luck and media hype than to formal training. They are the exceptional beneficiaries of 'jackpot' professions in which many are called but few are chosen, but have the unlooked-for effect of giving hope to those who have missed out in the orthodox educational stakes.

On the other hand, the high road for most professionals in search of exceptional rewards has been corporate business, especially in finance and electronic services, like the vulnerable City financial traders and dot.com millionaires of the recent, now exploded, 1990s boom. These are only a special case, however, of the private sector professionals, now mostly MBAs trained in business schools, who conform to the traditional meritocratic career pattern. Like the celebrities, they are also in jackpot professions. The few who reach the top of the major corporations or law, advertising and financial firms can name their own rewards, in vast incomes and in share options, bonuses, huge pensions and golden severance pay, that bear almost no relation to success or failure.

They have had, however, a disruptive side effect on the mass of their employees, and have overturned one of the most beneficial trends of professionalism, the secure and progressive career. This has been replaced in many cases by self-employed consultancy, with bidding for uncertain work, no national insurance or pension contributions, no unemployment benefit, and no redundancy pay. These ostensibly freelance yet virtually dependent workers have become a further layer in the hierarchy of corporate capitalism, along with shareholders, sub-contractors and franchisees, whose life chances are indirectly controlled by the executives at the head of the corporations. The giant corporations are not individual entities operating in solitary isolation but are locked into a hierarchy of institutions—from holding companies, insurance firms, banks and pension funds above to subsidiary companies, sub-contractors and franchisees below—that emulates the feudal hierarchies of barons, knights, squires, retainers, grand and petty sergeants, freeholders and serfs of the middle ages. This system, of mutual dependency and compulsory loyalty, I have called elsewhere corporate neo-feudalism (see *The Third Revolution,* Routledge, 1996, pp. 42–7).

As such it exists, in accordance with capitalist ideology, to make and extract profit from the layered dependants. Justified as long as the exchange is mutually beneficial and the reward gap not excessive, it can rapidly become exploitation. The corporate feudal lords' human capital is transformed into material wealth and fixed capital and also into power over the feudal 'tenants'. At the same time the elite have outmanoeuvred the public sector professionals, civil servants, local government officers, doctors, teachers, professors, social workers, and other public servants, in income and influence and, through the introduction of managerialism into the health service, education, social services and the rest. They have imbued the public sector with the free market view that it is a cost to the taxpayer instead of a creative investment in human capital. The one leg of the professional body politic has shrivelled at the expense of the other and almost crippled the professional ideal.

One aspect of this distortion of the ideal is the degeneration of the welfare state. The original welfare state of 1948 with its universal provision of social security, medical treatment, equal education, and pensions was gradually eroded by inflation but retained its popularity even under Thatcher. Famously she declared in 1982, 'The National Health Service is safe with us.' Her mentors in the free market lobby, however, kept up a continuous campaign against public provision with pamphlets like *Wither the Welfare State* (Institute of Economic Affairs, 1981) and *The Moral Hazard of State Benefits* (IEA, 1982) and aimed to replace it with private health insurance, education vouchers, insurance-based pensions, and the like. Although they never succeeded in abolishing it, they encouraged erosion via the stagnation of benefits and the substitution of private alternatives.

Nevertheless, they could not have expected that a New Labour government would embrace their aims with more success than the Conservatives. Prime Minister Tony Blair and Chancellor Gordon Brown began by accepting Tory limits on taxation for the first two years, which had the effect of starving the public services and limiting their growth thereafter. They 'thought the unthinkable' and made cuts where the Tories feared to tread: in payments to the disabled, in the real value of retirement pensions, grants for university students, and so on. Although they have bowed to public opinion since and allocated larger funds for them, even talking of raising and hypothecating taxes, they are only playing 'catch-up' to where they started. That a party which believed in equality of life

chances and treatment should desert its founding philosophy is a measure of the decline of political credibility.

A second aspect is the extension of the Thatcherite drive towards privatization, typically, however, in disguised ways. The 'Third Way,' via private finance initiatives and public—private partnerships, is a means of partial privatization by the back door. Thatcher's programme of privatiszation, intensified by John Major, was hotly condemned by New Labour while in opposition. In office, however, it accepted the Tory privatizations, like Railtrack (the bankrupt railroad authority) and the public utilities some of which have failed and sold their assets back to the customers. It then went further and planned the partial privatization of vital public services like the London Underground, Air Traffic Control, and a number of NHS hospitals, against the wishes of their own party members and the public opinion polls.

Privatization as such is ostensibly neutral, but the effect of the Third Way has been to invite private enterprise in a one-sided bargain, by which the investors take guaranteed profits of up to 30 per cent for 30 years and the taxpayer underwrites the risk of loss. Already the system has begun to fail: in the case of Railtrack and Air Traffic Control, both operations made massive losses within months of their first crises, the Ladbroke Grove and Selby train crashes and the September 11 terrorist attack on the World Trade Center, but that did not halt the government's determination to press on with their programme for the London Underground. Meanwhile, one unintended effect has been the purchase of public utilities like water and electricity by overseas corporations, mainly American and French, that have no interest in British customers except to maximize profit. The Third Way has become a milch cow for private corporations, British and foreign.

A third distortion of the professional ideal is the subordination of British business to the global economy. In principle, the global economy is a beneficial movement, a further expansion of the market that has been going on for centuries. However, in the current acceleration of the trend, based on Anglo-American managerial or shareholder capitalism (unlike the stakeholder capitalisms of Europe and Japan) and controlled by the American-dominated World Trade Organisation, the International Monetary Fund and the World Bank, Britain and Europe and, even more so, the Third World have become dependent on rules that benefit the United States and its corporations at the expense of the rest of the world. The American government

operates a double standard, insisting on free trade wherever they have the advantage, as in bananas from the Boston Fruit Company's plantations in the Caribbean or genetically modified soya or rice seeds, while slapping on protective tariffs where their own industries, like steel and textiles, cannot compete. They also demand the right to patent and copyright discoveries and inventions, even human genes and medicines vital to mankind's protection from epidemic plagues like AIDS, which ought in natural justice to be free. Such a manipulation of the otherwise benevolent global system for the benefit of one country and its big business is a derogation of the free market. That the British government, unlike the Europeans, should go along with it is a betrayal of British interests.

The final distortion of the professional ideal is the further decline of democracy adumbrated in Chapter 7 below (pp. 324–31). There it is suggested that parliamentary democracy in Britain has been inverted. Instead of the constituency party members selecting the candidates and the voters choosing between them, the MPs electing the Cabinet and the Cabinet choosing the Prime Minister, and both he and they being answerable to the Commons, the Prime Minister, once elected by the party, by a convoluted process becomes an elective dictator. He chooses the Cabinet and junior ministers, they control parliament through a draconian system of whips, and the leadership increasingly controls the list of potential constituency candidates and so the membership of the Commons majority.

New Labour has taken centralization several degrees further. The Cabinet has been marginalized by a network of special advisers centred on 10 Downing Street, where an alternative system of government has been set up that parallels and overrides the departmental ministers and civil servants. The Cabinet meets only to hear what the Prime Minister has already agreed in preemptive meetings with individual ministerial heads, often tripartite sessions involving the chief special advisers, notably information chief Alistair Campbell and chief of staff Jonathan Powell, who are far more powerful than any departmental minister. It has become a presidential system, where all decisions are made at the top and delivered as diktats to the individual ministries. The special advisers in the ministries liaise with their counterparts in No. 10, and are protected by them in any conflicts that might arise between them and the departmental civil servants. Even the election of the Chairman of the Party is not by the MPs or the paid-up members

but is imposed by the Prime Minister, and is the leading enforcer of authority in the presidential structure.

Meanwhile, the House of Commons has been deprived of its role of advice and consent to the government and has become a sounding board for ministerial announcements, often already disclosed to the press, and the automatic legislator of policies determined at the autocratic centre. The House of Lords, the only element in the structure with the guts to disagree, has been filleted of its (ironically) only independent members, the hereditary peers, who are soon to be replaced by a majority of government appointees in what will become the most powerful quango in the land. This presidential model lacks, however, the safeguards of the American Constitution, the separation of powers that gives independence to the Congress and prevents the President from acting without constraint. The American system also prevents a temporary legislative majority from unilaterally changing the constitution, as in the case of reform of the House of Lords. The present incumbent, however, like Thatcher forgets one critical thing: he has overwhelming power only so long as he commands the acquiescence of the Cabinet. Absolute power corrupts absolutely, Lord Acton said; what he did not say was that absolute power sooner or later provokes rebellion. It took eleven years for Margaret Thatcher to discover that overweening pride goes before a fall. Tony Blair has yet to discover that humbling lesson, and time is fast running out.

Professional society, like every human social system before it, is subject to distortions and unintended consequences. It is Janus-faced: it has a smiling face offering material gains and cultural benefits, and an ugly one leading to exploitation, implosion and self-destruction. The hope is that its benefits will outweigh its drawbacks. It is potentially the most efficient and egalitarian system in the history of humanity for delivering affluence and disseminating happiness. Yet, like all human institutions, it is subject to the temptations of greed and corruption that clever men and women, especially those trained in professional skills without the ethics of the professional ideal, can devise. 'Be good, sweet maid, and let who can be clever,' Charles Kingsley wisely counselled. This is good advice for professionals everywhere, if professional society is to yield its unique meritocratic and egalitarian potential.

Little Venice, W2
March, 2002

PREFACE TO THE FIRST EDITION

Two decades ago I wrote a book that set out to discover *The Origins of Modern English Society* (Routledge & Kegan Paul, 1969, Ark, 1985). It found them in the more than Industrial Revolution of 1780–1880, 'a social revolution with social causes and a social process as well as profound social effects', including the demise of the old pre-industrial aristocratic society and the rise of the viable class society of mid-Victorian England. Since all history is a seamless web, it looked forward in the last paragraph, as all unfinished histories should, to the next phase of the story, the decline of Victorian class society and its replacement by the very different society of twentieth-century England. The present book, all too belatedly since most of my teaching, research and publications have fallen in between, is the long-promised sequel to that first one.

