

NOTES on LUDDITES and NEO-LUDDITES

I. What is a Neo-Luddite?

Cultural change necessarily engenders resistance to that change. The term “neo-Luddite” makes a modern connection to the original Luddite rebellions in England during the early 19th century. As such, neo-Luddite describes a modern philosophy that distrusts or fears the inevitable changes brought about by new technology. This interpretation is based on contemporary historical accounts portraying the original Luddite revolts as an action against the ‘progress’ of technology during the Industrial Revolution. This progress displaced craftsmen in favor of machines in the English textile industry. Today's neo-Luddites continue to raise moral and ethical arguments against the excesses of modern technology. A key theme is that the technological inventions and the technical systems that support those inventions have evolved to control, rather than to facilitate, social interactions. The upshot is that the breadth and depth of technological change in modern society threatens the essence of humanity. To date, the neo-Luddite movement has been largely confined to the fringes of intellectual discourse in the modern era, focusing on ecological, environmental and geo-political concerns.¹

II. Who Were the Luddites?

“The outbreak of the Luddite disturbances in the Midlands in 1811-2 is an episode in the long and varied history of the relations between masters and men in the frame-work knitting trade, and as such can only rightly be understood in connection with what comes before and after ... The main feature of the disturbances in Nottinghamshire and the adjoining counties was the organized destruction of stocking frames by small bands of workmen” (Hammond and Hammond 1919, p.257). To some, the words Luddite and machine-breaker are synonymous. This interpretation has survived into modern times where ‘neo-Luddite’ is usually characterized as representing active resistance to the progress of new technology.² However, as with the Luddite riots, conventional characterizations do not accurately capture the actual state of affairs. Just as Luddites were against the inappropriate application of a specific technology and not against technology, per se, neo-Luddites struggle against the undesirable elements in technological change while seeking to retain the desirable elements..

Like ‘environmentalism’ or ‘political correctness’, neo-Luddite is an expression that has variable interpretation. This is, at least partly, due to the different possible interpretations that can be given to the original Luddite rebellion. While it is true that the Luddites engaged in machine-breaking, there was much more involved in the Luddite riots of 1811-12. These events in the English Midlands still capture the attention of economic historians, sociologists and philosophers almost two centuries later. Modern observers often highlight the rebellion against technology or technological unemployment that the Luddite riots represent. Some modern historians emphasize the place of the Luddites in the working class struggle against the onslaught of industrialization, e.g., Hobsbawm (1965). Observers closer to that time, such as Lord Byron, identified with the revolutionary elements in the Luddite movement, as reflected in his “Song for the Luddites”.³ There are many possible themes. But, as with many historical events, the Luddite riots can only be understood "in connection with what comes before and after".

As any reader of Charles Dickens knows, the early 19th century in England was a bleak time for

the poor and destitute. Social injustice is hardly descriptive of the general situation. As for the working poor, conditions in the textile mills and putting-out shops were hostile to the many children who were compelled, of economic necessity, to work there. There were few mechanisms for adult workers to express discontent. One method was general riot, but this was used only in extreme situations, such as when food was intolerably scarce and prices for food were high. In response to conditions in a specific industry, machine-breaking was a more common and effective tool for workers to express discontent. Instances of organized machine breaking were not original to the Luddite riots. Such actions had occurred at least since the early 18th century. Yet, as evidenced by the army of 12,000 soldiers that was used to suppress the uprising at the height of the Luddite riots, there was something different involved. As Thomis (1970, p.145) observes:

... the army of 12,000 required for domestic use to suppress the Luddites was a greater force than Wellington had taken to Portugal in 1808 ... The army against the Luddites might have been six times as large as any needed previously for domestic disputes ... Luddism was something new ... There were civil wars, religious riots, food riots and industrial riots in the previous two centuries, but there had never been such wide-scale industrial riots occurring simultaneously with food riots in an industrial revolution context, where the problems of three major industries reached crisis point. And all this was happening during the greatest war that the country had ever waged, with an economy now dependent on overseas trade which could not be sustained.

One interesting aspect of the riots was the absence of any Parliamentary action on the riots until after the peak of the rioting had passed.

