Introduction

Archibald How was, in most respects, an unremarkable character. An ordinary tradesperson in Edinburgh, he spent his days working as a glover. How’s lineage afforded him a semi-independent status. He was the son of a skinner and a burgess of Edinburgh, which gave him access to training through the Incorporation of Skinners, the right to trade under an occupational title and the privilege of citizenship. In 1736, How inherited his father’s shop on the High Street, a space from which he manufactured and sold gloves. As a master craftsman, he succeeded in his first decade in business. He was elected an officer of his kirk (parish), and his wife became a governess of the Trades Maiden Hospital, a charity school established by the Craftsmen of Edinburgh to educate the daughters of impoverished craftsmen. The couple rented a house on the High Street and spent £6, a considerable amount of money at the time, purchasing new sets of furniture, including a mahogany bedstead and a chest of drawers, for their new home.

In many ways, Archibald How looks like a familiar eighteenth-century social type, a member of the burgeoning middling sorts. He was upwardly mobile. He was not rich, but he was independent. He worked for himself rather than depending on a wage. He and his wife held positions of civic responsibility in their community, and the consumer purchases of their household allowed them to display the material trappings of middling status. How was in many ways the archetypal eighteenth-century figure popularised by Adam Smith: the independent, economic man who has become the marker of modernity and selfhood in the scholarly literature today. But as was true for many of his social rank, How’s relative affluence was tinged with insecurity.

If the circumstances of How’s life were in many ways ordinary, his position in the urban landscape provides an extraordinary reminder of the porous boundary between success and failure. How’s glove shop adjoined the east wall of the city’s debtors’ prison. This meant that he worked only
feet away from men confined for debt. In 1750, he began to experience financial trouble that would land him on the other side of the prison wall. In December, the brewer Daniel McFarlane imprisoned How for a debt of £2. While How was imprisoned, his wife managed the household’s assets and debts. She negotiated with the creditor and secured her husband’s release within three days. But the public nature of imprisonment made others aware of How’s financial status, and his creditors became anxious that How would not be able to pay them. A local surgeon stepped forward for 15s. to cover a debt for attending How’s wife when she was ill the previous month. A tanner demanded payment of a debt for leather, one of the raw materials of How’s trade. Unable to meet all of these obligations at once, How was imprisoned a second time by a local stabler for a debt of £1 11s. This time, How languished in prison for more than a month. He lost his civic position in the church, and more creditors stepped forward. Despite selling off the household furnishings and the goods in his shop, How’s wife was unable to negotiate terms that satisfied the creditors. With little property left, How eventually petitioned the city court to release him because he was too poor to pay his debts.¹

Archibald How’s ill fate was not unusual, but rather was typical of the precariously positioned middling sort. He stands as a testament to the fragility of middling people’s financial and social security. Debt and social identity were closely intertwined. By the early eighteenth century in Britain, as many as one in four men of How’s class spent time in debtors’ prison. In contemporary thought, this loss of liberty was the paradigmatic opposite to independence. Not only did How lose his property, but he also lost his autonomy, his social status and his reputation as an independent tradesperson, all of which were closely intertwined with his gender identity as a middling man. Those who never went to prison saw it as a tangible threat. It is nearly impossible to find a lower-middling diary or letter book that does not contemplate failure or express anxiety over debt. This kind of precariousness, a form of perennial insecurity that threatened both purse and personhood, was different than being poor in the traditional sense of the word. As Daniel Defoe made clear, there was a distinction between the ‘Poverty of Inheritance’ that characterised a permanent class of ‘People born to Labour’ and the ‘Poverty of Disaster’ that threatened mostly ‘the middling Sorts of People, who have been Trading-Men, but by Misfortune

or Mismanagement, or both, fall from flourishing Fortunes into Debt, Bankruptcy, Jails, Distress, and all Sorts of Misery. The eighteenth-century world was structured by insecurity, far more than historians have previously acknowledged. This book is about that world and what it was like to live in it. It is about the fragility of the credit relations that underpinned commercial activity, livelihood and social status in eighteenth-century Britain.

