

The Economic Ascent of the Hotel Business

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Second Edition

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3	The Industrial Revolution and the Hotel Business: 1750–1850	26
	Developments in economic structure during the Industrial Revolution	27
	The impact of the railways	30



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Design and setting by P.K. McBride

3 The Industrial Revolution and the Hotel Business: 1750–1850

Introduction

By the middle of the 18th century the range of non-agricultural technical innovation in the most advanced economies such as Britain and Holland triggered a new industrial economic era. The Industrial Revolution, which lasted for 100 years until the middle of the 19th century, was the transition phase when the structure of the most advanced agricultural economies ascended to become industrial. The emerging industrial economies became more technological, more manufacturing orientated, more urban and economically more complex. The significance of the developments in the structure of the economies was codified in landmark texts in classic economics. In 1776 Adam Smith published the first modern economic text book on the systematic division of labour, economic growth and progress (Smith [1776] 1904) Thomas Malthus produced his first economic analysis of population in 1798 and David Ricardo published an economic analysis of employment in the new industrialising era in 1817. (Ricardo [1817] 1821)

The emergence of new secondary industries that accelerated the rate of growth, size and complexity of the economies as well as the increase in wealth was accompanied by a stepped growth in the demand for and supply of hotels. It was also accompanied by the first explicit stratification of hotel demand and of hotel supply. The economic ascent of the hotel business was under way. Even the use of the term hotel emerged during the Industrial Revolution. It refers to those establishments that in the historic agricultural period were known by a variety of titles such as inns, khans, caravanserais, auberges and posadas. Its use emerged in post-revolutionary France and spread to become a global word that transcends all major languages and cultures.

Developments in economic structure during the Industrial Revolution

The 100 years of the Industrial Revolution saw an accelerated growth in economic activity and the expansion of new, larger and more efficient forms of production, most notably the factory. Migration to cities increased, as did population. The British population increased from 5.5 million to 20 million and life would never be the same again. From 1760 to 1840 in Britain male employment in agriculture fell from 53% to 29% and in industry it increased from 24% to 47% Jay, 2004: 184). The growth of factories, mills and mines needed manpower, which was provided during this period by mass migration from the countryside to towns and cities. The migration to the cities was driven by increases in agricultural productivity and the increase in the importation of foodstuffs. Both caused structural unemployment in agriculture to rise and the migration to cities was driven by the search for employment. As the population of the towns and cities escalated so the construction industry grew over the period to build the homes, factories, commercial properties and public properties that defined the urban areas.

The first application of steam to machinery for spinning cotton was made in Manchester in 1789 and contributed to the establishment of the cotton industry in the area, which was close to Liverpool the port at which raw cotton arrived in the country. In 1800, the population of Manchester was 75,000. By 1850 it had reached 225,000 due largely to migration from the countryside to the mills and factories (www.visionofbritain.org.uk). In 1830, there were over 560 mills in the area employing more than 110,000 workers, of which 35,000 were children (www.ourwardfamily.com) As Jay records, 'Britain in the late eighteenth and early nineteenth centuries acquired as a result of technical change (innovation and application) a competitive advantage through higher productivity in tradable manufactures that was even greater than its advantages in farm products. Cotton textiles were the panzers of this onslaught' (Jay, 2004: 194).

Similar developments were occurring in other key cities. In 1800, the population of New York was 60,000 (www.census.gov/population). By 1850, it had reached 515,000 through a mixture of migration from the countryside and most significantly migration into the US (www.census.gov/population) There were other technological transformations too. In Britain in 1800, the net tonnage of steamships registered was 24,000, the highest in the world and a reflection of Britain's economic power and its empire (Mitchell, 1988). In 1793 there were around 400 banks in Britain and by 1810, there were around 700 (Court, 1964). Exports also flourished during the Industrial Revolution. Free trade grew after the repeal of the Corn Laws in 1846 and maintained momentum in the international markets so that by 1850 British exports reached a record level (Court, 1964). The increase in the volume and range of manufactured goods, the migration to towns and the movement to mass employment in factories produced an urban social structure that was more formal and more complex than in the historic agricultural economy. This fast and mass movement also produced the dreadful problems of child workers, inadequate education, deficient healthcare provision and hovels for homes. Govern-