THE COTTON FAMINE IN LANCASHIRE

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In view of the long post-war depression of the Lancashire cotton trade it is not without interest to consider the importance of the last great crisis of that industry—the Cotton Famine of 1861–5.¹

¹ This paper is based on the following material:

(a) MSS.—Minutes of the American Chamber of Commerce at Liverpool (in Picton Library), Minutes of the Liverpool Cotton Brokers' Association (by permission of the President of the Liverpool Cotton Association), Proceedings of the Manchester Chamber of Commerce (by permission of Mr. Streat), Minutes of the London Trades Council (by permission of Mr. Wall). I thank those who have been kind enough to allow me to use this manuscript material.

(b) Parliamentary Papers—e.g. Reports of the Poor Law Board, of Inspectors of Factories, of Mr. Farnall on the working of the Poor Law in the distressed districts, of Mr. Rawlinson on the working of the Public Works Act (details below).

(c) Unofficial Reports of various kinds—e.g. reports of the Central Relief Committee (Manchester) and of the Cotton Supply Association.

(d) Cotton circulars—Mr. Nickson kindly allowed me to see the collection in the possession of the Liverpool Cotton Association.


(f) Pamphlets—e.g. G. M’Henry, The Cotton Supply of the U.S.A. (London, 1865); S. Smith, Cotton Trade of India (London, 1863). The pamphlet literature on topics connected with the Cotton Famine is considerable.


Further references to special aspects of the Cotton Famine are given below.
This question has usually been regarded from two angles—as a factor in Anglo-American relations during the Civil War and as a problem in the relief of distress. From the first point of view it is commonly dismissed with an allusion to the confidence of the South in the power of King Cotton to bring England into the war against the North to break the blockade that was depriving the cotton industry of its raw material, and with a tribute to the way in which the Lancashire operatives supported the North in its fight against slavery by bearing patiently the sufferings which followed the closing of many mills.\(^1\) From the second point of view—the one adopted in the main by the two contemporary historians of the Cotton Famine (R. A. Arnold and J. Watts)—the crisis is regarded as interesting because of the important modifications in the Poor Law and of the valuable experiment in Public Works to which it led.

The cotton crisis has sometimes been ascribed solely to the sudden stoppage of the supply of the raw material from the Southern States of the U.S.A., which had in 1860 supplied about 78 per cent. of Lancashire’s needs.\(^2\) In fact, however, the trouble was due partially to over-production. Just before the Cotton Famine—in 1859–60—the Southern States produced more cotton than the world needed. Lancashire cotton manufacturers, taking advantage of the large supply of cheap cotton and of a big temporary demand for cotton goods from the Far East (particularly from India), worked their mills at high pressure and enjoyed “two years of almost unexampled

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\(^1\) Even when regarded from that angle the importance of the crisis has not always been fully appreciated. C. F. Adams, Jun., complained in 1911 that “the Lancashire Cotton Famine of 1861 to 1864 has never been adequately told in connection with our Civil War. Simply ignored by the standard historians, it was yet the Confederacy’s fiercest fight and its most far-reaching defeat” (Studies Military and Diplomatic (New York), 1911, p. 317).

prosperity." ¹ By May, 1860, the recent heavy demands had been met and there accumulated about 300 million pounds of cotton goods which could not have been sold at a profit if the existing rate of production were maintained. Had there been no American Civil War there would doubtless have been a period of depression in the cotton industry during which mills would have run on short time while big stocks would have been sold off cheaply. The situation was aggravated by the overproduction of continental cotton mills and it was not until early in 1863 that M. Williams could express the confident hope that "the period of exhausted cotton stocks in all foreign markets . . . must now soon arrive."²

In one respect, therefore, the Cotton Famine benefited many Lancashire manufacturers. It enabled them—not, it is true, immediately but certainly in the autumn of 1862 and spring of 1863—to sell off stocks of cotton goods at much higher prices than they expected after the recent period of overproduction. English exports of cotton goods declined in quantity but they increased in value.³ The shortage of cotton was first felt by those manufacturers who were anxious to keep their mills working full time for the sake of the operatives. Later, when the world had absorbed the surplus production of 1859-61 and the demand for cotton goods increased, practically all manufacturers were affected. The average weekly consumption of cotton in Great Britain declined from 51,711 bales of 400 lb. in 1860 to 22,519 in 1863, and then slowly increased until the 1860 figure was exceeded in

² M. Williams' introduction to reissue of circulars for 1861 and 1862, p. 4; J. Slagg, Jun., pp. 24–6; R. A. Arnold, pp. 80–1; J. Watts, pp. 35–6; Mc' Cullagh Torrens, p. 11; M. Daily E. and T., 6 Jan., 1862, 9 Sept., 1862; Economist, 20 Feb., 1864 (Supplement, pp. 2–3).
1871. Prices naturally increased: the average price of Middling Orleans (Upland) at Liverpool rose from $6\frac{1}{2}$ to $27\frac{1}{2}$ d. in 1864.\textsuperscript{1}

Substantial profits were made during the Cotton Famine by three classes of men. First, there were manufacturers who were able to sell at unexpectedly high prices not only large stocks of cotton goods accumulated during the period of overproduction, but also stocks of cotton which were re-exported to New York (where the price of the raw material was even higher than in Liverpool) in preference to working them up at home.\textsuperscript{2} Secondly, "half trade at treble prices, has in the main paid agents and warehousemen better than full employment at normal prices."\textsuperscript{3} Some Liverpool brokers made big profits—"people hereafter will often recall the time when 350 bales of cotton figured in the invoice for £16,000 and the broker got an average of 9s. per bale for the mere trouble of passing it from one holder to another."\textsuperscript{4}

Thirdly, speculators often made considerable gains in two ways. The financing of blockade running ventures was risky, but—if successful—extremely lucrative. "It was calculated that one successful run out of three would make a fair return, whilst 500 per cent. profit was commonly spoken of as the result of a single venture."\textsuperscript{5}

