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Esther Sahle  
London School of Economics

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## Abstract

During the late seventeenth century the Atlantic trade experienced unprecedented growth. The New Institutional Economists attribute this to the emergence of new institutions for property rights enforcement. During this period, Quakers emerged as the region's most prominent trading community. This paper constitutes the first study of the London Quaker community. In contrast to the literature, claiming that they enjoyed a competitive advantage due to their church's formal institutions for contract enforcement, this paper argues that Friends' formal institutions for contract enforcement emerged only after 1750. This constituted a response to contemporary concern about debt.

**Keywords:** Institutions, Quakers, Early Modern Trade, Merchants, Religion, Atlantic

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## **Quakers, Coercion and pre-modern Growth: Why Friends' Formal Institutions for Contract Enforcement Did Not Matter for Early Atlantic Trade Expansion.**

During the late seventeenth century the Atlantic trade experienced unprecedented growth. The New Institutional Economists attribute this to the emergence of new institutions for property rights enforcement. During this period, Quakers emerged as the region's most prominent trading community. This paper constitutes the first study of the London Quaker community. In contrast to the literature, claiming that they enjoyed a competitive advantage due to their church's formal institutions for contract enforcement, this paper argues that Friends' formal institutions for contract enforcement emerged only after 1750. This constituted a response to contemporary concern about debt.

Quakers occupied a central place in business when Britain emerged as the world's leading trading nation. While constituting at most 1.6 per cent of London's population, they accounted for 17.24 per cent of its overseas merchants in the 1690s and 2.4 per cent of the metropolis' richest traders.<sup>1</sup> According to Hannah (2000, pp.290,3,7), Quaker institutions helped 'create a climate conducive to rapid economic growth' in early modern England.

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<sup>1</sup> I arrive at these numbers by comparing the findings of various authors: Perry Gauci compiled a database of London merchants based on tax returns in the 1690s, when wealthy merchants had to pay an extra levy, Gauci, Perry, Merchant Database, Centre for Metropolitan History. Simon Dixon (2007) estimated that there were at most 8000 Quakers in London in 1700. Nuala Zahedieh (1999, p.155) identified ten Quakers among the 59 leading merchants of the 1686 London port books. See also Jordan Landes (2011). On Quaker success in commerce see Arnold Lloyd, (1950, p. 72); Paul Emden (1940) and Robert Davison (1964); Richard Grassby (2001, p.70); Gary S. De Krey (1985); Julian Hoppit (1987, p.15); James Walvin (1997, p.207)

Trade in the Atlantic in the late seventeenth and early eighteenth centuries was framed by the navigation acts, but otherwise organised privately (Joseph Adelman 2013). Merchants in England and the colonies bought and sold goods for each other upon commission. State institutions for property rights enforcement in the colonies were weak and debt collection in the colonies notoriously difficult (Gary Nash 2005, p.98; Zahedieh 2010, Ch.2; Paul Butel 1999, Ch.6). Merchants therefore struggled with the fundamental problems of exchange: information transmission and contract enforcement. Yet, in the late seventeenth century, the Atlantic witnessed an unprecedented expansion of trade (John McCusker and Kenneth Morgan, 2000; David Hancock, 2000; Morgan 2000, pp.36-64; Menard Russel 2000, pp.154-162; Jacob Price 1996, Section 1). Economic historians often attribute this growth to institutional innovations. Moreover, these same institutional changes are held responsible for the succeeding diverging economic development and present day global inequality. Details of these transformations however remain disputed. While Deirdre McCloskey (2006) argues for a cultural change consisting of a new appreciation of middle class virtues and entrepreneurship as the crucial factor, Joel Mokyr (2009) regards the impact of enlightenment ideas as leading to new positive attitudes toward science and innovation as a key factor. The New Institutional Economics in contrast emphasises the importance of new institutions for the enforcement of property rights for this development (Robin Pearson and David Richardson 2008; Daron Acemoglu, Simon Johnson, and James A. Robinson 2005; Acemoglu and Johnson 2004; Ha-Joon Chang 2011; Nathan Nunn 2009; Douglass North and Robert Thomas 1973; North 1981; North 1990; Acemoglu, Johnson and Robinson 2002; Gareth Austen 2008; North and Barry Weingast 1989; Abhijit Banerjee, and Lakshmi Iyer 2005).

Perhaps the most widely discussed analysis of the link between institutions and commercial development has been offered by Avner Greif (2006). He analysed the informal institutions underlying trade expansion during the commercial revolution in the weak state environment of the medieval Mediterranean. The Maghrebi merchant community formed a 'coalition' in which members shared information and enforced contracts through a multilateral reputation mechanism.

This enabled members to stay abreast of developments and collectively monitor each other's conduct over long distances. A breach of contract would lead to ostracism from the community, breaking their economic and social ties with the individual. The multilateral reputation mechanism enabled individual merchants to conduct transactions with people they did not know personally, but about whom they learned by fellow community members, thus multiplying opportunities for business.

Greif's work sparked a wave of literature on informal institutions facilitating trade expansion in different parts of the pre-modern world.<sup>2</sup> Edward Stringham (2004) found that short trading and speculation at the Amsterdam bourse was based on a multilateral reputation mechanism among brokers. Saumitra Jha (2013) analysed the evolution of informal institutions enabling inter-religious trade in early modern India. Tetsuji Okazaki (2005) found Greif's mechanism behind trade expansion in eighteenth and nineteenth century Japan, where merchant guilds operated based on reputation mechanisms and the threat of ostracism.<sup>3</sup>

Multilateral reputation mechanisms faced limitations however. Membership of the networks operating them was based on non-economic criteria which limited the number of possible trading partners, and hence the degree of market expansion. Bases for group identities could be ethnicity, kinship or local origin. Bernard Bailyn (2005, p.96) and Zahedieh (1999) found that in the early

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<sup>2</sup> Greif's model has been criticised amongst others by Goldberg (2012) who showed that the Maghrebis did not rely on private order institutions alone but utilised the court systems of the countries they operated in. Recently Regina Grafe (2014) and Grafe and Oscar Gelderblom (2010) have joined the debate arguing that trade expansion in the Atlantic was enabled by merchants using private and state institutions complementarily. They attribute the sixteenth century revival of the woollens trade between England and Spain and the rise of Bilbao as the most important northern Spanish port on these developments.