I do not regret the delay, for three principal reasons. Firstly, contemporary history, in the sense of history that stops only at the present and is still in large part remembered by people now living, is for obvious reasons the most controversial and lacks the corrective of a tranquil and healing hindsight. It therefore needs more, not less, maturity than the older kind. Secondly, a historian can never have enough experience, and the historian of contemporary society is better qualified, or less unqualified, if he has lived through a considerable part of his period. Teaching grandparents to suck eggs, never a much appreciated endeavour, is even less appreciated when done by youngsters. Thirdly, putting the first two reasons together, the delay has enabled me to see more clearly the trends which I perceived only dimly in my youthful inexperience, and indeed the years since the first book was published have brought a reaction against them which,

paradoxically, has given them greater substance and reality. The owl of Minerva, Hegel shrewdly noted, flies at dusk; even if, he might have added, the twilight, optimistically speaking, turns out to be temporary.

The most important trend which I then discerned was the continuing expansion of what in the first book was called 'the forgotten middle class', the non-capitalist or professional segment of the middle class which was neglected by contemporary commentators including, most notably, the professionals themselves, who played a role in the rise of Victorian class society out of all proportion to their numbers. The professional class produced most of the social thinkers who supplied the concepts and terminology in which the three major classes, the landed aristocracy, the capitalist entrepreneurs and the manual workers, thought about themselves and achieved class consciousness. They also mounted a critique of industrial society which began, even at its height, to undermine the entrepreneurial hegemony and reform its worst excesses, in the shape of factory legislation, public health regulation, control of adulteration of food and drugs and pollution of the environment, housing by-laws, state educational provision, and the like. But the professional class was then only on the brink of the massive expansion in size and influence which was to carry it to domination in the twentieth century. Not only was it to overtake the landed and capitalist elites in numbers and importance; it was also to infiltrate all the major institutions of the modern state and modern society, from the executive government and parliament to the private capitalist corporations, and eventually to take them over.

At the same time the professional class was to transform society itself, not by replacing the plutocracy of landlords and capitalists as the ruling class, but in a much more radical and subtle way. Professionalism differed from land and capital as an organizing principle of social structure in not being confined to the few, those who owned the limited material resources of society and could charge the rest, in rent, profits or a lien on their labour, for the use of them. Based on human capital and specialized expertise, it could become as extensive as there were human beings capable of skilled and specialized service. In addition to the traditional, pre-industrial professions and the new technological and welfare ones, there could be professional managers of landed property and capitalist

companies and even professionalized manual workers. The ownership of human capital was thus capable, at least in theory, of reaching much further down the social structure than the ownership of land or capital in amounts capable of supporting a ruling class, and was thus able to transform society not from the top down but from within. Instead of the horizontal layers we call classes in vertical conflict with one another, the new society would be constructed on a different principle, of professional career hierarchies rearing up alongside one another, some rising higher than the rest but each in competition to persuade society to yield as much power, prestige and income as it could win. Vertical structures, horizontal rivalries, replaced or, more accurately, overlay the horizontal structures and vertical antagonisms of class, which nevertheless, as old structures do, still survived in the 'residues' of language and, to a lesser extent, in politics.

Meanwhile, since great structural transformations reflect profound changes in mental outlook, the professional social ideal—the professionals' ideal of how society should be organized and of the ideal citizen to organize it—began to infiltrate men's minds and replace the entrepreneurial ideal on which Victorian society had been founded. The latter was an ideal based on capital as the engine of the economy, setting in motion the production of goods and services and calling forth the other factors of production, land and labour, and on competition as the fairest and most efficient way of distributing its rewards. Its ideal citizen was the self-made man, the entrepreneur who had made his way to success and fortune by his own unaided efforts. The professional ideal was based on trained expertise and selection by merit, a selection made not by the open market but by the judgment of similarly educated experts. Its ideal citizen was also a self-made man of sorts, who had risen by native ability (with a little help from his educational institutions) to mastery of a skilled service vital to his fellow citizens. The difference was that the entrepreneur proved himself by competition in the market, the professional by persuading the rest of society and ultimately the state that his service was vitally important and therefore worthy of guaranteed reward. The first called for as little state interference as possible; the second looked to the state as the ultimate guarantor of professional status.

Both ideals believed in equality of opportunity—in theory if not always in practice—but only the professional ideal had any room

for equality of outcome or treatment. This was because the best guarantee of professional employment was as wide an access to professional services as possible, preferably underwritten by the state. Hence the special role of the professional ideal in the rise of the welfare state, one of the major themes of this book.

Yet this rapprochement with the state, which was in any case coming to play a much larger part in the economy and the life of society under the same pressure of demand for ever more specialized services which had expanded the professions, was to become the Achilles' heel of professionalism. The enormous expansion of state expenditure and of government employment which took place in all advanced twentieth-century societies, tolerable in Britain as long as the economy continued to expand, was to become a source of grievance and hostility when, in the 1970s and 1980s, the long-continuing relative economic decline threatened to become absolute. Along with the accustomed arrogance and condescension of the professions, the elephantiasis of the state provoked a backlash which took the form of what appeared to be, and was even claimed as such by its protagonists, a resurgence of the free market ideology of Victorian England. On closer analysis, however, it turned out to be not a revival of the entrepreneurial ideal but a reaction of one part of the professional class, the private sector managers of the great corporations and their allies, who had never felt the same degree of need for state support, against the other, the public sector professions largely employed by the state.

The bifurcation of the professional ideal reflected the splitting of the professional class into two warring factions. It also heralds the political dilemma facing contemporary Britain and by extension professional society everywhere: the unwelcome choice between the two extremes of an authoritarian state run by powerful and domineering professional bureaucrats and a more diffuse neo-feudal system of great private corporations run by equally dangerous and domineering professional managers.

Once again we stand at the threshold of what may become a great transformation of society. Which way does the future lie? This time we cannot say, 'What that society *was* to be, and how it was to evolve…, must await another book.' What it *is* to be must await another generation and, this time, another historian.

*

Before or after he was impeached as a judge for taking bribes, Francis Bacon wrote in his posthumous *Maxims of the Law:*

> I hold every man to be a debtor to his profession, from which as men do of course seek to receive countenance and profit, so ought they to endeavour themselves, by way of amends, to be a help and an ornament thereunto.

History is a profession of debtors, if not indeed of thieves, who shamelessly borrow or steal from one another, and who in fact could not trade upon their own capital alone. To change the metaphor, we could not see even as far as we do without standing on the shoulders of our predecessors. The history of a hundred crowded years of modern English society would be impossible to write without calling on the aid of scores, if not hundreds, of scholars, by no means all of them historians, many of them friends and colleagues, most of them unknown to me except through their writings. My debts to them will be obvious from the notes to the text, and I hope that they will take each reference as a grateful thank-you for much needed help.

It would be almost impossible to list all the friends and colleagues with whom, over the years, I have discussed some of the ideas in this book, but there are a few who single themselves out by their generous encouragement and support, whether or not they agreed with me (and I fear they often did not). Among them Asa Briggs, Theo Barker, Daniel Bell, Jack Hexter, Seymour Martin Lipset, Lawrence Stone, Michael (F.M.L.) Thompson and Martin Wiener deserve more thanks than I can say. My colleagues at Lancaster and Northwestern Universities, notably Tim Breen, Eric Evans, Bill (T.W.) Heyck and Austin Woolrych, were enormously understanding and supportive. Eric Evans, Bill Heyck, Tony Morris and George Robb read and commented on part or all of the manuscript, to my gain which might have been greater but for my stubborn adherence to my views.

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Chapter 1

THE MEANING OF PROFESSIONAL SOCIETY

After the unanswerable question whether human civilization will survive for much longer or succumb to a catastrophe that may destroy all sentient life on earth, the most important question facing mankind today is: if we escape the holocaust, what sort of society will we survive to live in? What sort of society is it that has brought us to this brink, of unprecedented power both for creation and destruction? All of us now in the more economically advanced countries routinely enjoy material comforts far beyond the luxuries of Cleopatra, Kubla Khan or even Queen Victoria. We travel faster and more freely than Ariel, hear sounds and sweet airs more appealing than Prospero's, conjure living pictures out of the void at the touch of a button, have instant access to grand opera, ballet, classical and rock music, the Olympic Games and the World Cup, and all the delights that our ancestors could only dream of. And most of us live lives far longer, fuller and freer from pain than our predecessors.

At the same time we live in greater fear, not just of those old enemies famine, plague and war (the Sahel drought, the AIDS epidemic and the Gulf War show that those enemies are still with us), but of total extermination, if not by the instant horror of nuclear holocaust then by the slow attrition of the environment. In pursuit of the Nirvana of material bliss and avoidance of the Inferno of nuclear destruction we also have to choose politically, between a Western version of democracy that allows free play to competitive forces but may end in the survival of anti-democratic concentrations of economic power, and an Eastern version that claims to put human welfare first but from the outset sacrifices freedom to equality.

What has brought us to this pass? Faced with such overwhelming successes and dangers, we may well think with Emerson that 'Things are in the saddle, and ride mankind.'[1] It is clear, however, that men and women working together in social Organizations have produced these dilemmas. We ourselves, wittingly or unwittingly, are the authors of our own prosperity and potential destruction. Whole armies of experts—scientists, technologists, industrial managers, highly skilled workers, medical researchers, artists, writers, teachers, administrators and politicians—have contributed to our promising and perilous situation. The world we have gained and may be about to lose is the consequence of a myriad human activities which have only one thing in common: they are increasingly specialized, increasingly diverse, increasingly skilled—in a word, increasingly professional. The twentieth is not, *pace* Franklin D.Roosevelt, the century of the common man but of the uncommon and increasingly professional expert.

1 CLASS VERSUS HIERARCHY

We live, in fact, in an increasingly professional society. Modern society in Britain, as elsewhere in the developed world, is made up of career hierarchies of specialized occupations, selected by merit and based on trained expertise. Where pre-industrial society was based on passive property in land and industrial society on actively managed capital, professional society is based on human capital created by education and enhanced by strategies of closure, that is, the exclusion of the unqualified. Landed and industrial wealth still exerts power but is increasingly managed by corporate professionals in property companies and business corporations. The professional hierarchies cut across the horizontal solidarities of class in the warp and weft of the social fabric. Both class and hierarchy are an integral part of the fabric and neither ever quite disappears from view. The 'great functional interests' of land, trade and finance, each representing a vertical swathe from landlord through farmer to labourer or merchant through putter-out to craftsman, predominated over the latent class conflict of eighteenth-century society.[2] The organized antagonisms of the Anti-Corn Law League against the landlords and of the Chartists against both landed politicians and industrial employers brought class to

the face of the cloth in Victorian society. In late twentieth-century Britain, despite the survival of class rhetoric and class-based political parties, the warp of professionalism is beginning to show through and overlay the weft of class.

