The Financing of Capitalist Industry

from

The Historical Introduction to A Discourse Upon Usury

by

R. H. Tawney

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edited by Peter Etherden

A

DISCOURSE UPON USURY

BY WAY OF DIALOGUE AND ORATIONS, FOR THE BETTER VARIETY AND MORE DELIGHT OF ALL THOSE THAT SHALL READ THIS TREATISE

[1572]

BY

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WITH AN HISTORICAL INTRODUCTION BY

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The casual and intermittent transactions described in preceding sections had supplied material to *Moralists* and *Legislators* since the *Early Middle Ages*. In the sixteenth century, though they continued to be important, they were coming more and more to lie on the edge of a world in which *Credit* was beginning to assume the character of something like a regular system.

For the characteristic movement in *Tudor England* was the rise of new types of *Capitalist Enterprise*. Capital was being incredibly spent on draining and enclosing land. Old mines were being deepened and new mines sunk. The *Iron Industry* of *The Weald* was developing rapidly. The *Government* was endeavouring to encourage the *Production of Munitions* and the *Trades* on which it depended, as well as of glass, alum, and salt.

The *Manufacture of Cloth*, the greatest of *English Industries*, was expanding rapidly. Exports rose from an average of 84,789 pieces in the period 1510 to 1524 to 122,354 pieces from 1540 to 1548. The value of cloth exported was returned as £896,079 in 1564; Camden put it a little later at £1,500,000; towards the end of the first decade of James the First's reign it was stated to be about £2,250,000.[1]

Not all these ventures involved an extension of credit facilities. A great - probably, indeed, the greater - part of the agricultural improvements, as of the building, of the age was made piecemeal out of income. Even in industries like the production of iron, which involved some considerable outlay, the capital required to set up a business, if too large for the *Craftsman*, was not beyond the means of the *Merchant* or *Country Gentleman*.

When large sums were needed, they could sometimes be raised by some form of *Joint Stock Association*, as in the case of the *Mining* and *Commercial Companies*, or of the association formed early in the seventeenth century for the purpose of draining the Cambridgeshire fens.

In advancing capital for investment in plant and equipment, particularly in connection with mines, the *Financier* played a part of growing importance, but his main activity and influence lay in a rather different region. The typical economic movement of the sixteenth century was the increase in the importance of *Commercial Capital*.

While the grandiose undertakings of *Company Promoters* and *Patentees* were often financial failures, one industry after another was passing into a condition in which the *Capitalist*, without interfering directly in the actual process of production, gathered into his own hand, all the threads of *Commercial Organisation*.

At once *Merchant* and *Financier*, he supplies raw materials, markets the finished product, and provides the working capital without which productive operations needing a considerable period of time for their completion cannot be carried on.

The part played by credit in the development of trades which had entered this stage of 'semi-capitalism' is illustrated by the conditions of two industries which were in other respects sharply contrasted. Alike in the ancient *Woollen Manufacture* and in the still youthful *Extractive Industries*, there was growing up a somewhat complex financial organisation, without which the expansion which they achieved in the latter part of the century would have been an impossibility.

With its two great departments of *Sheep-Grazing* and *Manufacturing* and with an organisation markedly different in the three main clothing areas of the western counties, East Anglia, and Yorkshire and Lancashire, the *Woollen Industry* comprised almost every type of economic unit from the independent *Master-Craftsman* to an incipient *Factory System*.

At one extreme stood the *Small Producers* who were specially typical of the north of England, but who were numerous even in districts where a *Capitalist Organisation* was firmly established:

> "[Men] who make every week a coarse kersy, and are compelled to sell the same at the week-end, and with the money received for the same provide both stuff wherewith to make another the week following, and also victuals to sustain themselves."[2]

Above these *Cottagers* were a large body of *Meaner Clothiers* who had normally started as *Weavers*, and who, without ceasing to be manual workers, had developed into considerable employers, like the *Tradesmen* in Baxter's native town of Kidderminster, where:

> "…though the *Magistrates* of the town were none of them worth £40 per annum, and most not half so much, three or four of the richest thriving *Masters of the Trade* got about £500 or £600 in

[1] Schanz, *Englische Handelspolitik gegen die Ende des Mittelatlers*, vol. II, p. 18, gives exports 1509-47. For later figures see *Lansdowne MSS*, 10 ff., 121-2 (cited by Ehrenberg, *England und Hamburg*, p. 8); Camden, *Annals* (17-7 ed.), vol. I, p. 108; Scott, *English Joint Stock Companies*, vol. I, p. 142.