<sup>3</sup> See also, pre-dating Greif's work Janet Tai Landa (1994)

modern Atlantic religion was a particularly important basis for merchant networks, with Quakers presenting a paradigmatic case of religion generating economic benefits to its members.<sup>4</sup>

To explain how pre-modern merchants may have overcome the limitations faced by trade based on informal networks and reputation mechanisms, work on more extensive and heterogeneous commercial environments has centred on more formal institutions. Thus, Greif, Paul Milgrom and Barry Weingast (1994), and Milgrom, Douglass North and Weingast (1990) argue that the inefficiencies of reputation mechanisms caused by lack of quality information and coordination of collective action were solved by medieval merchant guilds and trading fairs, where formal administrative bodies gathered, verified and distributed information. They coordinated collective responses by the merchant members and ostracised offenders.

Their work corresponds to the literature on Quakers in business. Fredrick Tolles (1948), Arthur Raistrick (1950), and James Walvin (1997) amongst others have attributed Friends' commercial success to their community's reputation for honesty. Friends regarded honesty as a core virtue, and Friends were expected to honour contracts and repay all their debts.<sup>5</sup> However, honesty was not just a norm. According to the literature, the Society of Friends provided a formal enforcement mechanism that sanctioned members' breaches of contracts, whether the transaction was with another Friend or an outsider (Hannah 2000, pp. 290-7; Tolles 1948, pp. 73-74; Isabel Grubb 1930, p.90; Walvin 1997, pp. 33, 72-73; Edward Milligan 2007, p.582; Raistrick 1950, p.46; Arnold Lloyd 1950, p.37; Prior & Kirby 1993, pp. 74-76). The result was reduced risk for anyone conducting transactions with Friends, making them desirable business partners for Quakers and non-Quakers alike. This provided Friends with a competitive advantage.

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<sup>4</sup> See also Laura Jarnagin (2008)

<sup>5</sup> See Epistles of the London Yearly Meeting (hereafter LYM) 1692, 1703, 1708, 1724. From 1675 onwards LYM issued annual letters, called epistles. They are preserved for almost every year, with the exception of the period 1677-81. Passages of these epistles have been published regularly in the 'Book of Extracts' since 1782 and form the basis of the Society of Friends' discipline.

This paper explores the empirical basis for the argument that the Quakers enforced honesty among their members and that this generated commercial success. I focus on Quaker institutions, not the norm of honesty per se, as this is their distinctive feature, and take repayment of debts as a crucial indicator of contract enforcement and Quaker expectations of honesty. By exploring the scale of enforcement, the significance of debts in Quaker references, and their punishment of known bankrupts, I show that the Quakers' formal institutions cannot be the explanation for their early commercial success.

This analysis relies on an examination of a large volume of evidence on the sanctioning of malpractice by the Society's London meetings. I find first, that these only began to regularly sanction any form of disciplinary breaches after 1750. Moreover, they first sanctioned bankruptcy in 1754, and then increasingly in the following decades. In order to ensure that these results are not coincidental, I undertook a second study, employing another, independent set of sources. The Society required Friends to obtain certificates of removal, character references, upon changing residence to a different neighbourhood, town or country. These contain information about the individuals' general conduct, as well as in many cases their state of solvency. This provides us with an image of the Society's evolving attitudes towards bankruptcy and insolvency irrespective of malpractice. Analysing several hundred certificates received by London meetings confirmed the results from the study of sanctions: the certificates provide information on solvency regularly only from 1750, and increasingly thereafter. As a final test of the Society's commitment to monitoring and sanctioning bankruptcies, I identified a sample of insolvent and bankrupt Quaker merchants from the London Gazette and chancery docket books and compared them to the meetings' sanctioning records. Strikingly, I found evidence for several instances of meetings being aware of bankruptcies but failing to act upon them. These results expose a crucial institutional change within the Society of Friends in the mid- eighteenth century. I interpret this as a response to changing attitudes towards debt and bankruptcy in greater British society in this period. The decades after 1750 saw an increased public debate on credit and private debt, as well as soaring numbers of

bankruptcies. My three studies provide convincing evidence for this crucial institutional transformation taking place in response to the exogenous factors in the Atlantic's most eminent trading community.

The Society's formal institutions did not enforce contracts prior to c.1750. Therefore they cannot have caused the Quakers' reputation for honesty and lowered transaction costs during the crucial phase of trade expansion in the Atlantic in the late seventeenth century. What is more, they cannot have had a positive impact in shaping the economic environment of Britain in this period.

Quakers are a dissenting group which emerged from the English Civil War in the 1640s (William C. Braithwaite 1955; Meredith Baldwin Weddle 2009; Barry Reay 1985; Norman Crowther-Hunt 1961; Margret Hirst 1922; Judith Hurwich 1970; Geoffrey Cantor 1997; A.T.Gary 1935). Their core belief was the possibility of direct communication of individuals with God, therefore they are considered a mystical branch of Protestantism. Membership peaked in 1700, including approximately 50,000 Friends (Tolles 1951). At this time, Quaker meetings could be found all over the Atlantic world, including the British Isles, North Sea and Baltic countries, the North American colonies and the Caribbean (Sunne Juterczenka 2011).

Their formal organisation, the Society of Friends, was a hierarchically organised body of meetings. It was headed by the LYM, followed by the Quarterly meetings, which consisted of representatives of the monthly meetings (hereafter MM). The MM in turn were made up of representatives of local meetings for worship in an area (William C. Braithwaite 1955, 1961).

The duties of the MM included the enforcement of Quaker discipline amongst the congregations they represented. Based on information gained from questioning suspects and witnesses, they administered sanctions. They enforced rules through two types of sanctions: First, there were self-condemnations. These constituted public repentance by Friends for a breach of the



discipline. From the Society's London records, it appears that few of those who demonstrated repentance in this form were later disowned. Self-condemnations make up only a small fraction of overall sanctions, and are found foremost in the seventeenth century. Second and more importantly, there were disownments. These constituted a form of ostracism, in which the Society publicly and in writing declared its disunity with an individual. The procedure of these was as follows: An individual was reported to the MM for a transgression. The meeting appointed a committee to make inquiries. The committee members visited the accused at their home and questioned them. In addition, they questioned witnesses. They reported back to the MM. If the person was found guilty of breaking the discipline, he or she was no longer considered a Friend. They were banned from attending MM and receiving poor relief.<sup>6</sup> This procedure often took several months. Disownments were documented by the meetings as 'testimonies of denial'. London and Middlesex MM circulated copies of testimonies of denial amongst themselves.

