Moral Aspects of Economic Growth:  
Historical Notes on Business Morality in England

This essay seeks to describe and account for the moral codes and patterns of behavior among the leaders in English commerce and industry during two widely separated periods of history. Though the emphasis is on the period of the industrial revolution (roughly from 1760 to 1860), in order to understand what was distinctive about that crucial epoch it is necessary to know the central features of commercial organization and practice in the preindustrial world. Hence the essay begins with some glances at the moral problems of medieval business from the early fourteenth to the seventeenth centuries.

I chose the medieval period partly because it was remote enough in time from the industrial revolution and could thus be expected to display some revealing contrasts and continuities. Another reason was the quality of the sources. The Selden Society has published a large quantity of primary source materials in the form of laws to control trade.¹ They shed much light on the moral problems faced by men in trade during these early centuries. There is also a splendid monograph by Sylvia L. Thrupp, The Merchant Class of Medieval London [1300–1500], which provides detailed information on the economic, political, and social life of the merchants, their moral codes, and their actual behavior.²

Any moral code provides a description, justification, and explanation

¹See Charles Gross, ed., Select Cases Concerning the Law Merchant, 1251–1779, 3 vols. (London, 1908–1932). John Selden (1584–1654) was a distinguished legal scholar and antiquarian who supported the House of Commons during the Civil War but earned the respect of both sides. Throughout this essay citations to often-referenced works will in many cases be given parenthetically in the text, though the first full citation will reside in a footnote.

of how human society ought to work. Ordinarily a moral code by itself has little to say directly about how the society it purports to guide and instruct actually does work. Yet to the extent that it contains a description of evil behavior and its supposed causes, the code will shed valuable light on the actual behavior in that society.

The most important function of any moral code is to condemn and, if possible, prohibit certain specified forms of behavior. Such behavior may seem to be effective in the short run by yielding quick results, as in the case of a successful theft, or it may yield at least short-term pleasure, as in the case of an adulterous affair. From this standpoint violations of the moral code may seem to the individual to be shortcuts to desirable ends, but according to the moral code such shortcuts are judged to be harmful to the social order as a whole. In many human societies, though not in all, theft and adultery (the latter often considered a form of theft) are perceived and punished as anti-social acts.

The specification of certain kinds of behavior as anti-social has usually had a religious component and often a religious sanction. Ordinary people do not as a rule say that theft is evil because it is anti-social. They say that God or the gods forbid theft (usually a quite specific form of theft, such as stealing a horse) and will punish the thief in this life or the life to come or both.

The type of society one ought to strive for is defined to a great extent by the moral code adopted by the members of the society. This code also specifies the types of people and kinds of behavior the members of this society are expected either to love or to hate. In this way it defines the presumed threats to the social order.

In the record of human history, especially if we include the anthropological record, there can appear to be a bewildering variety of moral codes. It may be useful to outline briefly the huge historical transformation that forms the context of the moral changes and continuities to be discussed in this essay.

For centuries Europe had been under the rule of soldiers, with considerable assistance from the priesthood. The moral code of premodern Europe (and of many other parts of the world) was a military aristocratic one with strong religious overtones. Those who fought, or more accurately those who controlled the fighters, exercised what social control existed, which was very little indeed, until kings or rulers began to strengthen their power. Those who fought dealt with, and at times created, the main problems threatening this world. It was the task of the priesthood to take care of those in the next world. By various means the
governing classes extracted a surplus of food and other products from the main economic producers: peasants and, somewhat later, artisans.

Under this system, and indeed in all premodern social systems, there was not much anyone could do to increase production and thereby raise the level of consumption. Cultivating land that had been left fallow was important but hardly led to changes comparable to those of the industrial revolution. Instead the main way for those with political clout to increase their share of the valuable goods of this world was through armed theft. One conquered some new territory and extracted tribute from it. This was essentially a zero-sum situation. Whatever the conqueror gained the conquered lost.

Thus in preindustrial societies the main ways to gain wealth were to take it away from someone else or to force someone else—slaves, serfs, or other forms of controlled labor—to create wealth and turn it over to their masters. Even the Age of Discoveries, with its heavy emphasis on discovering new wealth, did not, so far as I can make out, produce any alternative to this rule of steal, oppress, or go without. Only with the industrial revolution did some men come to realize that it was possible to create wealth and new forms of wealth, such as machinery and coal mines, through their own collective efforts. The new way of creating wealth seemed less glamorous than the dashing military-aristocratic device of armed theft. Also a good many workers in the new mines and factories felt that budding industrial society merely introduced a new form of oppression barely masked by the wage contract. Hence, the coming of industrialism did not bring about universal rejoicing. Capitalists had a hard time promoting their virtues and those of the new era against the suspicions of both the older landed elites and many of their own workers.

Contrary to the hopes of some nineteenth- and even twentieth-century optimists, creating new wealth has by no means driven armed theft out of existence. Instead in the course of the twentieth century, the aristocratic element just about disappeared as armed theft became democratic and plebeian, especially in fascist movements and fascist regimes, though not only in these.

During the eighteenth and nineteenth centuries representatives of the older military, aristocratic ethic at times treated the new leaders in commerce and business with condescension and contempt. Spokesmen for the new business leaders responded with claims to the effect that their way of life would end the days of the military-aristocratic ethic and usher in an age of peace among nations. Snobbish contempt and utopian dreams were not, as we shall see, the only responses to this historical transfor-
mation in the means and forms of production. For the moment the most important point to make is this: by the time that the industrial revolution had acquired enough momentum to appear irreversible, say about 1850, or after the “hungry forties,” it had increased the supply of goods and services to the point where, at least in England, disputes over their distribution had ceased to be a major threat to social stability. Before this time no social ethic had grown up against such a background of peace and at least potential plenty. Respectability was about to triumph. Our story will come to an end just as the triumph has begun to seem obvious.3

The Medieval Background

To begin our historical survey of the actual practices of British business morality in the late Middle Ages let us cast a critical glance at some of the legal cases collected by the Selden Society. Here and elsewhere in this essay I emphasize forms of behavior that contemporaries defined as illegal and immoral, because what a code forbids is generally its most revealing feature. Prohibitions tell us what is expected to cause trouble at a specific time and in a specific place.

In England during the Middle Ages the courts most concerned with commercial activities were known as “piepowder” courts, although by the mid-thirteenth century “statutes merchant” to some degree preempted them. “Piepowder” comes from the French pieds poudrés and refers to the dusty feet of wandering merchants, who were hardly more than peddlers in the early days. In England these courts were set up by the king. Their jurisdiction included actions concerning debt, contract, trespass, and breaches of the assize of bread and beer.4 An assize was a statute regulating the weight, measure, ingredients, and price of articles sold in the market. Thus an assize was a crucial element in the widespread medieval attempt to control economic activity in accord with ethical standards. The frequency of violations indicates that the ethical effort was not too successful.

The piepowder courts were courts for merchants, and they were run by merchants, that is, men familiar with the ways of business. Hence these courts were able to render speedy justice, a big advantage in a situation where merchants were highly mobile. It was not unusual for a merchant

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4Gross, Select Cases, 1:xxiii–xxiv.
to run up a sizable debt and then abscond. To use a modern vernacular, there were plenty of deadbeats around. That was one good reason for speedy justice, as well as for a system largely administered by the merchants themselves. As early as the twelfth century in some parts of England and Scotland, custom required that pleas concerning wayfaring merchants be settled before the third tide.\(^5\)

Merchants evidently regarded royal courts, which were not limited to piepowder courts, as a great improvement over the wager of law. As the traditional way of establishing the “truth” in medieval judicial disputes over large parts of Europe, the wager of law deserves a brief description to show what the merchants were opposing. The essence of the procedure was this: the defendant, when denying an accusation under oath, appeared before the court surrounded by a number of companions, called *jurators*, *compurgators*, and other names, who swore, not as persons who knew the facts—knowledge they often lacked completely—“but as sharers and part-takers in the oath of denial.” Thus we learn that in 899 a German queen Uta “cleared herself of an accusation of infidelity by taking a purgatorial oath with eighty-two nobles.”\(^6\)

Though the wager of law was obviously a very cumbersome and uncertain way of settling mercantile issues such as uncollected debts, in England a guild might be dragged into a wager of law since guild members sometimes felt that an accusation of this type against one member was an attack on the entire membership. Therefore members had to serve as compurgators (Lea, 39–40).

On the other hand, the numerous cases adduced by Lea overwhelmingly concern individuals from the higher reaches of premercantile society: the monarchy, the nobility, and the clergy. Under Anglo-Saxon jurisprudence “the number and quality of the conjurators were regulated according to the nature of the crime and the rank of the accused.” The value of a man’s oath depended on his rank, “that of a thane, for instance, being equal to those of seven yeoman” (Lea, 43–44). The guiding principle that trustworthiness depended on social rank seems at times to have had an odd twist inasmuch as it required more compurgators to clear a monarch or queen (as noted above) of a serious accusation than was necessary for an ordinary nobleman.

\(^5\)Gross, *Select Cases*, 1:xxv; see also xxvi. For a specific case in 1458 see 122–126. For a full picture of general procedures and issues before such courts see xxviii–xxxiii.

To the ordinary merchant this grading of justice by rank would have been hateful and inconvenient. If someone owed the merchant 500 pounds sterling, the merchant did not care about the man’s status. He wanted his 500 pounds without giving the debtor time to hunt up a set of compurgators. If astute he knew that a debtor of high status had numerous ways to avoid paying debts. A less discerning merchant could ruin himself.

The wager of law as a whole appears to have been an expedient resorted to in cases where it was hard to decide who was right and who was wrong. There are some indications that the wager of law may have disappeared over time by turning compurgators into a jury of twelve peers or social equals. While it had ceased to be important as early as the close of the twelfth century, it was not formally abrogated until 1833 (Lea, 49, 64, 80).

Returning now to mercantile morality we find that in England during the Middle Ages failure to pay debts was regarded as an immoral act, punished publicly. Every fair or market was required to have a pillory and a tumbril for punishing debtors. In its older meaning tumbril was a type of chair used for punishing dishonest tradesmen (and others) by fastening them in it to be pelted. The purpose was not merely to take vengeance and inflict pain on shady characters; there was a heavy emphasis on making a public spectacle and negative example out of them, thereby reaffirming the socially approved economic virtue of honesty and exposing moral defects to public censure (Gross, 1:xxiv).

A moral distinction between the provident and improvident debtor appears in the judicial correspondence and records of the fourteenth and fifteenth centuries (Gross, 3:xxviii). The debtor’s prison was a recognized instrument against political offenders as well at this time. Yet it was hard to arrest irresponsible debtors. Kindred and/or competing creditors could find many ways of hiding such offenders or of helping them to flee (Gross, 3:xxx).

If even an irresponsible debtor could count on this degree of social support, the moral and legal rules about paying debts could hardly have commanded unanimous agreement. The rules themselves provided several loopholes. Responsible debtors might be placed under loose arrest in their own or their creditor’s house. There was a statutory obligation on the creditor to feed the debtor for three months. There is said to be no evidence from medieval times of the tragedy of an improvident debtor’s hopeless captivity (Gross, 3:xxx).

Though the evidence is late, it is worth noticing that crooked lenders existed alongside debtors who failed to pay up. The crooked lender found
his opportunities because debtors were often careless about obtaining a receipt for the payment of a debt. This carelessness enabled an unscrupulous creditor to present the same charge over and over again and even enforce payment for want of a receipt. In an effort to put a stop to this practice under James I (reigned 1603–1625) traders were compelled to cancel in their ledgers debts that had been paid (Gross, 3:xxx-xxxii).

As might be expected, there were also numerous complaints about the merchants’ fraudulent manipulation of weights and measures. For example, they might buy by using a large weight and sell by a small one. Charges of fraud were not limited to merchants; bailiffs of manors also faced such charges. Such complaints seem to have been most serious and persistent from the middle of the fourteenth to the middle of the fifteenth centuries (Gross, 2:xlv-xlvi).

Though the Middle Ages saw the establishment of special courts and special legislation for merchants, business morality remained rooted in a larger system of morality and was heavily influenced by some of its leading ideas. One of these was the notion of personal honor and its opposite—shame. A series of cases ranging in time from an Elizabethan Plea Roll back to a thirteenth-century fair court shows that a plaintiff “would not have the shame put upon him” (Gross, 2: xli). Damage to reputation was just as important as material damage. Under capitalism the businessman also felt great concern for his reputation. This concern forms a striking example of moral continuity between the medieval and modern eras.

The sovereign was expected to show traditional solicitude not only for the material but also for the moral welfare of his or her subjects. National repute and well-being, like that of the individual, depended on personal honor and integrity. But this social reputation was constantly endangered by the greed and cunning of a few, which led to the general corruption of many, despite the paternal warnings of the Church and the fraternal efforts of the guilds. The edicts of the king in Parliament and the severe sentences of his justices in court, bench, or eyre (circuit court) failed to cure and even aggravated the evil.