The Luddite riots were situated in a particular historical context, just as the technology boom of the last two decades of the 20th century is situated in a particular historical context. Certain elements carried forward from previous times are echoed while new elements are also introduced. The specifics of the situation cause individuals to react in a collective fashion that creates “something new”. Yet, even with a long period for reflection, there is still misunderstanding about the Luddite riots. For example, in contrast to the riots in the woolen district of Yorkshire in 1796, the Luddite riots did not involve mobs attacking factories where new and improved machinery was in use,; “in truth, there was no new machinery in use, although, among other grievances, there was a new and, as it seemed to the men, an illegitimate adaptation of an old machine” (Hammond and Hammond 1919, p.257). Rather, the Luddite movement was aimed at specific manufacturers known for harsh treatment of workers that had, in most instances, rapidly achieved a high level of wealth. The economic situation created by the war with France, and the associated disruption of trade, had raised the cost of food at a time of reduced working opportunities. In turn, the degree of organized reaction against those seen to be benefitting at a time of hardship for the lower working classes was, in a sense, revolutionary.

III. A Neo-Luddite Perspective on Securities Markets

A neo-Luddite examination of recent financial scandals does not have to call for a revolt against the progress of technology in the securities industry. Rather, the illegitimate adaption of technology can be the issue. In the context of the modern securities industry, the ‘new technology’ takes many forms. There has been a revolution in information and securities market access that has been facilitated by the technological advances of the last two decades of the 20th century, particularly the combination of widespread access to high speed personal computers, on-line internet trading and information services, and 24-hour cable television programming largely dedicated to promoting common stock trading. The temptations for individual investors to participate in securities markets,

especially common stock markets, have never been so great. In addition, there has been the emergence of investment opportunities in these new technologies that has created challenges for traditional security analysts and investment strategists. The need for a neo-Luddite interpretation of the situation is understandable.

Is it possible to apply the neo-Luddite approach to the analyzing the overwhelming technological changes that have impacted security markets in the last two decades. As illustrated in Poitras (2002), the operation of security markets plays a key role in Keynesian (and Post Keynesian) economic theory. In this vein, there are still significant unresolved issues between Keynes and Frank Knight about the impact of technological change on the ability of securities markets to handle uncertainty. On this point, Keynes (1936, ch.12) argued that by enhancing market liquidity, destabilizing speculative forces in security markets would be enhanced. Insofar as this increase in liquidity is driven by substantive technological advances, Keynes was clearly in the neo-Luddite camp. This is not to say that Keynes and, by implication, Post Keynesians are neo-Luddites. Rather, the point is that a neo-Luddite interpretation of recent technological changes that have impacted securities markets does have relevance for developing a Post Keynesian interpretation of recent financial scandals.

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NOTES

1. The neo-Luddite movement is a fluid and loosely knit grouping of thinkers that share some common threads. In particular, neo-Luddites argue that technological development is not necessarily equivalent to technological progress. More generally, neo-Luddites question the position that technology has assumed in interpreting the human condition. Though violent fringe elements, such as the Una-bomber, share these concerns, there have also been thoughtful intellectual contributions originating from the movement, such as Glendenning (1990), Roszak (1994) and Sale (1995). Some neo-Luddites claim the French philosopher Jacques Ellul (Ellul 1964) as a precursor. Bailey (2001) and Frobish (2002) are recent discussions of the movement.
2. Though there is some disagreement on the point, it is generally accepted (e.g., Thomis 1970, p.11) that the term Luddite originates from the use of the name ‘Ned Ludd’ as a signature on threatening letters sent to employers in Dec. 1811. This resulted in the local *Nottingham Review* referring to the stocking-frame breakers as Luddites, a term that was adopted and continues to this day. According to John Blackner, a local historian of the time, the reference to Ned Ludd can be traced as follows: “the framebreakers assumed this appellation from the circumstances of an ignorant youth, in Leicestershire, of the name Ludlam, who, when ordered by his father, a framework-knitter, to square his needles, took a hammer and beat them into a heap’.
3. The poem by Bryon goes:

As the Liberty lads over the sea
Brought their freedom, and cheaply, with blood
So we, boys, we

Will die fighting, or live free,
And down with all kings but King Ludd.

When the web that we weave is complete,
And the shuttle exchanged for the sword,
We will fling the winding sheet
O'er the despot at our feet,
And dye it deep in the gore he has poured.

Though black as his heart its hue,
Since his veins are corrupted to mud,
Yet this is the dew
Which the tree shall renew
Of liberty, planted by Ludd!