Further, there was much gambling on the violent fluctuations in cotton prices that took place during the period of the American Civil War. E. D. Evans wrote in the spring of 1864: "The speculation in cotton, at present,
has been a speculation in which most of the operators have taken profits; for floating with rising prices, they have either gone the whole length of their tether, or have retired when they were satisfied with the margin of gain presented." ¹

There were two new developments in marketing cotton at this time. First, "bear" sales (speculating on a fall in price) gained in popularity after the first few months of the crisis had passed. It was said that in 1863 "certain parties in Manchester" had been "bearing the market to an extent never before known." ²

Secondly, dealings in futures not only increased but changed in character. Some years before the American Civil War cotton had been sold "in advance" when the steamer brought samples a few days ahead of the sailing ship carrying the cotton or when the telegraph to India (which was being completed in these years) brought news of the extent and nature of Indian cotton cargoes on the high seas. Undue speculation in this type of business in 1857 had virtually put an end to it in the Liverpool market, but during the Cotton Famine it was revived in an objectionable form. It was stated at the end of 1863 that "transactions in cotton to arrive no longer imply any real foundation. Sales are made on a large scale for shipment months hence that are purely fictitious—already we hear of some of these operations being settled by the payment of differences as on the Stock Exchange." ³

² D. E. Buchanan & Co., 1 Jan., 1864. Speculating on a rise ("bull" sales) was naturally common in the early months of the Cotton Famine (J. Watts, p. 358; M. Williams, 1863), but later "the high prices and wide fluctuations of the war period suggested 'bear' sales" (A. Crump, p. 27).
³ Stead Brothers, 31 Dec., 1863: cf. Smith, Edward & Co., 1 Jan., 1864; M. Williams, 1863, and letters of "A Liverpool Broker" to The Times, 12 Nov., 1863, and 17 Dec., 1863. Cotton futures, of course, did not originate during the American Civil War (see S. Durnbell in Economic History, I, p. 259). The exceptional conditions brought about by the cotton crisis—poor, badly
The gains made by many manufacturers help to explain the "unbounded confidence" shown in the cotton industry by bankers even when cotton was at 24d. a lb.\textsuperscript{1} Moreover, they throw some light on the forbearance of creditors, the consequent "insignificance of the failures that have occurred among millowners" and "the fact that the offering of a mill for sale is an event scarcely heard of." \textsuperscript{2} They help, too, to explain how optimistic manufacturers were able to revive the policy of building new mills and improving old ones that had characterised the 1859–60 boom but had not been pursued to any great extent at the beginning of the crisis. By 1863 not only had the construction of mills previously contracted for been resumed, but new orders for mills had been given and efforts were being made to modernise existing establishments.\textsuperscript{3}

Despite the big profits made by some, the industry as a whole suffered: bankruptcies increased and the income tax collected in the cotton districts declined. About £65,000,000 (including £28,000,000 loss of wages) was lost to the cotton trade. The burden of rates became very heavy; income from cottage rents decreased; unused machinery deteriorated; losses were sometimes incurred by keeping a mill working for the sake of the operatives, (even fraudulently) packed cotton commanding abnormally high prices—brought to a head old disputes between spinners, merchants and brokers about certain trade practices, e.g. allowance for tare (i.e. canvas and ropes), procedure to be adopted in returning falsely packed or adulterated cotton, terms of payment for cotton and the method of calculating brokers' remuneration (see Minutes of the Liverpool Cotton Brokers' Association, Minutes of the American Chamber of Commerce of Liverpool and Proceedings of the Manchester Chamber of Commerce).
The Cotton Famine in Lancashire.

and there were subscriptions to be paid to the relief funds. Further losses were suffered in the financial crises of 1864 and 1866. These crises may be accounted for by the heavy drain on English gold reserves,¹ by increased speculation in cotton (intensified by the operations of a rapidly increasing number of financial limited liability companies) and by the necessity of financing public and private relief in Lancashire.²

The Lancashire cotton industry eventually gained in efficiency through the reorganisation forced upon it by the Cotton Famine and the subsequent financial crises. Small incompetent factories with inadequate capital behind them disappeared; most of them "were no more than weaving sheds, built during the boom of 1858 and subsequent years. They had been established mainly by speculators, one of whom supplied the yarn, another the machinery, a third the buildings; and they were worked by men who had been overlookers, or by other persons of small means."³ On the other hand, financially strong manufacturers built new and better factories, improved machinery and reorganised methods of work to eliminate waste and increase production.

"Between 1861 and 1868 no less than 338 cotton mills disappeared. . . . The number of power looms declined by 20,663; but their product simultaneously increased, so that an improved power loom was now giving a better yield than did the old one. . . . The number of spindles increased by

¹ Gold was sent to the U.S.A. and to Germany because debts were being recovered to pay for wars—to France for investment in public works—to India to pay for cotton—and to various States (including the U.S.A.) to pay for considerably increased imports of corn.
² Economist, 10 March, 1866; M. Williams, 1865; J. Watts, p. 375; T. Ellison, p. 96; E. von Halle, II, pp. 262-3.
³ Karl Marx, Capital (Everyman Library), I, p. 490: he adds, "Most of these little factories came to grief. The same fate would have overtaken them in the commercial crisis which was only staved off by the cotton famine. Although they formed one-third of the total number of factories, the amount of capital invested in them was very small as compared with the total amount of capital invested in the cotton industry."
The heavy losses suffered by the cotton industry were regarded by some as not wholly undeserved since Lancashire manufacturers had been content to rely almost entirely on the Southern States for their raw material. It was only a small minority, which, under Thomas Bazley's leadership, formed the Cotton Supply Association in 1857 to increase the sources of cotton supply.