Introduction

Insecurity

Archibald How sits in a historical blind spot. His story and the stories of incarcerated middling tradespeople like him remain invisible because their experiences fail to resonate with an economic culture characterised by success, development and economic growth. There is a broad consensus that the long eighteenth century was a period of transition in the culture of capitalism. Britain experienced sustained economic growth and modernisation. As the economy quickened, markets developed and became more integrated. Technological innovations and the diffusion of useful knowledge contributed to improvements in the organisation of agriculture, production and manufacturing. Domestic and international commerce expanded. Material standards of living improved, especially for the middle ranks. Improvements in agricultural productivity and transport alongside more integrated markets increased the food resources available to the majority of the population, contributing to a decline in adult mortality. [Footnotes]

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Introduction

Recent histories of Britain’s transition to capitalism have focused predominantly on goods and on financial instruments. As part of the Consumer Revolution, men and women came to own more things. Luxuries, including consumer durables and non-essential foodstuffs, became more accessible, allowing individuals to consume for pleasure and comfort rather than out of mere necessity. These changes had profound consequences for individuals' material lives, but they were also crucial to the formation of social identity. Consumption and the display of objects was an important means of signalling taste and status.6 The Financial Revolution from the late seventeenth century invented new forms of credit and financial instruments, with new institutions to regulate and manage them. These changes made lending more secure and facilitated long-distance trade, but they also had a significant impact on how people imagined the market. New ways of investing, borrowing and lending changed how people conceptualised money and value.7

This book puts some of the people back into the history of capitalism: the middling people who purchased consumer luxuries, who invested in new financial instruments and who are often regarded as the entrepreneurs of the industrial age. When we focus on their stories, we see neither a narrative of unbridled success nor a story of exploitation emphasised by social histories of class and labour.8 Rather, a group of people emerges for whom insecurity was the defining feature of commercial experience. Middling people had opportunities for success, but many of them experienced downward mobility. In their eyes, financial failure and commercial success were not mutually exclusive. Insecurity, a condition that was as unremarkable as it was pervasive, was compatible with national economic growth. As Julian Hoppit and others have recognised, failure and success

had a close relationship. Bankruptcy rates in England increased in the second half of the eighteenth century, just as the economy expanded and drifted into early industrialisation. Entrepreneurship and business enterprise drove the developing economy, but innovation required risk taking. Some innovations succeeded, while others naturally failed. While many entrepreneurs failed, many more lived insecure financial lives, facing the constant threat of downward mobility even if failure never materialised. By taking failure into account, it becomes clear that national prosperity is not necessarily synonymous with security and well-being for the majority of the population.

Failure, defined as a degree of indebtedness that prevented an individual from paying his or her obligations, has until now been made visible through analysis of bankruptcy. While this legal process left an extensive record, it was restricted to a narrow group of users. Bankruptcy was available only to traders owing debts over a certain threshold, which limited the number of people who pursued this process. However, the threat of ruin reached far beyond these individuals, permeating eighteenth-century society. Poverty of Disaster considers the implications of insecurity for the broader population. Rather than going bankrupt, individuals occupying the middle ranks of society were committed to debtors’ prisons. They were incarcerated because they defaulted on their debts, or because they were insolvent. Middling people confronted the prisons in staggering numbers. Thirty-three thousand businesses went bankrupt during the eighteenth century. At least 10 times as many people were imprisoned for debt. Like bankrupts, their experiences were shaped by a precarious economy characterised by an unstable business environment and problems

12 Hoppit, Risk and Failure, 18, 29–41.
13 Hoppit, Risk and Failure, 43.
of credit and competition, and punctuated by the occasional crisis. Unlike bankrupts, uncertainty for these types was compounded by additional insecurities associated with life cycle, gender and erratic employment.¹⁴