[2] Quoted Westerfield, *Middlemen in English Business*, p. 187; see also V.C.H., Yorks., II, 415.

twenty years, and it may be lost £100 at once by an ill *Debtor*."[3]

The apex of the industry consisted of a class of *Capitalist Merchants* or *Rich Clothier*, like the famous *Clothiers* of Bath and Wells described by Leland, Spring of Lavenham in Suffolk, whose daughter married an Earl of Oxford, Winchcombe of Newbury, and Byrom of Manchester, who found work for 500 to 1500 employees,[4] wrestled not unsuccessfully with the powerful vested interests represented by the *Merchant Adventurers*, set at defiance the paternal policy of *State* control favoured by the *Privy Council*, and mingled on terms of social equality, with the *Landed Aristocracy*.

An industry conducted on so large a scale necessarily required an adequate financial foundation. The *Grazier* needed capital with which to buy sheep, to meet the difficulties of a bad season, or merely to carry him over the interval before he received payment.

The *Cottager* had to be supplied with wool for which he could not afford to pay. The *Great Clothier* did not, indeed, have to incur the cost of expensive plant; but he was obliged to buy and hold large stocks of raw materials, involving some considerable initial outlay; £1,000 was suggested to Burleigh by a correspondent as the sum which a substantial *Manufacturer* needed to start operations.[5] Different types of wool were required for different qualities of cloth, and, in the case of coal to-day, there was a complicated system of cross-freightage - the wool of Norfolk, for example, being:

> "…brought three score miles or more to London, and from there carried eight score miles or more into North Wales and there draped into cloth and so sent back again and sold in London."

This meant that either the *Grazier* or *Manufacturer* must be prepared to stand out of his money.[6]

Since there were several processes of *Manufacture*, the interval between the purchase of the raw material and the completion of the finished article ran into several months, during which wages were being paid; and, when the cloth was ready for the market, the cost of transport to London or some other port, the fees of the *Cloth Hall*, and other marketing expenses had to be met before any return was obtained.

Even in the later seventeenth century it was complained that the transport of wares by land to London was 'as chargeable as a voyage to Spain or Turkey'[7] and that, even when they had reached it, *Clothiers* were kept waiting for months before they could get payment.

At every point in this complex industry, from the breeding of sheep to the sale of cloth, credit intervened to bridge the gaps between the successive stages. The form which it assumed was normally that, not of a direct loan at interest, but of book-credit granted by the *Seller* to the *Buyer*.

A *Wool-Exporting Firm*, like the Celys[8] in the fifteenth century, bought from the *Growers* on six months' credit, and paid them when the wool was sold abroad. A century later, when the export of cloth had largely taken the place of that of wool, the *Large Grazier* sold on credit to the *Clothier* and covered himself by charging a higher price, while the smaller men were financed by *Wool Merchants* who advanced them in spring the money needed to enable them to stock their land with sheep.

Among the *Cloth Producers*, the man with large resources employed *Agents* to travel into the pasture-farming districts and bought a year's supply of raw material from the *Grazier* on long credit. His humbler competitors, who could not afford the outlay involved in buying in bulk from the *Breeders*, relied on the *Local Wool Market* and paid for the material as they sold their cloth. The *Cottager* bought yarn or wool on credit once a week from a *Pedlar*, or was advanced it by the Merchants to whose order he worked.[9]

During the period of production the *Clothier* raised money for wage and other current expenses by borrowing, sometimes on ruinous terms, on a *Bill of Sale,*[10] and put cloth out to be dyed and finished on credit.

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[3] *Reliquiae Baxterianae*, pt. I, p. 94.

[4] R.H. Gretton, the *Burford Records*, pp. 655-6…"he settythe in occupacione dayly five C. of the Kynge's subjetts of all sorts, and yff he might have kardings and spynnynge he wolde sett many moo in worke." (March 1538.) For conditions in East Anglia in the early seventeenth century, see Reyce, *The Breviary of Suffolk*.

[5] *Hist. MSS. Com., MSS. of Marquis of Salisbury*, pt. II, p. 320.

[6] For an account of the distance travelled by wool of various kinds from the Graziers to the *Clothiers* see *S.P.D. Eliz*., vol CLVII, no. 4: "from Oscestrie to Shrowesburie and thence to London the cottones by horse are carried CXX miles": and also *S.P.D. James I*, LXXX, 13, the latter quoted, Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, pp. 188-9.

[7] Petyt, *Britannia Languens*.

[8] Camden Society, *Cely Papers*, pp. ii and xiii.