The cotton growing possibilities of almost every corner of the globe were eagerly investigated when the supply from the Southern States ran short. It was to India that Karl Marx, *Capital* (Everyman Library), I, p. 465 (note): he goes on, "The 'temporary' poverty from which the workers suffered owing to the cotton crisis was thus increased, and from being temporary was made permanent, by the rapid and continuous improvement of machinery." Cf. table given in Appendix I (taken from Karl Marx, I, p. 466) and M. Tougan-Baranowsky, p. 322; E. Helm in *Trans. Manchester Statistical Society*, 1868-9, p. 82. For the commercial aspect of the Cotton Famine, see also Viscount Goschen, *Essays and Addresses on Economic Questions* (London, 1905); C. Juglar, *Des crises commerciales* (2nd edn., Paris, 1889), pp. 374-90; M. Williams, *Seven Years' History of the Cotton Trade* (Liverpool, 1868); W. Fowler, *Crisis of 1866* (London, 1867); *Economist*, 23 June, 1866, and 18 May, 1867.

1 Not 1858 as T. Ellison states (p. 90).

2 The publications of the Cotton Supply Association—which contain valuable material for the student of the English cotton industry in the sixties—were the Annual Reports, the Cotton Supply Reporter (published fortnightly until 1 April, 1863, and then monthly) and pamphlets and reports such as F. Fowler, *Report on the Cultivation of Cotton, Egypt* (1860). See also I. Watts, *The Cotton Supply Association* (Manchester, 1871), and W. O. Henderson, "The Cotton Supply Association," 1857-72 (Empire Cotton Growing Review, April, 1932).

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4 E. von Halle, II, p. 246 (note), gives a list of books on cotton supply during the Cotton Famine. See also W. O. Henderson, "Empire Cotton during the Cotton Famine" (Empire Cotton Growing Review, Jan., 1932).

that manufacturers turned with greatest confidence, although—despite her apparent great potentialities of growing cotton and the encouragement given by the East India Company—India had sent to Lancashire in 1860 only 563,200 bales of cotton and that was of low quality. This was due partly to the fact that while in America cotton was a staple product grown on large private estates by negro slaves working under white supervision, in India it was a small subordinate crop sown every three or four years alternately with other minor crops on small-holdings rented from big landowners, from native Princes or from the British Government—in British India "the most gigantic absentee landlord in the world," declared Cobden. Other causes of India's comparative failure as a cotton-growing country were lack of soil and climate as suitable as those of the Southern States, old-fashioned agricultural methods, the heavy indebtedness of the ryot, the uncertainty as to what the Government assessment of land would be, very poor internal communications, the absence of a law of contract, the failure of the Government to stop adulteration and "the irregularity of the prices and the irregularity of the demand for Indian cotton." Several companies were formed to trade in Indian cotton. The most important, the Manchester Cotton Company, concentrated on the Dharwar district but failed owing to the absence of roads, the lack of native labour, the unhealthiness of the port of Sedashegur and the failure of Government support. Difficulties in the way of increasing India's cotton supply at this time were the disorganisation caused by the Mutiny; the unsatisfactory

1 Rivett-Carnac estimated in 1863 that eight and a half million acres were under cotton cultivation in India (Parliamentary Papers, 1868–9, XLVI, p. 22).
2 Hansard (3rd Series), CLXXII, pp. 198 ff.
3 Parliamentary Papers, 1847–8, Qn. 331, and Report, p. v (Bright's Committee).
4 Now called Carwar.
position of the Indian revenue which led to the postpone-
ment of public works in 1860 and to the Government's
unsympathetic attitude towards the Manchester Cotton
Company; the dropping of Government inspection of
cotton bales in Broach and Surat; Sir Charles Wood's
reversal of Lord Canning's plans for punishing fraudulent
breaches of contract, for redeeming the land-tax and for
disposing of waste lands. Despite these difficulties, im-
ports of cotton from India to England increased from
563,200 bales in 1860 to 1,390,700 in 1863 and 1,866,610
in 1866,1 but the quality was very poor. The results of
the cotton famine on India were a temporary increase—
not nearly so considerable as was anticipated—in the
exports of cotton, a gradual improvement in the quality
of the cotton, an improvement in the condition of the
ryot and an impetus to the development of Indian cotton
mills.

India was regarded by Lancashire not merely as a place
from which raw cotton could be obtained, but also as a
market for yarns and goods. On the eve of the Cotton
Famine, Indian import duties on cotton goods were
increased from 5 per cent. to 10 per cent. Lancashire's
protests secured a reduction later, but it was not until
the next occasion when the cotton trade was depressed—
in 1878–86—that the abolition of all Indian duties on
cotton goods was secured.2

The Ottoman Empire 3 was also regarded as a promising
source of cotton supply and had sent England 109,500
bales in 1860. The best cotton fields were in Egypt,
which "combined several of the advantages of the

1 T. Ellison, Appendix Table I.
2 C. J. Fuchs, Trade Policy of Great Britain and her Colonies since 1860
(London, 1905), pp. 272–5. The whole question was, however, reopened later.
3 Parliamentary Papers, 1865, LVII, p. 741; Max Eyth, Lebendige Kräfte
(4th edn., Berlin, 1924), ch. 6; F. Fowler, Report on the Cultivation of Cotton
in Egypt (Manchester, 1860); E. M. Earle, "Egyptian Cotton and the Ameri-
can Civil War" (Political Science Quarterly, New York, XLI, p. 520, Dec.,
1926); H. Sandford, Cotton Supply from the Ottoman Empire (London, 1862).
Southern States; there were water and railway communications, steam communication with England, a government whose leader was wisely administering the country with a view to promote its agricultural facilities, not less than the growth of cotton.” ¹ But there were unusual difficulties; the sandy soil had to be worked eight or ten times to the depth of a foot with a primitive implement; two-thirds of the cotton crop of Lower Egypt depended upon irrigation for its water; and the crop was liable to severe damage from the wind unless immediately gathered. There was no middle class from which commercial enterprise and capital could be expected and the administration was faced with greater responsibilities than it was able to discharge. The determination of Ismael Pasha to make the most of high cotton prices while they lasted was but one of the grandiose schemes of this new Viceroy whose Oriental imagination saw Egypt arising as an industrial power capable of taking its place among the great civilised nations of the world. Great efforts were made to improve irrigation: attempts were made to introduce steam ploughs, especially when foot and mouth disease carried off most of the cattle of Upper Egypt in 1864; and factories with steam-gins were set up. Egypt's cotton exports increased and considerable profits were made by cultivators. When the American Civil War ended and prices fell cotton exports declined again, but Ismael Pasha, undismayed, turned his attention to beet sugar.