Throughout this book, I discuss middling people’s lives through a framework of insecurity rather than in relation to risk. Risk, a term that came into use from the late seventeenth century, is more familiar to historians. It is a form of uncertainty that can be measured, calculated and managed, and by the eighteenth century, it was part of a technical, professional vocabulary belonging to traders.¹⁵ In the new capitalist marketplace, risks were understood as threats as well as opportunities. By taking risks, commercial actors could profit, and in negotiating these uncertainties, they exercised their freedom and agency.¹⁶ In contrast to risk, insecurity is a form of uncertainty that cannot be quantified or estimated. Thus, it had more of a blind immediacy than risk. While risks can be chosen as part of a business calculus, insecurity is something that individuals are subjected to unwillingly, and it has an impact upon economic life beyond the commercial sphere. In early modern Britain, notions of security were fundamental to understandings of the social order and the state. Insecurity’s emotional and social consequences related not only to commercial endeavours, but also to notions of selfhood and identity, or in the words of Anthony Giddens, ‘ontological security’.¹⁷ In Thomas Hobbes’ thinking, one of the primary purposes of law and state power was to ensure social security.¹⁸

¹⁴ Hoppit, Risk and Failure, 176.
Credit and Debt

The story of insecurity is closely bound with the dynamics of credit and debt. It is difficult to exaggerate credit’s economic importance. By the eighteenth century, the exchange of credit underpinned commercial activity, social status and livelihood, as it had since at least the fourteenth century. Due to shortages of coin and problems with ‘deep monetisation’, men and women from across the social spectrum relied on credit to carry out their everyday purchases and to engage in commerce. Without institutional intermediaries, most of this credit took the form of interpersonal lending or sales credit, extended by shopkeepers to their customers or exchanged between individuals and households. Because of the way in which credit was exchanged, it was understood in deeply social and cultural terms. It was based upon trust. ‘Credit’ or ‘trustworthiness’, used interchangeably by contemporaries, was defined socially in terms of an individual’s honesty and moral character. When deciding whether to lend credit, a tradesperson had to trust that the person s/he lent to had both the ability and the disposition to repay the debt. Trustworthiness was based upon a variety of personal attributes, from thrift to diligence, industry and, for women, chastity. According to Craig Muldrew, because social character was so important to economic exchange, a household’s reputation for fair and honest dealing actually became a kind of currency.

Accounts of credit tend to emphasise the ways in which it was successful. At a macro level, credit facilitated commercial growth and oiled the wheels of industry. Daniel Defoe wrote that credit ‘encreases commerce, so I may add, it makes trade, and makes the whole kingdom trade for many millions more, than the national specie can amount to’. In the wake of the Financial Revolution, there was considerable contemporary enthusiasm for credit, which, like magic, could create something out of nothing to solve the nation’s fiscal crises. At a micro level, credit was the glue that bound communities together. The mutual exchange of credit between

21 Muldrew, Economy of Obligation, 148.
22 Martin J. Daunton, Progress and Poverty: An Economic and Social History of Britain, 1700–1850 (Oxford, 1999), 247.
23 Daniel Defoe, The Compleat English Tradesman, in Familiar Letters: Directing Him in All the Several Parts and Progressions of Trade . . . (London, 1726), 337.
24 For the associations between credit and magic, see Wennerlind, Casualties of Credit.
households created ‘tangled webs of economic and social dependency’. For individuals, credit could be emancipatory and even facilitate social mobility. Because nearly everyone acted as both a lender and a borrower, credit introduced a degree of equality to exchanges and cut through the strict hierarchies of class. Moral and social virtues generated credit, rather than notions of status based upon birth or inherited title. It was therefore theoretically possible for a person with few material resources but who possessed a reputation of working hard and being trustworthy to outstrip the credit of individuals with greater financial reserves.

