

Credit in English Rural Society before the Nineteenth Century, with special reference to the period 1650-1720¹

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I

IN the imagination of many historians, credit has been seen merely as a function of commercial development, as an aspect of some such organizing principle of economic life as the Rise of the Merchant or the Capitalist Revolution. It is a tribute to the longevity of Bruno Hildebrand's archetypal distinction between the three stages of "National Economy, Money Economy, and Credit Economy" that many economic historians, and even more anthropologists, still tend to view the concept of credit, outside the context of a developed commercial-industrial economy, as nothing but a strictly temporary and fortuitous adjustment of liquidity.² As Tawney put it, the doctrine of interest received its character "in an age in which most loans were not part of a credit system but an exceptional expedient, and in which it could be said that he who borrows is always under stress of necessity."³ Indeed, Tawney's justly celebrated introduction to Thomas Wilson's *Discourse upon Usury* contains a succinct description of money-lending in England which could even now be taken as virtually the sum of our knowledge on the subject before the eighteenth century.⁴ There is ample evidence from all over the world of the malignant growth of indebtedness in peasant societies. In the pathology of rural life, peasants and indebtedness often go together in the same diagnostic package-deal. The Italian statesman, Sidney Sonnino, described usury as the "woodworm in Sicilian society" in 1876, and although the situation had become worse during the nineteenth century, conditions in the Italian south had been recognizably similar for centuries.⁵ The catastrophe of the Thirty Years War greatly increased the debt burden of peasants in Germany; and similar examples could be cited from places as far apart, say, as Punjab and Alabama.⁶ Credit in such instances was certainly systematic, although its object was the degradation of the

¹ This is a considerably amended version of a paper first read at the annual conference of the British Agricultural History Society, April 1973.

² B. Hildebrand, 'Naturalwirthschaft, Geldwirthschaft und Creditwirthschaft', *Jahrbuch für Nationalökonomie und Statistik*, 2, 1864.

³ R. H. Tawney, *Religion and the Rise of Capitalism*, 1926, pp. 43-4; cf. pp. 38 ff., 180-3, and *passim*.

⁴ T. Wilson, *A Discourse upon Usury* (ed. R. H. Tawney), 1925, esp. pp. 17-30.

⁵ S. Sonnino, *I Contadini in Sicilia*, Florence, 1877, reprinted 1925, pp. 135 ff. See also D. M. Smith, *A History of Sicily: Modern Sicily after 1713*, 1968, *passim*; P. Jones 'Italy', *Cambridge Economic History of Europe*, 1 (ed. M. M. Postan), pp. 427-8.

⁶ W. Abel, *Geschichte der Deutschen Landwirtschaft vom frühem Mittelalter bis zum 19 Jhrh.*, Stuttgart, 2nd edn, 1967, p. 268; K. Winkler, *Landwirtschaft und Agrarverfassung im Fürstentum Osnabrück nach dem Dreissigjährigen Kriege*, Stuttgart, 1959, pp. 77 ff.; G. Franz, *Geschichte des Deutschen Bauernstandes*, Stuttgart, 2nd edn, 1970, p. 177.

impoverished peasantry. Nevertheless, in emphasizing the disease the healthy tissue is often ignored.

Even in economies which were not adequately monetized, credit and the notion of interest evolved, as Alfons Dopsch long ago discovered of early medieval Europe, and numerous economic anthropologists have found in contemporary primitive economies.¹ Even in the Moslem world, where the prohibition of usury has always been more stringently interpreted than among Christians, money-lending nevertheless frequently played, and still plays, a considerable role in rural society.²

The primary function of credit in undeveloped peasant economies is, as Tawney suggested, to ward off temporary shortages in the cycle of agrarian economic activity. But a function scarcely less important is to provide the means to pay for excessive commitments to conspicuous expenditure in the form of feasts and social gatherings. In more sophisticated systems credit has become so much a part of life that its seasonal character has become overlaid by more permanent features.³ English evidence, from the documents discussed in this paper, tends not to suggest that village borrowing significantly increased in the period before the harvest and threshing, or the autumn sale of wool and fatstock. The data cannot prove that this did *not* happen, since common sense suggests that it would, but they do not inevitably point in that direction. Problems of agrarian liquidity were obviously contingent upon cyclical fluctuations of prices and yields, and there seems to be no point in attempting to deny the influence of the harvest in this, as in most other variables of village life. In a pioneering essay on the theme, Jean Meuvret adumbrated the interrelationship of money, prices, and credit in French rural society in the early modern period. Some of his ideas still need investigation, and his conclusion that malignant indebtedness was closely connected with the price-trends of agricultural commodities may or may not relate to the conditions in France in general.⁴ The English experience seems in many respects to have been somewhat different.