As the summary of contemporary opinion shows, the Church was the source of traditional morality governing business affairs, while secular and royal courts provided the main sanctions. Another source of moral rules, not mentioned in this capsule account of public opinion but obvious from the rest of the legal materials discussed so far, arose from the day-to-day transactions among the merchants themselves. The granting of credit and collection of debts created definitions of prudent and imprudent, acceptable and unacceptable ways of conducting business.
We may conclude these observations on the business morality of pre-industrial merchants, as refracted through the laws, with a sketch of the history of legal attitudes toward the purchase of stolen goods. This evidence shows clearly the influence of mercantile needs and moral judgments on the law. Neither Roman nor Germanic law protected the merchant who had in good faith bought stolen goods against the claims of the original owner. In England, as late as the thirteenth century, stolen goods could be recovered, not only from the original thief but from the hands of the third, fourth, and twentieth possessor, even though these hands were clean and the purchase had taken place in the open market. The law indicates that theft and fraud were major concerns in medieval England. Obviously such a law hampered both sale and barter. As one historian has observed, “Commercial business cannot be carried on if we have to inquire into the title of everybody who comes to us with documents of title, such as bills of lading or for the sale of goods.”

In addition to the merchants’ own efforts, two factors helped to change this situation. One was the influence of the Church, which stressed the importance of good faith in these and other business transactions. The other was the financial interests or necessities of the feudal lords of the market. Fairs and markets were valuable sources of revenue to the feudal lord. Protecting the honest purchaser in the possession of his goods was likely to attract merchants, increase the importance of his fair and hence its revenue. By 1291 it appears that the principle of bona fide possession had become part of England’s law merchant though not yet of its common law. The protection extended to sales in market and fair, and was at first limited to them. Later it was extended in many towns on the continent to all places (including shops) where commercial transactions took place. In England it eventually became a privilege recognized by the common law.

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Up to this point in our exposition the available information concerns mainly a population of traveling merchants. They move with their goods from one place to another, trying to buy cheap and sell dear. By and large they do not make anything but distribute for a profit what others have made. The earliest merchants were probably travelers, as suggested by the reference to “dusty feet” in the term “piepowder.” The unavailability lo-

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Moral Aspects of Economic Growth

With the widespread rise in productivity that put in an appearance in the eleventh century, more and more goods were produced in urban and proto-urban centers for local and regional consumption. A few of these urban growing points became not only centers of production but also centers of distribution, especially for imported goods. When such cities also housed the monarch and the monarch’s central administrative staff, judicial authorities, and, in some cases, budding legislative organs, such a city became a metropolis by prevailing standards. London was one of these. It was thickly settled, in both senses of the word. For the most part its inhabitants lived cheek by jowl alongside one another. And for the most part they also stayed put, though there were some drifters at the bottom of the economic scale and perhaps a few world-travelers on political and economic errands for those at the very top. At any rate during the Middle Ages a thin crust of well-to-do merchants, perhaps a little over six thousand, including their wives, children, and apprentices, dominated an urban population made up of other citizens in company livery with their wives, children, and apprentices, totaling perhaps seven thousand persons and small masters with their miscellaneous dependents, estimated at nearly twenty thousand persons. The main line of fracture and conflict in this social setting fell between the merchant elite and the much larger number of small masters with their dependents. Corresponding to this fracture the main concern of the merchant elite was the maintenance of law and order. Law and order appears to have been what morality was all about (Thrupp, 75, 77).

Against this general background we shall in the rest of this essay analyze first the individual ethic of members of the merchant elite and then their collective ethic or sense of responsibility toward the society as a whole. So far as the evidence permits, we shall try to understand their actual behavior, with emphasis on the extent to which it departed from prevailing ethnic norms. Although analytically distinguishable, individual and collective ethics were closely connected.

As a town developed industries dependent on distant markets for their

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9According to the Oxford Universal Dictionary (3d ed., 1955) the term “metropolis” first came into use in the 15th century, referring to the see of a metropolitan bishop. The first use of “metropolis,” according to Webster’s Ninth New Collegiate Dictionary (Springfield, Mass., 1983) occurred in the fourteenth century and “metropolitan” in the sense of a bishop or his see in the fifteenth century.

10Figures from Thrupp, Merchant Class, 51.
supplies or the sale of their products, the merchants scrambled to the top of the social heap and gained an important role in running the government of the city. These merchants had a “sufficiency,” that is, enough wealth to contribute to public charges. The more sufficient and able were simultaneously seen as the better people, or morally superior. The moral epithet was specifically political and added a flavor of respectability.11 “The better people,” as Thrupp puts it, “were the more honest, the wiser, the more prudent, and the more discreet.” This was no mere empty and traditional formula. Before any man could attain the legal status of an enfranchised citizen—generally a very small minority among the inhabitants of medieval cities—he had to show proof of at least some positive qualification on each of these scores. (pp. 14–15). In other words, he had to demonstrate moral, political, and economic qualifications. The economic ones were indispensable. By themselves, on the other hand, they did not guarantee the existence of the moral and political ones that were equally necessary for membership in the merchant elite.

These qualities were also the bases of legitimate authority and social inequality in the urban scene. Both religious teaching and the experience of apprenticeship stressed submission to authority, evidently regarded as a major virtue in the somewhat turbulent society of medieval London. Good behavior meant holding one’s temper, especially before inferiors or superiors. The merchant, as we saw, liked to think of himself as prudent and discreet, rather like many a relatively undistinguished present-day banker. And the prudent man was always careful about the opinion of others (Thrupp, 164–165). In practice, attitudes toward authority varied from subservient to resentful. In all forms they were extraordinarily emotional, a description that suggests Florence more than London. The obligation to obey, Thrupp suggests, was not regarded as a rational matter. Instead it was a deep-grounded but purely personal matter. Perhaps because the level of resentment was high and obedience problematical, disobedience or disrespect to any figure of authority—parent, lord, master, magistrate—was held to be a sin (Thrupp, 16).

Day-to-day business ethics of course emphasized the prudent use of money. (If the imprudent use makes someone very rich, that is less serious, as long as there is no sign of dishonesty.) The medieval merchant

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11This flavor of respectability has persisted as a desired attribute among leaders in business ever since the Middle Ages. A respectable person is creditworthy. He steers clear of socially visible sexual liaisons that distract attention from business. Only the flamboyantly successful can afford to flout the rules of respectability. This anti-erotic strain may have Christian origins, which in the beginning had nothing to do with business.
class did not, on the other hand, generate any gospel of hard work. Nor was there any puritanical ban on amusement as such. There was, however, some concern lest young men pick up habits of dissipation, and commercialized amusements, such as bear-baiting, cock-fighting, and wrestling. Gambling, including betting on the outcome of these amusements, was regarded as especially dangerous. Apprentices were forbidden to play with cards or dice. Discipline over apprentices also prohibited sexual liaisons (Thrupp, 174, 166–167, 169). Thus, like the expectations of virtue, the temptations to sin were stratified according to class membership.

Economic activities included a variety of sins. Contemporary preachers reproved the giving of short measure, misrepresentation, trading on holidays, and the practice of usury (Thrupp, 174–175). These practices linked ordinary and probably universal forms of dishonesty with historically specific prohibitions such as usury. Since Thrupp does not mention any sign of popular or religious hostility to merchants as people who create nothing while buying cheap and selling dear, it seems likely that medieval Londoners had outgrown that particular prejudice which had made sinners of all merchants. In any case many London merchants were producers in the sense of directing several forms of artisanal production, such as that by bakers, brewers, carpenters, saddlers, and many others. (For a longer list see Thrupp, 46.) There was in fact no aristocratic prejudice among merchants in medieval England against making money by working, although among the gentry some prejudice did exist. Among town and country gentlemen, there was strong prejudice against men engaged in retail trade (Thrupp, 243–244, 263–264).

Thus the English merchant elite did not have to struggle hard to establish the acceptability of a business morality over against an aristocratic, agrarian, and military ethic. Relations with the Church and religious morality were not quite so easy, as shown by religious hostility to usury. Yet there was not much of an attempt to enforce rules against usury, partly because it was hard to decide what usury really was. As for other business practices, the religious authorities advocated ordinary honesty plus charity toward the poor, attitudes widely acceptable to the merchants anyway. Merchants wanted the prayers of as many poor people as possible. They also felt that the poor were somehow blessed, a sentiment that disappeared with the advent of machine driven factories (Thrupp, 79, 175–177, 179).

As Thrupp points out, the merchants’ attitude toward the poor was curiously mixed. Their sense that the poor were somehow blessed and capable of violent upheaval suggests that the merchants were somewhat
uncertain about their own social status and the justifications for it. As we shall see in due course, some factory owners of the early nineteenth century seem to have gained confidence in their social worth by shedding traditional obligations to the social order.

In medieval London, economic status was in large measure moral status, especially in the higher reaches of the social hierarchy, and also quite obviously toward the bottom of the hierarchy. There were unsavory occupations, contact with which could disqualify a youngster for apprenticeship. Mercers banned country peddlers because they were suspected of handling stolen goods. Vagrant beggars were equally suspect. Mercers, who appear to have been especially touchy on these matters and especially afraid of pollution, also counted unfree birth, lameness, leprosy, and loss of an eye as defects that disqualified a lad for membership in their company (Thrupp, 217).

It would be a mistake to think that the sons of the merchant elite stepped easily onto the upper rungs of the social ladder. With little to inherit they often had to succeed on their own. Hence restlessness and driving ambition became prominent character traits among these men. They were traits that aroused widespread antagonism among spokesmen for the traditional precommercial society. Moralists felt it their duty to check the resulting individualistic and family ambitions. The chivalric literature of the time presented a negative image of the merchant, stressing avarice, ambition, and narrow absorption in the pursuit of money and power (Thrupp, 312–317, esp. 315). Evidently some familiar criticisms of “modern” society are centuries old.

In these criticisms of a socially corrosive individualism we encounter, perhaps for the first time, the conflict between a traditional ethic, whose standard is some form of public virtue or the public good, and an emergent modern ethic, whose standard is the individual’s or family’s attainments by its own efforts. In the course of economic growth the emphasis on the family would recede in favor of pure individualism. The conception of the social good and social obligations would also undergo marked transformation. By the twentieth century the main conceptions of the social good took the forms of liberalism (with a new emphasis on social responsibility for the unfortunate), fascism, or communism. Through these permutations, however, the conflict between social obligations and individual ambitions has remained an underlying theme.

This extended survey of the merchant’s individual ethic reveals a set of demands and prohibitions expected (or hoped) to produce a character suitable for a specific social order. In addition to these character-shaping
requirements, whose effectiveness is not always clear and was certainly less than total, London’s medieval merchants faced a series of quite specific social obligations. On paper at least, they had to do certain things for the common good, no matter what the personal inclinations of these men were.

The city authorities, strongly influenced by the merchant elite, exercised jurisdiction over trade and industry. This collective authority had four aims. The first was to ensure an adequate food supply at reasonable prices by supervision of the market. The second was to enforce standards in manufacturing to protect the interests of consumers. The third was to prevent monopoly among the merchants and collective bargaining among the workers. The fourth and last aim was the control of brokerage rates (Thrupp, 92–93).

These regulations were a series of attempts to control the process of production and sale, that is, the behavior of the merchants for the benefit of the consumers. They had a clear ethical and political grounding: to keep prices down and maintain quality at levels sufficient to prevent popular discontent from exploding into dangerous riots. The policy of economic control for the sake of social peace—the working definition of the public good—was only a qualified success. There was a struggle between artisans and merchants that came to a head in 1376. With some minor concessions the merchants won hands down (Thrupp, 74–77, 80–81, 84).

Granting that the economic controls (along with other devices no doubt) did work well enough to prevent serious social disorder, what was their actual mode of operation? There was considerable difference from one kind of commodity to another. There is some reason to suspect that each trade had its own pattern of frauds, well known to well-placed insiders, while individuals with low status, such as most women, were unable to do anything about them (Thrupp, 173). Brewers were the target of continual complaints that they were selling ale above the official price. Meat was easier to supervise because its sale was concentrated in certain places. Bread prices were controlled by intermittent tests of the costs of baking it. But the tests were not or could not be done often enough to be effective. Instead the price of bread was allowed to fluctuate, subject only to the control of public opinion or, more accurately, public clamor.

According to Thrupp, the only price regulations that seriously affected merchant companies were those in the retail fish trade. These were politically important since, next to bread, fish was the most important food for the poor. But the mayor who interfered much with the fishmongers had to be a strong one. Fishmongers were proud of their own court and
preferred to deal with offenders directly. They had their own complicated rules for the fair distribution of the catch and their own wardens sworn to search out violators. Nevertheless in the first half of the fourteenth century, groups of fishmongers were on several occasions “prosecuted before the mayor for selling outside prescribed market places and for using baskets of short measure.” With the exception of the fishmongers, and in one instance, the grocers, none of the merchant companies were kept under the supervision of the mayor. While acknowledging the formal authority of the mayor and aldermen over all their activities, the merchant companies in practice were left to frame what by-laws they chose and allowed to enforce them in their own way (Thrupp, 95, 96).

