

## Combining business and pleasure?

### Cotton brokers in the Liverpool business community in the late 19<sup>th</sup> century

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*‘A first-class merchant does not burden his life with a multitude of details, and is always seemingly in leisure, while intent upon great issues’<sup>1</sup>*

Liverpool’s proximity to Lancashire cotton manufacturing centre made it one of the most important ports in Europe by the late nineteenth century. By 1850 Liverpool handled 85 per cent of Britain’s cotton imports and dominated its transatlantic exports. By the period in question, Liverpool had also become the leader in world cotton market. As the volume of trade increased, a group of specialist cotton brokers emerged.<sup>2</sup> Since prices in the cotton trade were extremely volatile, brokers were in an enormously important position as intermediaries<sup>3</sup>. Previous historical research in this area has mainly concentrated on trade, but very little is known about the Liverpool cotton brokers as individuals.<sup>4</sup> Speculation, the effect the American Civil War had on the cotton trade and hazardous shipping of delicate cotton made it an extremely risky business. Extensive networks were required in order to be able to keep a close eye on fluctuating prices. What demands did this environment lay on people who were involved with this highly speculative trade?

The primary scope of this paper concentrates on cotton brokers and their lives in an urban port city. Core nominal data is derived from Gore’s trade directories and census material to reconstruct the Liverpool cotton broker community between 1850 and 1900. As a result, almost 700 cotton brokers and the companies they were involved with, have been drawn from a larger database.<sup>5</sup> In addition, qualitative source material such as

<sup>1</sup> Samuel Smith (cotton broker), *My Life-Work* (1902), p.36.

<sup>2</sup> Sydney J. Chapman: *The Lancashire Cotton Industry* (1904), p.113.

<sup>3</sup> W. H. Hubbard, *Cotton and the Cotton Market* (1923) includes two chapters of Liverpool cotton trade pp. 288-306; Thomas Ellison, *The Cotton Trade of Great Britain* (First edition 1886) has part II devoted entirely on Liverpool cotton market; Nigel Hall, ‘The Liverpool Cotton market: Britain’s first futures market’ *Transactions of the Historic Society of Lancashire and Cheshire*, Vol. 149 (2000), pp.99-118; D. M. Williams: ‘Liverpool Merchants and the cotton Trade 1820-1850’ in J.R. Harris (ed) *Liverpool and Merseyside*, pp.182-211 has studied cotton merchants in pre-1850s period; Francis E. Hyde, Bradbury B. Parkinson and Sheila Marriner, ‘The Cotton Broker and the Rise of the Liverpool Cotton Market’ *The Economic History Review*, New Series, Vol. 8, No. 1 (1955).

<sup>4</sup> Graeme Milne, *Trade and traders in mid-Victorian Liverpool* (Liverpool, 2000), p.49; Nigel Hall has also emphasized the central role of brokers to the Liverpool cotton market in Hall, ‘The Liverpool Cotton market’, p.99. Hyde, Parkinson and Marriner, ‘The Cotton Broker’, p.76.

<sup>5</sup> Constructed as part of the ongoing Mercantile Liverpool Project, University of Liverpool, UK.

obituaries, compiled biographies and autobiographies has been used to comprehend the life-style of these traders.

The second main scope of this paper is to explore their attitudes towards two seemingly contradictory dichotomies: work-leisure as well as urban-rural. Was trading a way of life or simply a means of making a profit? Was some higher intrinsic meanings attached to trade or did businessmen's real ambitions lay elsewhere? What values were attached to commerce as a career? The urban environment provided a playing ground for the elite who otherwise regarded urban setting as somewhat degrading. What was the merchant elite's outlook towards an expanding, exceedingly work-based Liverpool, city that is said to have benefited of its financial elite's civic pride?

### **Cotton brokers in Liverpool business community**

In the years sampled (1851, 1882, 1902), over six hundred cotton broking firms listed themselves in Liverpool trade directories.<sup>6</sup> These numbers represented around five per cent of all listed merchants and brokers' firms in Liverpool. In addition, some companies traded cotton as their secondary income, and more still were involved on a temporary basis.