Although the reasons for credit transactions, in almost all the material studied, are obscure, borrowing and lending—and other aspects of the credit nexus—had before 1700 become routine in English rural life. Indebtedness only posed a serious problem when it was determined by outside influences, especially secular deflation, as in Meuvret's analysis. How far this regular flow of credit was directly related to capital accumulation is, as we shall see in due course, perhaps the most difficult of questions to ask of the data available for dissection. It is clear that even the sophisti-

¹ A. Dopsch, *Naturalwirtschaft und Geldwirtschaft* . . . , Vienna, 1930, *passim* and pp. 140, 170. R. Firth and B. S. Yamey (eds.), *Capital, Saving and Credit in Peasant Societies*, 1964; M. J. Herskovits, *Economic Anthropology*, New York, 1960, pp. 225 ff.

² Cf. M. W. Wilmington, 'Aspects of Moneylending in N. Sudan', *Middle East Journal*, 9, 1955.

³ The most complete study of a credit system in a rural community, but with emphasis upon mortgage indebtedness, hitherto is Arthur Cohen's monograph, *Die Verschuldung des bäuerlichen Grundbesitzes in Bayern vor der Entstehung der Hypothek bis zum Beginn der Aufklärungsperiode, 1598–1745*. Leipzig, 1906.

⁴ J. Meuvret, 'Circuits d'échange et travail rural dans la France du XVII^e siècle', *Studi in onore di Amando Saporì*, Milan, 1957, reprinted in J. Meuvret, *Études d'Histoire Économique*, Paris, 1971, esp. pp. 148–50.

cated instruments of credit available in seventeenth-century England were often merely applied to increase consumption by borrowers. Indeed, there is no direct evidence that contemporary country people could distinguish between capital and consumption in their daily business. Some implications of the credit system for the growth of capital will, however, be considered later.

II

One of the first features to strike a historian attempting to reconstruct a credit system is its complexity. There seems at present no hope of ascertaining the total volume of credit supplied to English rural society at any period during the seventeenth and eighteenth centuries, or of disentangling the involved pecuniary connections which existed between different social classes, and between men inside the agrarian community and outsiders from the towns and non-rural trades who appear as part of the system at various points in the analysis. It is probably not inaccurate to state at the outset that rural credit was for the most part locally generated among the different social groups who formed the agrarian society of the period. Outsiders entered the field either as interlopers within an apparently closed system or to provide particular services—in furnishing funds for mortgages, especially for the larger loans not locally forthcoming; or within the context of commercialized agriculture and rural manufacturing by operating the credit given on wool, livestock, corn, iron, or textiles by farmers or country merchants to the middleman based in the larger towns. For the rest, however, credit transactions of all kinds involved people within the horizon of the villagers' experience during the early modern period.

Before proceeding further with the discussion, it is necessary to consider the nature of credit and the instruments available for use. We must confine ourselves to as simple a definition as possible. Credit is subsumed under two heads: first, money-lending, which includes everything from the mortgage to the note of hand and the pawn; and secondly, deferred payment for a good or service rendered, trading debts, and any other form of sales credit which may have existed, rent arrears, and so forth. Which was the more important in the period is impossible to determine, since in many of the sources available they are lumped together as "debts owing to A" or "debts owed by A." For the period it is impossible to erect any more elaborate structure round the concept of credit. We can say with reasonable confidence that the media of credit were not negotiable except by means of the formal process known as assignment. Bills of exchange and other flexible instruments, including bank-notes, only occur with any regularity before the nineteenth century, when dealings with urban merchants, especially in wool or livestock occurred, or when the greater gentry and rural merchants held accounts with metropolitan banks or commercial houses. Instruments of exchange only slowly invaded settled patterns of economic activity in many country areas from the last third of the eighteenth century onwards. Contractual credit was overwhelmingly in the form of specific loans before 1800. Trading debts pose no methodological