According to the literature, MM particularly controlled the conduct of business and the diligent settlement of debts. The reason for this was that Quakers regarded honesty as a core virtue, and Friends were expected to keep all promises. Business people were held to enter only into contracts they could be certain they would be able to fulfil. This required being risk adverse. This rule was reiterated regularly in the correspondence of the LYM and in the Book of Extracts, containing the Society's discipline since 1692:

'the payment of just debts be not delayed (...) nor any to overcharge themselves with too much trading and commerce beyond their capacities to discharge a good conscience towards all men: and that all Friends concerned be very careful not to contract extravagant debts, to the endangering and wronging others and their families (...) nor to break their promises, contracts, or agreements, in their buying and selling...'. (Book of Extracts, Epistles 1692, p.50; 1703, p.84; 1708, p.97; 1724, p.138).

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<sup>6</sup> They were however not banned from attending meetings of worship. Occasionally, formerly disowned members were reinstituted upon application at a later time.

Conforming to eighteenth century sensibility, Friends distinguished between instances in which fault lay with the individual and those in which external circumstances were the cause.<sup>7</sup> In the latter case, no disownment took place.

The literature has emphasised Quaker meetings' enforcement of debts. Hannah (2000, pp.290-7) argued that 'Quaker discipline was direct, relentless, comprehensive and intrusive,' and that 'the power to enforce implicit contracts through the (...) meeting gave a special competitive advantage in (...) long-distance trade'. Tolles (1948, pp.73-4) claimed that Philadelphia meetings disowned all those who refused to give up all their possessions to their creditors (also Isabell Grubb 1930, p.90). Walvin (1997, pp.33, 72-73) argued that an 'efficient bureaucracy was put to work to ensure that even the humblest of Friends accorded with Quaker standards' (equally Edward Milligan 2007: 582; Raistrick 1950: 46).

However, the empirical basis for these views is remarkably thin. For example, neither Hannah (2000) nor Tolles (1948) include references to cases of disownments for debts. Walvin (1997, p.73) largely relies on Pressnell's 'Country Banking' for evidence that in Norwich, 60 insolvencies became subject to investigation from 1701-73. L.S. Pressnell (1956) in turn named as a reference A. Eddington's (1936) transcript of the Norwich monthly meeting's eighteenth century minutes. Upon consultation, it appeared that there were in fact only 29 cases of dealings for debts, insolvency or bankruptcy, involving 33 individuals. 22 of these cases lead to disownments. Only two cases fell into the period before 1750, neither leading to a disownment. Norwich's first disownment for debt occurred in 1755. Beyond this, Walvin (1997, p.74-5) narrated three further instances of York Quakers who in the eighteenth century were pressured by their meeting to repay their debts. Similarly, Lloyd (1950, p.37) provided one example of an investigation into debt by a meeting from 1673. Prior and Kirby (1993, p.74-5) cited four cases during the eighteenth century in which a Leeds

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<sup>7</sup> For mainstream attitudes towards this issues, see for instance Blackstone, William (1979, pp.471-73). The same distinction made in laws of Holy Roman Empire since sixteenth century, see Paul Fischer (2013, pp.178-9)

meeting oversaw the repayment of debts. Only one of them took place before the mid-century, in 1721.

Two problems appear with the literature: First, the Society's involvement in business is treated as static. Thin evidence from the seventeenth to nineteenth centuries is used indiscriminately. Second, there have been no studies of Meetings' capacity to capture misconduct. Therefore, Prior and Kirby's (1993, p.73) conclusion that 'the close internal control exercised by the Meeting in the oversight of debt is of considerable importance to the Quaker success story' seems premature (equally Walvin 1997, p.79).

In 1700 between 5000-8000 Friends lived in London (Dixon 2007). They were organised in six monthly meetings. Extensive records survive for five of these.<sup>8</sup> These include the minutes of meetings from the formation of the monthly meetings in the second half of the seventeenth century to 1800. The minutes contain evidence of proceedings of the meetings, including their disciplinary activities. They are too extensive to be analysed in total. Fortunately, all meetings also kept separate records of sanctions alone. They include sanctions of the meetings' own disciplinary actions, as well as copies of testimonies of denial received from other meetings. The years covered by the collections differ, they all begin in the later decades of the seventeenth century and end c. 1790.<sup>9</sup> I

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<sup>8</sup> The records of the sixth, Gracechurch Street MM, were lost in a fire.

<sup>9</sup> The Horsleydown 'Book of Disorderly Walkers, 1728-1783' and subsequent volume, 1784 -1805, include a total of 254 cases. I have counted all up to and the year 1800. They contain 221 disownments, 23 self-condemnations, and ten resignations of membership, the latter were not included in the final overall sanctions count. A comparison of the rough minutes of meetings, the fair minutes of meetings of Horsleydown MM, and the Book of Disorderly Walkers for the year 1750 showed that all of Horsleydown's own disownments were recorded in the Book. They failed to include, however, disownments which were reported from other monthly meetings. The Peel MM recorded sanctions for the period 1676-1773 in a ledger misleadingly titled 'Book of

indexed the sanctions recorded in these separate collections by all five meetings, and found that the vast majority of them appear two or three times, indicating a great degree of completeness of sanctions for all London meetings, including those of Gracechurch Street.<sup>10</sup>

My sample consists of 939 cases. Among these, I counted all instances related to honesty.<sup>11</sup> These contain cases of embezzlement, theft, and fraud, including such by servants of their masters. The vast majority of these however relate to insolvency and bankruptcy, which therefore serve as a

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Sufferings 1753-1773'. This comprises the Peel's own dealings and disownments up to the early eighteenth century, followed exclusively by disownments reported by other MM. Westminster MM's 'Condemnations' include 30 self-condemnations, between 1666-1777, all from Westminster MM itself. Devonshire House MM sanctions include 46 cases from 1688-1740, most of these are the meetings own sanctions, plus a few testimonies of denial from Ratcliff MM and Bull & Mouth MM. The most extensive source is the collection of testimonies of Ratcliff MM. These include 670 testimonies of denial by all London MM for the period 1697-1784. Moreover this collection contains 71 resignations of membership, which I did not include in the final total sanctions count.