Turnaround was high among cotton broking firms, which indicates either problems of succession or an extremely volatile trading environment. Only fewer than two per cent of the companies listed as cotton brokers in 1851 were still in business at the end of the century. It is sometimes difficult to judge longevity though since companies jumped in and out of partnerships and often changed names whenever a partner retired. Often the survival of these firms depended on sons taking over the businesses. The database suggests that firms were lucky if they succeeded in kinship succession for more than two subsequent generations.<sup>7</sup> James Stock established his firm James Stock & Co. which was succeeded by his son John, who left a large fortune to his son. However, the grandson was not interested in business, but preferred 'a position of a country gentleman' and later

<sup>6</sup> Liverpool trade directories included 125 cotton broking firms in 1851, 275 in 1882 and 211 in 1902 respectively.

<sup>7</sup> On kinship succession and inheritance in family firms, see especially Alastair Owens, 'Inheritance and the life-cycle of Family Firms in the Early Industrial Revolution' *Business History*, Vol. 44, No.1 (January 2002) and Andrea Colli, Paloma Fernandez Perez, Mary B. Rose, 'National Determinants of Family Firm Development? Family Firms in Britain, Spain, and Italy in the Nineteenth and Twentieth Centuries' *Enterprise & Society. The International Journal of Business History*. Vol. 4, No. 1 (March 2003), pp. 32-35.

entered Parliament. Despite the kinship discontinuity, George Henry Brown and his niece continued to trade under the Stock family name.

The composition of Liverpool's cotton broker community reflects its close trading links to other prominent cotton markets. Most of the cotton brokers were English born but a notable proportion- 20 per cent- were born elsewhere. There was a German, US, Brazilian and Egyptian presence in Liverpool due to these countries' central positions in the cotton market either as a producer or intermediary. Liverpool had especially close connections with the to New York and Bremen Cotton Exchanges. In 1881, for example, six per cent of the cotton brokers were born in United States. Inclusion strategies for those coming from outside Liverpool included marrying a local whose father had business and social connections in Liverpool merchant community. The available census data indicates existence of such marriage strategies: cotton brokers frequently married a local woman if they had migrated from outside Liverpool. However, their marriage patterns were often affected by the fact that these brokers came to Liverpool relatively young to complete their apprenticeship and would only marry just before or after starting a business on their own account. The available evidence points towards another prevailing inclusion strategy: joining a local (dissenting) congregation.<sup>8</sup> Samuel Smith became closely connected to other Scottish merchants through the literary Presbyterian Canning Street Society, from whom, he says, he received 'boundless hospitality'.<sup>9</sup> The Holt and Rathbone families, both of whom were involved with cotton broking, were amongst the most respected families in Liverpool. Both of the families were Unitarians who were famous for their close-knit ties in business and marriage. Their local congregation, the Renshaw Street Chapel, had an almost legendary reputation for its charitable work in Liverpool.

Liverpool had a very wealthy and influential Scottish merchant community, which was united by Presbyterian Church and Golf club membership, most merchants belonging to either or both of these circles. An important minority of cotton brokers were Scots: their proportion varies from 4 to 7 per cent, the proportion being highest in the mid-period. Perhaps due to the Scots interest in their national game, many other cotton brokers saw it necessary to join a Golf Club- reputedly they were places where many business deals were done. The Irish-born had an even higher presence amongst cotton brokers in the

<sup>8</sup> Orchard, p.42.

<sup>9</sup> Smith, *My Life-Work*, p.15.

early period: in 1851 they formed over 9 per cent of the cotton brokers but disappear towards the end of the period under discussion. The other prominent group in the mid nineteenth century came from Manchester, Oldham and Bolton which were prominent cotton manufacturing districts. They also fade away towards the end of the century as a proportion of cotton brokers.

### **Entering business**

Samuel Smith is a perfect case study of a (successful) Liverpool cotton broker not only for his excellent autobiography but also for a fact that his career fits perfectly in our time frame. He came to Liverpool from Scotland in 1853 and was apprenticed to a firm of cotton brokers. To begin with, Samuel Smith was mainly given routine work in the counting house, which he found 'degrading' and 'wearisome beyond measure'. His duties involved making up invoices and account sales. However, he began soon to make friends through literary and debating societies. In 1857 Samuel joined the Liverpool Philomathic Society (a debating society), which greatly helped him in the art of speaking. Through the society he met local 'aristocracy' such as Sir James Picton and Arthur and William Forwood. In 1857 he was promoted to the head of the salesroom which meant that he had to go 'on change'; and much of his time was spent 'on the flags' as the open area was called where the cotton-brokers assembled. In 1860 he left Liverpool for a tour in America to learn about the cotton trade. After eleven months of travelling, he came back to Liverpool and started his own business at the age of 24. Soon afterwards, he became increasingly engaged first in religious and then in philanthropic work. In 1870 he bought a country house in Windermere, his son was born and soon afterwards entered the Town Council and Liverpool Chamber of Commerce. In 1883 he became a Liberal candidate for Liverpool and he was elected as an MP in the same year.