Syria, Anatolia and Macedonia had, until about 1780, supplied England with most of the cotton she needed, but by 1860 supplies had greatly declined. To encourage cotton-growing the Turkish Government established an Imperial Cotton Commission at Smyrna. It was decided that waste lands used for cotton were to be exempt from taxation for five years: cotton so grown, whatever its

¹ Manchester Daily Examiner and Times, 24 June, 1863.
quality, was to pay duty at the rate of the most inferior cotton; machinery might be imported free from all import dues. Some machines and seed were distributed gratis. In England the Ottoman Cotton Company was formed. The result of these efforts was that "from all parts of the Turkish dominions accounts are received of the revival or commencement of cotton cultivation." The increase of Turkey's cotton exports proved, however, to be only a temporary one. In 1868 the Cotton Supply Association "observed with much regret that the Ottoman Empire has not made such progress as a cotton-growing country as there seemed reason to anticipate." It is doubtful whether this was due to "the apathy of the people, the inefficiency of local officials, and the want of perseverance and energy" rather than to lack of Government aid. The Government had not carried out to any very great extent its promise to give waste lands rent free for the raising of cotton and to suspend for a time tithes on cotton lands. It refused to allow Europeans to own land and difficulties were placed in the way of persons who desired to erect cotton-ginning factories.

The only region of South America that sent England any appreciable quantity of cotton was Brazil (55,060 bales annually between 1856 and 1860). Helm considered that Brazil's "vast extent, its fertility, its fitness of climate constitute the first essentials of a great cotton-producing country." But roads were bad, slave labour unsatisfactory and—in some districts—scarce since the abolition of the external slave-trade in 1850. The Portuguese were apathetic, there were export duties amounting to 20 per cent., and there was need of foreign capital. Brazil's exports of cotton to England steadily increased between 1860 and 1868. In several other South American States,

3 T. Ellison, p. 86.
particularly in Venezuela, which had for a short time in the early forties exported some 10,000 bales a year, successful attempts were made on a small scale to increase cotton production.

The West Indies and British Guiana had once been important sources of cotton supply. In 1786–90 the British West Indies sent England 45,000 bales or 70 per cent. of England’s total cotton imports,¹ and British Guiana, when taken over from the Dutch in 1805, had been “a cotton-rather than a sugar-producing country”: at one time “the entire sea-coast between the rivers Pomeroon and Courantyne, a distance of about two hundred miles, was laid out solely in cotton plantations.”² In both colonies the high prices obtainable for sugar—prices artificially raised by the Government at home—induced planters to give up cotton growing for sugar. The change was easy to make at a time when labourers were slaves. Attempts were made both before and during the Cotton Famine to revive cotton production, particularly in Jamaica, and they met with some success.³

On the West Coast of Africa ⁴ cotton had long been grown by the natives for their own consumption. Not only was the pioneer work of T. Clegg at Lagos and Abeokuta and of MacGregor Laird in the Niger valley followed up during the Cotton Famine by the activities of the West African Cotton Company and of A. C. Hutton, but missionary societies anxious to find peaceful employment for free negroes gave every assistance in their power. But tribal warfare, especially in the Dahomey region, interfered with the growth and transport of cotton and the cotton supply from this source decreased.

The French fostered the culture of cotton in Algiers. A decree of 25 April, 1860, and a ministerial order of 30 June, placed a bounty on Algerian cotton. Thus encouraged, the French colonists continued their efforts to grow cotton and an English company was formed to grow cotton in Algiers. In 1866 over a million kilogrammes were exported, but afterwards production declined and it ceased after 1878.

Elsewhere—in Angola and Mozambique, in Natal and Cape Colony, in Australia and China, in Spain and Italy, in Hungary and the Crimea—the desire to profit by high cotton prices induced men to develop existing plantations or to experiment in cotton growing. The result of this striving for cotton was that the British imports of cotton, after declining from 1,261 million lb. in 1861 to 533 million lb. in 1862, gradually increased to 690 million lb. in 1863, 896 in 1864, 966 in 1865, and nearly 1,354 in 1866. The quality of the cotton obtained during the Famine was lower than that obtained in normal times; the cost was higher.

Lack of cotton and lack of orders forced many manufacturers to close their mills and there was much distress among the Lancashire cotton operatives. Tougan-

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2 T. Ellison, Appendix, Table I.
3 E. von Halle, II, p. 252.
4 For distress and relief measures see 13th to 17th *Annual Reports of the Poor Law Board*; *Reports of Inspectors of Factories*; *Annual Reports of Committee of Council on the State of Public Health*; *Annual Reports of the Committee of Council on Education*; *Reports by Mr. Farnall to the Poor Law Commissioners* (1862, XLIX [Part I], and 1864, LII); *Reports by Rawlinson and Farnall . . . on the Public Works required in the Cotton Districts*, 1863, LII; *Reports by Rawlinson on the Public Works Acts*, 1864, LII; 1865, XLVIII; 1866, LXI. Other Parliamentary Papers—1863, LII; 1862, XLIX (Part I), and 1863, LII (cost of relief and numbers relieved), 1864, LII; *Report of International Relief Committee for the Suffering Operatives of Great Britain*, 1862–3 (New York, 1864); *Fund for Relief of Distress in the Manufacturing Districts*; Central Executive Committee, *Reports and Returns*, 1862–5 (Manchester Library P. 3339); *Lancashire Cotton Famine: Collection of Reports and Returns*, 1862–5 (*ibid.*, P. 2200); *Annual Register*, 1863, ch. 5; J. Baillie, *What I Saw in Lancashire* (London, 1862); E. Barlee, *A Visit to Lancashire in December, 1862* (London); Mrs. Bayly, *Lancashire Houses and what ails them* (London, 1863); Anon., *The Distress in Lancashire: A Visit to the Cotton Districts* (London, 1862).
Baranowsky, writing at the end of the nineteenth century, considered that