A professional society is more than a society dominated by professionals. The professionals are not just another ruling class, replacing the landlords of pre-industrial society and the capitalists of industrial society as in James Burnham's *The Managerial Revolution*—though there is the ever-present danger that some of them might try to become so. Professionalism permeates society from top to bottom, in two ways. Firstly, the professional hierarchies—not all of them equal in status or rewards, or stretching as far as the top—reach much further down the social pyramid than ever landlordship or even business capital did, and embrace occupations formerly thought beyond the reach of professional aspiration. As more and more jobs become subject to specialized training and claim expertise beyond the common sense of the layman—and all professionals are laymen to the other professions—their occupants demand the status and rewards of a profession. In these days of increasingly employed professionals—close to the original model of the clergy or the military rather than medicine or the law, though even doctors and lawyers are now mostly salaried employees—this means a secure income, a rising salary scale, fringe benefits such as paid holidays and sick leave, and an occupational pension. Such professional conditions of work are increasingly within reach not merely of non-manual workers but of increasing numbers of the manual working class.

Secondly, a professional society is one permeated by the professional social ideal. A social ideal is a model of how society should be organized to suit a certain class or interest and of the ideal citizen and his contribution to it. Pre-industrial society was permeated by the aristocratic ideal based on property and patronage. Passive property, usually in land, provided the means for the ideal citizen, the leisured gentleman, to offer his unique contribution of political rule, moral leadership and encouragement of art, literature and sport. Patronage enabled him to select the recruits for those positions of power and influence not filled by property alone. Industrial society was permeated by the entrepreneurial ideal based on active capital and competition, on business investment as the engine of the economy run by the active

owner-manager, ideally the self-made man who rose to wealth and influence by his own intrinsic worth and won out in open competition. The rival ideal of the working class, never achieved in practice, was the collective ideal of labour and co-operation, of labour as the sole source of wealth and co-operative endeavour as the fairest means of harnessing and rewarding it, and of the worker's right to the whole produce of labour. The professional ideal, based on trained expertise and selection by merit, differed from the other three in emphasizing human capital rather than passive or active property, highly skilled and differentiated labour rather than the simple labour theory of value, and selection by merit defined as trained and certified expertise. No more or no less than the rest did it live up to reality. Not all landlords were benevolent gentlemen, not all capitalists self-made men, not all wage earners more concerned with rising with their class rather than out of it. And not all professional men were prepared to let merit rise without help from family wealth or privileged education. Professional society is based on merit, but some acquire merit more easily than others.

The ideals compete in a wider field than the economic market for income and wealth. They compete in the societal market for income, power and status. To complicate the metaphor and make the social fabric three-dimensional, we can envisage society—any society—as an *equi-valent tetrahedron,* a three-sided pyramid, its faces labelled (with acknowledgments to Max Weber) class, power and status.[3] The faces are only three ways of looking at the same social reality, from the economic, the political, and the socio-ideological point of view. No face—*pace* Marx (or, rather, the vulgar Marxists) with the economic interpretation of society, Ralf Dahrendorf with the primacy of political authority in 'coordinated organizations' (*Herrschaftsverbanden*—derived indeed from Weber), or Weber himself with his emphasis on charisma, religious belief and morality—is more fundamental than the other two. They are *equi-valent,* of equal worth, at least until one of them wins out in the competition. Talk of economic substructure and political or cultural superstructure, as in the Marxist or *Annales* schools of historiography, is premature until one examines empirically the society in question.

Industrial society was of course based on the ownership of capital, but capital itself was based on the concept of absolute

property, which was the product of law and politics. Ultimately it derived from the victory of English landlords over the peasants, the church and the crown which came to be enshrined in 12 Charles II, cap. 24, the Act of 1660 which turned feudal tenures into freeholds.[4] The capitalists, who took no part in the struggle for absolute property, were the fortuitous beneficiaries of laws enacted for the benefit of landlords. Pre-industrial society was based on landed property but ultimately on feudal conquest and the continuous struggle between landlords and kings from the Conquest to the Civil War, and thus on military force. The wealth of the medieval church, by contrast, derived from its power to persuade kings, barons and commoners to endow it with land and goods in return for spiritual services, above all prayers for their souls. When the doctrine of purgatory was rejected at the Reformation, making prayers for the dead irrelevant, half of its wealth was confiscated.

Thus wealth, power and status could derive from any face of the pyramid. For the social fabric inside the pyramid has a fourth dimension: change over time. It is not static but dynamic. The three forces, economic, political and socio-ideological, are variant forms of energy transmutable (with suitable transformers and inevitable transmission losses) into either or both of the other two. Physical force by feudal conquerors or Mafia-like, home-grown strong men is readily transmutable into wealth (land tenure) and status (lordship). Economic power is less readily transformed into status and authority because purchasing power (claims on labour) requires the pre-condition of symbolic property (currency or credit instruments), both based on pre-existing law, and also the agreement of the existing holders of power and status to honour it, by, for example, the sale of feudal land or aristocratic titles—unless, of course, these can be seized by revolution, in which case capitalism comes to rest as much on force as feudalism.

More easily forgotten is that status, or socio-ideological, cultural, intellectual or spiritual power, has often been transformed into wealth and political authority. A good case could be made (though it is unlikely to hold for all historical societies) for the primacy of the socio-ideological face. The greatest conquerors from Alexander to Napoleon and Hitler have used charisma to gather followers and inspire their armies, and industrialists like Carnegie, Ford and Nuffield have used propaganda and philanthropy to sing

the benefits of capitalism. More directly, charismatic power has often been used to take over the wealth and authority of whole societies: consider the careers of Savanarola, Eva Peron or the Ayatollah Khomeini and their use of inspirational oratory to command the obedience, wealth and military force of their societies. Longer-lived political success has accrued to ideological persuasion by priests and bureaucrats: to the Aztec and Inca priest-kings who persuaded their subjects that daily human sacrifice caused the sun to rise and the seasons to return; to the Bishops of Rome whose wealth and power flowed from control of the keys of heaven; and to the Chinese imperial bureaucracy whose monopoly of administrative skill seduced wave after wave of less civilized conquerors. Socio-ideological persuasion is an enviable form of power (while it lasts, and its weakness is that it can fade as fast as the belief in it) since its devotees give freely and enthusiastically what they yield only grudgingly to military force or superior purchasing power. Political and economic elites pay it the compliment of emulation in propaganda and education.

The professions in general may not aspire to such heights of charismatic persuasion but their *modus vivendi* starts from the same face of the pyramid. They live by persuasion and propaganda, by claiming that their particular service is indispensable to the client or employer and to society and the state. By this means they hope to raise their status and through it their income, authority and psychic rewards (deference and self-respect). With luck and persistence they may turn the human capital they acquire into material wealth. In the pre-industrial past individual professionals—royal favourites (in the oldest profession) like George Villiers, Duke of Buckingham or Nell Gwyn, archbishops like Wolsey and Sumner, judges like Lords Eldon and Scott, generals like Marlborough and Wellington, and even lowly solicitors with other incomes like Sir John Hawkins or Sir Walter Scott—were able to buy land and try to found a family. In industrial society even actors and playwrights like Sheridan, Ellen Terry and Bernard Shaw turned human capital into visible wealth. But only in post-industrial society have the professions as a whole been able to establish human capital as the dominant form of wealth. Whereas a hundred years ago, according to Peter Lindert, human capital accounted for only about 15 per cent of national income, it now accounts for about 52 per cent.[5]

Property is not, as is commonly believed, an object or a credit instrument, which are just its outward signs. Leaving aside its lesser meaning as the right to immediate use of tangible objects like a car, a house or an owner-occupied farm (each of which, indeed, yields an imputed rent), property in its major meaning of power over resources, which creates relations between members of a society, is *a right to a flow of income:* rent, interest, profits, labour service, or goods in kind. It is an acknowledged and legitimated claim to other people's labour.

How could the professions transform a service into income-yielding property? Gary Becker, Pierre Bourdieu, Alvin Gouldner, Anthony Giddens and others have familiarized the concepts of human, educational, cultural and intellectual capital, by which investment in acquired knowledge and expertise yields a rate of return commensurate with that of material capital.[6] Such theories tend to assume that investment in specialized training *of itself* yields a differential return without any control of the market (other than the fortuitous economic or demographic fluctuations in supply and demand for specialized labour). Unfortunately for that analysis, specialized training of itself yields only earned income, payment for immediate services rendered, which may even fall below the cost of production if the service is oversupplied or undervalued. It cannot, except accidentally, create property in the form of vested income without some device to transform it into a scarce resource.

The transforming device is professional control of the market. When a professional occupation has, by active persuasion of the public and the state, acquired sufficient control of the market in a particular service, it creates an artificial scarcity in the supply which has the effect of yielding a rent, in the strict Ricardian sense of a payment for the use of a scarce resource. Some part of the payment, of course, will always accrue to the immediate work performed, but its value will be enhanced by an amount proportional to the scarcity of the service or skill. A natural or 'accidental' example, the fortuitous result of a unique though professionally trained voice, is that of Placido Domingo, who is paid a very large fee for each performance, most of which is rent for the use of the scarce resource, or a Henry Moore sculpture, which is a lump of stone transformed in value by his signature. Monopoly is not a *sine qua non:* scarcity may appear long before outright monopoly—the

landlords charged rent long before achieving a monopoly, if they ever did—and the element of rent will be larger or smaller accordingly. But *some* element of rent accrues from *any* degree of control of the market, which is why organized professions are paid more than equivalent unorganized occupations. Since the essence of property is the right to (some portion of) the flow of income from the resource owned, this professional capital, which is manifestly more tangible than stocks or shares, less destructible than many forms of material property (buildings burn more readily than people), and capable of self-renewal by means of improvement in skills and expertise, is thus in the truest sense a species of property—albeit contingent property, contingent upon the performance of the service.

The importance of such property to the professional is that it gives him what all income-yielding property provides for its possessors: independence, security, the right to criticize without fear of the consequences, and so a secure position from which to defend one's place in society or, if he so wishes, a position of leverage from which to change society or one's own corner of it. Above all, it gives him the psychic security and self-confidence to press his own social ideal, his own vision of society and how it should be organized, upon the other classes. And the gradual triumph of the professional ideal over the last hundred years, as we shall see in this book, paved the way for the hegemony of human capital and the emergence of professional society.