[9] I take the account of the organisation of the industry from *S.P.D. James I* vol. LXXX, 13 (quoted Unwin, *Industrial Organisation*, App. A, 11).

[10] *S.P.D. Eliz*., CVI, 48.

When the cloth was finished, it was normally dispatched either to *Blackwell Hall* in London, or to some other of the exporting centres, mostly on the East Coast. If it was not immediately sold, the *Clothier* who was in need of ready money could on occasion get an advance from the *Merchant Adventurers* or the cloth-workers at *Blackwell Hall* by leaving it in their charge. In 1586, for instance, when there was a severe depression of trade, the *Merchant Adventurers* agreed, under pressure from the *Government:*

> "…to take up on interest a good sum of money on their common charge, with which money they would buy up such cloths weekly as the particular *Merchants* for lack of ready money should not be able to buy."[11]

More often, it would seem, the *Clothier* gave long credit to the *Exporting Merchant* and was paid by the latter when the cloth was sold.

In the home trade credit was equally vital. The custom of the trade, a *Kentish Clothier* told Sir Robert Cecil in 1595, was that:

> "In the dealings between the *Clothier* and the *Draper*, in delivery of cloths upon credit from one fortnight to another, they do not take specialties, but from time to time upon the delivery of new cloths receive money for the old upon account."[12]

A *Large Clothier*, like the famous Jack of Newbury, might have £500 owing him from a single *Draper*.[13] In the controversy between Chester and Shrewsbury in the reign of Elizabeth, which arose from the request of the former that it should be made the staple for the *Cotton and Frieze Industry* of the district, Chester admitted that the most dubious aspect of the proposal was the difficulty of raising locally the 'stock to wield so great a matter',[14] but urged that the difficulty of financing the trade might be overcome either by interesting *Bristol Capitalists*, or by inducing the *Government* itself to advance money.

Shrewsbury pounced upon the weak point in their opponents' case, and made it the basis of a sermon on the indispensability to *Provincial Industry* of the *London Money Market*.

> "Frieze and cottons in the hands of *The Poor* are such to find them from hand to mouth, and they must have thereby three things, viz., oft returne, ready payment, and easy furniture of victuals…
>
> "The returns be now oft by reason of the trade of Shrewsbury to London, for they buy these things of *The Poor* in the market of Oswestry on Monday, and have them dressed, and send to London on the Friday after, where they sell them and receive money or employ in other wares…and so make return ordinarily for the most part within xiv or xx days…
>
> "For spedy payment Chester is not furnished as London, and for the meantime the poverty of Wales cannot tarry for the enriching of Chester, where is to be noted that the workers of these friezes and cottons are commonly so poor as they be not able to pay their *Weavers* and *Fullers* till the cloth be sold."[15]

At present, *Owner, Weaver*, and *Fuller* settle weekly in the *Oswestry Market*; if Chester has its way,

> "[*The Poor*] lacking their weekly returns must cause a stay of wool in the hand of the *Woolman*, their *Weavers* and *Walkers* to be without work, and the country without money."

And since, with the principal foreign market, Rouen, the trade is on a credit basis, and *Chester Capitalists* cannot stand out of their money as long as the more powerful *London Houses*, the result must be a decline in exports. How dependent the little men in the *Textile Industry* were upon credit is shown by their wills.

A small *Cloth Producer* in Suffolk, who made an inventory of his property in the early seventeenth century, was owed money by the *Spinners* to whom he had advanced wool, by *Weavers* whom he had supplied with yarn, and by *Yarnmen* and *Drapers* to whom he had sold yarn and cloth on credit.[16]

The importance of this indispensable and all-pervading nexus was revealed in the sensitiveness with which the highly organised *Textile Industry of Tudor England* responded to the effects of injudicious interference or of a

[11] *Acts of the Privy Council* (New Series), Dec. 24, 1586.
[12] *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. XIII, p. 560.
[13] Deloney, *The Pleasante Historie of Jacke of Newberie* (edit. By F.O. Mann).
[14] *S.P.D. Eliz*., vol. CLVII, no. 4.
[15] *S.P.D. Eliz*., vol. CLVII, no. 5.
[16] Camden Society, *Bury Wills*, pp. 168-70. For another example see *V.C.H.*, *Suffolk*, vol. II, p. 259, where in 1577 a manufacturer sells cloth to the value of £53 10s., £40 to be paid before St. Bartholomew's day and the remainder before Christmas.

trade depression.

