

Important factors leading to industrial revolution essay sample

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Nowadays, it is almost taken for granted that the industrial revolutions are the result of changing technology and the proper application of that in the industrial production. However, from my point of view, these two factors did play a vital role in stimulating industrial revolutions, but they were not the only catalyzer propelling monumental development in industry. Influentially, the improvements in organizations of politics, social patterns, commerce, finance, and transportation also accounted for the prosperous phenomenon in the industrial revolutions. In this paper, I am going to compare Britain in the First Industrial Revolution with the United States during the timeframe of Second Industrial Revolutions, and show how the political, social, financial and transportation change encouraged the two countries moving into industrial revolution.

1. Political change Both Britain and the United States sufficiently benefited from the political changeover, in the form of favorable government policies to boost up the economy to a whole new level, that is, the industrial revolution. In Britain, the 1688 Glorious Revolution was regarded as the turning point in the evolution of British government, which assured the rise of limited monarchy. Since then, it would be impossible to govern without Parliament. Several years later, in 1689, the Bill of rights was enacted in favor of the right to own private property, which also indicated that Britain henceforth stepped in the era of modern liberal democracy. This action was served as political support for creating efficient credit(financial, banking) system in the future. With the political recognition of property rights, together with the provisions of financial system, an

increasing number of business began to engage in intra-colonial trade, and the economy was expanded through this way.

However, although the property of rights was recognized, it also ensured that the property rights of the poor should not stand in the way of the improvements of the rich. (Reformation to industrial revolution, 144) As a result, the poor was forced to be the loser under this condition, and thus the major social division was now between the rich and poor, which accounted for the future unrest in the society. The United States, on the other hand, did not have much to do as Britain with the first industrial revolution since it only served as a mercantile colony to Britain until it claimed independence in the year of 1775. However, once after they gained autonomy, the new government quickly adopted the protectionism and started to intervene in the market activities vigorously. An array of new laws were set up, including Tariff policy and liberal banking regulations. Over the years, it also became easier to form a limited liability corporation for any legitimate business - 2 of 8- purpose.

This development was crucial for the Second Industrial Revolution (American capitalism, 106) In addition, this protectionism also protected the infant manufactures and brought it up to be a strong, competitive industrial which was part of the achievement in the Second Industrial Revolution. Indeed, tariff policy at that time was in favor of the business but not domestic consumers, and most of the regulations about business, to some extent, helped large corporations exploit labor. Consumers and laborers were in unfavorable condition since they became the loser in this case. Some could argue that

those huge improvements in trading and financial system, which propelled the countries towards industrial revolution, was the natural result of the market mechanism, and it was the market itself demanded and achieved those developments.

However, without those changes in political system, there would not be so many efficient and favorable policies boosting the economy. In a word, market could function well only with the efficient political support.

2. Social change

The overall social structure change and the shift of attitude towards business were essential for stimulating the industrial revolution. In Britain, the shift of social pattern was mainly represented by the relative and positive decline in the agricultural population. In 1688, 88% of the population was engaged in agriculture. (Reformation to Industrial Revolution, 66) But the total 3 of 8- rural population steeply dropped to 33. 3% in the year of 1881. The rapid urbanization of population not only significantly pulled up the demand level for goods and services in the countries, but also provided sufficient labor for manufactured industry. We could conclude that the social shift sparked the industrial development and prepared the economy in Britain to be lifted up to a whole new level.

Similarly, in the United States, the broad social shift significantly contributed to the development in Second Industrial Revolution. With the establishment of independence, the acceptance of competitive individualism and liberal democracy became pervasive. This favorable social climate helped protect individual rights, and also created a healthy Entrepreneurial Spirit. Finally, an increasing number of large corporations showed up. All those changes

mentioned above were the unique social or institutional characteristics of the United States during the Second Industrial Revolution. With those important social developments, the real wage of labor became higher than those in the European countries, thus a large number of immigrants were attracted and flocked into the country to seek a better life. Consequently, the internal market for goods and services was gradually expanded through this way.

The mass production, coincided with mass demand, struck up the economy and drove it towards the Second Industrial Revolution. The economic conditions progressed in both Britain and the United States — 4 of 8 — through the expansion of internal market. The change of social patterns contributed much to this growth of internal demand and steadily led the two countries into industrial revolution.

3. Improvement in financial structure

It was obvious that the industrial revolution demanded huge amounts of capital to keep trading system functioning well. However, a nation's natural wealth (gold) could not provide sufficient capital for that, hence, the banking system became crucial to assist business. The British parliament gained over public finances and military spending after the "Glorious Revolution" in 1688. In order to finance their war against France, they began to issue government bonds to the public.

Over almost one decade, with the extension and rising importance of credit, the Bank of England was established in 1694 to coordinate the purchase and sale of government securities. This development in financial system, together with the adoption of bills of exchange relieved the burden of physically transferring gold and silver coins, and created flexibility and efficiency in

financial transaction. Since then, they opened new possibilities of domestic and international commerce, which served as the essential catalyst for the First Industrial Revolution. In the United States, the rise of stock market provided a very powerful source of capital. (American capitalism) Because of the belief in competitive individualism, the American banking system was highly decentralized and competitive. However, American companies relied more on banks for their financing than the British firms (American capitalism, 116)

The primary source of capital was retained earnings, but it could not be denied that the banking system partly supplied capital for the large corporations and drove up the economy. Improvement in transportation The improvement in infrastructure sector was crucial for the development in the industrial revolution as well. During 1760s, the Northern and western industrial cities in Britain were connected through the network of canals. Meanwhile, the toll roads were also improved to link cities and towns. This investment in transportation helped lower the transport cost of goods. For instance, the transport of coal was reduced by 50% thanks to the improved transportation system, this saving in cost, combined with the invention of steam engine stimulated coal mining, which is the core resource in the First Industrial Revolution. As a result, one of the most significant innovations in the history came up, that is, the railroad locomotive.

This invention in turn helped further improvement in transportation. However, it could be argued that the invention of steam engine is more important to the development. But without the initial investment in canals and

toll roads, the coal mining could be hindered by the high cost of transportation. As a result, the steam engine itself could not accomplish such achievements alone. In the United States, things seemed much easier since they could easily take the technology of railways and constructed a intra-national linkage. They primarily focused on the domestic market because of protectionist thought. Fortunately, the improvement in the national transportation system helped further boosted the internal market for manufactured goods. Mass production was able to combine with mass demand, which is the key premise for industrial revolution. Conclusion From the foregoing, we could see that the technology and efficient use of technology were not the only factors leading nations to industrial revolution.

In fact, the political, social, financial and transportation improvement played a vital role in stimulating industrial revolution as well. The political changeover provided crucial and initial support for the economical development. The shift in social patterns also helped expand the internal demand for goods and services, and developed favorable business climate. Improvement in financial system provided direct or indirect credit support for the industry and internal or overseas trade. Finally, the investment in transportation lowered the cost of transporting certain goods which were essential for industrial revolution and in turn even encouraged the new advancing innovation.

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