There was a crucial difference, however, between the hegemony of the professional ideal and that of the aristocratic or entrepreneurial ideals in earlier societies. Whereas their ideal citizen had been a limited concept, applicable to only one group in society, however many amongst the rest aspired to it—only the landed few could be leisured gentlemen, only those who acquired capital entrepreneurs—the professional ideal could in principle be extended to everyone. Every landlord and industrialist could be transformed into a professional manager, every worker into a salaried employee. Moreover, since the professional's status and income depend less on the market than on his power to persuade society to set an agreed value on his service, the ideal implied the principle of a just reward not only for the particular profession but for every occupation necessary to society's well-being.

Since, too, the ideal is justified by social efficiency and the avoidance of waste, particularly the waste of human talent, it implied a principle of social justice which extended to the whole population the right to security of income, educational opportunity, decent housing in a clean environment and, some professionals would say, the right and obligation to work. As will be argued later, the rise of the welfare state was a practical expression of the professional ideal. It was initially an attempt to extend to those as yet excluded from professional status the basic security and conditions already enjoyed by the established professions.

It is this potential extension of ideal citizenship to the whole community that differentiates professional society from its predecessors. Although the ideal embraces equality of opportunity and even equality of treatment in raising every citizen to the minimum acceptable standard of life, it is not in the final analysis an egalitarian society. To paraphrase George Orwell, all professionals are equal but some are more equal than others. It is not a class society in the traditional sense of a binary model with a small ruling class exploiting a large underclass, but a collection of parallel hierarchies of unequal height, each with its own ladder of many rungs. In this way the inequalities and rivalries of hierarchy come to predominate over those of class.

2 PROFESSIONAL RIVALRIES AND THE STATE

A professional society, therefore, is not merely the old class society fitted out with a new ruling class. It is a society structured around a different principle. The matrix of the new society is the vertical career hierarchy rather than the horizontal connection of class, and social conflict—no society being free from the struggle for income, power and status—takes the form of a competition for resources between rival interest groups. The doctors, the civil servants, the military, the social workers and administrators, the university and government scientific researchers are all manifestly in competition for public resources. The managers of private corporations are primarily concerned to limit those resources by keeping taxation down, but they are also concerned to lobby government for contracts, investment subsidies or tax breaks, favourable planning legislation, development status for their own localities of operation, tariff protection against foreign competition and, if all else fails,

direct government subsidies to support their invested capital and employed workforce. Even the trade unions, whose rhetoric remains proletarian and solidaristic on behalf of the whole working class, are usually more concerned in practice with demarcation disputes with rival crafts, and with maintaining employment in their own industry by keeping open plants and mines, if necessary with government subsidies.

In such a vertically structured system disputes between the interests are increasingly mediated through the state. This is inevitable, since the state, not just in Britain but in every economically advanced country, collects and disposes of an increasing share of the national income, commonly between 40 and 60 per cent of Gross Domestic Product. In Britain public expenditure grew to about 50 per cent of GDP in 1970 and to no less than 60 per cent in 1975, though more than half of this consisted of transfer payments (social security, unemployment benefit, pensions, and the like) which were returned to personal expenditure for private consumption.[7] Nonetheless, this means that about half or more of society's resources are managed by the government and are therefore open to competition by the various interests, including not only the state-funded professions and the private corporations but the Claimants' Union, the Child Poverty Action Group, Shelter and all the other lobbies representing welfare recipients.

The main struggle for society's resources, therefore, is between those who benefit directly from government expenditure and those who see themselves as the source of that expenditure. It is true that everyone pays taxes and everyone benefits from government expenditure, but they do so unequally, not only because the rich pay more individually (though not collectively) than the rest but because state employees gain more by state spending than they pay in taxes. Consequently, by far the most important division between the interest groups is between the public sector professions, those funded directly or indirectly by the state, and the private sector professions, chiefly the managers of private corporations. As the struggle between lord and peasant was the master conflict in feudal society and the struggle between capitalist and wage earner the master conflict in industrial society, so the struggle between the public and private sector professions is the master conflict of professional society.

This division leaves out a large and important group of professional occupations, namely those employed neither by the state nor by the corporations but by a host of not-for-profit organizations such as universities, churches, charitable foundations, voluntary organizations of many kinds, and so on. These non-market professionals are employed by a wide range of institutions, from those almost entirely dependent on government funding, like the universities and many research institutes, to bodies closely associated with industry, like the trade unions and employers' associations. Which side of the divide their officials will lean towards will depend on their perception of how their incomes are derived and where their interests lie. University academics have since the First World War become increasingly conscious of their dependence on public funds and have recently had a sharp reminder of the dangers of that dependence. Officials of employers' associations, on the other hand, are equally conscious of their dependence on the corporations, and would be foolish to ignore the wishes of their master. In between there is every variety of occupational interest, from those philanthropic bodies which exist principally to lobby the state for larger resources for deserving minorities, such as children in poverty, the mentally or physically handicapped, the elderly, or the veterans of past wars, to the officials of trade unions and political parties whose interests do not always chime with those of their very demanding employers. With obvious exceptions, however, the non-market professionals, not being motivated by profit, tend to lean towards the public side of the divide, partly because so many of them see the state as the resource of last resort and partly because they are perceived by the corporate sector as being the same sort of 'overhead' as government itself, and therefore as a 'cost' which the private sector has to carry. For most purposes they will be treated in this book as having more in common with the public sector professions than with the private.

The clash of interests between the public or non-market and the private sector professions helps to explain one of the most puzzling questions about modern society. Why, in the late twentieth century, in an economic system which bears little resemblance to the industrial capitalism of the Industrial Revolution, do we still talk about society in the early nineteenth-century terms of Ricardo and Marx? Modern corporate

capitalism is run by professional managers who, though they control far larger capitals than Victorian entrepreneurs, are themselves for the most part salaried employees whose status and income differ only in degree, not in kind, from those of their subordinates and whose power over them ceases when they take their pensions. Other professionals, notably government bureaucrats, judges, generals, hospital consultants, town planners, trade union officials, newspaper editors and television producers, may be equally powerful in their own spheres, which may impinge unwantedly on corporate decision making. Yet most politicians, sociologists and commentators talk as if society were still divided principally into a small employing class of individual capitalists and an undifferentiated mass of wage-earning manual workers. On the right, the neo-Ricardians preach the virtues of a free market which, however appropriate to a Victorian economy of small family firms and partnerships, is wholly irrelevant to a corporate economy in which one hundred firms produce nearly half the manufacturing output and three to five firms dominate each separate industry, and the public sector employs over a quarter of the total workforce.[8] On the left, the Marxists, the antithesis of the Ricardians, attack the same free market as if it still consisted of individual capitalists extracting surplus value from a supine and unaccountably non-revolutionary proletariat. In between, the ostensibly class-based political parties, in reality large coalitions of diverse professional interests as we shall see, still pitch their appeals in class terms, with the exception (which proves the rule) that the Conservative Party has to modify its appeal to embrace a large minority of the working class.

The answer to the puzzle is that the old rhetoric of class happens to suit the protagonists of the master conflict of professional society. The ideology of the free market appeals to the professional managers of great corporations and their allies because it protects them from the accusation they most fear, that they themselves are the major threat to competition and the freedom of the citizen. By denying the incontrovertible fact that competition drives out competitors and tends towards monopoly, it enables them to present themselves as the guardians of the consumer and the deliverers of the widest choice of goods and services at the lowest prices. More significantly, by tying the concept of free choice in the market to the idea of political freedom, it enables them to claim to

be the guardians of individual liberty against the tyranny of the state. The irony of their position, the poacher acting the part of gamekeeper, in no way detracts from its effectiveness. As long as the state rather than the corporations can be vilified as the major threat to freedom, then the corporate managers can pose as the defenders of the common man against the encroachments of big government.[9]

The ideology, of course, contains a contradiction. The free market itself could not exist but for the state. Without regulation to set the terms of the market, hold the ring between buyer and seller, determine the meaning and transfer of ownership, and uphold the law of contract, the market would collapse into chaos and the strong could take whatever they liked from the weak. Thus the state itself, far from being the enemy of freedom, is its source and origin. Freedom can be positive as well as negative, freedom to do and be without molestation or exploitation by other citizens as well as freedom from state intervention. Freedom from all state interference is freedom for criminals, thieves and frauds. Civil society itself exists by reason of the state, without which it would descend to a Hobbesian state of nature, the war of all against all. By denying the positive role of the state the free market ideology rests on a quicksand, a fictitious law of nature which sets up the rules of the market prior to and separate from the laws of society.

The same is true of political freedom. Without law there can be no liberty, and without the state no law. Yet the free marketeers claim that the state, which protects them and their property from depredation, has no right to set limits to competition even when it threatens to end in monopoly and the curtailment of freedom for others. They wish, in short, to have their cake and eat it, the protection of the state for themselves but not for others against themselves. It is easy to see why the rhetoric of early nineteenth-century liberalism should appeal to the private sector professionals. It promises them a heroic stance against the state while they enjoy the benefits of government.

On the other side, the class rhetoric of the left, the *doppelgänger* of the classical economists, appeals almost as strongly to the public sector professionals. The Ricardian socialists, who anticipated Marx in the theory of 'surplus value' and 'the right to the whole produce of labour' which they

logically based on the Ricardian labour theory of value, diagnosed competition as the source of inequality and exploitation and saw cooperation and collectivism as the remedy. Though by no means all enamoured of the state or of violent revolution as the means to their ideal society, their socialist successors, whether Marxist or Fabian, repudiated the free market and increasingly looked to the state to redress its inequities. The motive force behind the collectivist legislation of the Victorian age restricting the rights of landlords and industrialists has been assumed to be the increasing pressure of the working-class vote, but it has been demonstrated elsewhere not only that the working-class voter showed little interest in collectivist measures until they were already in existence, but that the main challenge to the unfettered claims of property came from the professional middle class.[10]

It is not surprising, therefore, that the public sector professionals today should adopt the language of their anti-Ricardian predecessors. Richard Titmuss complained that the welfare state seemed to exist more for the professionals who administer and service it than for the recipients of welfare. The doctors, social workers, legal aid lawyers, town and country planners, professors and teachers, civil servants and local officials have a greater stake in maintaining and expanding the services than anyone else. In what Titmuss called ‘the pressure group state’ the most powerful of the pressure groups are the welfare professions.[11] Whatever their party politics, the most vociferous defenders of the National Health Service are the doctors, nurses and ancillary hospital workers, the Law Society defends legal aid as ‘an integral part of the British system of justice’,[12] social workers organize to preserve their autonomous relation with their ‘clients’, planners oppose free access by developers to green belts, academics lobby Parliament against cuts in university grants, teachers refuse non-classroom duties to protest against low pay and lack of resources, and public officials dispute the need for reductions in the central and local government establishment. Even such conservative government professions as the military and the police demand an ever-increasing expenditure on defence and law and order.