<sup>10</sup> From 1734 - 1794 the London Six Weeks Meeting fulfilled the task of circulating copies of Testimonies of Denial among all London and Middlesex Meetings. Beck and Ball collected Testimonies of Denial registered by the Six Weeks Meeting. They counted 818 Testimonies of Denial. Relying on my sources, the records of the individual monthly meetings, I collected 750 testimonies of denial for the same period. In addition, I found 37 cases of self-condemnations for these years. The six weeks meeting did not record self-condemnations. Moreover, I found 56 Testimonies of Denial, 57 self-condemnations as well as one letter warning a meeting about a fraudulent Friend on his way to London for the period 1670 to 1734. I also found 24 additional Testimonies of Denial for the years between 1795-1799 and one additional self-condemnation in this later period. In total I have 139 more instances of sanctioning activity than Beck and Ball. Mine is also the first study covering the seventeenth and early eighteenth century. This provides a much better basis for analysis of the institutional change the Society underwent in this period than has been available before.

<sup>11</sup> The most common reason for both self-condemnations and disownments was however marriage outside the Society; other reasons included alcoholism and immorality.

proxy for commercial misbehaviour. There are 168 cases relating to honesty, constituting 17.9% of the total. Among these are four self-condemnations, the remainder are testimonies of denial.

Figure 1

The overall number of sanctions before 1750 was extremely limited: only 146 cases, or 15.6% fall into this period. Moreover, the number of sanctions related to honesty was tiny. This period saw only 19 cases related to dishonesty, constituting 11.3% of the total of this category.

The first testimony of denial referring to dishonesty was issued in 1694 by Devonshire House meeting against Elizabeth Nichols, who

‘under ye pretence of having visions, & hearing voices yt speak locally to her, has presumed through dreams & imaginations to charge divers notorious forgerys, falsehoods & reproaches upon several honest people....also works in her to report by fire & sword the destruction of this nation, such false predictions of hers we doe reject...’ (Devonshire House Certificates Vol.1).

Joshua Stephens of Broad Street, in 1699 was disowned for having

‘been prevailed upon through ye subtilty of ye devil to fall into many snars in matters relating to conversation and trade of which he was timely caution’d and advis’d, but not regarding ye counsel of his friends, he persisted and run into many irregularities’ (Peel Sufferings, No.37)<sup>12</sup>.

The 19 sanctions included three self-condemnations.<sup>13</sup> One is the testimony of William Clark of the Bull & Mouth meeting, who in 1711 regretted

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<sup>12</sup> Some of the testimonies included in the Peel ledger are numbered, but not all. Equally, some volumes of minutes of meetings are numbered, but not all. I have included numbers where available.

‘going into bonds for others & contracting of debts beyond my power to answer (...) for my going into a privilege’d place contrary to ye known order of friends.’ ( Peel Sufferings No.32).

The term ‘bonds for others’ refers to joint securities, which at the time were regarded as risky and hence controversial. Defoe expressed concern about these in 1726, when he advised tradesmen ‘Never [to] be bound to another tradesman for a debt’ as this was ‘reason for a tradesman’s frequent ruin’ (Daniel Defoe 1738). ‘Going into a ‘privelege’d place’ refers to one of London’s debtors’ sanctuaries. Until 1723 several areas in London, such as the Mint in Southwark granted fugitive debtors indefinite protection from their creditors (Nigel Stirk 2000, p.175; Defoe 1738, p.58).

In this period none of those whose self-condemnations were recorded appear to have been disowned. Repentance was a way of avoiding ostracism.<sup>14</sup>

Moreover, it is noteworthy that among the pre-1750 sanctions related to business and financial matters, debts played a minor role. Anti-social behaviour such as fraud and drinking to excess were the prime causes for the sanction. Debts appeared merely as a contributing factor. Nathan Tillotson in 1749, for instance, had been guilty of

‘drinking to excess, gaming, and other evils, and late absconded from his family and creditors with great part of his effects, and left his wife and child in a very miserable condition destitute of subsistence’ (LSF Southwark Manuscripts, Vol.1, p.72).

James Hoskins in 1722 was disowned for absconding from his creditors and ‘wickedness’ (LSF Peel Sufferings, No.47). George Roberts was disowned after

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<sup>13</sup> The other cases were 15 testimonies of denial and one letter from a meeting in Cork, warning London meetings of a fraudulent Friend who had absconded from his creditors in Ireland and was believed to presently be on his way to London.

<sup>14</sup> There is one later case in which a self-condemnation was regarded as insufficient: Joseph Lovell, Peel 1763, in Ratcliff Testimonies

‘the Testimonies & Evidence of several credible Persons were given in against him, face to face, importing that he the said George Roberts, pretending skill in Alchymistry, or the act of transmuting & working metals to great advantage, did by false & deceitfull speeches, covered with a pretence of Charity & Religion, delude, ensnare, & draw in the said Persons, to erect a large & costly Laboratory or Workhouse, and to make vain & costly experiments, to their very great loss and detriment...’(LSF Ratcliff Testimonies, 1729).

Nothing in the evidence suggests that London monthly meetings were very active in sanctioning their members in this period. Neither does the evidence point towards a particular interest in debts.

This changed around the middle of the century, when the meetings’ disciplinary actions increased dramatically: 84.5% of overall sanctions, or 793 instances, occurred from 1750-1800. The vast majority of these were disownments. 32 self-condemnations also fell into this period, only one of which related to business (LSF Horsleydown Book of Disorderly Walkers, William Roberts, 1771). Moreover, the number of disownments for business offences increased dramatically: I counted 148 instances, constituting 88.7% of all honesty related sanctions. Debtors’ conduct continues to be important, as illustrated by the case of Jane Clark who in 1762 was disowned for having herself ‘arrested in a friendly action and took the benefit of the compulsive clause in the late act of parliament for the relief of Insolvent Debtors, by which means her Creditors were deprived of their just Debts’ (Ratcliff Testimonies, 1762).

Eighteenth century debt law allowed creditors to pursue either the person or the property of a debtor. As soon as any creditor had a debtor arrested, all of that debtor’s creditors lost their right to proceed against his or her property. Debtors could, therefore, protect their property and gain leverage in negotiations with their creditors by having themselves arrested in ‘friendly actions’ (John Sainsbury 1995, p.16; Hoppit 1990). Parliament passed 20 temporary insolvent debtors relief acts in the eighteenth century, in order to empty the crowded gaols (Paul Haagen 1983, p.227-8). The Society judged Clark’s conduct as dishonest and fraudulent, in spite of it being legally sound.