"the Lancashire workers of that period (i.e. 1861) as to-day were at the head of the English working class. They had the highest wages and were, of all the workers, the most intelligent and the best organised. They had already secured the fixing of working conditions, wages, hours, etc., by means of agreements with the employers. Many of them had deposits in the savings bank; a considerable number owned their cottages. There was much less poverty in Lancashire than in the rest of the Kingdom. Independent and proud, the Lancashire workers disdained the assistance of the State and many preferred to suffer rather than accept help from the Poor Law."

In the last week in November, 1862, there were 412,830 operatives unemployed or on short time, and as late as the last week in May, 1865, there were still 124,229 unemployed. When in November, 1862, over a quarter of a million persons were relieved in the cotton districts a heavy strain was thrown upon the Poor Law. One difficulty was that, save in special circumstances, the law prohibited in rural districts the giving of out-door relief to able-bodied men and required in London and the manufacturing districts that such relief should be given half in kind and then only in return for work set by the guardian (the so-called "labour test"). H. B. Farnall was sent to Lancashire as a Special Commissioner to obtain accurate information as to the distress and to give Boards of Guardians the benefit of expert advice, but he does not seem to have been very efficient and was certainly not popular.

1 M. Tougan-Baranowsky, pp. 398–9. But it should also be remembered that "the cotton manufacture . . . exhibits almost every known mode of existence, rural as well as urban; every possible gradation of comfort, from luxury and cultivation down to bestial indulgence; every quality which is the honour as well as the stigma of industry"—Westminster Review, July, 1863, p. 211.

2 It may be noted here that ten years before, during a great strike in Preston, "the great increase in the number of applicants for relief had attracted the attention of the Poor Law Commissioners, who sent down Mr. Farnall, the Inspector for the district, to lecture the Board of Guardians upon the necessity of providing a test for the able-bodied. The test suggested was digging;
Poor rates naturally increased and Arnold considered that they were "never so oppressive over an equal extent of the Kingdom as in the cotton districts during the months which included the crisis of the Famine." 1 The Government declined to make a large grant from the national exchequer to help Lancashire, but passed the Union Relief Aid Act (in August, 1862) which in certain circumstances made parishes increase their poor rate to assist either other parishes in the same Union or the Union as a whole and also allowed Unions, with the permission of the Poor Law Board, to borrow money from the Public Works Loan Commissioners to make up the excess of expenditure between a 3s. and a 5s. rate. Under the Act £86,820 was borrowed by various unions—Ashton-under-Lyne and Preston being the chief borrowers—and orders for aids to the extent of £22,398 18s. 8d. were made in favour of Ashton, Glossop and Preston. In the following year the Public Works (Manufacturing Districts) Act was passed to give various local authorities power to raise loans on the security of the rates from the Public Works Loan Commissioners at 3½ per cent. to construct necessary public works. The £1,846,082 borrowed by ninety local authorities gave employment to only some four thousand operatives—a mere fraction of the unemployed—but it certainly improved the sanitary condition of Lancashire. 2

but the Boards, more experienced in the habits of factory life than Mr. Farnall, refused to expose men who had been accustomed to work in heated rooms to cold labour in the open fields, and in some places neither Mr. Farnall nor his advice was received very respectfully."—Trades' Societies and Strikes: Report of the Committee on Trades' Societies appointed by the National Association for the Promotion of Social Science . . ., London, 1860, pp. 222–3.

1 R. A. Arnold, p. 323.

The resources of the Poor Law proved inadequate during the cotton depression and the help which the operatives so urgently needed had to come from private charity. Some employers kept mills open as long as possible, and where they had to close down made allowances or loans to their hands, ran soup-kitchens and remitted cottage rents. The landed gentry, ministers of all denominations, doctors, teachers and those operatives who were fortunate enough to keep their work did their best to help the distressed. The value of spasmodic private charity cannot be accurately estimated. Lord Derby suggested a total of £200,000.¹ As distress increased, relief committees were set up in various towns and their labours were co-ordinated by the Manchester Central Relief Committee (and its Central Executive Committee). This body was helping over 200,000 operatives in November, 1862. It was financed, not only by local subscriptions, but by a Mansion House Fund (£508,806), the Bridgewater House Committee Fund (£807,620) and other funds: the Daily Telegraph, for example, raised £6,302, and the British Worker £3,564. In the U.S.A. an American International Relief Committee for the Suffering Operatives of Great Britain was set up: it sent the George Griswold and other vessels laden with food for the distressed operatives. The main difficulties which both guardians and relief committees had to face were dishonesty on the part of applicants and the dislike of the unemployed cotton operatives for the "labour test." Every effort was made to suppress imposture and attendance at hastily improvised adult schools was accepted in lieu of the "labour test." Religious dissensions had unfortunate results in the cotton districts at this time.