problems. They were often subdivided into "good" and "desperate" debts, and there is seldom any indication when they were contracted, but as a rule they were short-term and individually small in value. Loans were classically of three kinds, not counting the pawn: the promisory note, or "bill without specialty," generally a debt without security, usually in a small sum intended as a short-term loan; the bond; and the mortgage. Bonds are often mentioned but few deeds as such have survived. They were formal loans charged at fixed interest, often without security, and almost invariably without real property as collateral, which thus distinguished them from mortgages. They were enforceable at law, and seem to have been regarded as a reasonably secure investment by lenders. In effect they differed little from mortgages, although for obvious reasons the sums lent on individual bonds were usually less than the sums mortgaged against real estate. It appears to have been quite common for men wishing to enlarge their credit to negotiate a series of bills or notes, then to convert them for a lump sum into a bond, and sometimes to go further by converting bonds into substantial mortgages. Bonds, like mortgages, could be assigned in the later seventeenth and during the eighteenth centuries, and, as debentures, were occasionally negotiated by groups of borrowers or groups of lenders operating jointly. In rural affairs the bond was not particularly employed to augment capital, but as part of the general resources available for credit purposes. As such the apparent relationship between bonds in general and stock held in public utilities is largely fortuitous. The third instrument need not detain us long at this juncture, except to say that in the course of the period here discussed, mortgages became more refined as instruments and the risks involved in taking out a mortgage on property rather less pronounced. Mortgage terms lengthened, and both mortgagee and mortgagor became more firmly protected in law. Assignment and hypothecation, by which risks were spread for borrowers and lenders alike, developed in the same period, especially after the Restoration. Moreover, copyhold mortgages, usually in the form of a conditional surrender, also became more common in the later seventeenth century. Since copyhold continued to form a not insignificant proportion of the tenorial system of England during the period, this development considerably enlarged the scope for raising money on real estate. Manipulated skilfully, mortgages could be used to provide working capital for enterprising farmers and shopkeepers as well as commercial and industrial entrepreneurs. The dynamic possibilities of exploiting one's credit "standing" to the full were certainly realized at least in principle in rural areas, as individual case studies clearly reveal, but it remains very much a moot point how far this opportunity spread throughout the community. The traditional view of the mortgagor at the top of a steep path to financial ruin all too often becomes a depressing fact according to the sources analysed in the paper.¹

The situation in respect of credit facilities at the turn of the eighteenth century

¹ For the preceding paragraphs the best source is J. M. Holden, *The History of Negotiable Instruments in English Law*, 1955. See also B. L. Anderson 'Money and the Structure of Credit in the Eighteenth Century', *Business History*, xii, 2, 1970. In detail, the documents themselves alone can provide the nuances of business practice in its variety.

is evident enough. The instruments available were varied and suitable for most needs in the rural economy. Most had a long tradition to sanctify their utility, since the basic structure of the credit system in England is discernible, with few substantive differences, well back into the medieval period, outside the special fields of large-scale commerce and estate management.¹ The evidence of long series of documents like the probate inventories, which go back to the second quarter of the sixteenth century and forward to the middle of the eighteenth century, indicates that, although at different times the volume of credit recorded varied considerably, the fact of credit as a common feature of village life is certain, and the means of supplying it reasonably constant.

Much more work needs to be done on the inventories as sources of information about the flow of credit. They provide the only sure means of inquiring into the life of the common people of the villages, the comparatively poor as well as the wealthy, and research to date suggests that they will prove a very fruitful source. They can be supplemented by multitudinous other materials, wills, which often refer to money out on loan, farm and shop accounts, court rolls, which in the post-medieval period contain information about conditional surrenders, papers in bankruptcy or Chancery proceedings, and the business papers of lawyers and other professional men, as well as title deeds and certificates involving loan capital. What emerges from such sources is qualitatively consistent with the general picture already sketched out above. They reveal the extent, variety, and often the local orientation of lending and borrowing, the importance of sales credit and other species of deferred payment, but not, of course, the volume of credit supplied. The trends discussed in this article, therefore, are based chiefly upon the data of 4,650 inventories from the period 1650-1720, collected in the east Midlands and Norfolk. The technique adopted has been to choose clusters of villages—usually about fifty in each group—and to examine the inventory material for these places as completely as possible by the collation of aggregate valuations with recorded debts. There were few significant methodological problems, but the “rapid counting” employed of necessity perhaps obliterated elements of local variety and local colour.²