For women, credit is celebrated as having facilitated economic agency. Laws of coverture limited married women’s ability to own property, but they had legal access to credit through the law of necessaries. Credit facilitated consumption, and indeed, women have often been portrayed as the consumers of the eighteenth-century world. But through their access to credit, single, widowed and married women also ran businesses at local, regional and international levels. They acted as brokers, borrowers, lenders and investors, and they appeared in the legal system as both creditors and debtors. Though married women’s credit practices have traditionally been portrayed as small, informal and community driven, more recent studies have found that female enterprise could be substantial and profit driven. Women were not ‘acted upon’ by capitalism, but were

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28 Muldrew, ‘Class and Credit’, 151.
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capitalism’s actors, and credit is celebrated as the instrument that facilitated their agency.

While emphasising credit’s influence on early modern economy and society, we have thought rather little about the moments when it went wrong. It is crucial that we focus on these moments because by the eighteenth century, credit seems to have been increasingly fragile. In the decades leading up to the Industrial Revolution, credit was arguably as important and ubiquitous as it had been for centuries. However, it was becoming less rather than more secure over time. As the economy quickened, credit networks expanded. Intricate chains of debt developed. New, imaginary forms of paper money created in the Financial Revolution made wealth more easily transferable, but credit also had ‘casualties’: indeterminacy, precariousness and violence.33 Furthermore, as Alexandra Shepard’s recent account of worth shows us, the components of individual credibility changed significantly. Once founded on assessments of moveable wealth, by the early eighteenth century, credit came to rely on what people did and who they were rather than on what they had. Credit now depended upon the unstable language of reputation.34 Because historical approaches to credit in the eighteenth century have been predominantly cultural in nature, we have little understanding of how credit was structured, how structures changed over time and what the consequences of these changes were after the early part of the century.35 By tracing economic structures of debt and assessing the position that credit assumed within household assets, it is possible to see that by its very ubiquity, credit became a pervasive force that threatened families with downward social mobility. Reflecting these fragilities, a record number of people ended up in debtors’ prisons, their names advertised to the increasingly literate world in the new London Gazette.

The ubiquity of imprisonment for debt suggests a need to reconsider the eighteenth century’s ‘culture of credit’. While credit was the stuff of growth, agency and community bonds, it also had a dark side: debt.


Credit was Janus-faced. Recent histories have begun questioning credit’s emancipatory power by disputing the components of worth. Shepard’s assertion that early modern credit was based upon assessments of a household’s moveable goods rather than reputation alone indicates that credit was perhaps not as emancipatory as we have assumed, but rather that a person’s credibility could be a function of inherited wealth. Integrating debt into our conceptions of credit further complicates credit’s role in solidifying community cohesion. As Avner Offer suggests, the ‘bonds’ created by reciprocal exchange can be conceptualised in three ways: as contractual obligations, as emotional links and as fetters or forms of oppression. Relationships of exchange and reciprocity can drive the weaker party into permanent subordination, so that the market produces social ‘bads’ as well as goods. In the eighteenth century, because most people were simultaneously creditors and debtors, the economic choices they made drew on both perspectives. When faced with the insecurity of their own debts, individuals did not necessarily negotiate credit in ways that bolstered positive relations of neighbourliness. In a highly competitive commercial environment, relationships of indebtedness could be coercive rather than consensual. Credit and debt constantly orbited each other and cannot be disentangled. While credit and debt tend to be cast in very different terms, economic anthropologists emphasise that they form an inseparable dyadic unit.

Social Identities and Class Formation

*Poverty of Disaster* tells the story of debt insecurity through the eyes of middling people, normally understood to be the main beneficiaries of the eighteenth century’s commercial, financial and consumer developments, but who were in fact one of the economy’s structural victims. The majority of prisoners for debt came from the middle ranks of society, and their encounters with the prison left far-reaching marks on their economic and social lives. If their stories allude to a broader set of experiences, focusing on their encounters with debt makes clear that insecurity was not only economic; it was also social. Economic insecurities created precarious...

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36 Shepard, *Accounting for Oneself*.