It was common for the cotton brokers to receive higher education at a university or at least in go to secondary school. Almost as a rule, commercial career was inherited from an older male relative. The 1851 data shows that in 20 per cent of all cotton brokers' households there lived a son who was either a cotton apprentice, a cotton clerk or a cotton broker, which indicates a strong tendency to inherit the father' career. This pattern had several advantages: the father could help his son to get started in his career by providing him with business expertise and ready-made contacts in various business

networks. An apprenticeship was often served with somebody known by the family since the boys started their careers relatively young, around the age of 14- 16. Young cotton apprentices serving outside their family would often live in the brokers' household. After five to six years' apprenticeship, a young man might take over a post as a clerk or, if lucky, go straight into a partnership. It would normally take around nine years from starting the apprenticeship to entering one's own business or partnership. This often happened around the age of 24, and starting their own business also meant becoming an adult man. Becoming an independent businessman often coincided with marriage, setting up a household and taking more responsible positions in public clubs and associations.

### **Public work or public leisure?**

Becoming a partner also meant turning into an economically independent citizen. An independent economic position was a prerequisite for being taken seriously in the public arena. Salaried employers do not appear on membership lists of voluntary associations, which indicates the importance of a partnership status.

Once a businessman proceeded in his career ladder and obtained a more senior position in his firm, more of his time was spent networking. It was a very social lifestyle and therefore public image was of central importance for a businessman. A proper British merchant was an all-around figure, 'a truly great man, honourable, far-sighted, enterprising, yet withal prudent and cautious; simple in his life, and temperate in all things'. For Samuel Smith, 'trustworthiness' and 'honour' would have been the most important qualities of a businessman.<sup>10</sup>

The all-around ability of judgment was tested and weighed in public arena. James Smith, Samuel's brother, became a cotton broker himself and he became very engaged in social, political and charitable activities outside the immediate business focus. The wide array of activities that cotton brokers were involved in public arena indicates that financial success was not the only marker of achievement. On the contrary, social prestige seems to have been a more important motive for their actions in the urban arena. The extant obituaries also point towards the existence of dual career path: a man would have his first career as a businessman and after enough money was made and leadership succession sorted out, he would retire from business and start the second career in politics and

<sup>10</sup> Samuel Smith, *My Life-Work*, p.36.

philanthropic activities. The amazing amount of energy required is well illustrated by the career of James Smith, Samuel's brother.

James went into partnership with his brother and Edward Edwards in 1864 at the age of 23. He later became one of the directors of Lloyd's Bank and the London and Lancashire Fire Insurance Company. He was a director of the Liverpool Cotton Association and member of the Liverpool Chamber of Commerce. In spite of all his commercial responsibilities, however, he soon turned into political life. He became the president of Wirral Liberal Association, president of the Wallasey Central Liberal Club and a member of the Liverpool Reform Club. He was also engaged in the Presbyterian Church giving substantial funding for building a new church and financially assisted the upkeep of a mission hall in Egremont. Later in his career in the 1880s, he also became engaged in the municipal affairs of Wallasey and was chosen as member in various county council committees. He provided two recreation parks for public use in Cheshire and was appointed Justice of the Peace for both Wirral and Dumfriesshire where he had a country residence. He supported various charities in Wallasey including the Y.M.C.A and local hospitals. Furthermore, he acted in several other charities including the Liverpool and District Temperance Union. After his brother's death he also took over the presidency on the Seamen's Friendly Society. In addition, James was a keen sportsman and committed much of his time to cricket (He was the captain of the New Brighton Cricket Club). He also went curling, fishing and shooting in his country house back in Scotland.