The total value of the personal effects recorded in these inventories amounted to £295,000, of which almost exactly 13 per cent formed bills, bonds, mortgages, sales credit, and so forth. The lesser gentry, clergy, and few professional people involved, who together made up 5 per cent of the sample, held more than one-

¹ See, for instance, M. M. Postan, ‘Medieval Agrarian Society in its Prime: England’, M. M. Postan (ed.), *Cambridge Economic History of Europe*, Cambridge, 1966, I, p. 627.

² The inventories used were collected over a number of years from the deposits in the record offices at Lincoln, Norwich, Nottingham, and Leicester, whose archivists I wish to thank for permission to use the documents. The districts studied were NW. Leicestershire between the Soar valley and Ashby de la Zouch, the middle part of the Vale of Trent, approximately between Newark and Gainsborough but with greater emphasis upon the Lincolnshire bank, a mixed region of heath and clay land south of Brigg, Lincs., a mixed region of wold and marsh around Alford and Spilsby, Lincs., a small area of fenland around Donington and Swineshead, and two districts in central Norfolk, around Aylsham and North Walsham, and around Diss. The districts represent a reasonable sample of social and agricultural types found in the eastern part of the country, but must eventually be compared with districts from the west and south to give a more complete picture.

quarter of their personal effects as credits; tradesmen, merchants, shopkeepers, artisans, etc., who were 28 per cent of the sample, had 18 per cent of their personality as credits. Widows and other single people, 6 per cent in number, are recorded with more than 45 per cent of assets in the form of credit. Agriculturists, otherwise undifferentiated, but with no additional source of livelihood evident from the inventories, provided 60 per cent of the inventories analysed and possessed almost 10 per cent of their personal effects in credits. These figures indicate that significant social differences are apparent in the functioning of the internal mechanism of credit, which will be discussed in due course. What is more revealing is the implication that some proportion of their means above subsistence in each of the different groups analysed was used for purposes other than to maximize consumption. Obviously, not all individuals held debts against other people, but a sizeable minority used their savings to grant credit as a regular routine of their lives. Altogether, 40 per cent of inventories contained some reference to debts owed to the deceased, and in 16 per cent the proportion of debts to the total personalty exceeded one-third. Put in different terms, more than 700 individuals of different social standing possessed a considerable personal stake in the local credit system of seven distinct regions of eastern England.

It is perhaps too early to draw the inference that the volume of credit in English agrarian society in the seventeenth and early eighteenth centuries represented something between 10 per cent and 20 per cent of the movable assets of the rural community. Such a figure is not improbable, but there are difficulties in the way of its simple acceptance. Most inventories usually gave details only of assets not liabilities, which rather implies that village society was divided between lenders and borrowers, the latter dependent upon the former to ease their problems of illiquidity. It is clear, however, that many estates had both debts owing and debts owed, and that there were even men with substantial credits who were in fact insolvent at death. The wills make this obvious, and the administration accounts of intestate estates, which generally strike a balance, permit us to take some quantitative soundings. Of those so far examined less than 10 per cent were of insolvent estates, but many more, in parts of Lincolnshire as much as one-third, had both debts and credits in account which the administrator was entrusted to resolve.

The importance of gentry and clergy, even in the apparently restricted field of village credit, is well attested from the evidence of inventories. Most of the gentry in the sample were not members of the squirearchy, but graziers or other men of wealth in the countryside with social pretensions, and with a relatively large proportion of their wealth as movable assets, especially livestock, cash, and credits. Elsewhere the role of gentlemen was even greater. Rent arrears are a particularly important species of credit in the context of a revolving system operating chiefly to smooth over the worst consequences of money shortages in the fluctuating cycle of economic life. In the late seventeenth century deferred payment of rent was commonplace, and periodically in years of crisis arrears were allowed to accumulate in order specifically to prevent tenants from bankruptcy. Landlords are occasionally

discovered lending money directly in order to supply working capital to tenants deemed worthy of support. Moreover, in the eighteenth century, investment by landowners in their farms was sometimes expressed in terms of a formal bond for which the tenant as borrower paid interest but was excused from redeeming the principal. Earlier, the uncommon English version of *métayage*—halves and thirds—is best seen as a credit transaction to enlarge the farmer's capital or to improve his liquidity. None of these expedients laid a permanent incubus of peonage upon English rural society, nor vitiated the landlord-tenant relationship in the manner of southern Europe, partly because they were so few, but chiefly because they always remained short-term, casual adjustments.