Importantly however, in the second half of the century, debts began to appear as the main and even sole reason for a disownment. William Smith's 1760 disownment constitutes the first instance of this. He had

'...launched into Trade & Business beyond his own Capital & ability to manage, with reputation, whereby he hath frequently been tempted to break his word & fair promises & at last hath failed & fell short of paying his just debts, to the loss & damage of many honest & industrious persons.' (Peel Sufferings, 1760)

This period also witnessed the first ever disownment for bankruptcy: In 1754 Horsleydown MM was

'informed that Jonathan Hobson is become a Bankrupt (...) found his conduct hath been very blameable & scandalous, having contracted Debts when he was not able to pay; Also his conversation hath been at times very disorderly in being overcharged with strong Liquor, to the great Scandal and Reproach of himself, and the Society' (Horsleydown Book of Disorderly Walkers, 1754)

and decided to testify against him. Bankruptcy legislation remained largely unchanged from 1704 until the end of the century. In order to be declared bankrupt, three requirements had to be met: you had to be a trader, i.e. make your living through buying and selling, you had to owe debts of at least £100 to one creditor, £150 to two or £200 to three creditors or more. Third, you had to have committed an act of bankruptcy, i.e. the unreasonable evasion of your creditors' just demands for repayment (Hoppit 1987, p.36; Kadens 2010).

In 1759 Gracechurch Street meeting disowned Benjamin Titley, who

'did embark in and pursue divers hazardous and unwarrantable schemes of Trade, whereby he became greatly embarrassed in his circumstances and was guilty of many fraudulent practices to support his credit, which at length being discovered, he clandestinely absconded from his family &



creditors, and has not appeared to a commission of bankruptcy taken out against him' (Ratcliff Testimonies, 1759).

Bankruptcy became an increasingly common cause of disownment in the 1770s and 1780s. William Crawley was disowned by Peel in 1782, for having fallen

'into ambitious pursuits, and engaged in trade beyond his capital, and ability, to manage, (...) he proceeded therein till he became a bankrupt, to the great loss of his relations, other creditors, and reproach of our self-denying profession' (Ratcliff Testimonies 1782).

The same year Devonshire House testified against John Fincham, who 'fell into disorderly conduct, by means of which he became embarrassed in his circumstances, and at length declared a Bankrupt...' (Ratcliff Testimonies 1782). Whereas John Bangs 'through imprudent & extravagant conduct involved himself in Debt, considerably beyond his ability to discharge, and in consequence thereof has been declared a bankrupt...' and was disowned by Westminster in 1783 (Ratcliff Testimonies 1783).

Aside from their offences, we know little about those who were disowned. In 74 cases some indication of profession could be identified, either from the testimonies of denial themselves, or from the meetings' vital records. They include several apprentices and servants, merchants and factors, as well as drapers, tailors, two watchmakers and one surveyor of ships. For others we have some indication of how they made their living because they were disowned for bankruptcy, which only applied to traders, or for 'trading beyond their means.' As they were disowned for debts, bankruptcy and fraud, there is a bias towards business people in this group. Descriptions of professions in this period were not clear cut, as many people pursued a variety of occupations simultaneously. Moreover, we have no information on their incomes. However, the information we do have indicates a predominantly middle class background for this group.

Furthermore, the disownments include cases of individuals both from the core and periphery of the Society. Some were officers of meetings, such as Joseph Lovell, officer of Peel MM, disowned in 1757 after becoming a bankrupt (Peel Sufferings 1757). Benjamin Rickman, merchant, and officer of his monthly meeting, was disowned by Horsleydown MM bankruptcy in 1771, and John Wallis, who was disowned by Peel MM in 1787 and 'who from his station in the church ought to have set a better example' (Ratcliff Testimonies 1771, 1787). Others had lost touch with the Society, such as John Haylor, disowned by Horsleydown MM in 1762, who had been 'absent from meetings for some years,' which was also true of James Richardson and his wife in 1786 (Horsleydown Disorderly Walkers 1762, 1786, equally Joseph Pearce, Horsleydown MM 1760; George Rand, Devonshire House MM 1786; Thomas Benwell, Westminster MM 1786).

What unites them is that their insolvencies and bankruptcies are identified by the meetings as the consequences of a failure to adhere by the discipline. All those who were sanctioned acted dishonestly. They broke the promises they made to their creditors, either by taking undue risks in their businesses, or taking advantages of loopholes such as debtors' sanctuaries or debtors' relief acts in order to avoid repaying their creditors. The limited number of cases before 1750 emphasised dishonest behaviour independent from insolvency and bankruptcy. Dishonesty was admonished in the same breath as alcoholism, vanity and extravagance. These weaknesses led individuals to violate the discipline and thereby caused their disownments. Bankruptcy emerged in the Quaker mind as a symptom of dishonesty only in the later decades of the eighteenth century.

The lack of sanctions for bankruptcy and insolvency before 1750, as well as their rapid increase thereafter were unexpected and have not been recognized by the literature. The change in mid-century may have reflected a broader change of attitude towards debt in the Society. Fortunately, there is a way to examine how Quakers viewed the significance of debt to individual character in cases that did not involve misdemeanour. For this another set of records from the vaults at Friends House were used.

Since the seventeenth century, Quakers who moved from the compass of one meeting into that of another were requested to obtain certificates of removal from their home meetings. Upon arrival at their new residence, they would hand in this certificate to their new monthly meeting, and be received into the community.<sup>15</sup> 676 certificates received by four of the London monthly meetings, Devonshire House, Ratcliff, Horsleydown and Westminster, survive for the years from 1680-1809. Certificates in these collections stem from all over England, Scotland, Wales, Ireland, and North America.<sup>16</sup>

## Figure 2

In the early decades of the eighteenth century certificates only rarely mentioned debts, and only if an individual had failed to pay them. Such was the case of Miles Walker and his wife, members of Devonshire House MM, who obtained a certificate upon their removal to Nunington in Kent. Devonshire House Friends certified

‘that after due inquiry made we do not find but that he & his wife have been of a sober conversation though he hath met with disappointments in the world under which circumstances he advised with

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<sup>15</sup> This policy closely followed the contemporary Settlement Acts which, as part of the Old Poor Law, regulated in which parishes English paupers were entitled to settle and receive poor relief. See for instance James Taylor (1976). The Quaker literature thus far has not recognized this connection.

