

## Decline of the Aristocracy

Doepke, Matthias and Fabrizio Zilibotti. "Social Class and the Spirit of Capitalism." *Journal of the European Economic Association*, Vol. 3, No. 2/3, 2005, pp. 516-524.

The last two centuries have been a period of unprecedented economic, cultural, social, and political change. Starting with the British Industrial Revolution, a large number of countries have overcome Malthusian stagnation and entered a modern growth regime of perpetually improving living standards. The economic transition from stagnation to growth has been accompanied by changes in the social and political organization of society that are just as revolutionary as the upheaval in the area of production. Consider the example of England, the first country to industrialize. Before the Industrial Revolution, England was characterized by a rigid class system in which a small aristocracy of wealthy landowners dominated the spheres of both economics and politics. With industrialization, the old elite went into economic decline, and ultimately lost political control. Today, social classes no longer play a major role in modern industrial societies, and representative democracy has replaced the rule by a small elite. [...]

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The economic decline of the aristocracy after the start of industrialization been a key prerequisite for political and institutional change. voting rights in the nineteenth century in Britain closely followed success of new groups, as well as the relative misfortune of the In the eighteenth century, when most of the members of the House the House of Commons were rich landowners, the aristocracy was control of the political sphere. In the nineteenth century, the aristocracy found itself on the losing side of most of the major political debates ranging from issues such as the Corn Laws and free trade to franchise and labor legislation.

A number of theories have been proposed to explain why the opposed to political reform. It has been argued, for instance, that societies, and more generally, economies that derive a large part from natural resources, predatory behavior is highly profitable, so are reluctant to agree to a more diffused distribution of political power.

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Much less is known about the question of why the aristocracy was unable to maintain its economic and political dominance in society after the start of the Industrial Revolution.

The decline of the aristocracy during the nineteenth and early twentieth centuries was historically unprecedented; never before had an elite declined so quickly, unless the change was triggered by violence and war. The new capitalists who became dominant in society mostly rose from the middle and lower classes. Very few aristocrats served as financiers for the new entrepreneurs. Towards the end of the century, relative decline led into absolute decline, as many of the wealthy families were burdened by increasing debt and were forced to sell off parts or all of their estates, leading to a land distribution in modern times nowhere near as concentrated as early in the nineteenth century.

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