The power of the merchants’ fraternities was widely feared because it was known to be used for selfish purposes. Commercial fraud, forestalling of food supplies on the way to the market, slander, breach of an oath, and rudeness to magistrates were widespread offenses. Yet “money and position could nearly always protect an offender’s personal dignity.” By paying fines, bakers, for example, could escape the degrading penalty of being pilloried “for selling loaves of poor quality or short weight.” In fact cases of commercial fraud among merchants rarely came before city courts because the merchants’ own courts were supposed to deal with the problem and thereby avoid public scandal (Thrupp, 21, 24). Acting in accord with the wishes of the merchant elite and citizen masters, the city government made repeated attempts to suppress the competition of petty dealers who set up unauthorized street markets. The wealthy engaged in tax evasion on a substantial scale, thereby revealing that in practice there were definite limits to the public obligations of the prosperous (Thrupp, 72, 89).

As one looks back over these attempts to create and enforce a sense of economic obligation to the society as a whole, one can hardly avoid the conclusion that the effort was mainly a failure, mitigated here and there by sporadic attempts at enforcement. It was also a sham, though probably not a deliberate deception, insofar as a generally accepted ethic of fair prices and adherence to standards of quality made rule by the merchant elite generally acceptable. Meanwhile rule by the merchants made it easier for them to cheat without detection. To a degree then the ethic of honesty in business was self-defeating because it increased the institutional opportunities for evasion. Still this explanation in terms of ideas and ethical beliefs fails to reveal a crucial aspect of the story. Why was enforcement so erratic and feeble? It is not enough to reply that the merchant elite was the government and could not be expected to enforce measures
counter to its own interests and inclinations, even though that is true. The city government at that time could not draw on enough other social forces to hold the merchants in check, because other organized social groupings scarcely existed. (The national government was not a great deal better off.) Only when the state has become strong enough to draw on other interest groups is there any hope of enforcing business morality in an effective and widespread manner. That situation has not yet become dominant in any major capitalist country, although there have been many changes for the better since the days of medieval London. Nevertheless where business remains the predominant activity in the modern state, we can expect businessmen as individuals to engage in a great deal of selfish, unethical, and asocial behavior.

Themes in Medieval Business

Three themes stand out in this review of the conduct of business in medieval England and the ethical notions about this conduct. The first concern of the merchant seems to have been to collect his debts. At least getting his hands on what another merchant owed him was a serious and continuing concern, a sticky point in the process of doing business. The moral obligation to pay one’s debts seems to have been rather less than overwhelming.

In the second place, the ideal moral personality of the time strongly emphasized the virtues of prudence and obedience to authority. Though such writers could provide a congenial base for later Protestant and Puritan conceptions of work as a religious commandment or as yielding a precious sign of salvation, that special mingling of God and work still lay mainly over the historical horizon. Nor was the English medieval merchant an ascetic, fearfully avoiding the pleasures of the table, the bottle, and the bed. Furthermore there are no signs here of the swashbuckling economic buccaneer, the man who overrode all legal, moral, and social obstacles to create for himself an enormous fortune or an economic stragy. If such individuals ever were important in English social history, which seems to me doubtful, they must have come to the surface later.

From the standpoint of our investigation, the third point is the most interesting. In theory, English medieval business morality emphasized strongly what today would be called the social responsibility of business. The idea found expression mainly in regulations governing the market, which attempted to assure the good quality of artisans’ products and es-
especially a sufficient supply of food at prices the poor could afford to pay. This medieval version of *Sozialpolitik* was an attempt to maintain social peace and order. More precisely it was an effort to ward off popular riots and upheavals in a society where the dominant strata lacked dependable means for repression.

The policy did not work. There was one major popular outbreak during the late fourteenth century, as Thrupp indicates (pp. 75–79). This outbreak did not work either, in the sense that it failed to bring about a redistribution of power and authority or a change in policy. Finally, the attempts to assure good quality and low prices (mainly for food) also did not work. Here the reason for failure or, at the very least, inefficiency is quite plain. The enforcement of measures affecting prices and quality was in the hands of the guilds that produced the goods. It was in the interest of the guilds to keep prices up and quality down insofar as they could do so without too severe a loss of reputation. There was no power outside the guilds strong enough to police their activities. If the city fathers tried to bring a major guild up short, there could have been an explosion. In any case the city fathers were unlikely to try any serious efforts at law enforcement on their own because they were either officers of important guilds themselves or were tied to guild leaders by friendship, kinship, or business connections. Hence the much praised “organic” and “cooperative” nature of medieval society, which supposedly contrasts so favorably with modern individualist and selfish capitalism, turns out to be a rather ramshackle fraud.

With these reservations we may leave the medieval scene and move toward that of the industrial revolution. The constraints of time and space allow no more than a fleeting glance at the most relevant developments of the period between the Middle Ages and the beginnings of the industrial revolution.

During the sixteenth and seventeenth centuries the power of the central government increased, though there was at least one temporary reverse during the Civil War (1642–1648), especially when the fighting was severe. Increased power made it possible for a government to extract heavier levies from its subject population. Indeed the government became by far the most effective agency for extracting and collecting a surplus (or the difference between what was produced and what was consumed) from the subordinate population. English royal absolutism did not develop as far along this path as its French counterpart. English royal absolutism was also relatively short-lived. Nevertheless it became the magnet for businessmen who wanted to get rich by getting a post in the royal apparatus
to siphon off some of this surplus into their own pockets. As Francis Bacon put it, “The ways to enrich be many, and most of them foul.”

In this situation shady deals and morally ambiguous behavior flourished. To some extent the moral ambiguity may have been due to the fact that moral standards as we have come to know them had not yet been firmly established. The distinction between public resources and private property seems at times to have been rather faint. Or, to put the point more accurately, it was much easier for malcontents who were not profiting from the system to recognize and attack shady deals than it was for insiders to defend themselves while they were making a good thing out of their position. The malcontent’s motives may not have been disinterested. Yet their moral indignation reveals the existence in some quarters of standards we can recognize.

It is possible that the English state offered more temptation for corrupt practices than its French counterpart because the English king commanded fewer resources and lacked the bureaucratic means to oversee expenditures and policy that were available to the French monarchy. Tawney put his finger on the decisive features of the English situation in words that suggest this comparison. “It was the opportunities for speculation offered by the co-existence of an embarrassed Exchequer with a mass of valuable rights of which Governments could dispose, and an ambitious structure of economic regulation which they lacked the means to enforce that produced the unstable compound which provides the material for most of Cranfield’s deals.” Meanwhile the Crown had drifted into a position of dependence on businessmen. James I had no affection for them, but he was well aware that without them he could not keep afloat. The Crown had “necessities to meet and favours to bestow.” Favors were necessary to maintain the Crown’s prestige and public support. They were also expensive. Then there were needs for increased revenue and loans to meet emergencies, as well as for expert advice on tariffs, currency, credit, commercial diplomacy, the prospects of the textile industries, and several other issues. All this money and advice could only come from capitalists at home in the intricacies of the ambiguous demi-monde between politics, business, and fashionable society.

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13These points recur throughout Tawney, Business and Politics, esp. chap. 8 on Cranfield’s impeachment and fall.
14Ibid., 85.
15Ibid., 80–81. Not mentioned here, fashionable society is discussed elsewhere in Tawney.
One could make a case for calling business under this system parasitic, because it did not increase the quantity of goods and services, not even by trade. (To be fair to Cranfield it is necessary to point out that he made substantial and effective efforts to make his segments of the bureaucracy more efficient.) Against the notion of parasitism one might point out that the great discoveries, mainly a feature of Elizabeth's reign, must have brought more wealth into the British body politic, a transfusion that picked up again in the eighteenth century. This observation may be quite correct, but it does not detract from the point toward which I am working. So far as I can see, this essentially parasitic symbiosis between business and the monarchy could have continued more or less indefinitely. Put bluntly, for the businessman to make money, the best strategy was to get a place at the political trough. This strategy has never completely disappeared. Probably it never will, but during the latter part of the eighteenth century it began to recede into the background. That happened because better ways of making money arose. Historians still refer to these better ways as the industrial revolution.

The Age of Tinkers and Inventors

Before looking at the concrete problems facing businessmen in the early years of industrialism I want to comment briefly on the sources. They are reasonably good. There are useful biographies of several major figures in the industrial revolution. Most valuable for a study of early capitalist ways of thinking are two sets of Parliamentary hearings, one on child labor in 1816 and another on more general economic issues in 1833. Finally there is a rich study of provincial capitalist mores, based in large measure on unpublished local materials.\(^\text{16}\) All this material is welcome, rewarding, and, for the most part, interesting. Nevertheless it is surprising that we do not have a great deal more information. Actually there has been precious little research on the ways businessmen have carried out and thought about their work. That may be partly because businessmen have often been taciturn, platitudinous, or both. In comparison with even the silliest social thinkers who find their way into intellectual histories, businessmen are usually rather boring. But there is probably a stronger reason for the neglect. For every hour of scholarly research spent on capitalists, I would

guess that fifty to a hundred hours have been devoted to finding out how
the workers have felt and acted. This is evidence for at least a mild op­
positional preference among scholars interested in the making of indus­
trial society.

In the late eighteenth century the industrial revolution became publicly
visible with the rapid sprouting of inventor-tinkers. Not surprisingly the
first moral issue to plague these men was how to deal with infringement
of patents and trademarks. I will begin this account with a few remarks
on a very humble tool: metal files (used in grinding, smoothing, etc.) and
the difficulties encountered by Peter Stubs of Warrington (1756–1806), a
successful and perhaps even distinguished manufacturer of files. In those
days before machine tools could turn out machines with close tolerances,
files were far more important than they are now. Many machines had to
be “touched up” with a file to make them work properly. There were
different files for different purposes, and they had to be of good quality.

According to Ashton’s account of Peter Stubs and his firm, “the in­
fringement of trade marks is a perennial evil.” Other tool makers also
suffered from this practice. In 1805 Peter Stubs threatened suit against
manufacturers who stamped his initials on their files, although there is no
record that he ever sued on account of what looks like blatant fraud. On
2 March 1806 his successor John Stubs offered fifty pounds as a reward
for information leading to the conviction of an offender or offenders in
another similar instance. In this particular case, however, the attack did not have
very serious consequences. There is no hint in Ashton’s account that Peter
Stubs could be forced out of business in this manner. The most significant
aspect of the whole tale is that some manufacturers engaged in such pi­

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The case of Richard Arkwright (1732–1792), if not the inventor of textile
machinery, at least the first man to make it work on a large scale and as
a major commercial success, stirred up much more public excitement than
Peter Stubs and his files. Arkwright’s patents threatened the lives of many

17 See T. S. Ashton, An Eighteenth-Century Industrialist: Peter Stubs of Warrington, 1756–1806
(Manchester 1939).

18 Ibid., 69–70. See also 60–64 on the importance of such files before the days of stan­
dardized parts.
more people far more seriously. Arkwright too was troubled by patent infringement and in 1781 opened his first legal offensive against it. His prosecution failed because, as the defense claimed and the judge and jury agreed, Arkwright in his patent “instead of disclosing his invention did all he could to hide and secrete it.”

It seems likely that Arkwright did leave the specifications vague in the patent documents in order to forestall illegal copying and the proliferation of unlicensed machinery. (More than one machine was at issue but since this fact has little or no bearing on the issue of patents as uncertain property rights we shall ignore it.) If that was indeed Arkwright’s strategy, it was a dismal failure. His mechanical and commercial success generated a host of imitators.

The next major move by Arkwright was a suit against his nearest neighbor, Peter Nightingale, an eccentric sporting squire with business interests and a taste for hard liquor and low company (and who also turned out to be the great-uncle of Florence Nightingale). The suit began on 11 February 1785. Again the key issue was whether the specifications in the patent were sufficiently clear to enable a competent person to build the machine. This time five witnesses for Arkwright claimed to have built a machine based on these documents. This time the jury found for Arkwright (Fitton, 105-113).

Arkwright's victory made his situation much worse. The Lancashire spinners were seriously upset at the prospect that now all of them would have to operate under a license from Arkwright and pay the fees he charged. For this reason they applied successfully for a writ of scire facias (do thou make known) to have the verdict annulled. The trial began on 25 June 1785. In about a year Arkwright was forced to concede defeat. His patent was canceled. Once more the issue was the alleged ambiguity of the patent (Fitton, 117-119, 135).

Arkwright's defeat reverberated through the small world of inventor-tinkers. As early as 1781 James Watt, who made basic improvements in the steam engine, Josiah Wedgwood, foremost English potter of his day (d. 1795), and Matthew Boulton, who established in 1769, with James Watt as his partner, the first successful plant for making steam engines, were all distressed by the legal attacks on Arkwright's patent. They feared making improvements that some quirk or writing of the law might take away, as happened to Arkwright. It will be necessary to defend property, one of them wrote, “since there are men who are fools and Rogues enough to invade it” (Fitton, 138-140).