All this can be argued in terms of social justice for every citizen rather than the self-interest of each profession. The free market, it is asserted, has manifestly failed to produce an equitable

distribution of resources or solve the social problems of (relative) poverty, maldistribution of health care, unequal educational opportunity, inadequate housing, a squalid environment, and involuntary unemployment. In a complex, interdependent society in which, it is argued, many vital services cannot be equitably or efficiently provided by the market, state provision through publicly funded professions is inescapable.[13]

The problem with such arguments, of course, is knowing where to stop. There are undoubtedly services, like defence or law and order, which are indivisible, collectively provided, and would be dangerous to turn over to private enterprise. There are others, like roads and public utilities, which are natural monopolies and, on the face of it, safer in publicly accountable hands (though the more extreme free marketeers naturally disagree). There are still others, like health and education, in which the most needy clients, the sick poor, the elderly, and most children, lack the resources to buy on the free market. And there is a final group of essential services, like poor relief cum social security and the incarceration of criminals, which, with a few disastrous exceptions like Bentham's Panopticon scheme, private enterprise does not see a profit in. The difficulty with public provision is the feedback principle: once a service becomes professionalized under public auspices the professionals discover further needs to be met and problems to be solved and a host of reasons for extending their activities. Hence the self-generating expansion of the state in all the advanced countries. This expansion is not fortuitous but the logical consequence of professionalism and the driving force behind it, the increasing complexity of modern life and the increasing division of ever more minutely skilled labour to meet its demands.

All this is not to say that all private enterprise professionals support the unfettered free market without reservation or all the public sector ones an interventionist state. There are corporate millionaires who support the Labour Party and corporate managers eager and willing to work for nationalized industries, and there are civil servants, doctors and professors dedicated to the privatization of government services, hospitals and universities. The role of a social ideal is not to determine a person's beliefs, which may indeed clash with his interests, all the more so the more independent his mind, but to provide strong motivation for inclining one way rather than another. As David Hume said two hundred years ago,

'Though men be much governed by interest; yet even interest itself, and all human affairs, are entirely governed by *opinion*.'[14] Whether class or interest group predominates in a given society depends on how men view their situation, as allying them more with those on their own social level or with those above and below them in the same occupation or industry. The existence of 'social cranks'—men with an 'eccentric drive' who espoused the cause of a class other than their own—in the early nineteenth century, often professional men like Malthus, James Mill or Bronterre O'Brien who spoke for the landed, capitalist and working classes, helped the new class society to come to birth.[15]

The professional ideal, as we shall see, motivated many professional men to seek a new kind of society more suited to their interests and social role. Since they existed to provide services which were esoteric, evanescent and fiduciary—beyond the knowledge of the laity, not (with some partial exceptions like architects and civil engineers) productive of concrete objects, and thus having to be taken on trust—they could not accept a market valuation of their skill but demanded that society should accept their own valuation, guaranteed by exclusive education and certification. Not all achieved this enviable position but all aspired to it, and the growing numbers of employed professionals compromised by means of a negotiated salary scale and the stable lifelong career. The objective was to create a framework for the secure exploitation of human capital, defined as the investment in personal skill so as to yield not just a reward for labour but a differential return, in strict Ricardian terms a rent for the scarce resource of their esoteric skill. The size of the rent, the difference between the professional fee or salary and the price of common labour, was the measure of the success of each profession in claiming that scarcity value and establishing its status. Status rather than market valuation determined their remuneration; or, rather, their rewards were negotiated in the wider societal market of prestige and the social value placed on their service rather than by the sale of their labour in the economic market place.

This was especially true of those professions in the old class society whose services were directed to society as a whole or towards those who could not afford to pay their full cost: the clergy, the military, the public health doctors and the increasing number of private doctors who treated the poor in infirmaries and

dispensaries, the teachers in voluntary aided and state schools, the academics in the less endowed university colleges, the social workers, the bureaucrats in the early welfare state such as the health and unemployment insurance divisions, and so on. It was less urgent for the slowly evolving private sector professions, whose ambitions might long be directed towards partnerships in family businesses, directorships of corporations, and emulation of traditional entrepreneurs. Nevertheless, despite the exceptional managerial tycoon, most professional managers became more dependent on a salaried career than on the windfall opportunities of capital gains and they too came to be assimilated to the stable career hierarchy. The difference was that, while the public sector professionals for the most part focused on the non-monetary rewards, on honour, fame or power rather than fortune, the prestige of rising to the head of a government department, an army, a church, an academic discipline, or a great profession, the private sector professions still tended to measure success in terms of salary and fringe benefits.

The modern bifurcation of the two rival groups of professions rests, therefore, on the concrete foundations of incompatible interests. Their divergent attitudes to the role of the state reflect their different views of it as ally or antagonist. The public sector professions see it as the origin of their incomes and resources and guarantor of their status and prestige; the private sector professionals as a threat to their incomes and capital base and a constraint on their activities. Both groups wish to capture control of government, the first to underpin and expand their work, the second to 'get government off our backs' and escape its inhibiting control. The nineteenth-century rhetoric of class conflict is for both a weapon in their competition for income and status. That rhetoric effectively disguises what is happening to modern society and the part that both groups have played in its evolution.

3 THE CULMINATION OF THE INDUSTRIAL REVOLUTION

Professional society is the culmination of the more than Industrial Revolution in which modern English society had its origins. In the earlier book to which this is the sequel that revolution, it was argued, was characterized as

> a revolution in men's access to the means of life, in control over their ecological environment, in their capacity to escape from the niggardliness of nature. At the material level it can be described as a rise in human productivity, industrial, agricultural and demographic, *on such a scale* that it raised, as it were, the logarithmic index of society, that is it increased by a multiple (rather than a fraction) both the number of human beings which a given area of land would support, and their standard of life, or consumption per head of goods and services ... Such a rise in scale required, involved and implied drastic changes in society itself: in the size and distribution of the population, in its social structure and organization, and in the political and administrative superstructure which they demanded and supported. It was in brief *a social revolution:* a revolution in social organization, with social causes as well as social effects.[16]

It was, after a slow evolution lasting seven or eight millennia, the logical continuation of the Neolithic Revolution, the beginnings of settled agriculture, which freed a small minority of people from the production of food to become full-time craftsmen, warriors, priests and rulers, and so to found cities and the possibility of civilization.[17] Industrialism released a majority from agriculture to work and live in industrial towns and cities, increased the population of England and Wales nearly fourfold from about 8.9 million in 1801 and 32.5 million in 1901, and quadrupled living standards per head from £12.9 per head (at mid-Victorian prices) in 1800 to £52.5 in 1900.[18] At the same time it produced a rise in the scale or organization, from workshop to factory, stage coach to railway train, sailing ship to ocean steamer, single country bank to great joint stock branch banking, village and tiny country town to great city and conurbation, and government from 16,000 'persons in public offices' in 1797 to over 100,000 civil servants in 1897. It also transformed society from a classless hierarchy of interest groups, representing the 'great functional interests' of agriculture, finance, commerce, and various manufacturers, and so on into the conflict-ridden but viable class society of mid-Victorian England.

Professional society is a logical continuation of industrial society. It has increased population still further, if more slowly, from 32.5

million in 1901 to 49.1 million in 1981, almost completely urbanized that population by bringing more than 90 per cent within reach of the amenities of a town (practically all, if we include the instant links of telephone, radio and television), and nearly trebled average living standards, from £49.9 per head (at 1913 prices) in 1900 to £142 in 1981.[19] The rise in the scale of organization has outstripped anything the Victorians could have imagined. The average factory workforce has scarcely doubled, from eighty-six workers in 1871 to 155 in 1984, but the scale of the leading plants has soared: nearly half of the manufacturing workers (47 per cent) at the later date were in establishments with over 500 workers, nearly a third (31 per cent) in those with over 1,000.[20] Since most of the large factories were owned by even larger companies, the size of firms was still larger, and becoming more so by almost continuous mergers and take-overs. The share of the largest one hundred corporations in total manufacturing output rose from 15 per cent in 1909 to 45 per cent by 1970. The 2,024 largest companies with assets of £500,000 or more in 1957 had shrunk to 1,253 by 1964; of these the largest eighty in 1957 held 53 per cent of all company assets, in 1964 no less than 62 per cent. The nationalized industries were even larger: eight public corporations in 1968 employed 2.3 million workers, 8.5 per cent of the employed population. In all, thirty-three enterprises, twenty-five private and eight public corporations each with over 50,000 employees, employed a total of 4.1 million workers, 18 per cent of the employed population.[21] The high street deposit banks were reduced from 121 in 1875 to twenty-eight in 1914 and to the 'Big Four' plus a handful of smaller ones by the 1970s.[22] The trend towards concentration was not confined to any one industry but spread right across the economy. In 1951 the three largest firms in each of forty-two industries employed on average 29.3 per cent of the workforce of each industry; by 1973 the largest three in forty industries employed 42.2 per cent.[23]

On the other side of the industrial relations fence the trade unions more than matched the employers in size and concentration. The 1,325 trade unions of 1900 had less than 2 million members (about 15 per cent of the workforce); by 1978 they had shrunk to 462 but increased their membership to 13.1 million (59 per cent). Since most of the later unions had under 50,000 members, the movement was dominated by the forty unions with more than that

number, which contained 88 per cent of the membership.[24] Indeed, the whole policy of the Trades Union Congress (and of the Labour Party) could be determined by the eleven unions with over 250,000 members, which collectively disposed of 64 per cent of the total votes. Employers' associations, by contrast, were less concentrated: from forty-three federations and national associations and 810 local associations in 1900 they grew to 'some 1,350' of both kinds reported by the Donovan Commission on Trade Unions and Industrial Relations to 1970.[25] But they were no less organized and active than their trade union counterparts, and a great deal better funded.