Even the humblest *Producer* felt immediately any curtailment of credit facilities. *Governments* tried more than once to eliminate the *Wool Brogger* or *Wool Driver*, on the ground that he was a parasite who forced up prices by speculation, and made a living, not by honest labour, but by taking advantage of his neighbours' necessities.

But the *Wool Broker* was not merely a *Middleman* or even a *Distributor*. He was also, in effect, the *Banker* of the *Cottage Weavers,* on whose advances the latter was dependent for raw materials, and the effect of their well-intentioned intervention was to evoke a storm of protests from the very class which it had been designed to protect.[17]

Among the *Great Clothiers* and the *Exporting Merchants* economic interdependence was so close that a commercial crisis spread like an infectious disease. A single *Exporter* might owe *Manufacturers* as much as £20,000, and by his failure to pay 'overthrow the estates of diverse *Clothiers*'.[18]

During the depression of trade in 1621, which caused widespread distress in the textile districts and led to the appointment of a *Royal Commission*, the *Justices of Suffolk* reported to the *Privy Council* that in twelve towns of the county the *Clothiers* had lost £30,415 in the last five years through their inability to secure payment for cloth sold on credit to *Merchants*, and that in twenty towns they had cloth to the value of £39,282 lying on their hands, for which they had incurred all the costs of production, but for which they could now find no sale.[19]

Mining had in the sixteenth century nothing like the importance of the *Textile Industry*. While in the latter, England already led Europe, in the former she was behind the Continent. The pioneer in *Mining* in the *Later Middle Ages* had been Germany. The best theoretical treatise on *Mineralogy and Mining Technique* was by a German, and when attempts were made to develop the mineral wealth of the north of England, German experts had to be imported to teach Englishmen the business.

On the other hand, though in scientific methods England was backward, there had always been a good deal of *Surface Mining*, and tin and lead had long been regarded as among the most important of English exports.

In addition to these long-established industries, the sixteenth century saw the beginning of important new developments. One aspect of the *Commercialising of Land Tenure* was that *Progressive Landlords* threw themselves into developing the coal and other minerals on their *Estates*. The demand for *Ordnance* for the ceaseless wars of the age offered a market for iron ore. The *Government*, which was anxious for political reasons to develop a *Munitions Industry*, took the lead in promoting companies to mine for lead and copper in Westmorland and Cumberland.

The *Financing of the Mining Industry* presented special difficulties and special opportunities. Not only was the interval before any return could be obtained even longer than in the *Production of Cloth*, but there were the additional facts that, in the rudimentary conditions of *Mining Science* and in the absence of any class of *Professional Technicians*, the industry was far more speculative than it is to-day, and that the investment required before a start could be made with the extraction of minerals might be considerable.

There was, it is true, alike in lead, coal, and tin mining much surface working by individuals and partnerships of half a dozen *Free Miners*, who staked out a claim, and were protected in the exploitation of it by *Mining Custom.* But even these *Small Prospectors*, like the *Cottage Weaver*, required to be financed till the mineral was won and sold. Apart from them, the *Landlord* or *Merchant* who undertook operations on a larger scale with hired labour was faced with the necessity of considerable capital expenditure in sinking pits, draining water, and providing facilities for haulage.

In 1591 a Berwick *Mine Owner* is found spending £2,000 on a water gate which has fallen in, and is faced with additional outlay to clear it and to sink new shafts before any coal can be won.[20] If, as sometimes happened, the *Entrepreneur* employed several hundred men, he incurred a large wage bill for some months before any return could be obtained. In such conditions credit was obviously vital, and the early problems of the *Mining Industry* arose largely from the difficulty of securing it. The arrangements which obtained in the small enterprises of *Working Miners* were much the same as those in the *Textile Trade*. The *Tradesman* who found a market for the ore, like the *Middleman* who distributed wool, was also a *Capitalist* who financed the *Producer*.

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[17] E.g., 5 and 6 Ed. VI, c. 7; 2 and 3 Phil. And Mary, c. 13 (which gave a qualified indulgence to the Halifax wool-broker). For the dependence of the smaller producers on credit supplied by the chapman, see *S.P.D. James I*, LXXX, 13, "…yarn makers and poor clothiers that depend weekly upon the wool chapman which serves them weekly with wool either for money or credit."

[18] *S.P.D. James I*, CIX, 126.

[19] *Hist. MSS. Com., MSS. of E. R. Wodehouse, M.P.*, p. 440.