Since the examples of Peter Stubs and Richard Arkwright bracket the range of responses to patent infringement in this early period, there is little or nothing to be gained from an examination of other cases. The rather high emotional charge of those defending their patents is understandable from their feeling that they were being unjustly deprived of the fruits of their hard work, not to mention the obvious risk to the capital they had invested in plant and machinery. Patent infringement was also a personal attack, as appears clearly from Peter Stubs’s practice of stamping his files with his initials. Counterfeiting those initials threatened Stubs’s reputation for high quality.

There was also plenty of moral indignation fed by material interests on the side of those opposed to patent restrictions, mainly the Lancashire cotton spinners threatened by Arkwright’s temporary legal victory in the suit of 11 February 1785. The legal representative of the Lancashire spinners took the high moral ground of public and national interest. Arkwright’s patent represented a monopoly. Legal recognition of the patent would enable Arkwright, already a rich man, to choke off the livelihood of thousands of hard-working people. Moreover, it would in time destroy the flourishing British textile industry in which England already led the world (Fitton, 119–120, 146, 203).

From the vantage point of two centuries of hindsight the whole issue looks like a great deal of pother about not very much. Despite the loss of patent protection Arkwright continued to prosper. His reputation did not suffer, as shown by the fact that George III knighted him in 1786. The knighthood, however, was not (or at least not ostensibly) a reward for success in business. Arkwright received it in response to a congratulatory address to the king on the latter’s escape from an attempted assassination. He made up the loss of his patent protection through his business skill and organizing capacity. Thus he died in 1792 as one of the richest industrialists in eighteenth-century England.\(^\text{20}\) At a higher level of generality it is obvious that the concern over patents did not put a spoke in the wheels of the industrial revolution. England went on to become the workshop of the world in the next century. Yet if patent infringement turned out to be a nonissue over the long run, it was the live issue for innovating business leaders at the start.

\(^{20}\)See the eleventh edition of the *Encyclopaedia Britannica*, 2:556–557. This edition is justly famous for the high quality of its scholarship and often gives details not found in later sources.
Let us now put the question more broadly. Protecting patents was no more than a means to an end. But what was the end? Did it have any moral component?

Right away we can rule out any notion that making “big money” was the prime motivation of these early tinkerers and inventors. It is quite clear that Richard Arkwright thoroughly enjoyed the status, prestige, and comfort that abundant wealth had brought him in his later years. (He had begun his working life as a barber.) The same is true, though with less money, of a well-known contemporary and occasional rival, Samuel Oldknow, about whom there will be more to say in a later context. Both men were happy enough to make money, but that was not what they lived for. One final case illustrates this point because the source explicitly denies the importance of hunger for money. The author of a monograph on Boulton and Watt, the firm that manufactured the first economically useful steam engine, reports that Boulton got himself into a variety of manufactures “in quite a casual way... following rather the dictates of an active and restless mind than the immediate motive of a search for profit.”21 That characterization fits very well in what I have called an age of inventors and tinkerers.

Let us now pause briefly to see what the meaning may be of these inventors and tinkerers, certainly major figures in the industrial revolution according to the classic writers on early capitalism Marx and Weber. Both Marx and Weber present vivid portraits of the early capitalist, stressing the motivation of a historically novel character and personality. Though Weber emphasizes religious history where Marx stresses social relationships as the causes of this new personality, both paint quite similar pictures. The new man was a monomaniac in producing for the sake of production, accumulating capital for the sake of accumulation. In this way, Marx emphasized that the capitalist forcibly multiplied society’s productive forces. For Marx of course primitive capital accumulation is a highly immoral procedure. Weber’s description is hardly more flattering. His main stress lay on the anxious treadmill-like behavior of the capitalist in his search for a sign of salvation. That in turn, he declared, was a decayed version of Calvinist predestination, a doctrine whereby a few will be saved, the rest sent to eternal torments. While alive no one can know for sure whether salvation or damnation is the fate to be expected. And for that matter there is nothing one could possibly do even if one did

know. (If anyone really did know that salvation awaited him—our problem concerns males—he would have been absolutely unbearably smug instead of disagreeably so, as was often the case.)

The real question here, however, is not how did Marx and Weber explain this behavior, but did the behavior actually exist? Is that the way capitalists, or at least an important segment of them, actually thought and acted? I have found precious few signs of such driven behavior. Such a description fails to make sense of Peter Stubs, Richard Arkwright, Samuel Oldknow, Matthew Boulton, and James Watt, or the contemporary accounts, Andrew Ure, The Philosophy of Manufactures (1835) and Alfred [Kydd] The History of the Factory Movement: From the Year 1802 to the Enactment of the Ten Hours Bill in 1847 (1857). All the men encountered in these sources were hard workers, but it would be impossible to say that they worked for the sake of work and produced for the sake of production. For that matter it is not easy to discern any common motivation toward work in this collection of national luminaries of the industrial revolution. All tinkered with their machinery to make it more reliable and efficient. All did their best to protect the market for their products, a point that will require more discussion later. These two generalizations are hardly surprising and scarcely suggest the frantic monomania suggested by Marx and Weber.

It is of course hardly likely that Marx and Weber invented their early capitalist out of whole cloth to suit their theoretical preconceptions. Here is one description of late eighteenth-century ironmasters in South Wales that at least brings to mind their model.

Of humble origins (not normally farmers . . . but more commonly from the secondary metal trades) they were often as demanding of themselves as of others; business was their consuming interest and they continued to lead the simple lives to which they had become accustomed and to which there was little alternative. [Emphasis added, B.M.] They practiced a stringent personal economy and rigid austerity to maximise their savings. Withdrawing each year from their firms only a small part of the profits for their personal needs, they paid themselves small salaries . . .

The fact that so many of these entrepreneurs were also members of Non-conformist sects reinforced their tendency towards abstinence; hard work and thrift discouraged them from a sybaritic life style or a conscious attempt to ape the upper classes, even when they had made a fortune.22

There must have been clumps of entrepreneurs like these scattered over much of England (and Scotland) towards the end of the eighteenth century. This evidence does give some support to the classic Marxist-Weberian thesis. Still, their thesis appears quite rhetorically exaggerated.

So far we have been discussing the moral issues facing those early capitalists whose firms attained or in time would attain national stature. When we look further down the scale at provincial capitalists, we find that economic accumulation definitely was not the central purpose of their lives.

For the provincial capitalist “the purpose of business was not the avid pursuit of profit, but the provision of a “modest competency” so that his family could live in a simple but comfortable way.” A good many men retired from business as soon as they had achieved a “modest competency” in order to enjoy the fruit of years of work.23 Put succinctly, business existed for the sake of the household. In these sober circles the cold-blooded pursuit of profit was deeply suspect on moral grounds (Davidoff and Hall, 22).

All the way across the religious spectrum of the day there was agreement “that the home must be the basis for a proper moral order in the amoral world of the market.” Men could work in that amoral world only if women’s moral vigilance at home was able to rescue them. Once again we see here that division of labor by which the specialist in virtue, usually the priest, enables the layman to sin and society to carry on essential tasks. In this case, however, the division of labor is by sex within the household. Ministers also kept a watchful eye on behavior in the home because every “serious Christian” knew that the home was the one place where the moral order could be sustained (Davidoff and Hall, 74, 89). To the extent that this clerical supervision of domesticity prevailed, early nineteenth-century England appears to have been the first land of the Sittenpolizei. Could the reaction against clerical supervision be an important reason for the later remarkable growth of intellectual and political freedom?

23Davidoff and Hall, Family Fortunes, 16–17, 91. This perceptive and penetrating study is based primarily on evidence from Birmingham, a town with numerous small industrial plants and artisan-like shops, and from Essex and Suffolk, areas of arable agriculture. Within these areas the authors collected three kinds of evidence: First, using qualitative material supplemented by a sample of wills they mapped out the relations between named individuals and families. Second, they studied local communities, their physical lay-out, their economic, political and religious profile, and their local organizations. Third, they took a sample of middle-class households. Together it provided a quantitative framework for qualitative information. See p. 34. The body of the work also contains a number of revealing quotations from letters, notebooks, and diaries.
Home, then, was the presumed bulwark against the moral and physical threats of ordinary existence. These included those from continuing political unrest, the moral and physical stresses of acute poverty, brutality, threatening sexuality, disease, and death. Even behind the sheltering walls of the home a middle-class individual of say the 1830’s was liable to encounter one or more of these scourges in the course of growing up (Davidoff and Hall, 357). Such evidence arouses the suspicion that home as a moral refuge was in those times more of an ideal than an attainable reality.

How could a member of the middle classes attain the moral bulwark of a home and, more generally, a morally acceptable niche in the social order? The accepted and, to a great extent, also the truthful answer, was by sustained hard work and attention to business. It is important to recognize the historical novelty of this answer. In the preindustrial social order being a member of “polite society” required an independent income, either from land or the city of London. By the end of the eighteenth century this life of gentility without manual or mental work had ceased to be acceptable for many in the middling ranks. The impulse toward change was in large measure religious. Salvation, it was now claimed, was the mark of gentility. An artisan’s son who managed to get an education and find a good middle-class occupation could consider himself as much a gentleman as a member of the landed upper class. Later on in the century, as occupational groupings became more distinct, a man identified himself with what he did rather than in terms of kinship and religious loyalties (Davidoff and Hall, 73, 230).

Creditworthiness came to epitomize the desired moral qualities of the businessman as the use of credit became more and more an important aspect of business life despite suspicions and hostilities that survived from an agrarian era. (See Davidoff and Hall, 198 on the distrust of credit.) A creditworthy man was a dependable man, especially in repaying his debts. He displayed all the new—that is, nonaristocratic—virtues of thrift, prudence, and steady application to work. Outwardly he gave no sign of emotionally or financially distracting ties and expenses. His house, furniture, horse, and carriage should be of good quality, indicating solid financial resources, but definitely not showy. Above all there should be no signs of a taste for champagne and sexual variety, at least not in these provincial circles in the first half of the nineteenth century. (Even at the apogee of capitalist hedonism in the Edwardian era (1901–1910) erotic luxury emitted a disreputable odor for many Englishmen, and perhaps especially for English women.) These diversions
could swallow up huge resources in a brief time. Besides they under­
mined sound and prudent judgment. As representatives of the world of
credit, bankers were under especially close public scrutiny and were the
ones who felt most severely the self-imposed restrictions of the code of
creditworthiness.24

Fortunes were changing and uncertain in this early period. Credit ar­
rangements in the provinces were local or at most regional. Hence per­
sonal reputation was the key to survival. The behavior of the entrepreneur,
his family and household, as well as their material setting, all served as
indications of financial and moral probity. The two were inseparably
linked. Further, the flexibility and relative liquidity of middle-class prop­
erties intensified the importance of personal ties in business. The impor­
tance of personal connections may have inhibited overly predatory
behavior in business. But the web of personal ties also had negative con­
sequences. The main source of bank failures, we are told, was the bankers’
desire to help troubled businesses, a desire that came from personal friend­
ship (Davidoff and Hall, 208, 215, 247). Evidently there was a severe moral
conflict between the obligation to help out a friend and the obligation to
run a safe and profitable bank. Since banks were not the only source of
funds, it is likely that this conflict of obligations permeated business in
general.

Just as success in business was taken to be a good indication of moral
probity, so was failure in business treated as an immoral act requiring
religious censure. For the Independents, a major Protestant nonconform­
ist sect, failure in business was a failure in the responsibilities of steward­
ship. Goods were held in trust for God, and “nothing but probity will
support credit” (Davidoff and Hall, 86). The presumption that some
moral failing lay behind each and every business failure could hardly have
been attractive to the ordinary man of business caught short by the dis­
appearance of a market for his goods or a sudden rise in the cost of labor
and/or or materials. Nevertheless there was a moral stigma to bankruptcy
through most of the nineteenth century and even later. The religious and
moral sanction came into effect through the overlapping of religious and
business networks. As noted above, the minister was expected to keep an
eye on the personal and business concerns of the heads of families and
businesses in their congregation. Moral auditing of a business for its hon­

24David and Hall, Family Fortunes, 247. David S. Landes, Bankers and Pashas: International
Finance and Economic Imperialism in Egypt (Cambridge, Mass., 1958, 1979), chap. 1 presents
a vivid and penetrating sketch of the mores of French bankers at a later date. The essentials
of creditworthiness, I suspect, are international.
Moral Aspects of Economic Growth

Esty, industry, and competence could result in both the shunning of bankrupts by fellow religious believers and, at the same time, the creation of a class of outcasts in the world of business.