Direct lending by the gentry and clergy is equally well established in the evidence. Lincolnshire gentlemen in the toils, for example, borrowed money from such exalted persons as the Duchesses of Marlborough and Rutland and the Duke of Ancaster in the early eighteenth century. A few such rich gentry, like Sir Anthony Meres and the notorious Hogarthian gambler, Lord William Manners of Grantham, virtually made a business of money-lending in Lincolnshire during the century after 1660. It was, moreover, a distinctly lucrative business. Manners's profits were sufficient for him to invest heavily in landed property in the 1750's and 1760's, but the dangers implicit in weaker men borrowing from the financially and socially powerful were not particularly pronounced. The majority of loans seem to have been redeemed without foreclosure. Although the gentry were obviously important in the business of men like Meres, dealings were not exclusively confined to socially exalted borrowers. An account book, apparently kept by a steward of the Duke of Ancaster, and apparently employing his lordship's money, must serve for illustration.¹ Among the list of mortgages, bonds, and notes negotiated between 1697 and 1712 were items ranging in value from a note in £6 for Solomon Hutton to a mortgage in £700 for Joshua Cross of Boston, mercer. The whole principal involved amounted to £6,387 2s. of which about two-thirds was still outstanding in 1712. The borrowers were diverse. There were gentry, Capt. Dymoke, Charles Newcomen, John Cowley, and Nicholas Pell; mercers, Cross, Edward Waite, and David Hutton; the majority, however, were graziers, husbandmen, or craftsmen, and they were the people who tended to borrow the small sums without landed security. Although some of the greater landowners were able to lend money systematically in the period, the gentleman as debtor is a more frequent manifestation of economic reality in the years after the Restoration. Notoriously extravagant or unlucky gentry, indeed, were such bad risks that they were forced to borrow upon notes of hand or bonds from farmers and shopkeepers in their neighbourhood. A case in point is Gilbert Caldecott in Lincolnshire. His credit was a reversionary interest in his uncle's estates, but he was disinherited, and most of his many small creditors suffered a substantial loss of their investment, which gives some indication of the reason why the gentry were regarded as bad risks among farmers

¹ Lincolnshire Archives Office (L.A.O.), 2 ANC 6/198. In general, see also B. A. Holderness, 'Rural Society in S.E. Lindsey, Lincolnshire, 1660-1840' (Ph.D. dissertation, Nottingham University Library, 1968), ch. III.

and other country people.¹ Farmers' and tradesmen's inventories contain very few examples of loans to gentlemen, although many gentry obviously used their position to acquire sales credit. However, it was not uncommon in the period to find men styled as gentlemen themselves in possession of trading debts arising out of commercial activities, dealing in wine and timber, coal, livestock, clover seed, or similar commodities. In this respect, kinship was particularly important in determining the flow of credit on commodities, as in the case of private lending in such families, since trade of the kind mentioned was often privately organized within family, neighbourhood, or status groups.

Kinship, too, played a leading role in the financial affairs of the clergy. To judge from the names of those in debt to such clergy as possessed sufficient funds to implicate themselves in the local money market, family, especially members of the family in business, exercised some prior claim upon these funds. Late in the eighteenth century the rural clergy formed an important group in the development of the capital market for public utility stocks. Before 1750 however, poverty was much more widespread as a feature of clerical life than in the late eighteenth and early nineteenth centuries when the effects of enclosure had enlarged the income of parochial clergy, but the surpluses which did exist had long been used to expand local loan capital, even against competition for clerical savings from annuities and the funds. The evidence of the inventories is not entirely trustworthy because of the small number of clerical estates recorded in the sample, but it may well be that clergymen were broadly divided into two groups, those who had little or no surplus of savings, either as cash or credits—about three-fifths of the total of eighty-four analysed—and a smaller group with quite a substantial proportion of their personal effects in cash and credits.