[20] *S.P.D.* (Add.) 1580-1625, vol. XXXII, 21, see also *History of Northumberland*, vol. IX, pp. 225-7, where a group of London capitalists guarantee capital expenditure up to £2,000 on mines at Cowpen.

The *Derbyshire Lead Miner* sold his ore to *Merchants* who not only smelted it, but kept him afloat with advances. In the Mendips capital appears to have been provided partly by the *Local Gentry*, partly by *Bristol Merchants*. The *Cornish Tin Miner* was financed by the *Tin Master* or *Contractor*, who had taken a lease of the properties, and who was in turn kept afloat by advances from those - often *London Merchants* - who had secured the pre-emption of the tin.[21]

The *Durham Coal Industry* in much the same way obtained capital from the *Merchants* who controlled the sale. Under Elizabeth it was increasingly financed by a small group of *Newcastle Hostmen*, stated in 1590 not to exceed eighteen or twenty persons, who, by an arrangement which became famous or notorious as the *Grand Lease*, had obtained from *The Crown* a concession of its coal-bearing properties in the county.

They were already putting into operation the policy known later as 'the imitation of the Vend', and:

> "…so engrossing the whole commodity, and reducing the trade into a few men's hands, have contrived themselves to sell their sea coal at their own prices for their best advantage and the public detriment."[22]

When, as was more and more the case, mining was carried on upon a larger scale, other means had to be used. The fact that they were backed by the *Government* and were, in a sense, *Public Undertakings*, enabled the *Mines Royal and Battery Works* to be floated as *Joint Stock Companies* with capital obtained by subscriptions from *Shareholders*; and the *Municipality of Nottingham* in the early seventeenth century raised the funds needed to work a local coal mine in the form of one-pound shares. The *Private Landowner*, for whom such methods were impossible, had recourse to such *Merchants* or *Gentlemen* as could be induced to take an interest in the venture.

The Willoughbys of Nottinghamshire were an example of *Enterprising Landlords* who, for several generations, pursued a continuous policy of supplementing their income from agricultural land by opening coal mines and establishing iron works.[23]

In 1542 their *Bailiffs'* accounts show them sinking pits, paying miners and arranging for the coal to be freighted to Hull. In the 1590s they are spending at the rate of nearly £20,000 a year on iron mills at Codnor; at the beginning of the next century they are considering a project carrying coal from Nottingham to London by shipping it by water via Gainsborough to Hull, and are in communication with an inventor of a new pumping machine which 'shall draw fifteen ton of water at one hour's space at one hundred fathom deep, with the help only of two able men'.[24]

We can trace in the papers of the family the difficulties which accompanied the development of these enterprises. Apart from technical deficiencies the main problem was to obtain sufficient working capital. Their rivals in the local coal industry, the Strelleys, with whom they had been engaged in a law suit caused by the action of the latter in disposing of their water by turning it into the Willoughbys' pit, seem to have been financed by a group of *London Merchants*, and to have ended by surrendering the property to them as mortgagees.

The Willoughbys' policy was apparently to raise capital by note of hand, with the backing of friends, from the neighbouring *Merchants* and *Landowners*. The complaint of their *Employees* is always that what hampers their *Enterprise* is lack of adequate financial resources.

> "Hentworth"…[a local competitor who bought coal on credit]…explains that an agent in answer to criticism, "may well overgo us in the carriage of more coal to Newark, because he neither payeth for coals nor carriage till he have sold them, and we pay beforehand, so that we are not able to have great stacks standing by us, for want of stock, as he may. But if it please your worship to afford a competent sum of money upon sufficient security and interest…then we would carry more than he can and can sooner sell them."[25]

The problem was met by borrowing fresh capital, only to create, five years later, the further problem of how to repay it. "Good Sir," writes a despairing manager to Sir Percival Willoughby, who had borrowed from him a: well as from others:

> "Whereas you write unto me to pay Sir Phillip forty to fifty pounds…he seeth plainly that my receipts, as this year falleth out, will but pay the weekly charge; and for very truth the coal mines, for aught that I can see, cannot answer their own charges. Yet you know that I must pay 1,000

[21] *V.C.H., Derbyshire*, II, 831; *Somerset*, II, 375; *Notts*., II, 327. See Galloway, *Annals of Coal-mining*, p. 99, and Lewis, *The Stannaries*.
[22] *Lansdowne MSS*., 65, 11.
[23] For what follows see *Hist. MSS. Com., MSS. of Lord Middleton, passim*, and V.C.H., *Notts*., vol. II, pp. 324-7.
[24] *MSS. of Lord Middleton*, pp. 173-5.
[25] *MSS. of Lord Middleton*, pp. 175-6.