<sup>16</sup> In 1700 for instance, four certificates received by London meetings survive: One from Horsleydown MM to Devonshire House MM, one from Burton, Yorkshire, to Devonshire House MM, one from Settle, Yorkshire, to Ratcliff MM, one from Suffolk to Ratcliff MM. In 1770 13 certificates were received and survive, from twelve different locations, including one from New York, one from Edinburgh and the others from places across England, including greater London and Yorkshire.

Friends in accommodating his Affairs and their removal is with our consent and in unity with us and as such we recommend them to you' (LSF Devonshire House Certificates of Public Friends, 1734).

Later, confirmation of clearness of debts became commonplace, as in this certificate sent from Brighthouse MM in Leeds to Horsleydown MM in 1771, on behalf of Ann Kellet:

'This may certifie that two Friends were appointed to make the necessary enquirey who report that they find nothing but her conduct has been orderly, that she left us free from Debts & Marriage engagements' (Southwark Book of Disorderly Walkers, 1771).

By the end of the century, the majority of certificates confirmed the bearer's solvency. It became one of three attributes mentioned regularly in the certificates. In addition to information about an individual's marital status and the confirmation of the orderliness of their conversation, which are included in the certificates from the earliest days, information about solvency came to be considered part of the essential information required by a meeting about a new member. The certificates reflect the same increased interest in debts as do the sanctions. This evidence supports the evidence of the sanctions that the Society of Friends' attitude towards debt underwent a significant transformation in the second half of the eighteenth century.

The major limitation of the existing literature on the sanctioning of business failure by the Society is its reliance on internal sources, and this critique can be equally applied to the evidence presented here so far. We learn only of those cases of breaches of the discipline which were dealt with by the meetings. There has been no attempt to measure meetings' capacity to capture transgressions. The increase in overall sanctions, as well as those for debts and bankruptcy may reflect a decline of honesty and an increased laxness towards the discipline among the congregations. Friends may simply have been more disciplined in the seventeenth and early eighteenth centuries than in the later period. In order to address this issue, a comparison of Quaker

records to external records of the kinds of business misbehaviour they were thought to have sanctioned is required. For business failure, the public records on bankruptcy procedures can be used. If the Society of Friends effectively sanctioned business misbehaviour throughout this period, we would expect to find that bankrupts are among those sanctioned – and that few Quakers ever became bankrupt.

Information on those charged with bankruptcy was found in the London Gazette and in the docket books of the office of the Lord Chancellor, as well as in the secondary literature (Gauci 2001, p.45). The Gazette began to list bankruptcies in the 1680s.<sup>17</sup> It mentions the name and town or county of residence of the bankrupt. The docket books survive for the period 1710 to 1764. They contain the names, occupations and residences of bankrupts as well as the names and sometimes occupations and abodes of the creditors suing them for the period 1710-1764.<sup>18</sup>

#### Table 1

To establish how the Society treated Quaker merchants who were bankrupt, I began by identifying a sample of 150 Quaker merchants from Quaker birth, marriage and burial records.<sup>19</sup> I

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<sup>17</sup> How thoroughly this was implemented is unclear. However the Gazette published several cases per week. As it is also the only source for the seventeenth century and first decade of the eighteenth century, it has to suffice.

<sup>18</sup> The Docket Books continue after this date, but from then on include only names of the bankrupts, making it too difficult to identify individuals.

<sup>19</sup> The source used here is a database developed by the Quaker Family History Society (hereafter QFHSDb) using Quaker digest registers of births, marriages and burials held at the LSF. The QFHSDb was also used to identify the merchants' monthly meetings. As the community was small – less than 8000 at its peak in 1700 and subsiding thenceforth – a sample of 150 individuals for one occupational group is a decent size.

then compared their names to the individuals who appeared as bankrupts or insolvents in the Gazette and the docket books.

From these sources, I identified eight Quaker merchants who became insolvent and bankrupt in the period 1697 – 1761 (table 1). They are a diverse group in every respect. The vast majority went bankrupt in the earlier half of the century. Some were established members of London's business community. Joseph Strutt, the earliest case, was a Barbados merchant, trader in coffee and chocolate, and freeman of the City of London. He was incarcerated in the Fleet prison for debts in 1697, but never declared bankrupt. After his release he quit trading and became a ship builder instead (Fleet Prison commitment books, PRI510/157 July 1697; Gauci 2001, p.45). Ormston and Hitchcock appear in the 1695 census of the Inhabitants of London within the Walls. They are listed there as owning wealth of £600 or more, which is the highest income category in the census (D. Glass, 1966). The merchants belonged to different generations, and had different local origins. Ormstone stemmed from a Scottish merchant family, the Coysgarnes from Bristol. There appears to be no relationship between their social standing, their closeness to the Society or any other aspect of their personal or business lives to the way the Society dealt with their failures.

Having established a group of traders who should, if the Society acted as a contract enforcing agency, be subject to investigation and punishment, I searched the records of the merchants' monthly meetings for references to their insolvencies.<sup>20</sup> The results were striking: First, none of the merchants were sanctioned for their failures. What is more, none of them were even investigated. James Farmer was partner and London agent for the Birmingham gun manufacturers Farmer & Galton. They were one of the biggest gun manufacturers of the time and main supplier to the African company (W.A. Richards 1972). We learn from the certificate issued to him years later for his removal back to Birmingham

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<sup>20</sup> The search included the year the bankruptcy appeared in the Gazette or docket books, as well as the year immediately before and after. In addition, I searched the meetings' collections of disownment records.

‘that by the late dreadful Earthquake at Lisbon, He sustained so great a Loss, as to Insolve his Estate, which otherwise would have been equal to the payment of all his Debts, and a large Surplus remaining.’ (Devonshire House MM, Certificates Issued).<sup>21</sup>

Yet, the records hold no indication of questions being asked by the meeting at the time. Upon his bankruptcy, the partnership with Galton was dissolved. However he managed to return to business and re-join the partnership later (Papers relating to the financial affairs of Farmer & Galton 1754-1770).