In this world of business, however, religious and ethical considerations did not win out all the time. The Galtons, a well-established Quaker family in Birmingham, had a gun factory directly dependent on the slave trade, whose abolition was a favorite Quaker cause. In 1795 leading Quakers appealed to the Galton conscience without effect. To his fellow Quakers’ representations, Galton replied that his main concern was making a living, and that neither the trade in slaves nor the sale of arms implied approval of their use. For some time Galton capital remained tied up in gun production. But the family also took care to diversify.25

The middle classes in their world of business formed a major source of the rational and scientific impulse that transformed so much of English society during the nineteenth century. In the early part of the century religion was not yet opposed to scientific thought. Instead religion supported a rational outlook and the active pursuit of commerce. A more significant impulse toward rationality came from the main activities of the middle class: production, design, and building. This rationality expressed itself in a strong taste for measurement and construction of categories. By the early nineteenth century, visitors were struck by the evidence of this passion for exactness: the watch in everyone’s pocket, the fetish of using scales for weighing everything including one’s own body. Categories became weapons of progress. Rural culture, about which middle-class people often learned from their domestic servants, became the repository of folklore, fairy tales, superstition, and the supernatural. Elements of boisterous play and carnival were separated out as fit only for children and child-like social inferiors. Sexuality, perceived as one of the most irrational forces, was driven back into the core of marriage. Women, especially pregnant ones who were thus incontrovertibly sexual beings, were connected with animal-like nature and hence unfit for the serious work of the world. Categories of purity and pollution, separating the useful from the wasteful, were invoked by scientific and sanitary movements to control noxious materials, sights, sounds, smells—and people. Smells and the absence thereof became an index of respectability and indeed the whole social

25Davidoff and Hall, Family Fortunes, 88, 102 on religion and bankruptcy, 102–103 on Galton. I have avoided Davidoff and Hall’s expression “overlooking” because it could be confusing. Instead I have used “keeping an eye on,” “supervise,” and “inspect.”
hierarchy (Davidoff and Hall, 26-27; see also 383, 399 on the social aspect of smells).

A moral code often gains much of its hold over people as a result of their need to struggle against others with competing codes. Through this competition a group forges its own moral identity by distinguishing itself from other people. As Davidoff and Hall point out in the passage just cited, the English middle classes through their conception of rationality with its emphasis on accurate measurement “sharpened their perceived distance from the easy-going, haphazard gentry [and] the feckless, superstitious working class.” I would only add that the middle classes were fighting off the threat of relative sexual permissiveness that prevailed in both the class above and the class below. In the course of the nineteenth century the antagonism toward the gentry and the aristocracy died down as political considerations, mainly fear of the urban workers, brought middle classes and landed classes together. Hostility to the working classes has remained significant among the middle classes down to the present day.

We have seen that economic success and failure were closely connected with moral standing, but the two were not identical. Wealth did not guarantee high moral standing when it derived from “ill-gotten gains” or was spent in a profligate manner, especially on liquor and women. In this society moral standing in the community evidently had its own independent criteria, a precipitate of Christian experience. “Good” morals meant above all strong control over impulses and instincts (sex, aggression, food and drink, sleep, enjoyment of beauty). The controls did not reach the extremes of asceticism, though it seems plain enough that Christian asceticism was their moral and emotional ancestor. The controls repressed temptation in the interests of economic labor and the search for salvation.

All that is reasonably familiar. What matters most in the present context is that their moral code and the controls it imposed gave the middle classes a sense of superiority over the rest of English society — those above and those below — because they could interpret their experiences with members of the other strata as proof that such persons had inferior moral controls.

Inferior moral controls, or more bluntly, inferior morals, were of course a major charge that many early capitalists leveled against the workers of their day. But there was a great deal more than this familiar accusation in the capitalists’ views about their moral obligations — or lack thereof — to the workers. We may now look more closely at how capitalists felt and
behaved in their relationships with workers between about 1780 and the 1840's.

Capitalist Morality and the Workers

Before we get down to cases a few words about the imperatives of beginning industrialism are necessary to explain why capitalists and workers, or employers and employees, behaved the way they did. In order to run a factory, capitalists had to recruit, retain, and especially in the early days, discipline the workers. Discipline for the most part consisted of eradicating erratic preindustrial work practices and making the workers' behavior suit the machine with its consistency and accuracy.

Within the framework of these imperatives the moral obligations of the employer to the workers varied from a diffuse set of obligations about the material, moral, and social welfare of the workers and even the workers' families to a narrowly economic duty embodied in the wage contract. The diffuse set of obligations are usually described as patriarchal or paternalist. It includes the wage contract but also a great deal more. The wage contract itself contains more than strictly market determined economic matters. The wages are expected by both capitalist and worker, even if they disagree sharply on the exact amount, to provide enough to live on at a customary standard. The "pure" wage contract was supposed to reflect the demand for labor and supply thereof and be free of extraneous social and moral considerations. The more of these considerations one could get rid of, the lower a firm's wage bill would be.

On the other hand, the capitalists' own interests were enough to prevent the trend towards a pure wage contract from reaching its logical conclusions. Capitalists were nothing if not practical men who certainly could learn from experience, especially disagreeable experience, about matters that affected the work force. Workers dead from cholera, sick from other increasingly preventable causes, or sodden with drink were of no use to an employer. Through these obvious facts a variety of ideas about the employers' individual responsibility and society's collective responsibility (i.e., through government agencies) for the welfare of the work force began to make their way back to intellectual respectability. In the course of the industrial revolution this interplay of historically changing imperatives and responses to them produced a wide range of variation in capitalist ideas and behavior.
Curiously enough the capitalist tinker-inventor whose relations with his workers most clearly anticipate modern trends was also one of the earliest industrial revolutionists, Richard Arkwright.

As early as 1775 he had completed the patenting of machines that would do all the preliminary work connected with spinning by machinery.\textsuperscript{26} In other words he had managed to mechanize the whole process of manufacturing textiles. What about the workers who tended these machines?

Arkwright’s system of labor relations attracted considerable attention in his own day. From the surviving records it looks like an astute mixture of strict authority, softened by grants of limited autonomy to supervisors and workers, the whole sweetened by high wages. According to one source evidently connected with factory inspectors, it was difficult in Arkwright’s day to find people with skill and experience to do cotton spinning. Those who had the knowledge were said to be of “loose and wandering habits,” as was often the case with skilled craftsmen in those times (and later). Local people avoided factory jobs because contact with such characters carried with it a loss of status. Arkwright, it is claimed, solved the problem of recruiting and retaining a dependable labor force under these unpromising conditions by imposing strict discipline and granting high wages. Most workers were paid by the piece, not by the week. All workers had the privilege of leaving any moment they chose. It was reported that this privilege produced a steadier and more contented work force than could be obtained with the strictest indenture.

Another area of autonomy existed in the relationship between workers and supervisors. In the works as a whole there were twenty-one rooms or departments, each under the control of a supervisor who had the right to choose his own hands. Correspondingly workers had the right to change at the end of every week and go to any room in the establishment where the supervisor would employ them, provided they gave six days previous notice to the master they were leaving. This informal system of sorting supervisors (called masters and overlookers in the contemporary texts) and workers apparently produced at least moderately congenial groups. In practice there was not much moving about.

The information about just what strict discipline meant in the Arkwright works is rather sparse. Historians and biographers of Arkwright

are more interested in his technological than his social inventions. Probably strict discipline meant showing up for work regularly and on time, and paying careful attention to the technical requirements of each job for the number of hours the job lasted. (There were no coffee breaks in those days. But how did they manage a visit to the toilet?) We do know that some of the disciplinary methods which struck other workers as especially unjust were not used at the Arkwright plant. There was no fine or punishment except for damage to the works from evident carelessness. Corporal punishment was never permitted.\(^27\)

The sheer size of Arkwright’s “empire” was an historical novelty that impressed contemporaries. In terms of the number of workers employed it was the largest in the country. Soon after the turn of the century it had between 1800 and 1900 workers (Fitton, 146). The large size in itself created a need for novel forms of organization and supervision. What the new social organization had to accomplish—that is, spin as much cotton as cheaply as possible by using machines—was at least equally important in determining the new social organization. Andrew Ure in his *Philosophy of Manufactures* (London, 1835) was one of those who recognized and admired the revolutionary nature of Arkwright’s social achievement. The main difficulty to be overcome, he claimed, was not the mechanical one of creating a machine for drawing out and twisting cotton into a continuous thread. Rather it was in getting people to work together in one cooperative unit “and above all in training human beings to renounce their desultory habits of work, and to identify themselves with the unvarying regularity of the complex automaton.” The creation of a code of factory discipline that would do just that was “the Herculean enterprise, the noble achievement of Arkwright” (Ure, 15). More specifically, this disciplining of the labor force, as the Marxists would later call it, would put an end to the preindustrial habit of working in alternate bursts of energy and rest. Likewise it would put an end to the skilled crafts with their combination of stubbornness and inaccuracy (Ure, 16, 19–21).

Here, as in other passages, Ure introduces an authoritarian theme that does not appear in the surviving descriptions of Arkwright’s system. Ure’s contrast between the demoralized poverty of the English countryside, where cash relief was being given on the basis of alleged need without regard to the ability or willingness to work, and the “noble spirit of industry, enterprise, and intelligence” in the cotton factory

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\(^27\) All facts about the treatment of workers in Arkwright’s works come from contemporary or nearly contemporary sources quoted in Fitton, 205–206.
towns, villages and hamlets reads like a modern conservative indictment of the urban black and Hispanic underclass in the United States of the late twentieth century (Ure, 354–357). In further observations on the moral effects of the factory system Ure stresses the connection between the owner's morality and internal factory discipline. This is a much broader issue than the owner's sexual exploitation of women under his control, though this was and remains a significant issue in its own right. The owner who is generally lax, according to Ure, will soon find that his employees become lax, and the product of his plant second-rate in terms of quality and workmanship. The result is that such an owner gets only second-rate prices and second-rate customers. Any knowledgeable visitor can easily spot such a plant by its general air of slovenliness. If the owner tries to enforce strict discipline, he only makes matters worse for himself because the workers have no respect for him and become angry at the petty vexations of the new orders. True discipline, Ure and many modern authorities hold, means a capacity for delaying self-gratification. The most dependable device for instilling this virtue was for Ure the Christian religion. One of Christianity's main tenets was that life on earth was no more than a frequently miserable prelude to the life eternal after death. Where master and men took this lesson to heart, Ure claims there could be productive harmony and profit (Ure, 415–418, 423–424).

Now we may examine briefly some of the variations on Arkwright's system of labor relations. Peter Stubs, the eighteenth-century file maker, did not have an easy time getting and keeping the skilled cutlers and forgers he required. An effective way he hit upon was to grant the worker a small loan to pay off his debts for beer, bedding, clothes, or rent. Stubs then deducted a few shillings a week from wages until the loan was extinguished. Meanwhile the worker usually contracted another loan. In this fashion workers fell into a state of extreme dependence on their employer (Ashton, 31–33; see also 24–28).

Aside from being degrading to the worker, this arrangement was costly for the employer. Rarely did he collect interest on loans made to workers. Bad debts were frequent. There must have been a lot of time and effort spent in keeping track of trivial sums. Nevertheless debt did secure continuity of service and prevent workers from moving to other concerns (Ashton, 36). At least that is what Ashton claims, and he knew the period. Still, if skilled workers were in such short supply, one wonders why they did not simply abscond to another employer as soon as they had run up
a noticeable cash debt. Perhaps they developed some sense of loyalty to an employer who helped them out of an awkward corner, and felt that they might not get as good treatment elsewhere. That, however, is speculation.

Samuel Oldknow was a contemporary of Arkwright and also a textile manufacturer. In his relations with the workers he appears to have been an unusually humane patriarch. Though the workers he needed for making textiles were mainly women and children, who were more patient, dextrous, and docile than male workers, Oldknow went to great lengths to find jobs on his rather large estate for the father. In this way he managed to find suitable work for the head of the family and prevented demoralizing situations where the father lived off the earnings of his wife and children. In contrast to many other factories of the day, the apprentices at Oldknow's works were reported to have been well fed, healthy, and contented.\(^{28}\)

Evidently Oldknow did not feel that material rewards were sufficient to induce the behavior deemed appropriate for workers. A wall placard reproduced by Unwin (p. 198) and dated 1 December 1797 reveals a great deal about human problems the employer faced at the end of the century. The placard begins “Whereas the horrid and impious Vice of profane cursing and swearing—and the Habits of Losing Time and DRUNKENNESS—are become so frequent and notorious that unless speedily checked, they may justly provoke the Divine Vengeance to increase the Calamities the Nations now labour under.” To ward off divine vengeance, Oldknow ordains a fine of one shilling for any man, woman, or child caught swearing; and for absence from work without permission, a forfeit of wages for the hours lost. Fines and forfeits were to go into a box for distribution to the sick.

In this episode we can see clearly the meaning and rationale of paternalism. The employer did play to a considerable degree the role of a parent in encouraging socially desirable behavior. He had to. Without dependability the factory could not function. Oldknow seems to have been relatively mild and understanding in his role of parental surrogate.

He also understood the social source of demoralization and asocial behavior in the destruction of the father’s role. Unfortunately, as Oldknow’s remedy of finding jobs elsewhere shows, no solution for this problem was

possible within the limits of the individual factory. It was too expensive. No factory could expect to generate the resources to pay for the creation of jobs that had nothing to do with its own production. That problem on the other hand has yet to be solved in either capitalist or socialist regimes, as even a casual reading of the daily paper reveals. Taxation to support and employ workers in production for which the economy provides no demand is unpopular, while disguised unemployment is wasteful and inefficient.