> marks to Sir John and him, besides usury, which biteth to the very bone, and the continual charge of removing coal to the bridges…I have much ado for money, and so I have as ever I had in my life, neither know indeed which way to turn me…
>
> "You have further written unto me to enter into two thousand pounds bond to Sir John Hollis and Mr. Zacherverall…You know, sir, that I am already bound for £3,000 for you, and that yet I could never by any possible means get out of any one bond that ever I entered into.
>
> "Things have gone so cross with us both, and if Mr. Bate does but fail us in renewing our bonds in November next, then I am sure to be clapped…I am already so far in bonds about these businesses, all the coal mines in England should [stand] alone for me, before I would venture so far for them all."[26]

Nor were the conditions of Nottinghamshire exceptional. The manager of a Cornish lead mine writes in exactly the same strain - that wages are in arrears, that he has money in hand only for two weeks' more work, and that the pit will be drowned out by water unless he can secure an immediate advance of forty pounds.[27]

Both the *Durham Coal Industry* and *the Lead Mines of Somersetshire* were crying out for capital and offered a golden opportunity to the *Speculator* who would advance it. The latter had its *Capitalist* in Bevis Bulmer, who anticipated under Elizabeth the methods subsequently pursued by Thomas Bushell under the *Commonwealth*; the former in Sutton, secretary to the Earl of Warwick, who financed coal mines at Whitehaven and Gateshead and was said to have accumulated the considerable fortune of £50,000.

When in 1595 *The Crown* leased part of its coal-bearing property in Northumberland to a *London Merchant*, the *Lessee* parted with it to a group of *Midland Financiers*, and they in turn transferred it to a *Syndicate of London Merchants* who undertook to advance £2,000 for purposes of development.[28]

The system by which the *Tin Mines of Cornwal*l were financed was similar in principle. But since tin mining was an important and long-established industry at a time when coal mining was in its infancy, and since the *Government* had special rights and obligations in the Duchy, the problem was more acute and the arrangements were more elaborate.

There were four main groups of interests concerned in the industry, the *Working Miners*, the *Mine Owners*, or *Tin Masters*, who owned or leased the tin-bearing properties, the parties to whom *The Crown*, when it did not retain it in its own hands, granted the pre-emption, and *The Crown* itself.

The tin exported from the mines of Devonshire and Cornwall from Michaelmas 1592 to Michaelmas 1593 was stated to be 827,900 hundred-weight: the amount retained to be worked up at home was uncertain, but was estimated as 162,000 hundred-weight. The total annual output of tin at that period, therefore, was about 989,900 hundred-weight.[29]

It was paid for twice a year, at midsummer and Michaelmas, when the coinage took place. Naturally, however, neither *Miners* nor *Tin Masters* could wait six months for their money; it was necessary to provide funds for financing them in the interval, the sum required being put by some estimates as high as £40,000, and by others as low as £10,100.[30]

The principal problem of the industry concerned the methods by which, and the terms on which, these funds should be provided. The system actually adopted varied from time to time, according to the manner in which *The Crown* disposed of the pre-emption, which was sometimes leased to a *Syndicate of London Merchants*, sometimes granted to an influential noble, and sometimes retained by *The Crown* itself.

But in each case it was necessary to organise the credit without which the industry could not be carried on; and the only person who could supply it was the *Pre-emptor*, who bought and marketed the tin. The arrangement which obtained, when, as usually happened, the tin was taken by a *Group of Merchants*, was for the *Tin Master* to borrow cash from them for his current expenses in return for an undertaking to deliver a stipulated quantity of tin at the next coinage, and for the *Working Miner* in his turn to obtain advances from the *Tin Master*, which he subsequently paid off in tin.

It was explained in 1554 in criticism of the proposed grant of the pre-emption to a single *Monopolist*, that:

> "The *Merchant Tinners* and the *Poor Labourer* use always to receive and take money beforehand

[26] *MSS. of Lord Middleton*, pp. 182-3.
[27] *S.P.D. Eliz.*, vol. CLXXI, no. 62.
[28] *History of Northumberland*, vol. ix, pp. 225-7.
[29] *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. XIII, pp. 514-5.
[30] *Hist. MSS. Com., MSS. of the Marquis of Salisbury*, pt. V, pp. 160.