Professional associations, although their memberships were smaller, were in many ways more successful than trade unions in uniting almost the whole of each relevant occupation. Despite their proliferation during the Industrial Revolution there were still only twenty-seven qualifying associations in 1880 (counting the four Inns of Court for Barristers and the two Royal Colleges and the Society for Apothecaries for medical doctors), but thereafter there was an enormous expansion: another twenty-one associations by 1900, a further twenty-seven by 1918, between the wars forty-six, and by 1970 another forty-six—a total of 140 since 1880.[26] In addition there were a host of non-qualifying bodies, plus forty-four white-collar unions in 1977 with some 3.3 million members. These included such obviously professional unions as the National Association of Local Government Officers with 709,000 members, the Association of Scientific, Technical and Managerial Staffs with 441,000, the National Union of Teachers with 296,000 and the various Civil Service unions with 530,000 between them.[27] These professional organizations, along with the employers' (increasingly the professional managers') associations and the trade unions, were the harbingers of the new society.

Even schools and universities, which had already risen in size during the nineteenth century, rose still further in the twentieth. In 1900 the average voluntary school had 163 pupils, nine times its eighteenth-century counterpart, and the average state school 430; by 1977 the average primary school had 210, and the average secondary school 791, and both were far more complex institutions than their predecessors.[28] In 1913 there were 26,711 students, about 1 per cent of the age group, in twenty-two universities and colleges in Britain, nearly half of them in Oxford,

Cambridge and London alone, the rest in England and Wales averaging only 461 each; by 1978 there were forty-four universities (excluding the Open University) in the United Kingdom with 296,000 full-time students, about 7 per cent of the age group, of whom over 40,000 were at London University, 14,843 at Manchester, 11,783 at Oxford, 10,978 at Cambridge, and upwards of 4,000 at each of the others. There were also 223,800 full-time advanced students at the thirty polytechnics and the colleges of higher education, a further 5 per cent of the age group.[29] Moreover, both the local education authority schools and colleges and the universities were integrated into a system financed and much more tightly controlled, directly or indirectly, by the central government.

A similar story could be told of many other institutions, such as hospitals—from voluntary hospitals and poor law infirmaries to the large integrated units of the National Health Service with their hierarchy of Regional, Area and District Hospital Boards—social work and welfare agencies, prisons, borstals and remand homes, army, air force and naval units, and so on. But this leads us on to the most significant rise in scale of all, the twentieth-century rise in the scale of government. In the past century the numbers employed by local government have risen from the 83,000 workers (including police) of 1881 to no less than 968,000 in 1979.[30] Similarly, the 107,782 civil servants (excluding industrial grades) in 1902 had increased to 547,000 by 1980 (plus 157,600 industrial staff). Altogether, the state came to employ no less than 17 per cent of the occupied population, 25 per cent if the nationalized industries are included.[31] More to the point, whereas down to the First World War most civil servants were employed in London in comparatively small central offices, and only the Customs and Excise staffs worked in the provinces, since then government offices have sprung up in every sizeable provincial town—employment exchanges (job centres), social security and supplementary benefit offices, income tax, value added tax and other taxation offices, and the like, in addition to the great decentralized headquarters such as those for Social Security at Newcastle-upon-Tyne, for DES statistics and teachers' pay and pensions at Darlington, and for vehicle and driving licences at Swansea—and they have impinged far more visibly on the lives of most citizens.

One measure of this extraordinary growth of government is the more than thirtyfold rise in national government expenditure in real terms (nearly tenfold as a proportion of national income), from £77.9 million in 1897–8 (£105.3 million at 1913 prices), about 4.9 per cent of the net National Income (at factor cost), to £66,800 million in 1978–79 (£3,389 million at 1913 prices), about 47.1 per cent of the net National Income. Of course, a great deal of this enormous increase consists of transfer payments, in pensions, social security and supplementary benefits, and the like, most of which are immediately spent again on consumption goods, and also of personal service such as medical treatment, education, housing subsidies and social work which directly benefit their consumers. But this does not detract from the point that central and local government (which spends a further £20,573 million at current prices) together handle 61.6 per cent of the net National Income or, to put it more fairly perhaps, 53.3 per cent of the Gross National Product.[32]

The rise in the scale of organization is not the cause but the effect and symptom of the rise of a much more complex, inter-dependent society. The connecting link between industrial and professional society is the familiar principle of the division of labour, which Adam Smith saw as the key to the wealth of nations in 1776. In 200 years it has transformed Britain (and a large part of the planet) from a predominantly agricultural system through an industrial mass-production economy to a post-industrial society increasingly based on services. Machines, as Smith was aware, are the by-product of the division of labour, and enable the less skilled, like car drivers and television watchers, to call up at the turn of a switch the services of skilled engineers. Telecommunications and computers have now done the same for office work, banking, entertainment, and other services. A service-based economy is admittedly ambiguous, and includes retail distribution, catering and hotel work, hospital portering, bus driving, routine office work and other low-paid jobs as well as high-paid law, medicine, finance and administration, and the post-industrial society is a good deal less upmarket than Daniel Bell's 'Knowledge rules, OK', and some critics think that many jobs are becoming 'deskilled'.[33] Nevertheless, his prediction that fewer workers would be making things and more doing things for others has turned out to be true. What Colin Clark called 'Petty's law' (after Sir William Petty, the

seventeenth-century pioneer of 'political arithmetic') is still in operation: the movement of workers with economic growth from agriculture to industry to services.[34]

What is happening to industry in post-industrial society is what happened to agriculture during the Industrial Revolution. Agriculture, with the aid of fertilizers and machinery, became more, not less, efficient, and with a diminishing workforce was able to feed a majority instead of a minority of non-agrarians. Now industry is becoming so efficient, with the aid of robotics and computers, that a small minority of the population are able to produce the consumer goods for the non-manufacturing majority. (With the 'green revolution' agriculture is becoming still more efficient, and the most efficient agriculture is in the most economically advanced countries in Western Europe and North America, though not as yet in Japan.) Like the Industrial Revolution this has produced major structural changes in the economy, bringing unemployment for some as well as opportunities for others. The choice is between deindustrialization and low-grade service work on the one hand and highly automated, competitive industry and high-grade services on the other. As in the Industrial Revolution, when predominantly peasant agriculture lost out to industrial mass production, those countries which take the first road will lose out in the race for wealth and power to those which have chosen the second.

There are, however, two aspects to the division of labour, one of which Adam Smith neglected because he could take it for granted: specialization and integration. Specialization leads directly to professionalism. Specialists rapidly form guilds, associations, clubs or unions to enhance their status, protect their skills from competition, and increase their incomes. That some become organized professions and others trade unions is due to a trick of the English language, aided by English snobbery. 'Profession', as in French (or *Beruf* in German), originally meant any occupation, and the more prestigious trades were distinguished by the adjectives 'liberal' (meaning gentlemanly) and 'learned' (meaning institutionally educated) professions.[35] By dropping the epithets the more prestigious occupations, chiefly the clergy, law and medicine, laid claim to the exclusive label of 'profession', which came to mean an occupation which so effectively controlled its labour market that it never had to behave

like a trade union. Trade unions, meanwhile, never quite abandoned the same aim: the Rule Book of the Amalgamated Society of Engineers in 1864 declared that the journeyman engineer had the same right to protect the value of his skill as the physician. Over the years more and more occupations have made this claim, and increasingly with justice: the civil engineer whose constructions may fall down, the pharmacist whose healing drugs may kill, even the car mechanic whose slightest mistake may be lethal, can claim to be as vital to their clients' welfare and survival as any doctor or lawyer. The increasing complexity and interdependence of the modern world automatically generates specialization and organized professions.

Before specialization can complete its work, however, it has to be integrated into the finished product or service. Even Adam Smith's pin makers had to be organized to make completed pins. The ten separate operations were useless unless they came together in packets of pins ready for sale, and that required an organizer to oversee the whole enterprise. Smith refused to take the organizer's contribution seriously and argued that, even in many great works like the Carron iron foundry, his work could be left to 'some principal clerk. His wages properly express the value of this labour of inspection and direction.'[36] The more divided the labour, however, the larger the enterprise and the more complex the task of fitting all the specialized operations together.

The rise in the scale of organization was not only an effect of the increasing division of labour; it was also the cause of a further division of labour as management itself became more complex and was further divided into production, purchasing of materials, accounting, design and engineering, quality surveying and, eventually, industrial relations. Honest, competent managers outside of the owner's family and partners were hard to find, and while 'there were well-defined groups of managers in many industries: there was, by 1830, as yet hardly a managerial profession as such'.[37] Yet with the growth of large-scale undertakings like railways, steamship lines, steel, engineering and chemical works, all of which depended on large numbers of specialist workers and careful integration of their work, management became not only a profession but, with the import of Taylorism from the United States, a science.[38] The surge of defensive amalgamations, mergers and take-overs which began in

the Great Depression of 1874–96 and have continued ever since made it impossible for owners to do more than a fraction of their own managing. Although it took until the new business schools of the 1960s for it to acquire its own academically certified training, company management became one of the two pivotal hierarchies of professional society.

As the business schools have discovered to their gain, management is not confined to private industry. Public administration, hospitals, universities, research establishments, the armed forces, trade unions and employers' associations, even charitable foundations, all employ diverse collections of specialists and need to be organized. The rise in the scale of their organization was, as we have seen, as much a feature of industrial society as industrial concentration itself. Post-industrial society, with its swing to services, has accelerated the trend. The enormous expansion of government has been powered by the demand for more and more specialized services, from the inspection of factories, mines, food and drugs, slum housing or financial markets' operations to the provision of pensions, social security, secondary and tertiary education, or sophisticated weapons research. Many of these professions have acquired their own self-governing associations and training, like the mine engineers, the medical officers of health, the actuaries, public accountants, social workers, public analysts, nuclear physicists, and so on. But like corporate management, public administration as such, traditionally trained on the job like any traditional craft, took until the 1960s to acquire, in the Civil Service College at Sunningdale, a recognized training of its own, and even yet few civil servants are required to attend there and most are still recruited from university graduates in classics, history, law or political science. Nevertheless, it would be naive not to recognize the administrative Civil Service as one of the key organizing professions, the central core of the public sector which forms the second pivot on which the professional society turns.