### **Business as a measure of success**

Liverpool cotton brokers hold an impressive amount of positions of trust, mostly within the urban setting. Their contact networks reached from city councils to charities and several interlocking directorships. James Smith's public life has many characteristics of a fairly typical successful Victorian businessman. He had wide networks of information and influence, having memberships in both formal and informal associations although family and fellow churchgoers were often preferred for market information. Charitable work and municipal activities provided social status and enhanced the reputation. These people viewed charity as their duty and moral obligation but first and foremost it served

as a means to legitimise the position of the local elites.<sup>11</sup> However, the available biographies suggest that the ultimate aim of an average businessman was a public career, preferably to be elected as an MP eventually. Many businessmen tend to follow a dual career path part of which was being established in business relatively young, in their mid-20s. Another example of a politically ambitious businessman is William Rathbone VI, a cotton broker who became famous for his philanthropic work in Liverpool. He was elected a Liberal MP for Liverpool in 1868, and sat for the city until 1880; was returned as MP for Carnarvonshire from 1861-1885, and for North Carnarvonshire from 1885-1895. The second career in public life, as in Samuel's and James' cases, often begun in their 40s or 50s. Business seemed to serve only as a means to an end, bringing in the money but lacking social prestige. A successful business career, which provided an independent status, was essential, however, to prove your abilities in the public arena, but a political career remained the real ambition of these businessmen. Samuel Smith took his son Gordon to business with him in 1898 hoping that he would continue his name and influence in Liverpool. He was eventually hoping a Parliamentary career to his son but continued: 'But I was desirous that he should have practical knowledge of business life, which is in many ways the best apprenticeship for public service'.<sup>12</sup>

Victorian work ethics (and indeed protestant ethics before Calvinism) pointed towards a notion of trade being less honourable than some other ways of living<sup>13</sup>. This might have provided a possible motivation for businessmen to try to gain social prestige in other arenas. This is well illustrated by B. Guinness Orchard in his seminal directory to Liverpool merchant elite. He argues against the idea of inherent immorality of trade:

'Trade is not in itself immoral, nor is immorality general among traders, nor are they at bottom less honourable, less anxious to live on a high level, less sensitive to the opinions of their fellows than these critics whose comparative freedom from temptation is largely due to the wealth amassed by businessmen; while among the various motives which spin men on to become wealthy not the weakest is a craving to retire from commercial life into other scenes where, perhaps, they will be more able to respect themselves...Notorious immorality is much against a man's commercial success; in public it ruins him'<sup>14</sup>

<sup>11</sup> Peter Shapely, *Urban charity, class relations and social cohesion: charitable responses to the Cotton Famine* *Urban History*, 28, 1 (2001), p.49.

<sup>12</sup> Samuel Smith, *My Life-Work*, p.414.

<sup>13</sup> P. D. Anthony, *The Ideology of Work* (1977) p.42; Rosemary Deem, 'Leisure, work and unemployment: old traditions and new boundaries' in Rosemary Deem and Graeme Salaman (eds.), *Work, Culture and Society* (1985), pp.180-181; Richard Grassby, *The business community of seventeenth-century England* (1995), p.51.

<sup>14</sup> B. Guinness Orchard: *Liverpool's Legion of Honour* (1893), p. x.

## Conclusion

According to the available evidence, it is difficult to define what consisted of work and leisure in cotton brokers' lives.<sup>15</sup> Early entrance into business, early (enforced?) career choice and working in a family firm might have had negative effect on work satisfaction in successive generations. In addition, the volatile nature of business might have created a need for a safety net. An unstable social status bolstered by notions of the immorality of trade might have caused a businessman to seek social prestige elsewhere. The underlying notion of trade lacking social prestige seem to be true at least in some extent since the most successful cotton brokers had their goals set further in the horizon than simply business and profit making. In this sense, social prestige was (almost) as important as the accumulation of capital. According to the available evidence, 'leisure' points towards the rural, and work towards the urban, rural towards the private (summer house, family) and urban towards the public. For businessmen city was a place where fortunes were made and personal ambitions fulfilled. The urban environment provided also a web of contacts and a political playing ground from where to retire to suburbs to enjoy a much-desire lifestyle of the gentry, once money from trade provided the means. For cotton brokers and the merchant community in general, urban space became a playing ground where leadership was tested and ambitions materialised.

<sup>15</sup> Sociologists have faced difficulties to define the concepts of work, non-work and leisure. See, for example, Keith Grint, *The Sociology of Work. An Introduction* (1991), pp. 11 and 23.