Of the other economic groups, tradesmen, and farmers and graziers, general statements are difficult to make with conviction. There is no distinctive pattern except inasmuch as trading debts loom large in shopkeepers' and merchants' inventories as one would expect. Unpaid debts facing the executor of several rich country merchants were often very great. A dozen at least of these "merciers" held book-debts between £250 and £600, and trading debts averaging about £100 were common in the small, but important, group of wholesale merchants, drapers, wool-staplers, and the like. Since few of these village plutocrats left inventories exceeding £1,000, these figures give some indication of the importance of sales credit in the period. Some of the rich farmers and graziers were in a similar category. There were about fifty with "credit" valuations in excess of £250, and, in addition, well over 100 farmers and tradesmen possessed bills, bonds, and debts worth over £70—or more than the average valuation *per capita* of the inventories collected. These wealthy money-lenders, however, seem nowhere to have formed a distinctive kulak group in local society. The diffusion of credit facilities apparently prevented the worst excesses of monopoly. Although within the economically active groups there were probably no more than a quarter of the number in business who were

¹ L.A.O., M.M. IV/18.

able to employ a surplus above their subsistence to give credit or make loans at any particular time—at least with any degree of regularity—opportunities for those in possession of the means were quite extensive. In most communities there were obviously people known as particularly capable or willing lenders, Thomas Griggs, the Essex clothier, Joseph Banks or Elizabeth Parkin in and around Sheffield, Jonathan Dent in north Lincolnshire, to name merely well-recorded instances, but they were not, in the pejorative sense, usurers like those so commonly found in peasant societies abroad.¹

In many respects the most intriguing group of money-lenders is that of the widows and single people, who form a tiny proportion of the numbers leaving inventories, but who must nevertheless have played a not inconsiderable role. The use of inheritance or savings, not required directly for business purposes, in the money market is well enough accepted in theory, but as with the clergy, insufficient emphasis has been laid upon the provision of village credit as distinct from annuities or government stock in the investment decisions of the idle groups in village society. Wealthy and discriminating persons like Elizabeth Parkin could build up a mixed portfolio of investments, ranging from promissory notes to consols and turnpike shares; but most spinsters lacked either the opportunity or the expertise for this, and in the village environment tended to rely upon local outlets for their investments. The widow, moreover, had always been a centrally important personage in the economics of village life, and despite fundamental changes in inheritance customs since the Middle Ages, her function in redistributing idle capital towards the economically active in the community was by the seventeenth century predicated upon her provision of credit. This appears all the more clearly when we consider only those widows who actually had a surplus to lend, since they on average had lent out rather more than two-thirds of their movable assets at the time of death.

It is a reasonable hypothesis, on the evidence of what has been discussed above, to postulate not only that the diffusion of money-lending in English village society was significant in preventing the growth of usurious monopolies, but that the distribution of credit among the different social categories, which could, on the face of it, be seen as merely fortuitous, obeyed a clearly defined and explicable logic within a well-developed and sophisticated credit system. The regional variations between the different contributions of particular social groups are small enough to be of no statistical moment. Even though the precise percentage figures may well change to some extent with a different regional and chronological orientation of the sample, the essential structure of the credit system is likely to persist in the form here presented.

¹ See K. J. Burley, 'An Essex Clothier in the Eighteenth Century', *Econ. Hist. Rev.*, 2nd ser., xi, 1958; J. W. F. Hill (ed.), *Letters and Papers of the Banks Family of Revesby 1714-60*, Lincoln Record Series, 45, 1953; B. A. Holderness 'Elizabeth Parkin and her Investments 1733-66. Aspects of the Sheffield Money Market in the Mid-Eighteenth Century', *Transactions Hunter Archaeological Society*, n.s. x, 1972; H. W. Brace, 'Jonathan Dent of Winterton', *Lincolnshire Architectural and Archaeological Society Reports*, n.s. II, 1954.