In the firm of Boulton and Watt, the well-known late eighteenth-century makers of steam engines for pumping out mines and other uses, we encounter another variant of early capitalist discipline. Many of the workers were highly skilled, a type that is hard to discipline because such workers on the basis of experience often know better than the masters what will work and what will not. (Ure misses this aspect of the relationship in diatribes against craftsmen.) Hence it is not surprising to learn that a rather paternalist version of inequality prevailed in this establishment. Discipline was lax but relations with the workers were good. Despite the lax discipline this informal atmosphere enabled the management to obtain very accurate knowledge of each workman's performance. With the next generation and a much larger staff, it was necessary to resort to elaborate statistical controls to get similar information that may not have been as accurate (Roll, 221–222, 252).

The early years of GKN—Guest, Keen, and Nettlefolds, a name acquired in 1900—display an absence of paternalist concern for the workers, which contrasts with all the other cases discussed here. Founded in 1759 this firm began as an iron works that soon expanded into mining. It was located in Wales.

The early managers seem to have been frugal and dour nonconformists. The first recorded episode in labor relations took place in 1810. The price of wheat rose sharply just as a depression struck the iron industry. The response of the owner-manager, John Guest, was to reduce the men's wages. That in turn produced the first strike in the firm's history. Within five weeks the strike petered out as the men, pressed by hardship, drifted back to work at the lower rate. This strike set the pattern for much of the nineteenth century. Sharp movements in food prices or wages produced industrial actions invariably resisted by management. In the absence of a union it appears that the workers as a rule lost.29

29Jones, History of GKN, 1:47.
It took a series of outbreaks of cholera to overcome the antipaternalist and individualist attitude of the management, an attitude we shall examine more closely in a moment. During the first four decades of the nineteenth century management was adamant about the need to make a profit in facing its competitors and refused to accept responsibility for the health of its employees. The 1849 outbreak did produce a shock. However, not until 1853, when a new case of cholera was reported did the new owner-manager, Lady Charlotte, speak about sanitary and cleansing measures. Compared to her predecessors she expressed strong concern for the workers' welfare. Between 1851/1852 and 1866 the death rate fell from 36 per one hundred to 25 per thousand. Nevertheless there was an outbreak in August 1866 that within the space of 58 days killed 115 people. The 1866 outbreak occurred a year after the local Board of Health had been persuaded by another GKN manager to institute a major program of sewer construction. Results appeared in about two years. By September of 1868 55 miles of sewers had been built in the GKN area in Wales, enabling householders to install lavatories for the safe disposal of waste. This measure succeeded in banishing cholera from the GKN area (Jones, 1: 119–121).

Thus a socially induced disaster—for cholera was the result of identifiable social conditions and the absence of a policy to correct them—served as a shock treatment to make management accept some responsibility for the health of its workers. It was of course in management's interest to accept this responsibility. As mentioned earlier, management could not run a plant with dead workers or for that matter with workers who were fleeing for their lives. Contemporaries explicitly recognized these facts. In the outbreak of 1854 the local works-manager recorded that there had been twenty-one deaths since Saturday with the disease still spreading. He went on to say "The people are so frightened they are leaving in droves, especially the Irish, amongst whom so far it has been most fatal . . . It is with the greatest difficulty that we carry on the mills and other departments." The death toll in this outbreak was 424 (Jones, 1: 119). To repeat, then, objective conditions could and did compel early capitalist employers to accept responsibility for the welfare of their workers. The evidence I have seen indicates that the abdication of this responsibility for the sake of profit and under the flag of capitalist individualism was little more than an aberration.

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The histories of individual firms, the main source so far on early capitalist attitudes toward the work force, provide us with precious glimpses of what early capitalists actually did. But these sources present sparse information about how the capitalists perceived the workers and the moral standards (if any) they used in judging and explaining their own behavior as well as that of their workers. Fortunately sources do exist that provide exactly this type of information. In reading two parliamentary inquiries into issues facing both business leaders and the nation, one in 1816 examining child labor and the second in 1833 examining more general issues of economic policy, one can almost hear the business leaders of the day explaining and justifying their policies before a parliamentary committee, in those days a key mechanism for focusing official public opinion.

Though the themes in capitalist arguments do fall into a pattern after extended examination, the first impression is one of diversity. The issue of child labor, topic of the Report of 1816, was of course a “natural” for eliciting moral judgment. In the Report, Josiah Wedgwood begins his discussion with two variations on what we might call the “harsh reality” argument. Harsh reality, so the argument runs, makes it impossible to take effective action against whatever distress is under active public discussion. Short hours of work for children, he states, would be impossible “in a society where the great bulk of persons must earn a living by their labor.”

Children would be better off, Wedgwood continued in an anti-utopian variant of the “harsh reality” argument, if they did not work at all and instead just played and learned their lessons. But, said Wedgwood, such a condition is unattainable (Report [1816], 71-72).

What, then, if anything, can one do? Wedgwood had a ready answer: The “only way of securing the comfort of any people is to leave them at liberty to make the best use of their time and to allow them to appropriate their earnings in such a way as they think fit” (Report [1816], 73). This solution was a strictly individualist one. The individual’s own efforts within the framework of the market provided the best solution to the problems of poverty. Social action in the form of actions taken by the government, or indeed any agent designated by the society, would not do any good and probably would do some harm. Among business leaders there appears to have been wide agreement on this thesis. The most fa-

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mous exposition occurs in Adam Smith’s account of how the market transforms selfish behavior into socially desirable results. This individualist solution via the market has been one of the most influential insights of modern social thought. As the end of the twentieth century approaches, its influence is very far from exhausted.

Not all expressions of capitalist individualism referred to the market as the alchemy transforming individual selfishness into social good. The most outspoken defender of individualism before this committee spoke from a strictly preindustrial and traditional defense of freedom. A Mr. William Sidgewick, identified as a cotton spinner at Skipton, who had operated a factory for thirty-one or thirty-two years, asserted that the health of the 100 to 120 children employed in his mills was much better than that of children running at large. Later in the session he stated that a Parliamentary Bill limiting children’s hours of work was “a loss of the British birthright—that of the control of the parent over the child” (Report [1816], 114, 120). Here Sidgewick was referring to the well-known eagerness of fathers to have their children make supplementary earnings in the factory and the general willingness of the children to accept this arrangement.

At the opposite end of the spectrum from Mr. Sidgewick was a Mr. Samuel Stocks, a cotton manufacturer from Manchester. He stated explicitly and freely that work in a cotton factory was unhealthy for children on account of the long hours of work, the heat of the rooms (often reported to be “as high as 75 degree Fahrenheit,” which hardly seems excessive to a modern North American), and especially the dust (Report [1816], 253). Indeed this report gives the impression that the evils of child labor had become part of the conventional wisdom of the day. Sir Robert Peel’s testimony about the bad effects of factory work on children seems to represent, if not majority opinion, at least the enlightened views of the early nineteenth century. He and others were much influenced by the 1796 reports to the Manchester Board of Health on this topic. Evidently these reports became a charter of legitimacy for criticisms of child labor. The reluctance to do anything about this widely agreed-upon evil is traceable to the widespread belief among early nineteenth-century capitalists that they were operating on a very small margin of profit without room to maneuver and pay social costs. Furthermore if any one employer tried

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31 On Sir Robert Peel see esp. Report (1816), 139; and statements by other witnesses, 302-328.
32 For one expression of this view see Report (1816), 167.
to do something expensive, he would put himself at a disadvantage in relation to his competition. On the other hand, a law shortening the hours of child labor—or of labor in general—was more acceptable because all firms would have to pay the social costs. Inefficient ones that could not afford the costs would go out of business, leaving the arena free to the survivors.

Though several employers questioned about child labor at the meetings of the select committee replied in effect that child labor was an evil but an unavoidable one under the conditions of the day, this was not the only viewpoint put forth. Two employers counterattacked by stressing the alleged social benefits of child labor. If obviously biased by self-interest, their arguments are by no means absurd. A Scottish employer, A. Buchanan, claimed that the “habits of regularity” acquired in textile work as a child made these boys preferred employees of tradesmen, joiners, weavers, and the like. Also valuable, according to Buchanan is the “ingenuity they acquire in the works” (Report [1816], 10). A silk manufacturer, James Pat­tison, listed among the reasons for child labor the claim that at an early age “fingers are more supple and they are more easily led into the habit of performing the duties of their station,” a blatantly conservative argument, but one that is relevant, though not necessarily acknowledged, in any stratified society. The duties of one’s station are not a figment of the reactionary imagination. Pattison added that working in factories was favorable to the morals of young people. “[I]t keeps them out of mischief and while they are industriously employed they are less likely to contract evil habits than if they are idling their time away.” This too is a sensible observation (Report [1816], 77, 79).

In 1833, the Parliament’s Select Committee Report on Manufactures, Commerce and Shipping extended its coverage much more broadly than had Parliament in the report of 1816 on child labor, and therefore it is somewhat diffuse. For our purposes the main value of the report of 1833 is as a source of employers’ ideas, again expressed in their own words, about what makes the wheels of industry turn, and more specifically, about the role and interconnection of profits and wages.

There is no carefully constructed economic theory here, though there are echoes of the prevailing orthodoxy. Instead there is something rather

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more interesting, at least for the social historian. For the most part the men who speak to us in this document are employers with substantial practical experience, and a noticeable charge of moral passion. Their words constitute the precipitate of both practical experience and moral feelings as they try to make sense of the world around them. They want to explain the difference between good profits and bad profits, what is good and bad for wages. Here, then, we get an insight into the working theories and explanations of the men who pulled the levers of capitalist society just as this society was becoming socially and politically acceptable. Only a year before, the Reform of 1832 had widened the franchise for men such as these.

Early on in the report Lewis Loyd, a banker in London and Manchester, expatiates at some length on healthy and unhealthy profits. One does not have to read far to see that the distinction is a moral one. The habits of trade contracted during the wars with France, Loyd contended, were extremely unfavorable to trade. Speculative, large profits became suddenly possible. These bad habits would have to be unlearned. Nowadays, he continued, the profits of trade were small. Industry, great economy, and the proper proportion of skill and judgment were now both necessary and always successful. (Did the virtues pay off with such regularity?) The present state of the economy, Loyd concluded, was therefore much “healthier” than the earlier wartime one (Report [1833], lines 401–413).

Though “healthy” profits were a major purpose of business activities it would be mistaken to infer that businessmen were strict economic individualists with no sense of the public good. Instead the evidence shows that at least some of them had a quite clear conception of the public good: essentially, enough material goods to support a customary standard of living for all levels of the population. Economic individualism working through the market appeared to such employers as the best way to produce and distribute such a sufficiency of goods and services. These ideas appear clearly, if in abbreviated form, in remarks by a retired timber importer, George W. Norman. They deserve quotation: “I think it is the duty of the legislature to act for the good of the nation generally: the good of the nation generally demands that no obstacle be thrown in the way of its wants being supplied upon the lowest terms and that the public burdens should be reduced to the lowest possible point” (Report [1833], line 3345). In such a conception of the good of the nation, or the public good, there is no room for the idea of limiting or taxing profits for the sake of the public good. Instead profits are perceived as the necessary basis...
of the public good. But profits were not the only source of the public good. Some employers expounded notions about “fair wages” or a “sufficiency of wages” as necessary for the public good.

What we find are rather ad hoc explanations of the causes and consequences of low wages and high wages, along with a notion of fair wages. From a slightly different standpoint what we see here is a series of theories about bad wages, which can be either too low or too high, with hardly anything about good wages.

According to a Sheffield manufacturer of saws and steel, Samuel Jackson, there are two bad things that affect wages. One is combinations among workers that push wages up too high. The other is foreign competition which pushes down the standard of living of Englishmen to the level of Continentals (Report [1833], lines 2958–2968). Jackson goes on to claim that overly high wages lead to intemperance and then to unemployment, as overpaid workers come to price themselves out of the market. His example is dry grinders, the highest paid and most highly skilled workers within his range of knowledge. They do not live long, because they get dust in their lungs. It does not occur to Jackson to acknowledge any moral responsibility on this account. Instead he dismisses the issue by adding that intemperance is a worse enemy than dust in the lungs. His main point remains that high skills plus combination among the workers in the end produced unemployment (Report [1833] lines 2772–2823). At the same time Jackson does present a perfectly clear theory relating the level of wages to the public good. It is a subsistence theory. In his own words, wages “below what a working man can subsist on” can cause distress and make property insecure. A few moments later he elaborates by saying “exist upon comfortably” and draws attention to the differences between what comfort means in England and France.