> to set themselves on work, and so bind themselves in great sums to deliver tin for such money as they receive at the day of deliverance…
>
> "Thus [i.e., if the grant be made] a number of *Merchant Tinners*, which keep a number of *Poor Labourers* at work and use to deliver unto some £5, unto some £6, and unto others £20 beforehand, after the rates of such quantity of tin as they yearly use to make, whereby the said *Merchant Tinner* shall disburse among the poor men £1,000 before he receive one pennyworth of tin, he cannot disburse such a sum beforehand without taking money beforehand of the *Merchant Buyer*…
>
> "Thus [i.e., if the grant be made] the *Merchant Tinner* will lack funds to keep his *Tinners* working, so in time many will be idle, and the whole tin business undone."[31]

Naturally the *Pre-emptor*, whether an individual or a *Syndicate*, who stood between the market and the industry, was in a position to make his own terms. There were constant complaints of the extortionate conditions which he demanded for granting accommodation, and of the enormous margin between what, to follow a modern analogy, might be called the *Pithead Price of Tin* - fifteen or sixteen pounds per hundred-weight - and the price of twenty-eight or thirty pounds paid by the *Pewterers* from whom the home demand for tin principally came.

The small group of *London Capitalists* who held the *Pre-emption* maintained a financial pressure which was felt in every corner of the industry. Like the brothers Lorenzo,

> "Half ignorant they turned an easy wheel,
> That set sharp wracks at work to pinch and peel."

The profit which they made out of the *Mine Owners* amounted, it was said, to as much as forty to sixty per cent., and the *Mine Owners* in turn squeezed the *Miners*, to whom they made advances in money or in truck at usurious rates of interest.

The charge of prospecting was, of course, denied indignantly by the *Merchants*, who protested their philanthropic intentions to the *Government*, and claimed that,

> "…[so far from taking] intolerable use for the loan of money unto *Tinners*…for three parts of the tin at least, money was lent unto some after ten, and some after six in the hundred, and to some *gratis*, to be paid in tin after the common prices."[32]

But the arguments advanced for nationalising the purchase and sale of tin show that in normal years very large profits must have been made by *Merchants* who bought tin cheap in consideration of loans made to the *Producers*, and had enough capital to hold it till the market was in their favour. It was argued in 1594 that:

> "In *Monarchy* the wealth of the *Prince* is the riches of the *Commonwealth*, and it being drawn into someone or few men's hands savours of a *Monopoly*, which her *Majesty*, by taking it into her own hands, doth prevent and remedy…

"In doing by her officer but that which three or four *Engrossers* do yearly, laying the stocks together to the great hindrance of her *Majesty* and the realm," the queen could get back the capital invested in two years and after that make a profit of £7,000 a year.[33]

Tudor Governments were not *Philanthropists* or *Social Reformers*. It was these financial attractions, rather than the bankruptcy of the *Tin Masters* or the distress of the *Working Miners*, which induced *Elizabeth's Government* to resume the pre-emption, and to advance £8,000 a year to the industry without interest.

What is more remarkable as an indication of the urgency of the credit problem is that private speculators, unmoved by considerations of a public character and merely because, in order to get money out of the industry, it was necessary first to put money into it, took up the same policy of establishing a *Loan Fund*, or '*Bank*'.

Among the different *Pre-emptors* in the reign of Elizabeth no less than five agreed to advance, either at a low rate of interest or for no interest at all, sums varying from £1,000 to £10,000.[34] The failure of later *Pre-emptors* led to general distress and provoked complaints in the reign of Charles I. The fact was, indeed, that, without credit, production was hardly more possible than it would be to-day. The author of a pamphlet in the reign of James I wrote that, '*Traders* will not be confined to trade with their own talents…What a world of *Trading*

[31] *S.P.D. Mary*, IV, no. 5 (quoted Lewis, *op. cit*., pp. 213-14).
[32] *MSS. of Marquis of Salisbury*, pt. V, p.160.
[33] *MSS. of Marquis of Salisbury*, pt. V.
[34] Lewis, *op. cit*., pp. 218-9.

Debtors are eaten up with usury!"[35]

The situation was not confined to the *Textile* and *Mining Industries*; the small *Industry of Wire-Making* was financed in the same way by a goldsmith and his partner, who undertook to deliver fifteen tons of iron every six weeks in return for bills payable at six weeks, and their failure to implement their contract caused such severe local distress that the *Government* was obliged in 1598 to intervene.[36]

It was an inevitable result of the transference of the control of industry from the *Individual Producer* to the *Commercial Capitalist* which, alike on the continent and in England, was the most conspicuous result of the industrial revolution of the sixteenth century.