III

The purpose of this article has been to present the first fruits of a fairly long-standing research interest in the credit structure of English rural society before the nineteenth century. If the volume of credit revealed above is confirmed by subsequent research to have existed within a similar order of magnitude for an earlier age, Tawney's rather large dismissal of rural credit as an accidental aspect of the peasant's existence will require detailed modification. More important perhaps, recent interpretations of the embryonic stages of the capital market will similarly need to be reassessed. The accumulation of capital necessary to float the industrial revolution in England has been a problem ever since the full implications of the deficiency of loan capital for business, coupled with putative estimates of necessary investment for industrialization, were first seen as a crux of economic growth. This led Hamilton to formulate his theory of profit inflation as generating the means for reinvestment. More recent work has tended to stress the fact that investment in plant and machinery was a minor theme beside the entrepreneur's circulating capital, and that self-financing provided the means of capital growth for private business in the eighteenth century. Nevertheless, the creation of social overhead capital, even in the age of turnpikes and canals, required at least a primitive form of market finance. Bruce Anderson has recently argued that this institutional capital market late in the eighteenth century was erected firmly upon foundations laid in provincial England in the early part of the century.¹ His view is that improvements in the security and transferability of mortgages, coupled with growing impartiality and expertise on the part of agents, chiefly country attorneys, effectively created a money market which was increasingly concerned with capital investment. However, the evidence of a notably enlarged money market in the early eighteenth century is somewhat ambiguous. Money-lending, as we have seen, was a fully developed feature of relatively remote rural areas by the mid-seventeenth century if not much earlier, and although the distinction between consumption and capital remains difficult to draw, the will to lend at interest was clearly articulated. Moreover, from the standpoint of the mid-eighteenth century, many of the wealthy upper middle-class investors in turnpikes or canals often continued to drive a flourishing business in local money-lending in small sums. There was neither a switch from village-lending to capital investment by individuals or social groups nor the widespread tapping of new resources, since even in the seventeenth century the ratio of idle cash—all too frequently combined with valuation of the testators' apparel to permit accurate comparison—to credits in the inventories was already very low. The eighteenth century had no need to create a money market in order to provide low-risk capital. It already existed, and the fact in itself may help to explain the paradox of a relatively

¹ E. J. Hamilton, 'Profit Inflation in the Industrial Revolution', *Quarterly Journal of Economics*, 1941-2. See also the introduction and collected essays in F. A. Crouzet (ed.), *Capital Formation and the Industrial Revolution in Britain*, 1971; B. L. Anderson, 'The Attorney in the Early Capital Market in Lancashire', J. R. Harris (ed.), *Liverpool and Merseyside Studies in Economic and Social History*, 1968; B. L. Anderson, 'Provincial Aspects of the Financial Revolution of the Eighteenth Century', *Business History*, XI, 1, 1969; Anderson, 'Money and the Structure of Credit . . .', *loc. cit.*

wealthy society and the slow development of the institutional capital market before the railway age. The traditional outlets for spare money at the period were an unconscionably long time in drying up. Because capital accumulation is obviously so important in the process of industrialization, the concentration upon uniform elements in the character of investment and the substantial emphasis upon rates of interest are understandable but have tended, in certain directions, to distort the picture.

Secondly, the role of lawyer as broker in the creation of an institutional capital market is likewise equivocal. The lawyers' papers which I have consulted indicated that they certainly acted as intermediaries and invested other people's money in mortgages, but they do not really give the impression of impartiality. The numbers of properties in which lawyers were concerned as mortgagees, and which later ended up as their fee-simple, hardly suggests that the dangers of foreclosure were much less marked in the eighteenth century than before.

Thirdly, the argument that investment in mortgages, annuities, stocks, and shares grew as opportunities for land purchase diminished rests upon the Habakkuk thesis of a decreasing volume of land sales in the eighteenth century. My own research which has appeared elsewhere suggests that this may be somewhat misleading.¹ As far as the regions of eastern England discussed in this article are concerned, the eighteenth-century land market remained almost as varied as in the previous period. In Lincolnshire and Norfolk at least, land purchases continued to reflect the movement of wealth reasonably faithfully. Changes in the land market had a very marginal effect on any changes in the structure of capital investment which were in train after 1700.