This subsistence theory of wages is also a theory that defines a fair wage. Was it a normative ideal expressing an unrealized and unrealizable goal, or was it a generalization based on widespread experience? Undoubtedly it was both a goal and a reflection of experience. Only a quantitative economic historian could be expected to judge the importance of each component, and then only if enough evidence has survived, which is unlikely. My guess is that any notion of basing wages on the requirements of subsistence was in 1833 still a pipe dream. The hungry forties were still to come. After about 1850, on the other hand, both the conventional definition of subsistence and the capacity to meet it increased remarkably.

In addition to the cost of workers’ subsistence as implied in the subsistence theory of wages, two additional determinants show up in the
employers’ discussions of 1833. One relates wages to the supply of workers. A spokesman for the select committee suggested that the contemporary distress among English workers was due to the “influx of Irish operatives and labourers.” Lewis Loyd, the London banker, replied that he was unaware of any serious effect. There was, Loyd agreed such an influx into Lancashire. But there the “rate of wages is generally rather fair” (Report [1833], line 427). Presumably Loyd meant fair from the standpoint of the employers, not necessarily the workers. It was a subjective standard meant to sound objective, judicious, and impartial. Because the effect of the influx of Irish workers produced results satisfactory to employers, Loyd could hardly agree that this influx was a source of major distress.

The second major determinant of wages, as the capitalists saw the situation, was the market price for what the capitalist produced. If the price of iron fell, as was the case at the time, wages had to go down. This viewpoint was probably quite widespread. We have already encountered the crusty late eighteenth-century employer who reduced wages when the price of iron went down at his plant even though the price of food had just gone up sharply. Both determinants, the price of the manufacturer’s product and the supply of labor, refer to forces beyond the control of any single employer. One contemporary account of Lancashire in a period of severe unemployment repeatedly stressed the point, which most workers understood, that if the employers could not sell their products they could not pay wages.

Whatever differences there may have been in the perceptions of employers and workers, it is plain enough from the nature of the situation that both parties believed wages were determined by forces beyond the control of any single individual. Nor did these forces display the slightest concern for the suffering of any single individual. They were like the snows of winter and the rain of summer, falling equally on the just and the unjust. Was it in the workings of supply and demand in the market that men first glimpsed the frightening prospect of a universe that behaved according to its own laws of motion without the faintest trace of concern for human sorrows and human happiness? Perhaps. But it was also this same social mechanism, as Marx stressed, that overcame so many stubborn and “inevitable” sources of human misery. Capitalists, and, particularly

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34See the testimony of the iron manufacturer Samuel Walker in Report (1833) lines 9525–9531; also the remarks of Samuel Jackson at 2866.
English capitalists, were major creators of the modern market. How, then, did they perceive their own creation?

In reports from the late eighteenth and early nineteenth centuries, there are several signs that the notion of a competitive market with free entry and exit for buyers and sellers had a long way to go before gaining general acceptance. Instead the traditional medieval guild practice of de facto property rights in a specific set of customers still prevailed widely. (They have not completely vanished as the twentieth century draws toward its close.) Competitive efforts to attract another firm’s customers were regarded as highly unethical, behavior very close to theft.

The extent to which this hostility toward competition is a survival of older attitudes is not clear, because capitalism itself continually generates the same attitudes down to the present day. In general, capitalists prefer assured markets and assured suppliers to the hectic and unpredictable fluctuations in the prices of both that often result from the workings of a free market. For this reason alone we can infer that hardly any capitalist has been a consistent and persistent advocate of the free market. At the same time capitalists have certainly agitated to open up markets, closed or limited for political reasons. In such cases the capitalist was and is looking for more customers. (“Free trade” was for a time the capitalist panacea for all forms of poverty.) Thus, although the free market was obviously a product of capitalism, for the individual capitalist the free market was for the most part forced upon him by forces beyond his control.

Returning to the late eighteenth century we learn that the Sheffield trades, later a source of individualist radicalism, regulated their prices by agreement among the producers. It is no secret that this behavior existed among the important steel-makers, and it seems to have been true of other producers as well (Ashton, 43). The notion of property in customers is quite plain from the way Peter Stubs had to sell his files. But it was the factor or middleman who held the property rights in customers and relayed the customers’ order to Stubs, without, so far as possible, revealing an individual customer’s identity. Any attempt to intrude on these property rights, especially attempts by Peter Stubs to sell his files directly by traveling about the country, was of course a source of acute resentment (Ashton, 51–53). Similarly in the more significant area of textiles, an agent for Samuel Oldknow, one Salte, who was obviously a pretentious blowhard, writes about the “great injury” of selling Oldknow’s goods “very cheap.” He is also full of chatter about Oldknow’s enemies and spies
trying to rival Oldknow by selling better goods at a lower price (Unwin, 64–66). A good deal of this talk reads as though Salte was prodding Oldknow to freshen up his products so they would sell better. Nevertheless using competition as an immoral threat reveals current assumptions about expected behavior in the marketplace.

How did Oldknow’s better-known contemporary, Richard Arkwright, cope with the problem of marketing his textiles? The recent very detailed biography of the Arkwrights (mainly about Richard) by R. S. Fitton contains no entry in the index for market, sales, or prices. Whatever information there may have been in the text escaped my attention and could hardly have been salient. In all likelihood, then, these issues were not very important for Arkwright himself. Evidently he put all his energies relating to markets into efforts to secure and protect his patents. They could be expected to have roughly the same result; that is, they would secure a legally guaranteed monopoly and monopoly profits for the life of the patent. Attempts to break this monopoly, were, as we have noticed, regarded as immoral and threatening, not only by Richard Arkwright, but by others in similar positions, such as Josiah Wedgwood. Thus the early individualists about whom we know anything regarded free competition as an unmitigated moral evil.

By 1816 a very different perception of the market, based on classical economics, had come to prevail among articulate leaders in business. From this new standpoint the market appeared as a field of opportunities that enabled the individual to better himself. Political and economic obstacles of commerce and manufacturing, such as tariffs or government monopolies, were from this point of view limits on opportunity that diminished England’s wealth and should be eliminated.36

At first glance this apparently complete reversal of business opinion about competition and the market seems very puzzling. Closer consideration, however, shows the reversal to be an illusion. Earlier views about the immoral nature of competition reflected the views of employers fearing competition for their own established firms. The statement about the virtues of competition, on the other hand, is advice to workers, and perhaps to small businessmen who might be thinking about starting up a new business. It was a way of telling workers not to count on unions or government help, and small business not to count on old-fashioned priv-

36See Josiah Wedgwood’s testimony, discussed earlier in another connection, in Report (1816), 73.
ileges or subsidies. Both the older hostility to competition and the newer advice to stand on one's own feet are perfectly compatible as soon as one takes into account the different audiences for which they were intended.

The 1833 Report on Manufactures, Commerce, and Shipping presents still another and quite different set of images of the market under early capitalist industrialization. There is little or no talk about the moral evils of competition and nothing about the market as an arena where the individual can seek his fortune and thereby serve society. Instead there is a series of uncoordinated ad hoc explanations about the movement of prices. The explanations obviously reflect the experiences of individual capitalists. The actors on the stage of the market are not atomized individuals but loosely organized interest groups. Thus the explanations display a good dose of realism despite (or perhaps because of) their uncoordinated and ad hoc character.

If one looks at the discussions in this 1833 report under the index entries "manufacturers," "prices," and "profits" one gains the impression that many, perhaps most, businessmen of that time did not see prices as a result of the automatic workings of the market. Instead some identifiable group such as the workers, the government, or the agricultural interest appears, playing an energetic and visible role in setting prices. There is a revealing overture in this chorus of explanations. Individual character and industriousness, whose praise we have heard so often, will, according to one dour Scottish cotton spinner, not get anybody anywhere if the market refuses to take his goods. Such a man cannot borrow because everyone knows he cannot repay (Report [1833] lines 5301-5310). Thus the market relentlessly puts limits on human ambition. Some passages lead to the suspicion that for a good many businessmen the workings of the economy and especially the determination of prices were as opaque, arbitrary, and mysterious as the workings of the stock market seem today to the small investor.37

For its clarity and realism the explanation of wages stands in sharp contrast to the vagueness about other prices. It comes from one William Matthews, "extensively engaged" in the coal and iron trade. There is no way of knowing how many businessmen would subscribe to his rather disabused explanation of wages. But the explanation's plausibility and simple empiricism makes a widespread acceptance seem likely. According to Matthews, in a bad state of trade the masters (i.e., employers) try to shift

37See the entries on prices, and especially the comments by Samuel Gurney, a bill broker, Report (1833), lines 185, 278-281, 360-364.
part of the losses onto the workmen by reducing wages. In good times the workmen try to participate in the profits of the masters by obtaining an increase in wages (Report [1833] lines 9845–9849).

The absence of any moral judgment in this explanation of wages is quite noticeable. Both employers and workers appear to be behaving the only way they can under the circumstances. A moral condemnation of either the employers or the workers would make as much sense as condemning the snow for melting in the spring. Most noticeable in the case of wages, this lack of concern for morality is characteristic of other sections. Such a deemphasis of morality represents a sharp change in educated opinion, one that was to become dominant in the social sciences as they established themselves in the nineteenth century. But there were sharp limits to this trend. Morality still dominated the discussion of political issues, from the Corn Laws, through the reforms of the franchise, on down to the days of Lloyd George and the last liberal offensive before the outbreak of the Great War. Indeed one can make a good case for the thesis that morality attracted more public attention in British nineteenth-century politics than in those of any other major power before or since. This may have happened because non-moral behavior in England was mainly confined to a specific segment of life: price-setting in the economy. (As a whole, economic activity was not free of moral taboos, such as that against cheating.) While the economy may not have been much guided by morality, there were repeated and more visible attempts to surround politics with the sounds and trappings of high moral purpose. Politics seem to have required even more cant than commerce or industry.

If we look at the economic morality of those below the rank of national business leadership—the ill-defined yet very real “middle ranks” of businessmen—recent research provides some unexpected insights. Victorian men, as we have seen, drew a sharp distinction between the home, the base of virtue and purity as well as a shelter from the pressures of the outside world, and the market, the locus of evil (Davidoff and Hall, 74, 89, 357). Such an attitude of course permitted some relaxation of ethical standards in commercial transactions and the establishment for them of a separate ethic, or nonethic, well expressed in the usual American reply to any suggestion of impropriety: “Business is business.” On the other hand, the strength of dissident Protestantism in England helped to prevent the flowering there of the American type of materialism and its worship of wealth. At all levels of business ownership and management in the first half of the nineteenth century there are signs of a fear of money, especially of large amounts of money. For many an Englishman of those days there
was something demonic and demoralizing about big money. Easy profits and big profits were thought to be bad profits, as we have seen from remarks made shortly after the Napoleonic Wars. Good profits were small but steady and had to be earned with laborious attention to detail. A cold-blooded pursuit of profit was deeply suspect on moral grounds. Furthermore there was a widespread concern with the pervasiveness of sin: a sense of the self as depraved. Making money, and especially lots of money, was by no means an end in itself. Instead, the goal of all the bustle of the marketplace was to provide a proper and religious life for the family (Davidoff and Hall, 22, 87). Once again, as in Adam Smith’s view of the market, vice became the provider and servant for virtue. But in the Victorian synthesis each had come to have its separate locus: virtue in the home, vice and temptation in the marketplace.

This collection of fears led to systematic checking on behavior at home and in the marketplace by ministers and apparently also by friends, neighbors, and business associates. It was not quite the same as modern totalitarian spying because the objects of this moral police-work seem to have known who was doing it. In the area of the market its object was to assure strict honesty. In this respect moral police undermined the distinction between home and market. Business failure was moral failure, an inability or unwillingness to be the trustee of wealth (Davidoff and Hall, 88–89, 102).

The cult of domesticity together with the gentry-aristocratic tradition of the cultivated amateur placed still another barrier in the way of money-making as a goal in its own right. Success in the marketplace, though important, by no means wholly determined the individual’s status. In fact there was much prestige to be had in not working, or more precisely, not working to make money. Positive virtue went with a life devoted to family, friends, home, the garden, philanthropy, science, politics, and religion (Davidoff and Hall, 227). Obviously this kind of life needed the support of a good-sized income, ordinarily an inherited one, supplemented in many cases by a period of genteel earnings in a genteel occupation. The system served to create a set of intellectuals strongly attached to the social order but independent of any particular institution or intellectual fashion. Unlike the situation in the eighteenth century, cleverness became a liability

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38This attitude apparently lasted until the days of King Edward VII (1901–1910). During that decade for the first and only time it became possible for many big capitalists to enjoy their wealth without the proddings of conscience from within and the threatening mutterings of envy and indignation from below. Perhaps no dominant social class has worked so long and hard for such a brief period of ease.
instead of an asset. Furthermore the theory and practice of a cultivated life served as a brake on the rapid jumps from rags to riches and back again. The cultivated life served as a way station between these two extremes. A comfortable way station, it encouraged prudence in considering both business and sexual risks that might promise ecstatic luxury or threaten degrading poverty. Thus, with a stiff upper lip and eyes ordinarily averted from temptation the officers of the army of progress marched steadfastly into an unknown future.