The distress led to the disappearance of the operatives' savings and a heavy drain was made upon the funds of

¹ Times, 3 Dec., 1862; J. Watts, p. 254.
friendly societies. Debts were incurred with shopkeepers and the sales of co-operative stores declined.\(^1\) Then furniture, clothes and even bedding were pawned and all kinds of odd jobs were performed in the hope of earning a trifle. Eventually the unemployed operatives were thrown entirely upon the relief given by guardians and committees. At the end of 1862 Dr. Buchanan, in his valuable report on the Health of the Distressed Operatives,\(^2\) stated that "taking the mass of the cotton workers with their families as a whole, their average income (in the present December) from all sources is nearly 2s. per head per week. This is exclusive of clothing, bedding and firing which are now usually supplied in addition."
The diet of operatives had to be cut down to conform to the reduced family income.\(^3\) Differences of opinion existed as to whether the health of operatives suffered during the Famine. One point of view was tersely expressed by the sexton who told Waugh that business was bad—"Poverty seldom dees. There's far more kilt w' o'er heytin' an' o'er drinkin' nor there is wi' bein' pinched."\(^4\) Others held that the operatives were thinner and less able to withstand disease than formerly.

Drunkenness decreased during the Cotton Famine;

\(^1\) Mr. C. R. Fay’s statement that in times of depression the trade of co-operative stores “will go up because spending power is concentrated on the necessaries which they in particular supply” (Great Britain from Adam Smith to the Present Day, pp. 310-11) is borne out by the steady progress made during the Cotton Famine by the biggest of the co-operative stores—Rochdale (G. J. Holyoake in Transactions of the National Association for the Promotion of Social Science, 1865 (London, 1866), pp. 618-22). Smaller stores, however, suffered severely. J. Watts shows that the average falling off per quarter of the united sales of fourteen representative Lancashire co-operative stores for the two and a half years ending December, 1863, was £29,811, and the total decline was £298,116 (pp. 340-1).

\(^2\) Fifth Report of the Medical Officer of the Privy Council (1862), Appendix V, No. 1, p. 306. On the eve of the Cotton Famine the average weekly wage, of a cotton operative was estimated by Ellison at 12s. 4d. (p. 66).

\(^3\) Well might the Rev. W. N. Molesworth lecture at the Institute for Unemployed Men on “How to make two pounds of meat go as far as two pounds and a half” (Manchester Daily Examiner and Times, 25 Nov., 1862).

\(^4\) E. Waugh, pp. 30-1.
marriages declined; the number of illegitimate children born increased slightly; the death-rate showed no alarming increase. Crime was not above the average during the Famine years and many tributes were paid to the operatives on the fortitude with which they bore their misfortunes. There were, however, disturbances on 10 March, 1863—the day of the Prince of Wales’s marriage—when the food sent in the _George Griswold_ was distributed, and serious riots occurred at Stalybridge a week later.¹

These troubles brought the question of emigration to the front.² But the opposition of employers, the doubts as to the prospects in the colonies and the prevailing economic doctrine that Government should interfere as little as possible in such matters made it a hopeless task for Mr. Ferrand to urge the Government on 27 April, 1863, to assist the emigration of cotton operatives. The Government did nothing in the matter, but some operatives emigrated unassisted or with the help given by some colonies (Victoria and Queensland, for example) and the U.S.A. The main criticism made against the policy of emigration was that, with the possible exception of the Northern States of the U.S.A., the countries to which the Lancashire workmen emigrated did not want skilled cotton operatives used to factory work in a high temperature but pioneer farmers capable of bringing new lands under cultivation.

There can be no doubt as to the severity of the distress in Lancashire. The country as a whole, however, was prosperous. The value of the exports and imports of the U.K. rose from £375 millions to £534 millions in 1860–6. Between 1862 and 1866 Gladstone was able to reduce expenditure by £4 millions, to lower the Income Tax to 4d., to make reductions in the sugar and tea duties

¹ R. A. Arnold, pp. 390–408; J. Watts, ch. 14; _Annual Register_, 1863, ch. 5.
and to lower the tax on fire-insurance. The annual reports of the Bank of Liverpool show that even a bank closely connected with the cotton trade could partake of this prosperity. It is true that profits dropped from £113,209 in 1861 to £96,960 in 1863, but interest (8 per cent. to 9 per cent.) and bonus (17s. 6d. to 20s.) on shares were satisfactory. In 1866 the annual report stated "that notwithstanding the extensive and serious commercial and banking disasters which have occurred during the past six months, the business of the bank has been sound and profitable"; 12 per cent. interest was paid for the year, there was a 10s. bonus on each share, and £6,000 was added to the reserve fund. Equally satisfactory were the results published by the Manchester and Salford Bank. The net profit—before putting anything to the published reserves—rose from £41,557 in 1860 to £66,809 in 1864 (when the capital of the bank was increased by bonus issue from £320,000 to £355,000) and was £62,384 in 1866.

There were several reasons for this prosperity. First, there was the optimism and energy of manufacturers—a natural reaction after the depression of 1857. Secondly, there were important commercial treaties with France, the Zollverein, Belgium, Austria and Italy, which increased Britain's trade with these countries. Thirdly, the

2 Information kindly supplied by Mr. A. F. Shawyer, General Manager of Martin's Bank.
3 Details:

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>£41,557</td>
</tr>
<tr>
<td>1861</td>
<td>£49,061</td>
</tr>
<tr>
<td>1862</td>
<td>£39,889</td>
</tr>
<tr>
<td>1863</td>
<td>£41,070</td>
</tr>
<tr>
<td>1864</td>
<td>£66,809</td>
</tr>
<tr>
<td>1865</td>
<td>£48,802</td>
</tr>
<tr>
<td>1866</td>
<td>£62,384</td>
</tr>
<tr>
<td>1867</td>
<td>£50,229</td>
</tr>
</tbody>
</table>

I am indebted to Mr. A. H. Allman of Williams Deacon's Bank for this information.