The rise of the professions to permeate and, some more than others, dominate modern society stems, then, from the logic of the division and reintegration of labour which inspired the Industrial Revolution and every large-scale development that has sprung from it. Yet how did professionalism as an organizing principle come to supersede class, and in particular supersede the

plutocratic landed and capitalistic ruling class which dominated Victorian and Edwardian society? This is a long story which embraces the whole social history of the last hundred years and will occupy the rest of the book. We must begin that story by examining industrial class society at its zenith, between 1880 and the First World War.

Chapter 2

THE ZENITH OF CLASS SOCIETY

Between 1880 and 1914 class society in Britain reached its zenith. During this period the major classes achieved their advanced capitalistic form, most clearly based on the flow of wealth from the modern industrial system and therefore on their relation to the capitalist means of production, distribution and exchange. In the process they became more sharply differentiated from one another than ever before. The rich, both great landowners and millionaire capitalists, drew together in a consolidation of that new plutocracy which was already beginning to emerge during the mid-Victorian age.[1] The middle classes, ever more graduated in income and status, came to express those finer distinctions in prosperity and social position physically, both in outward appearance, in dress, furnishings and habitations, and even in physique, and in their geographical segregation from one another and the rest of society in carefully differentiated suburbs. So too did the working classes, in part involuntarily because they could only afford what their social betters left for them but also, within that constraint, because those working-class families who could chose to differentiate themselves equally, by Sunday if not everyday dress, and by better, and better furnished, houses in marginally superior areas. Only the poorest of the poor, the 'residuum' as Charles Booth and Alfred Marshall called them, had no choice at all, and were consigned to the darkest and dreariest slums, the most segregated class of all because they and their dens were shunned by all the rest. Segregation, by income, status, appearance, physical health, speech, education, and opportunity in life, as well as by work and residential area, was the symbolic mark of class society at its highest point of development.

The distances, too, between the segregated classes were greater than before, both in physical and in economic terms. Geographical separation, a trend at work ever since the Industrial Revolution, was now reinforced by new means of transport, the horse-drawn tram and the 'people's carriage', the cheap electric tram, the suburban railway, and towards the end of the period the motor car.[2] These enabled the inhabitants of towns and still more of great cities to sort themselves out by what they could afford in terms of time and transportation as well as house rents and local rates into largely concentric rings of graded residential districts. Except in London, where some of the very rich still chose to live in the West End, the city centres were given up to the poorest, who had to live near the daily and sometimes twice-daily markets for casual labour, the unskilled but regularly employed lived a little farther out, the skilled up to a tram-ride or workmen's train ticket away, the lower middle-class clerks and the shopkeepers and smaller business men at the end of a horse-bus or short suburban railway trip, and the well-to-do middle class at the distance of a railway season ticket. Even the well-to-do were graded by ability to pay, so that Highgate and Hampstead on their salubrious hills were socially superior to Camden Town and Maida Vale, just as the Manchester suburbs of Altrincham and Alderley Edge were a cut above Wilmslow and Hale. There were exceptions, of course: inner suburban enclaves like Victoria Park, Manchester or Edgbaston, Birmingham kept their desirable status by determined private planning controls; and the circles were often eccentric, bulging on the western side and up the hills to take advantage, for those who could pay for it, of fresher air and cleaner water. But it was undoubtedly the late Victorian age which, with its trams and buses and suburban railways, began the commuter age of modern times, and with it the height of inequality between the classes.[3]

1 THE HEIGHT OF INEQUALITY

Despite the enormous rise in the national income and in average living standards during the Industrial Revolution, inequality was probably at its height between 1880 and 1914. The distribution of income was more skew and the economic distance between the classes was greater than ever before. For the beginning of the period we can still use Dudley Baxter's fairly reliable estimate of

the distribution of the National Income of England and Wales in 1867, modified to take into account Sir Josiah Stamp's more accurate statistics of income taxpayers.[4] Table 2.1 shows that the upper and middle classes, under 2 per cent of all families, with upwards of £300 a year per family (nearly three times the average family income), received well over a third (36.9 per cent) of the National Income—nearly as much as the whole manual working class (39.1 per cent), who constituted three quarters of the population.

Table 2.1 Distribution of the National Income of England and Wales between families, 1867

	Families (000s)		*Income (£000s)*	
	Number	*Percentage*	*Amount*	*Percentage*
I Upper class				
1 £5,000+	4.5	0.07	111,104	16.2
2 £1,000-£5,000	25.2	0.41	69,440	10.1
II Middle class				
£300-£1,000	90.0	1.46	72,912	10.6
III Lower middle class				
1 £100-£300	510.3	8.29	93,744	13.7
2 Under £100	946.0	15.37	70,958	10.3
Upper and middle	1,576.0	25.6	418,158	60.9
IV Higher skilled	840.8	13.8	72,028	10.5
V Lower skilled	1,610.0	26.1	112,042	16.3
VI Unskilled and agricultural	1,516.8	24.6	70,659	10.3
VII Wageless families	610.4	9.9	13,466	2.0
Manual labour	4,578.0	74.4	268,195	39.1
All classes	6,154.0	100.0	686,353	100.0

Source: Dudley Baxter, *The National Income* (Macmillan, 1868), p. 15, adjusted to conform with Sir Josiah Stamp's estimates in *British Incomes and Property* (King, 1916), p. 449.

Towards the end of the period Sir Leo Chiozza Money made a similar but less detailed estimate of the distribution of the National Income of the United Kingdom for 1904, summarized in Table 2.2.

Table 2.2 Distribution of the National Income of England and Wales, 1904

	Earners including families		*Income*	
	Number (000s)	*Percentage*	*Amount (£000s)*	*Percentage*
Those in:				
I Riches (£700+)	1,250	2.9	585,000	34.2
II Comfort (£160–£700)				
1 £600–£700	65	0.2	8,500	0.5
2 £500–£600	145	0.3	16,000	0.9
3 £400–£500	265	0.6	23,900	1.4
4 £160–£400	3,035	7.1	182,100	10.6
5 Other (no abatement claim or evaded tax)	240	0.5	14,500	0.8
Subtotal in comfort	3,750	8.7	245,000	14.3
III Poverty (=non-tax-payers)	38,000	88.4	880,000	51.5
Total	43,000	100.0	1,710,000	100.0

Source: L. G. Chiozza Money, *Riches and Poverty* (Methuen, 1905), pp. 41–3

He concluded that 'the United Kingdom is seen to contain a great multitude of poor people, veneered over with a thin layer of the comfortable and rich'. Those in 'riches' with over £700 a year, less than one-thirtieth (2.9 per cent) of the population, received over a third (34.2 per cent) of the National Income, those in 'comfort' with between £160 and £700 (8.7 per cent) received one-seventh (14.3 per cent), while those in 'poverty'—by which he, a Fabian banker, meant simply those below the income tax level—eight-ninths (88.4 per cent) of the population, received only just over half (51.5 per cent) of the National Income.

Baxter's and Money's figures are of course both very rough, and static, estimates and are not on a comparable basis. Sir Arthur Bowley, the distinguished pioneer of income and wage statistics,

calculated that, although the wage-earning class increased their real wages between 1880 and 1913 by a third (34 per cent), their share of the National Income declined significantly, from 41.3 to 35.6 per cent. Surprisingly, so too did the share of the wealthy (the same percentage of the occupied population taxed on over £160 per annum in 1880 and over £225 per annum in 1913), from 47.1 per cent to 44.5 per cent. The reason for this divergence is that the estimated number of wage earners had shrunk from 83.3 per cent of the population to 73.4 per cent, and the slack had been taken up by the 'intermediate' class, expanding both in numbers (from 12.2 to 22.4 per cent) and in income (from 10.4 to 19.4 per cent). Allowing for this shift, which benefited those children of the working class who moved up into the lower middle class, Bowley concluded that the general increase in the National Income had been shared with remarkable equality between the classes. Although this was true relatively speaking, the absolute gap between the classes had widened considerably. While the average wage had risen from £37.8 to £50.6 per annum (prices being little different, having fallen and then risen again), the average income of his higher taxpaying group (with over £700 p.a.) had increased from £855 to £1,120 per annum, an increase equal to more than five times the average wage in 1913.[5]

Although Bowley was impressed by the constancy of the class shares, he nevertheless believed that the economic system had not produced a satisfactory livelihood for the bulk of the population. This was confirmed by the great pioneers of the poverty survey during this period, of whom Bowley himself was one. For reasons we shall see later, the late Victorians had become disturbed about the problem of poverty, as such sensational publications as the Rev. Andrew Mearns's *The Bitter Cry of Outcast London* (1883) and William Booth of the Salvation Army's *In Darkest England and the Way Out* (1890) bear witness. The concern was not new, as any number of commentators and philanthropists demonstrate, from Malthus and Thomas Chalmers in the first three decades of the century through Henry Mayhew, Charles Dickens, Baroness Burdett-Coutts, and F.D.Maurice and the Christian Socialists in the 1840s and 1850s, to Canon Barnett, Octavia Hill and the Charity Organization Society of 1869.[6]

What was new from the 1880s was determination to get at the statistical facts, to quantify the precise extent of poverty and its

causes. The originator of the comprehensive social survey was Charles Booth, the Liverpool shipowner and amateur statistician, who had served his apprenticeship in the Liverpool and London Statistical Societies which, along with the Manchester Society (founded in 1833) and the Society for the Promotion of the Social Sciences (founded in 1859), were the pioneers of empirical sociology in Britain.[7] His motives in undertaking the vast survey of *Life and Labour of the People of London* in seventeen volumes, from 1889 to 1902, are still debated,[8] but his estimate that no less than 35.2 per cent of the population of the East End and 30.7 per cent of that of London as a whole were in poverty struck a chord in the hearts of contemporaries and has become accepted ever since. It seemed to be confirmed by Seebohm Rowntree's social survey of York in 1899, which found 43.4 per cent of the wage-earning population, 27.8 per cent of the total population of that much smaller city, in poverty.[9]

These were appalling figures which were, quite rightly, to have a powerful effect on contemporary perceptions and on social reform. But sympathy for the poor, however well justified, must not be allowed to obscure the meaning of the figures. By 'poverty' Booth, who thought that his results were 'not so appalling as sensational writers would have us believe', meant much the same as Bentham and his disciple Patrick Colquhoun long before in 1806: the state of 'having no surplus' and therefore having to work for one's daily bread.[10] Most of Booth's 'poor', classes C and D, 'though they would be much the better for more of everything, are not "in want". They are neither ill-nourished nor ill-clad, according to any standard that can reasonably be used. Their lives are an unending struggle and lack comfort'.[11] What we normally mean by poverty, and what many of his contemporaries took him to mean by it, he called 'want' or still worse, 'distress'. Booth himself believed therefore that only his classes A (the 'lowest class of occasional labourers, semi-criminals and loafers') and B (the 'very poor') were in what was commonly meant by poverty, and these together constituted 12.4 per cent of the East Enders and 8.4 per cent of all Londoners.[12] In other words, not 'nearly a third' but a much lower figure, one in twelve of the population, were in 'want or distress'.