Second, in three instances there is evidence that the meetings were aware of their members’ bankruptcies, yet none the less failed to act upon this information. Devonshire House MM knew about Farmer’s bankruptcy, as his brother in law was an officer of the meeting.<sup>22</sup> William Lovell in 1721 was sued by ‘Richard How of Gracechurch Street, linen draper, and John Eccleston’, his partner (Docket Books, Vol.5, 18.5.1727).<sup>23</sup> Eccleston had been an officer of the Society’s Six Weeks Meeting since 1713, a role in which he regularly interacted with officers of Lovell’s Gracechurch Street Meeting.<sup>24</sup> The creditors suing Joseph Coysgarne the Younger for bankruptcy in 1752 were John and Capel Hanbury. Not only were they among the richest London merchants of the

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<sup>21</sup> Reference is to the 1755 earthquake which destroyed much of Lisbon.

<sup>22</sup> Robert Plumsted, brother of Farmer’s wife Priscilla. See Quaker Family History Society Database for kin relationship, and Devonshire House Monthly Meeting Minutes of that year for officer status.

<sup>23</sup> LYM had just issued an epistle in the preceding year allowing the suing of such Friends at law, who absconded from their creditors. Before then, the suing of another Friend was forbidden (LYM Epistle 1720). There is no indication that Lovell absconded. Therefore, one would expect his Quaker creditors to be reprimanded by the Society for their bankruptcy suit. However, there is no evidence of this.

<sup>24</sup> In 1721, he was still a member of the Six Weeks Meeting, being present at three of its sessions that year. His relative, Theodore Eccleston, was present at five sessions, see Devonshire House MM minutes Vol.6, 9.12.1713, p.232, Minutes of the Six Weeks Meeting, Vol. 7, 1715-1723

time – John was one of England’s leading tobacco importers (Price 1980, p.72). The brothers were also members of Coysgarne’s Devonshire House MM. Their names appear throughout the minutes, mostly as they were approached for money and employment possibilities for poor friends by the meeting (Devonshire House MM minutes Vol.7, 2.3.1750, p.211; Vol. 7.12.1749/1750, p.188, 211, 342, 500).

From their papers some of the bankrupts appear religious, some do not. The letter book of Joseph Ormston’s son Charles survives for the period 1720-30 (National Library of Scotland, Letter book of Charles Ormston). The correspondence with his father is marked by signs of Quaker piousness, including the use of Quaker terms for the days and months of the year instead of their Latin names, as well as ‘thee’ and ‘thow’ as forms of address. The son also acted as a minister for the Society. James Farmer’s business correspondence on the other hand uses Latin dates and also otherwise contains no indicators of his faith. Coysgarne the older removed from Barking into the city some years after his failure. The certificate of removal he was invested with from his meeting makes no mention of his bankruptcy, and instead attests that ‘his conversation for ought we know appears to us agreeable to his profession, So we heartily recommend him and his family to your meeting’ (Ratcliff MM, Certificates of Removal, Received, 1720). Neither Farmer, his Quaker correspondents, nor Ormston’s obviously religious son betray any concern for possible repercussions for the bankruptcies by the society. This suggests that there was in fact nothing to fear.

As contemporaries and as bankrupts, at whom the meetings’ disciplinary policy would have been directed, their papers present a key source of information on the perception of the Society’s policies. If these strong candidates for sanctions did not expect repercussions, they clearly had no effect. Taken together with the evidence from the two quantitative studies this adds further strong evidence that the Society of Friends’ did not intervene in members’ business affairs. Their policing of honest practices had no impact on the Quaker reputation for honesty in this period, because it did not occur.



Contrary to what has been argued in the literature, the Quakers did not possess a formal institutional mechanism to enforce honesty and police misconduct in business before 1750. While other aspects of Quakerism may have played a part, it was not the Society's formal intervention in its membership's conduct of business which facilitated their reputation for honesty and thereby gave them a competitive edge in trade. Its formal institutions did not lower transaction costs for its members during the crucial phase of trade expansion in the late seventeenth and early eighteenth centuries. The Quakers only began to differ from other faith based merchant communities after 1750. This means that their commercial success in the preceding period must have been enabled by other institutions. It also indicates that Quakers cannot have created 'a climate conducive to rapid economic growth' during the commercial revolution.

The Society only became interested in its members' conduct of business after 1750. This change probably constituted a response to the rise of public anxiety about debts. Litigation for debt had reached its peak in the seventeenth century and since subsided. In the eighteenth century, conflict over debts became viewed as negative and was no longer normalised (Craig Muldrew 1998). The earlier decades of the century witnessed the emergence of a broad public debate on aristocratic and public debt. Around 1750 the focus of the discussion shifted towards private debt. This is unsurprising, as in this period, 90 per cent of English and Welsh prisoners were debtors, their number more than doubling from between 1759-1779 (Duffy, 1985, p.372).<sup>25</sup> Moreover, the average number of bankrupts, which stood at only 44.9 per year in the decade from 1691-1700, had increased to 210.2 annually by 1751-60, and rose to 762.7 per year in 1791-1800 (Hoppit 1987, p.45). London Quakers must have shared the public concern about debts. Their increased sanctioning of malpractice in business and failure to pay creditors therefore constituted a response to contemporary economic developments. This finding furthermore contributes to recent research

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<sup>25</sup> 1759: 3814 debtors, 1779: 8238 debtors.

on the evolvement of bankruptcy procedures in continental Europe. Safley (2009) found that changes in institutions dealing with insolvency and bankruptcy evolved in response to a far reaching bankruptcy scandal in sixteenth century Augsburg and De Ruyssher (2013) argued that changes in strategies of debt collections in sixteenth century Antwerp occurred in reaction to increased numbers of traders.<sup>26</sup>

The new evidence produced in this article advances our understanding of institutional change. I have demonstrated how voluntary organisations may adapt to changing economic conditions in order to facilitate trade. The Society of Friends' formal institutions for contract enforcement were not an intrinsic part of Quaker doctrine or culture from the beginning. Rather, this institution developed in the later eighteenth century in response to changing economic conditions. The Society of Friends adapted to new challenges posed by the changing economy. By beginning to police honest behaviour and sanction breaches of contracts, it created a formal response to a newly unstable financial environment. This may however have played a crucial role for Friends during the nineteenth century age of industry, when famous Quaker firms such as Cadbury, Clarks and Sainsbury's were founded. But this is another story, for another time.