5 Economist, 14 June, 1862; Tables showing Course of Trade between the U.K. and France, 1858-67 (Manchester Chamber of Commerce, 1868); Tougan-Baranowsky, p. 126.
woollen and worsted industries of the West Riding and the linen industry of Northern Ireland benefited considerably from the dislocation of the cotton trade.\footnote{J. Watts, chh. 20 and 21; E. Helm, \textit{Trans. Manchester Stat. Soc.}, 1868–9, pp. 76–8 and p. 82; J. Slagg, Jun., \textit{Cotton Trade of Lancashire and Anglo-French Commercial Treaty of 1860} (London and Manchester, 1870), p. 12; \textit{Economist}, No. 1069, 20 Feb., 1864 (Supplement), p. 27; 11 March, 1865 (Supplement), and 10 March, 1866 (Supplement).} Fourthly, although the American Civil War damaged the Lancashire cotton industry and English goods were to a considerable extent excluded from the U.S.A. by a high tariff, England benefited in other ways. The American mercantile marine, for example, lost 5,000 ships in 1860–5 owing to the captures made by Southern privateers, the transfer of American ships to foreign flags and the failure of American capital to support new native steamship lines. In these circumstances the British mercantile marine was able to establish its supremacy.\footnote{Parliamentary Papers, LXXIII, 23; 1864, LV, 25 and 29; \textit{Times}, 10 Oct., 1864; \textit{Hunt's Merchants' Magazine}, XLIX (6), Dec., 1863, pp. 435–9.}

The effects of the Cotton Famine were not confined to Lancashire alone. In Ulster\footnote{H. McCall, \textit{The Cotton Famine of 1862–3} . . . (new 3rd edn., Belfast, 1881; published under initial "H"); \textit{Ireland and her Staple Manufactures} (Belfast, 1870), pp. 526–34, and his letters to the \textit{Times}, 16 and 27 Jan., 1863, 10 March, 1863. See also the \textit{Northern Whig} and the \textit{Belfast Newsletter}.} there were still 20,000 persons engaged in weaving cotton (mainly by hand) and 80,000 in embroidering muslin. The work was done chiefly for Glasgow manufacturers. The weavers suffered severely during the Cotton Famine: "at the end of December, 1862, there were some families that had existed for whole days on boiled cabbage seasoned with salt."\footnote{\textit{Ibid.}, p. 17.} A Cotton Operatives Relief Committee was set up in Lisburn in January, 1863. It received £3,231 by June, 1863, and £4,000 worth of food from A. T. Stewart, a native of Lissage (near Lisburn), who had emigrated to the U.S.A. The committee relieved not merely distressed cotton workers, but also distressed agricultural labourers and
The Cotton Famine in Lancashire.

helped about a thousand families altogether. Nearly 400 persons emigrated to the U.S.A. with the assistance of the committee. The cotton trade revived to some extent in 1864, but never recovered its old position in the North of Ireland. Relief was distributed in 1865–7 and again in 1870.

In Scotland (principally in Lanarkshire, Renfrewshire and Ayrshire) there were 163 cotton factories, running nearly two million spindles, 30,110 power looms and employing 41,237 persons. The difficulties which the industry had to face in the early sixties may—at least as far as embroidered muslins are concerned—be fairly attributed to the glut which the overproduction of 1856–7 occasioned both in the home and foreign markets.”

Exports of cotton goods decreased in quantity but increased in value in 1861–4. There was distress among the cotton workers, particularly the handloom weavers. Under the Scottish Poor Law no able-bodied man might receive relief, so that help from charitable sources was essential to meet the emergency of 1862–3. An Unemployed Cotton Operatives Relief Fund for Glasgow was opened in the autumn of 1862 and by November, 1863, £36,320 had been subscribed. The amount distributed was £29,881, including £2,000 to assist 424 persons to emigrate to Canada. Country districts obtained grants from this fund and were also assisted by local relief committees and by committees whose main object was to collect funds to relieve Lancashire distress. The Cotton Famine, coming as it did so soon after the financial crisis of 1857, hastened the decline of the cotton industry in the West of Scotland.

1 Parliamentary Papers, 1863, XVIII, pp. 437–80; Interim Report (1862) and Second Report (1863) of the Executive Committee of the Cotton Operatives Relief Fund for Glasgow; D. Bremner, Industries of Scotland (Edinburgh, 1869), pp. 270–94; see also the Glasgow Herald.


3 Ultimate causes lay deeper, e.g. reliance upon fancy goods rather than upon staple lines, competition from Lancashire and foreign mills, dependence upon Lancashire for machinery, better prospects in other manufactures in Scotland.
The cotton industry of the Northern States of the U.S.A. — which was concentrated in New England (Lowell) — did not suffer severely, for there were stocks of cotton in hand and more were obtained not only from the South (by confiscation and by trade allowed under U.S. treasury regulations), but from Liverpool. Although only about a third of the New England spindles were at work in 1862–3, there was little distress since employment was found for men in Government workshops and for women in the unusually busy woollen mills and “many of the women and children . . . withdrew to the country homes from which they had come.” Indeed, the production of textile manufactures as a whole increased — partly because heavy new protective duties gave the American manufacturer almost a monopoly in the home market. Employers prospered. At the end of 1863 E. Atkinson stated that

“the Cotton Famine has been passed without ever having been reached, if the expression may be allowed; and under the present trade regulations a supply of cotton is being received sufficient for the manufacture of all the goods which can be sold while cotton remains so high in price with a probability of a considerable surplus for export.”