The effect of that movement was twofold. It both rendered more acute the problem of maintaining the independence of the *Craftsman* against *the Financier* which had given its edge to the suspicion of the *Usurer*, and created in the higher ranges of economic organisation conditions in which that traditional sentiment lost much of its point.

In the increasing number of industries in which the *Craftsman* had ceased to be an *Independent Master*, buying his own raw materials and selling direct to the *Consumer*, the financial dependence which elsewhere had been felt mainly in the earlier years of his business life, or when he was harassed by exceptional misfortunes, became almost a normal and permanent relationship.

Whether, like most *Textile Workers* in East Anglia and the west of England, he was frankly a *Wage-Earner*, or whether, as in the case of the humbler members of some *London Companies*, he still regarded himself as a *Small Master* working on commission for the *Merchant*, he was in effect the *Servant of an Employer*, and of an *Employer* who had him the more completely at his mercy because he not only provided raw materials and marketed the goods|, but often advanced the *Working Capital*.

Hence the redoubled agitation against usury on the part of *Social Reformers* and *Moralists*, the efforts of *Philanthropists* and *Municipal Authorities* to enable the *Craftsman* to maintain his independence by borrowing upon easy terms,[37] and the attempts of *Producers* to protect themselves against exploitation by the *Financier*.

In Suffolk, where the *Manufacturers* complained bitterly of the extortionate terms charged for advances – 'we are forced…to pawn £40 worth of commodities for £20'[38] - the *Corporation of Cloth Producers* endeavoured to protect its *Members* by forbidding them to pay more ten per cent. for advances.[39]

The *Tin Miners* paying 'twopence in the shilling…and at his master's mercy for his whole wage'[40] continued down to the *Civil War* to clamour, and sometimes with success, for the establishment of an *Industrial Bank*. The *Hardware Trade* suffered in somewhat the same way from the domination of the *Commercial Capitalist*, and a bill was introduced on its behalf to forbid *Dealers* in iron from paying for iron goods in truck.[41] The *London Felt Makers* proposed to deliver themselves from 'the extreme malice of the *Haberdashers*' by raising a stock of £25,000 to be used in paying ready money for all hats produced by the *Members of the Company*.[42] The *Pin Makers* induced the impecunious *Government* of Charles I, which was always ready to combine philanthropy with profit, to agree to finance the commercial side of the industry by furnishing 'a stock of £10,000'.[43]

These attempts on the part of *Craftsmen* to maintain their financial independence were a practical illustration of that growth in the power of the *Commercial Capitalist* which was one occasion of the books of Wilson and his contemporaries. But the movement which provoked the denunciations itself made it impossible that they should have any practical effect.

It was not merely that, in an age when trade was almost universally conducted on a credit basis, the desire of the *Preacher*, as of other conservatives, that 'every man would live his trade and calling' without borrowing, was a mere pious aspiration.

A century and a half before Defoe wrote that '*English Tradesmen*…understand how to manage credit…better than any other *Tradesmen* in the world', book credit between the *Shopkeeper*, *Wholesale Manufacturer*, and *Producer* of raw materials was already highly developed.

[35] *Usurie arraigned and condemned* (1625).
[36] *Acts of the Privy Council (New Series)*, vol. XXVIII, pp. 494-5.
[37] See *The Harrying of the Usurer* by R.H. Tawney.
[38] *S.P.D. Eliz.,* CVI, 48.
[39] *V.C.H., Suffolk*, vol. II, p. 263.
[40] *Lansdowne MSS.*, 76, fo. 34 (quoted Lewis, *op. cit*., pp. 214-15).
[41] *Hist. MSS. Com.,* App. To Third Report, p. 11.
[42] Printed Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, App. A, IV.
[43] Printed Unwin, *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, App. A, III.

Loans to enable rich *Capitalists* or *Landowners* to finance profitable undertakings, which had been the exception, were becoming the rule. Loans to meet the occasional necessities of the *Small Producer*, formerly the typical case, were dropping into an unrewarded background.

Economic opinion, the docile servant of predominant economic interests, was not slow to supply a victorious movement with the intellectual canonisation which it required. As usual, the reaction overshot the mark.

Theorists, observing rightly that doctrines designed to protect the *Peasant* or *Craftsman* against the *Pawnbroker* were not equally applicable to *Clothiers*, *Mine Owners*, and *Iron Masters* who were quite capable of protecting themselves, were beginning to swing from excessive rigour to excessive laxity. Having for centuries argued with little reason that interest was oppressive in all circumstances, within half a century of Wilson's death they were to argue with even less reason that it was oppressive in none.