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<sup>26</sup> The 1706 English bankruptcy act was also at least partly the consequence of the Pivot scandal of fraudulent bankruptcy. The relationship between this scandal, some other factors and the new law is discussed to some extent in Kadens (2010).

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Table 1

Insolvent/Bankrupt Quaker Merchants

Sources: London Gazette, Docket Books, Quaker Family History Society Database

|   | Merchant                      | Date of Failure | Monthly Meeting  |
|---|-------------------------------|-----------------|------------------|
| 1 | Strutt, Joseph                | 1697            | Ratcliff         |
| 2 | Coysgarne, Joseph the Elder   | 1707            | Ratcliff         |
| 3 | Ormston, Joseph               | 1720            | Bull & Mouth     |
| 4 | Hitchcock, John               | 1721            | Bull & Mouth     |
| 5 | Lovell, William               | 1727            | Bull & Mouth     |
| 6 | Coysgarne, Joseph the Younger | 1752            | Devonshire House |
| 7 | Farmer, James                 | 1755            | Devonshire House |
| 8 | Barclay, David                | 1761            | Devonshire House |

Figure 1

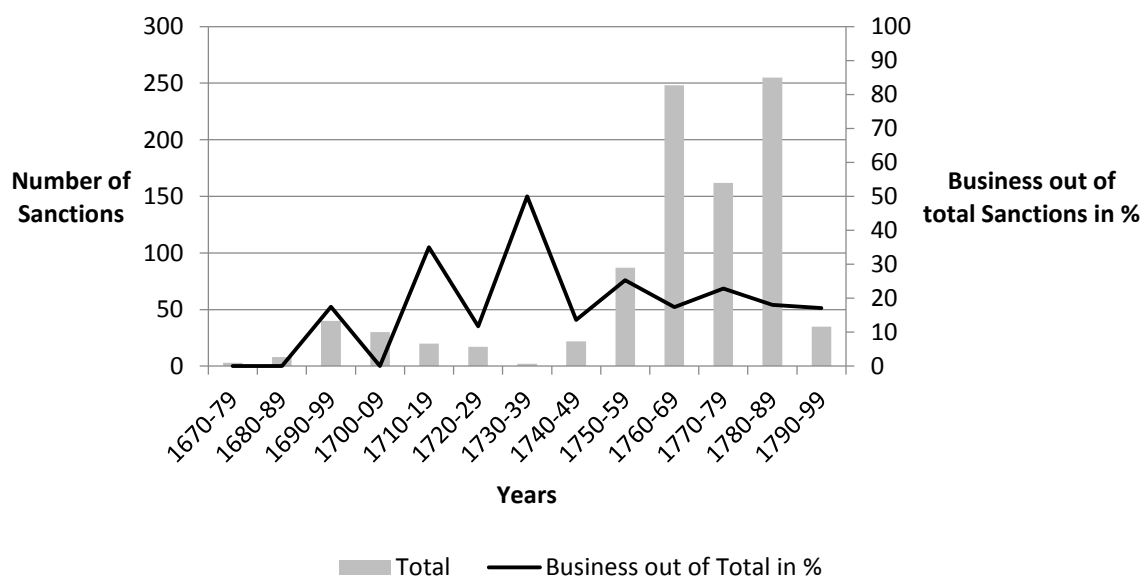


Figure I Sanctions of London Monthly Meetings

Sources: LSF Collections of Sanctions of Devonshire House, Ratcliff, Westminster, Peel, Horsleydown  
Monthly Meetings

Figure 2

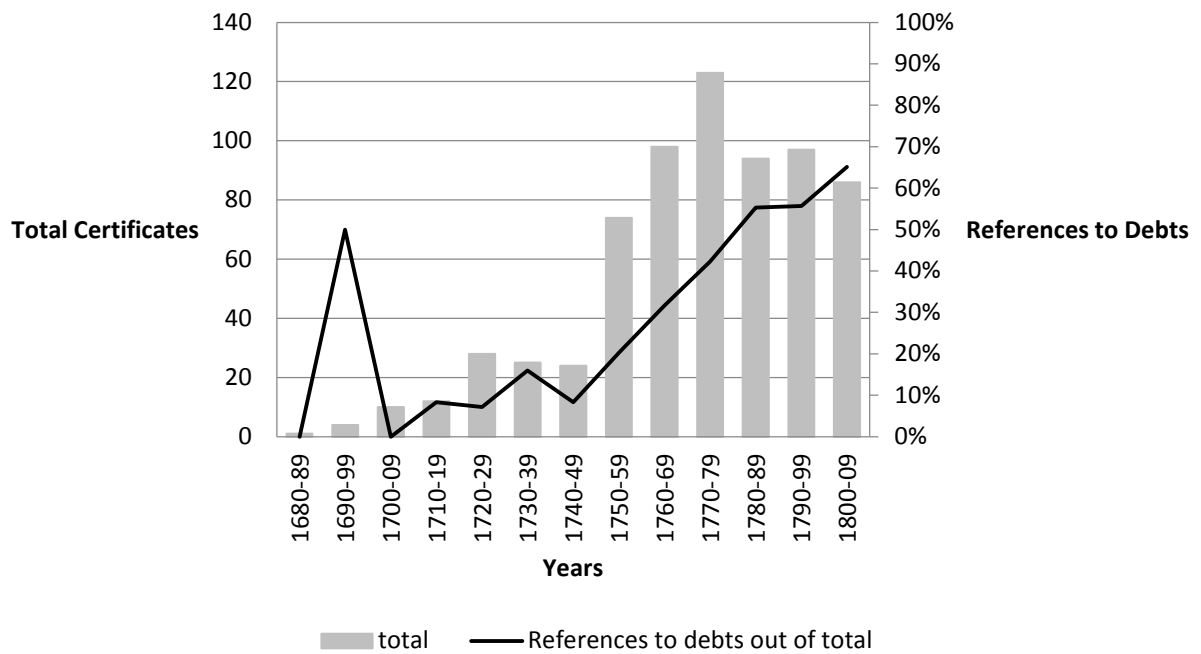


Figure II Certificates of Removal Received by London Monthly Meetings

Sources: LSF Certificates received by Devonshire House, Ratcliff, Horsleydown and Westminster Monthly Meetings