Indeed, from a study of the various sources which provide information of credit from the early seventeenth century to the late eighteenth it appears that by far the most important element of capital in the negotiation of loans was the purchase of real estate. Much of the loan business, as with sales credit, was to maintain consumption. Mortgages, of course, were negotiated to provide dowries, portions, or the supply of other immediate needs for cash. Many of the smaller loans, similarly, were employed to preserve the debtor's short-term liquidity. Shopkeepers in country districts, like their fellows in nineteenth-century industrial towns, were particularly important in this respect. Nevertheless, land purchases, even by relatively poor men, were frequently financed by loan capital; and in some villages at least, smallholders bought cows, and probably obtained other working capital too, upon loan, even in the late seventeenth century. Unfortunately we cannot generalize from the scattered and infrequent references to some such practice found in wills and inventories, but it is probably sufficient merely to know that it could happen. Enclosure, the financing of which is only now receiving adequate attention, was sometimes, but not as a rule, financed upon mortgage.² There is some correlation,

¹ B. A. Holderness, 'The English Land Market in the Eighteenth Century. The Case of Lincolnshire', *Econ. Hist. Rev.* (2nd series) xxvii, November 1974.

² See M. E. Turner, 'The Parliamentary Enclosures of Buckinghamshire' (Ph.D. thesis, Sheffield University Library, 1973.) I am grateful to Dr Turner for discussing the problem with me.

for instance, between local activity in the manorial registration of copyhold conditional surrenders and the date of parliamentary enclosure, at least in Buckinghamshire, but the evidence is not precise enough to do more than illustrate a possible means of meeting the costs of enclosure. In summary, we may note that credit facilities were used to enlarge capital in the pre-industrial village community but that the distinction which modern economists make effortlessly was at best obscure in the seventeenth and eighteenth centuries.

A point of some importance which has been elaborated elsewhere, but which has a bearing upon this problem, is the response of members of agrarian communities holding "credits" to secular movements of commodity prices.¹ A detailed study of a particular locality for which inventories were collected over more than a century after 1650 revealed that peaks of both lending and sales credit occurred in periods of relatively high prices for local cash commodities, the 1690's and 1710's especially, and that in periods of relatively low prices credit activity diminished. Significantly perhaps, the collapse of wool prices in the 1720's, which merged, a decade later, in the so-called agricultural depression of the early eighteenth century, saw a marked contraction in money-lending as a percentage of the aggregate valuation of the inventories. On the other hand, the median value of inventories continued to increase, albeit marginally, in this period. The implication is that the more substantial members of the rural community reduced their commitments sufficiently to maintain their own consumption levels in a period of stagnation of trade. Since one of the commonest complaints among agriculturists in the periodic runs of low prices from the 1660's onwards was concerned with their illiquidity—and rent arrears almost invariably increased quite sharply at the same time—the true bearing of these complaints may conceivably have been credit contraction within the village community.

Conclusions about the structure and functioning of the credit system as it appeared to operate in post-medieval England to some extent remain tentative. The system was probably not unique among pre-nineteenth-century agricultural societies, and an important area of research not yet opened up lies in the field of comparative history. In England, the combination of a considerable surplus above immediate consumption for a broad spectrum of agrarian society, at least in a long period analysis, the habit of using the surplus as credit, and the wide diffusion of lending among country people, was of particular importance in the process of economic development. Savings may not have equalled investment but the peasant proclivity for hoarding gold under the bed was not very pronounced. The apparently heavy commitment to consumption in the exploitation of these credit facilities may not have been an ideal component in the development of a capital market, but since credit facilities in rural communities formed a more or less integrated system by 1700 the most important consideration was the *will* to lend, not the destination of particular loans.

¹ Holderness, 'Rural Society . . .', *loc. cit.*, chs. III, VII. An amended version of this analysis will eventually be published in *Midland History*.

Socially, too, the system had its advantages. Not only were few individuals able to monopolize credit facilities, but a sort of cadre of professional money-lenders did not develop, even among the attorneys, outside the great towns. This was less socially dangerous than in societies where village wealth was rather less evenly divided. Furthermore, the English suffered no disorientating social experience caused by money-lenders and village merchants being aliens, like the Jews of central Europe, the Hindu and Chinese traders in the East Indies, or the Gujaratis and Chettiars in Indian village communities. The "foreignness" of the local financier is as much a cause of social unrest as his alleged rapacity. The English village, in this respect at least, was much more cohesive.

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