Rowntree's figures were similarly misunderstood. Although his definition of poverty was more scientific than Booth's, based as it was on careful calculation of the income needed to maintain

families of varying sizes in health and physically fit enough for work, his figures of 43.4 per cent of the working population and 27.8 per cent of the total population of York in poverty included 27.9 per cent and 17.9 per cent respectively in 'secondary poverty', with barely sufficient income but, because of misspending on inessentials, showing signs of undernourishment, as judged by his investigator. The proportions in 'primary poverty'—comparable with Booth's classes 'in want' and 'distress'—were 15.5 per cent of the working class and 9.9 per cent, or about one in ten of the population of York.[13]

The seemingly mathematical accuracy of the figures which so impressed contemporaries was also dubious. Booth's statistics were not of *people* at all, but of *impressions* of particular houses and whole streets extracted by his proud but inaccurate technique of 'mass interviewing' by the new school attendance officers, his 'eyes and ears'. Rowntree's statistics were also impressionistic, and collected by his anonymous (and enormously hard-working) paid investigator who called at every working-class house, inquired about the wages, earners and dependants and, where the income was deemed barely sufficient, noted the signs of 'secondary poverty'.

None of these caveats proves that poverty was negligible in late Victorian England—on the contrary, the Interdepartmental Committee on Physical Deterioration, which reported in 1904 after General Sir Frederick Maurice's complaints of the unfitness of many army recruits in the Boer War, amply confirmed the poor food, overcrowded housing and terrible living conditions, though not the alleged progressive mental and physical degeneration, amongst the slum dwellers of the great cities[14]—but they do suggest that the proportion in poverty *by the standards of the time* was smaller than Booth's and Rowntree's estimates were taken to mean.

This was confirmed by Bowley and Burnett-Hurst's much more scientific and accurate four towns survey, *Livelihood and Poverty,* though this was not published until 1915, too late to affect public opinion in the period.[15] This random sampling of working-class households in Northampton, Reading, Stanley and Warrington in 1912–13, using a new and somewhat higher poverty line, showed that an average of 16 per cent of the working class, or about 12 per cent of the total population, ranging from 4.5 per cent in Stanley (a

small coalmining town) to 19 per cent in Reading, were living in (primary) poverty. It was no consolation to those actually suffering from want and distress that their suffering was shared with fewer rather than larger numbers than was commonly believed. Indeed, as today, 'relative deprivation' compared with the affluent many may lead to a greater sense of social injustice.

The causes of poverty were of three overlapping kinds. Firstly, there were the unavoidable exigencies and misfortunes of life, illness or death of the main breadwinner, old age or unemployment. Secondly came the 'life-cycle' of poverty discovered by Rowntree, in which most of the children were born into poverty brought on by their very coming and the loss of the wife's wages, most married after a brief period of prosperity into childbearing and poverty again, and then, after an interval of affluence supported by the older children's wages, sank into the poverty of old age. Thirdly, the most important at the time, was the poverty of low wages and large families. The first kind, illness, widowhood, old age and unemployment, accounted for 23 per cent of the poverty in York (of which unemployment and irregular work, in a boom year, caused 5.1 per cent), and from 13 per cent in Warrington to 31 per cent in Reading and 35 per cent in Northampton (of which unemployment and irregular work caused about 6 per cent). The second kind can best be measured by the proportion of children in poverty, far larger than the average for the whole population: 35.7 per cent of all children under 15 were in (primary or secondary) poverty in York (as compared with the population average of 27.8 per cent), and 27 per cent of the children in (primary) poverty in Bowley and Burnett-Hurst's four towns (as compared with 16 per cent overall). But by far the major cause of poverty was low wages, usually combined with large dependent families: no less than 74 per cent of those in poverty in York, and 71 per cent in the other four towns.[16] Of agricultural labourers, whose wages were the lowest of any major occupation, ranging from an average of 14s. 11d. a week in the worst county, Oxfordshire, to 22s. 6d. in the best, Durham, *most* were in poverty. According to a survey in 1913 by Rowntree and May Kendall, 'the wage paid by farmers to agricultural labourers is, in the vast majority of cases, insufficient to maintain a family of average size in a state of merely physical efficiency'[17]—and most farm labourers' families were above the national average in size. Bowley and Burnett-Hurst concluded from their survey:

> It is thus proved that a great part of the poverty revealed by our enquiries…is not intermittent but permanent, not accidental or due to exceptional misfortune, but a regular feature of the industries of the towns concerned. It cannot be too emphatically stated that of all the causes of primary poverty which have been brought to our notice, low wages are by far the most important. We could go further and say that to raise the wages of the worst-paid workers is the most pressing social task with which this country is faced today.[18]

To that extent, capitalist society had succeeded in segregating not just the immensely rich from the rest, or the middle from the working class, but also the ordinary working class, Booth's 52 per cent of wage earners living in comfort and indeed his 74 per cent living above the level of want or distress, from the 'residuum', the 'outcast poor' who lived out their lives in the pariah-world of the slums.

Nevertheless, since far more children passed through a phase of poverty and malnutrition than lived permanently in poverty as adults, the segregation of the classes was physiological as well as economic and locational. Between 1880 and 1910 13-year-old working-class boys in London and Glasgow were on the average 2½ inches shorter than their middle-income group contemporaries, and 4 inches shorter than upper-class boys, and there was little evidence of much increase in average height or narrowing of the gap between the two dates.[19] The chances of living at all were twice as great in the highest as in the lowest class: infant mortality rates in the upper and middle classes as late as 1911 averaged 77 per thousand compared with 113 per thousand for skilled workers' children and 152 per thousand for the unskilled.[20] In 1917 the National Service Medical Boards found that only three in nine conscripts (all born before 1900) were

> perfectly fit and healthy; two were on a definitely infirm plane of health and strength…; three were incapable of undergoing more than a very moderate degree of physical exertion and could almost (in view of their age) be described with justice as physical wrecks; and the remaining man was a chronic invalid with a precarious hold on life.[21]

When class could make so much difference not merely to material possessions and cultural advantages but to the very fibre of one's being, we can truly say that class society was at its zenith.

Segregation was reinforced by growing class hostility. Although after passing through the relatively socially harmonious Viable class society' of the mid-Victorian age, England did not return to the violent class antagonism and fear of revolution of the Regency and Chartist periods, there was in the last quarter of the nineteenth century and beyond a decided upswing in the tempo of class conflict. It took the form of an intensification of the struggle for income which showed itself, firstly, in prolonged outbursts of industrial strikes, bitter denunciations of landlords and millionaires, demands for parliamentary and local government reform, proposals for land taxes, social reform, and changes in the method of incidence of taxation, and, secondly, in challenges to the *status quo* by various kinds of socialism and incipient working-class alternatives to the existing political parties. This recrudescence of class hostility might appear surprising in a period of rising living standards for most people, including a majority of the working class, and when most of the English, including a large part of the working class, were content to keep an increasingly plutocratic Conservative Party in power for most of the time. To understand this age of contradictions we must explore the impact of the so-called 'Great Depression' of 1874–96 and the climacteric of British capitalism.

2 THE CLIMACTERIC OF BRITISH CAPITALISM

British capitalism reached its zenith in the late Victorian age in yet another sense. At some point between the 1870s and the 1890s the rate of economic growth began to slacken, first in industrial production, then in National Income, and Britain began to be overtaken in both by foreign competitors, notably the United States and Germany. The annual rate of growth of industrial production (excluding building), having reached a peak of 3.6 per cent per annum in the decade from the early 1860s to the early 1870s, slackened to 1.6 per cent per annum between the late 1870s and the late 1880s, 1.8 per cent per annum between the late 1880s and the early 1900s, and finally to 1.5 per cent per annum between the early 1900s and 1913. In per capita terms the fall was still more

spectacular, from 2.4 per cent per annum in the first of those decades to 0.2–0.4 per cent per annum through most of the period and to a *negative* 0.2 per cent per annum in the last decade before the Great War, an actual decline in production per head.[22] The figures are slightly defective since they tend to exaggerate the old declining industries and understate the new expanding ones, and they do not include the new and burgeoning services like education, health, transport, and local and central government which now began to enter more largely into the National Income. Allowing for these, real National Income per head (at 1913 prices) went on growing, with occasional setbacks, fairly steadily from an index (1913–14=100) of 58.6 in 1880 to 80.6 in 1890 and 89.4 in 1900, before levelling out in the 1900s in the low 90s, with a final upswing to 101.6 in the boom of 1913.[23] Much of the striking improvement in average living standards in the late Victorian age, a rise of over 50 per cent in twenty years in the face of decelerating industrial production, was due to favourable terms of trade and the falling prices of imported food and raw materials.[24] Retail prices fell from an index of 96 in 1880 to 68 in 1895 before rising again to 100 in 1911–13.[25]

In the same way, much of the stagnation of production and National Income per head in the Edwardian age was due to rising prices and adverse terms of trade. The 'climacteric of the late 1890s'—the beginning of a long-term fall in the rate of growth of National Income—was partly due to this swing from falling to rising prices, especially of imports, although this only dramatized the real change in Britain's dominant economic position and leading role in world trade, which reached its apogee in the late 1890s.[26]

To contemporaries the long period of falling prices between 1873 and 1896 was known as the 'Great Depression in trade and industry'. Its existence was doubted by the great economist Alfred Marshall before the Royal Commission on the Depression in 1886, and further doubt was thrown on it by H.L.Beales in 1934, before the 'myth' was finally demolished by S.B.Saul in 1969.[27] All three were of course right in rejecting the notion of permanent depression in a period which saw not only spectacularly rising real incomes together with high and, except for a few particularly bad years like 1879, 1884–87 and 1892–95, rising employment. Yet contemporaries were not self-deluded, knew that something was