On the Continent there was distress in Normandy where the industry was almost exclusively concerned with coarse materials; the purchasers were poor people who could not afford to buy when prices rose. Over 100,000 operatives were wholly or partially employed at the end of 1862 and more than a million francs were distributed in cash and kind between December, 1861,

3 E. D. Fite, p. 86.
4 Boston Board of Trade Report, 1864, pp. 111–12.


60 The Cotton Famine in Lancashire.

and July, 1863. The distress alarmed Napoleon III and his ministers and caused them to favour European intervention to end the American Civil War. In Silesia, Poland, and North-West Germany, too, many mills closed down. Alsace, South Germany and Switzerland suffered less; they had considerable stocks in hand and spun a fine article which was sold to a type of customer whose purchasing power was considerable. Russia was able to obtain cotton from Central Asia. The crisis caused weak firms to collapse. Many of those that survived introduced new and efficient machinery (for English machinery was temporarily cheap) and accustomed themselves to work with Indian and other non-American cottons. The continental, like the Lancashire cotton industry, ultimately gained in efficiency through the reorganisation which it had to adopt owing to the crisis of 1861-5 and its aftermath.¹

¹ France: Enquête Industrielle de 1861-5; Enquête Parlementaire sur le Régime Économique, 1870; A. Cordier, La Crise colonnière . . . (Rouen, 1864); J. E. Horn, La Crise colonnière . . . (Paris, 1863); A. L. Dunham, Anglo-French Treaty of Commerce of 1860 . . . (Univ. of Michigan, 1930), chh. 8 and 10.

Germany: Reichsenquête für die Baumwoll und Leinen Industrie (Berlin, 1879); R. Lutz, Beziehungen zwischen Deutschland und den Vereinigten Staaten während des Sezessionskrieges (Heidelberg, 1922).

Russia: Parliamentary Papers, 1865, LIV, 438; 1866, LXXII, 549; W. Hammerschmidt, Geschichte der Baumwollindustrie in Russland (Strassburg, 1906); K. Schweikert, Die Baumwollindustrie Russisch-Polens (Zürich and Leipzig, 1913).

Other important factors influenced the continental cotton industry at this time: in France, e.g. the effects of the Cobden Treaty have to be considered, in Russia the freeing of the serfs, in Poland the rising of 1863. Cf. W. O. Henderson, The Cotton Famine on the Continent 1861-5. (Econ. Hist. Rev. IV, pp. 195-207 (1933).)
APPENDIX I

Table showing the net result of the improvements of machinery in the English cotton industry, 1858–68 (Karl Marx, Capital (Everyman Library), I, p. 466).

<table>
<thead>
<tr>
<th></th>
<th>1858</th>
<th>1861</th>
<th>1868</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Factories.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England and Wales</td>
<td>2,046</td>
<td>2,715</td>
<td>2,405</td>
</tr>
<tr>
<td>Scotland</td>
<td>152</td>
<td>163</td>
<td>131</td>
</tr>
<tr>
<td>Ireland</td>
<td>12</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>U.K.</td>
<td>2,210</td>
<td>2,887</td>
<td>2,549</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1858</th>
<th>1861</th>
<th>1868</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Power Looms.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England and Wales</td>
<td>275,590</td>
<td>368,125</td>
<td>344,719</td>
</tr>
<tr>
<td>Scotland</td>
<td>21,624</td>
<td>30,110</td>
<td>31,864</td>
</tr>
<tr>
<td>Ireland</td>
<td>1,633</td>
<td>1,757</td>
<td>2,746</td>
</tr>
<tr>
<td>U.K.</td>
<td>298,847</td>
<td>399,992</td>
<td>379,329</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1858</th>
<th>1861</th>
<th>1868</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Spindles.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England and Wales</td>
<td>25,818,576</td>
<td>28,352,152</td>
<td>30,478,228</td>
</tr>
<tr>
<td>Scotland</td>
<td>2,041,129</td>
<td>1,915,398</td>
<td>1,397,549</td>
</tr>
<tr>
<td>Ireland</td>
<td>150,512</td>
<td>119,944</td>
<td>124,240</td>
</tr>
<tr>
<td>U.K.</td>
<td>28,010,217</td>
<td>30,387,494</td>
<td>32,000,014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1858</th>
<th>1861</th>
<th>1868</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Persons Employed.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England and Wales</td>
<td>341,170</td>
<td>407,598</td>
<td>357,052</td>
</tr>
<tr>
<td>Scotland</td>
<td>34,698</td>
<td>41,237</td>
<td>39,809</td>
</tr>
<tr>
<td>Ireland</td>
<td>3,345</td>
<td>2,734</td>
<td>4,203</td>
</tr>
<tr>
<td>U.K.</td>
<td>379,213</td>
<td>451,569</td>
<td>401,064</td>
</tr>
</tbody>
</table>
APPENDIX II

OUR FACTORY SCHOOL (BY ELIJAH MOSS).

You factory folk of Lancashire, a song we'll sing to you
Of a school now formed at Higher Hurst, and every word is
true.

Our masters are determined to care well for their hands
If they will only come to school and there obey commands.

*Chorus:*

Then old and young attend the school, your teachers there
obey,
There’s military exercise and military pay.

Our mules and looms have now ceased work, the yankees are
the cause,
But we will let them fight it out and stand by English laws;
No recognising shall take place, until the war is o’er;
Our wants are now attended to; we cannot ask for more.

Potatoes, ham and bacon are now to us being sold,
With comforts such as these, we have no fear of winter cold;
Every one seems hearty glad, and sings with joyous glee
For men and masters now do meet in love and unity.

Amongst our scholars there are some whose age is past three
score
Who have for learning, wages, which they never had before;
The pencils, slates and copybooks are free for us to use
And every morning on each desk is laid the daily news.

A system of good order rules supreme from morn till night;
There’s grammar and arithmetic and nearly all can write;
Reciting too with moral song, to suit the gay or brave,
And often we do close our school with singing “Sailor’s
Grave.”

Now old and young, forget your cares, and join in singing praise,
The time is not far distant when we shall have better days;
Then comforts soon to everyone, with joy we shall abound
Contentment, peace and plenty may we have on British
ground.

*(Quoted in Reports of Inspectors of Factories for the
Half-Year ending 31 Oct., 1862—Parliamentary
Papers, 1863, XVIII, pp. 479–80.)*