Dishonesty, Continuity and Change

Our inspection and interpretation of the evidence is finished. What moral changes and continuities do we see in the way of life of commercial leaders during the Middle Ages and commercial and industrial leaders of the industrial revolution?

The most obvious continuity is that of fraud. The main medieval forms included theft, nonpayment of debts, cheating with weights and measures, and misrepresentation of the quality of goods offered for sale. All of these practices still take place today. At the same time there are, of course, obvious historical changes. The development of complex financial institutions in modern times has made possible, and perhaps even encouraged, new varieties of fraud. But in this instance historical change appears to be mainly additive. It is hard to find any form of fraud that has become historically obsolete even though some older prohibitions, such as those on usury and trading on holidays, have lapsed. New technologies on the other hand expand the opportunities for fraud. Railroads to move a much bigger volume of mail at much higher speed were necessary to make mail fraud a profitable undertaking. The modern stock market has made fraudulent dealings in securities possible on a scale much wider than existed at the time of the South Sea Bubble, which "burst" in 1720. The historical record supports a belief that fraud will always be with us as an ineradicable aspect of civilized society. Wherever there is an opportunity to make substantial gains by legally and/or morally prohibited methods, there is liable to be at least a few people willing to take the risk and try it. It takes only a small number of people to get a fraudulent scheme started. If on the other hand the scheme sounds profitable, large segments of the public are likely to try to get in on the act. During the thirty years between 1868 and 1898, that is, well after the heyday of George Hudson, there were spectacular frauds in the City of London and elsewhere. The authors of
the *History of Criminal Law* have recently pointed out that there were undoubtedly many shady business dealings, “yet,” they add, “comparatively few of the culprits found their way into the courts and prisons.” Likewise the addition of several new forms of criminal fraud to the statute book between 1860 and 1914 “did not disturb the downward trend of recorded crime.” If the new legislation created more criminals, as seems quite probable, the criminals were not getting caught. Perhaps the existence of new laws satisfied vindictive victims, while the failure to enforce them satisfied powerful criminals.

One of the few fraudulent promoters on a grand scale in the history of British industrialization was the railroad magnate George Hudson. Unlike his American counterpart, the robber barons, he appears as a unique figure, at least on such a scale. But there is another and more important distinction between him and the robber barons. George Hudson was a failure. When his plans failed in 1849, his deceptions came to light and brought him into disgrace. Perhaps there were more American robber barons, and their schemes generally succeeded, because the United States presented a much wider and richer field of temptation and opportunity than did Great Britain. Be that as it may, George Hudson does appear as a model—almost a caricature—of English fraud at the point when industrialization was well under way. Hence it is worthwhile to glance at his methods in order to understand why they worked as well as why they failed.

Hudson was a great optimist. He believed that by amalgamating the patchwork of existing railroad lines and companies he and his associates would be able to reap enormous profits. This strategy was by no means altogether foolish. But he pursued the strategy with little attention to economic detail. Furthermore he pursued it dishonestly, evidently believing that future profits would conceal misjudgments and soothe unduly tender consciences.

George Hudson and his immediate associates pledged the revenues of railroad lines for the extensions and purchases that were part of his plan of amalgamation (Evans, 23–24). This policy put large sums of money

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40 There are many others of lesser stature discussed in a curious seven hundred-odd page contemporary compilation by D. Morier Evans, *Facts, Failures, and Frauds: Financial, Mercantile Criminal Revelations* (London, 1859, reprinted New York, 1968). The material on Hudson comes mainly from chapter 2 of this book. There is also a biography of George Hudson which contains some sociologically interesting material not found in Evans’s work.
into the hands of shareholders. Evidently this money was not used for construction or other economically useful purposes or else was used unwisely and too late. To conceal these transactions Hudson and his associates “cooked the books” until the accounts bore little relation to expenditures and sources of income. At that time such deception was judged less harshly than now. The morals of the day distinguished between a loose corporate financial responsibility and a much stricter standard for individuals.

To keep his strategy going Hudson needed to disburse large sums of money to stockholders and directors. Otherwise they and the public would lose confidence in him, and his whole system would collapse. In this form of pledged revenues this money could come only at the expense of successors and, then, only if the railroads of the future could show improbably high yields. In other words there was really nothing there in the way of productive resources to sustain Hudson’s strategy.

By 1847 the basic difficulties became apparent. There were calls for more money and demands for the postponement of some construction. However works in progress could not be abandoned without heavy loss since the productiveness of a railroad depends on its completion. Meanwhile Hudson was compelled to maintain large dividends in order to sustain a high level of confidence. After January of 1845 no account went to the directors that did not come back altered so as to increase the apparent sum available for dividends (Evans, 45–46).

By early 1849 the game was up. Big railroad companies under Hudson’s umbrella were committed to heavy capital expenditures as part of gigantic combinations they had been induced to enter. The absorption of capital in these enterprises led to sacrifices by those who had purchased shares at a premium and which were now negotiable only at an alarming discount. Evidently the public had somehow learned that something was wrong. This situation led to a shareholders revolt. Hudson, believing the discontent would pass, resorted to increased misrepresentation. When the report of the directors was read and presented for adoption in February 1849, the shareholders found the accounts less than lucid and appointed a committee of investigation (Evans, 50–52). The committee’s findings put an end to Hudson’s career as a railroad magnate.

A striking feature of the whole episode is that capitalist and democratic institutions worked successfully in this instance to uncover malfeasance by a man who had come to enjoy very high social status. The capitalist market revealed distrust of his empire building, and the democracy of shareholders was able to challenge and overthrow him.
As a result of his misdeeds George Hudson was disgraced, but not altogether cast out of respectable or even high society. He managed to repay his creditors quite large sums. These acts must have served to soften his disgrace. Nevertheless speculators who had lost out were most vindictive. Evans describes them as willing to hound him to death after having praised him to the skies as the most successful financier of the age. Actually he seems to have been a fair specimen of the financial morality of his time (Evans, 65–68). With his character tarnished but not utterly destroyed, and much of his fortune lost in paying off his creditors, he still retained his seat in Parliament as MP for Sunderland, the position he had gained at the height of his fortune. Attempts to obtain his resignation came to nothing (Evans, 73).

Opportunity and temptation are enough to maintain fraud as a going concern under a wide variety of historical situations. In China, Russia, and Germany where both political institutions and official doctrine were hostile to commerce and industry, fraud played its part in making these carriers of modernization palatable to the dominant classes. New wealth generally corrodes traditional morality. In so-called post-modern society the opportunities and temptation for fraud, as well as vigorous attempts to stamp it out, are matters of common report in the daily press.

The near universality of fraud and the apparent futility of attempts to eradicate it do not warrant the conclusion that it would be wiser and simpler to decriminalize fraud. Civilized societies today, as in the past, have to engage in a great deal of chronically futile repression in order to sustain some semblance of legality and order. If efforts at enforcement ceased, the rest of the population, many of whom break the law in relatively trivial ways, would be worse off.41

With a backward glance at the legal history of fraud two features become prominent. The first and most important is a powerful trend toward increasing rationality and, at least in England, increasing fairness. In comparison with the medieval wager of law with its “character witnesses” (more literally fellow oath takers, whose legal influence depended on their social status and number, and whose knowledge of the facts was ordinarily nil) modern legal practice displays far better notions of what constitutes evidence and how to interpret this evidence. The businessman’s need for speedy justice acceptable to foreigners as well as himself has undoubtedly

41 According to a recent English survey, 44 percent of those questioned replied that it was “not bad” to conceal a small part of one’s income from the tax authorities. See Anthony Arlidge and Jacques Parry, Frauds (London, 1985), 16.
played a major part in this transformation. Nevertheless that is not the whole story. Especially in England a great deal of legal change has come about through lawyers talking to other lawyers. These conversations and debates are often the tiny whirring cogs that set in motion the great wheels of judicial change. The second prominent feature of legal history is the large increase in the kinds of behavior classified as fraud in this period as modern industrial society takes hold. According to one standard history of criminal law between 1860 and the First World War several new crimes were created relating to fraud, embezzlement, larceny, bribery, corruption, and similarly disapproved activities. Once again we see how modern industrial society has created new temptations for fraud, while the essence of fraud, deception for the sake of gain, remains the same. There are some clues suggesting that a disproportionate number of those engaged in the historically novel forms of fraud managed to escape the penalties of the judicial system.

Turning now to the ideal character of the businessman, the ways he was expected to feel and behave and often did behave, we find a great deal of similarity between the medieval merchant and the capitalist in the industrial revolution and well on into the nineteenth century. This similarity is somewhat surprising since the industrial revolution was one of the greatest transformations in human history. Still, it may be less surprising if one of the major agents of change remains similar throughout.

At both points in time the businessman was a great respecter of established authority, especially his own. By the nineteenth century the medieval equation of economic and political superiority with moral superiority may have seemed rather less self-evident. But the notion was still widely accepted. Our “betters” were what the word said they were: better in just about every way, a notion that has yet to evaporate from popular consciousness. The businessman was also a man of prudence, even if by the eighteenth century he was an inventor or used the inventions of others. Finally the businessman was expected to restrain impulses and appetites, notably liquor and sex, that could interfere with financial judgment. In a word he had to remain creditworthy.

This observation leads us to a review of the businessman’s attitudes toward the market. The market of course existed in medieval London and other cities and towns, although it was very different from the market of early competitive capitalism. Medieval city fathers did their best to control the physical location of markets. They decided what could be sold and where, so as to better control price, quality, and the legality of weights and measures. Controlled markets were the keystone of a policy of social
stability that attempted to diminish the material causes of popular discontent. The policy did not work very well because the price and supply of goods were largely set by the guild. A powerful guild often enough found it advantageous to evade controls over the market.

By the beginning of the industrial revolution the medieval restraints on the market had largely disappeared. With the important exception of restraints due to patents, any businessman could enter or withdraw from any market, producing a situation of at least moderately free competition. Such competition, as we have seen, the early capitalists found somehow immoral. But they latched onto the new competitive individualism as appropriate for workers. Capitalists told workers that individual initiative and hard work were the only way out of poverty, for the individual as well as the nation. Combinations and or unions would only make matters worse.

Such was capitalist rhetoric. Practice was quite different. The nineteenth-century capitalists never came anywhere near abolishing medieval social policy. In the first place patriarchal relationships between the capitalist and his employees were still vigorous at the end of the eighteenth century and on into the nineteenth. Many capitalists still recognized obligations to provide the worker with minimal material support. The capitalist was also inclined toward an enthusiastic support of measures to produce moral uplift (which could include injunctions against pilfering) and an end to drunkenness. In other words the capitalists sought sobriety, honesty, and reliability in their workers, virtues advocated by the many Protestant sects of the day. In the second place, the spread of industrialism forced employers to support collective action to reduce or eliminate, in their own interests, hazards to health that especially threatened the workers but were a risk for everyone. Mid-century cholera epidemics are a good example. Thus employees were at no point left to fend completely on their own under a cult of neglect justified by individualism. Instead medieval social policy reappeared in a new guise, to cope with the problems of a new age.

What does the evidence tell us about the new capitalists' motivation to work, especially the moral aspects of their motivation, and about the ways they resembled or differed from their medieval predecessors? Perhaps the most important finding is a negative one. The monomaniac workaholic of Marx and Weber appears to have been a very minor figure. The only swashbuckling entrepreneur (the moving spirit of a more recent historical school) that I came upon, was the great railroad stock swindler George Hudson. Economically he was a failure and socially not quite a pariah.
Others were quite happy to gain wealth and social distinction if matters turned out that way. But their hearts seem to have been in their tinkering. They wanted to make machines work better, which in those days often just meant fewer breakdowns. Many others worked to obtain a “modest competence.”

The moral aspects of capitalist work come clearly into view when we realize that business failure was widely treated as a moral failure. From this fact it would probably be an error to regard business activity as somehow a blessed and moral service to humanity. Some English capitalists did express pride in what they did. But the notion of service seems to have been mainly an American one that flourished around 1900 and later. We know that for many nineteenth-century Englishmen business was at the very least amoral and therefore threatening. Hence failure generally meant that a pervasive evil had gotten the upper hand. An odor of suspected or real dishonesty clung to every business failure.

Religious officials, no doubt mainly dissenting Protestants, went to extraordinary lengths in ferreting out and rooting out the dishonesty that might lead to business failure. Local ministers had to keep a close eye on the behavior of the members of their flock for this purpose. We do not know how much information the ministers gathered in this way or what they did with it except in a very general way. Nevertheless it is a sobering experience to come upon this archetype of the infamous communist-and fascist-bloc watcher in the heartland of nineteenth-century liberalism. Since the ministers must have been on the lookout for all forms of moral lapses, it is plain that the apparatus for impulse control in business circles became in the nineteenth century far more extensive and punitive than it had been in the Middle Ages. Partly for this reason the triumphant march of Respectability conquered a goodly segment of the urban workers as well as a large sector of the gentry and aristocracy. Cleverness, wit, and adultery almost vanished for a time from the visible social scenery. For a good many Englishmen and women from all social classes that was as good proof as any of the existence of Progress—especially moral progress.