

# ‘TRADING BEYOND HIS CAPITAL’<sup>1</sup>: THE BUSINESS OF BANKRUPTCY AND LOCAL ECONOMIES IN LEICESTERSHIRE, 1706–1842

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The major role of institutions in a society is to reduce uncertainty by establishing a stable (but not necessarily efficient) structure to human interaction.<sup>2</sup>

Whilst the impact of bankruptcy has been investigated by Hoppit, his examination was confined to the eighteenth century, finishing at 1800. His analysis also represented the macro-level, the whole of England. It is important, however, to consider the effects of bankruptcies on local economies, with their different complexions. Bankruptcy is here related to structural change in textile production and financial services. Additionally, the exploration extends to 1842 when District Courts of Bankruptcy were introduced, replacing a previous system that had existed since 1706. A second aspect confirms a recent proposal by Paul that there was a downside to the ‘consumer revolution’: risk and anxiety. Paul’s evidence was derived from insolvent debtors – at the lower level of trading and commerce. Bankruptcy proceedings were restricted to those engaged in higher levels of financial transactions and debt; and so indicate higher levels of risk in the local economy. The new bankruptcy legislation also marked a transition from trust in individuals to trust in institutions; thus an extension of rationalisation into the regulation of the economy.

In 1776 the Commissioners in Bankruptcy ordered Robert Bakewell, of Dishley, ‘dealer and chapman’, to attend on 19 November at the Lion & Lamb in Leicester to make discovery and disclosure of his estate.<sup>3</sup> (The significance of ‘dealer and chapman’ will be addressed below.) At the same venue, a dividend was allocated to his creditors on 1 December 1778.<sup>4</sup> Although he had received a certificate of compliance on 1 December 1778, his creditors extracted a further dividend at the Lion & Lamb on 18 April 1780.<sup>5</sup> This personal misfortune coincided with a downturn in the economy, concomitant with financial crises in 1772 and 1778.<sup>6</sup>

<sup>1</sup> T(homas) Chalmers, *On Political Economy in Connection with the Moral State and Moral Prospects of Society* (2nd edn, Glasgow, 1832), p. 94.

<sup>2</sup> D(ouglas) C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press [CUP], 1990), p. 6. See the conclusion below for further considerations of institutional effectiveness.

<sup>3</sup> *L(ondon) G(azette)* (Issue) 11720, p. 7.

<sup>4</sup> LG 11873, 7.

<sup>5</sup> LG 11932, 7; 12076, 7.

<sup>6</sup> J(ulian) Hoppit, *Risk and Failure in English Business 1700–1800* (Cambridge: CUP, 1987), p. 132. P(aul) Kosmetatos, *The 1772–73 British Credit Crisis* (London: Macmillan, 2018).

Bakewell, of course, survived this temporary adversity to become a successful livestock breeder.<sup>7</sup> His experience was both typical and anomalous, most evidently in his later recovery compared with the position of the vast majority of those who succumbed to the exigencies of risk.<sup>8</sup> The notion advanced here is that examining the downside reveals a considerable amount about the fundamentals of local economies during a century and a half of immense change and transition. Increasing consumer demand (the variety of merchandise) – the so-called ‘consumer revolution’ – was accompanied by the expansion of aggregate demand.<sup>9</sup> Underlying transformations occurred in the supply of credit.<sup>10</sup> Equally, a transition happened from domestic production of textiles to integrated (‘factory’) production.

Almost 50 years after Bakewell’s temporary difficulty, Thomas Chalmers addressed bankruptcy as a failure of over-supply, not only by individuals but within the global economy. The main cause of bankruptcy, he contended, was ‘overtrading’ and the tendency to ‘overspeculate’: ‘Bankruptcy is the check to the indefinite multiplication of traders...’<sup>11</sup> The response to illiquidity in the bankruptcy regulations is now more firmly placed in the context of institutional economics. The introduction of bankruptcy laws constituted what Greif has designated contract-enforcing institutions.<sup>12</sup> One consideration is that these new institutions were conservative: ‘In that sense the formal institutions of this economy [bankruptcy proceedings] supported the norms that created a self-enforcing equilibrium in which reliance on legal mechanisms was a last resort.’<sup>13</sup> Accordingly, bankruptcy remained an unusual event before 1800.<sup>14</sup> In the early nineteenth century, however, vicissitudes in the economy increased the frequency of the event, even if it only affected a small proportion of businesses. The perception was therefore as important as the quantity of failures: ‘The threat of failure, of bankruptcy, of personal financial disaster, was ever present to the industrialists and financiers of the early nineteenth century.’<sup>15</sup>

<sup>7</sup> H. C(ecil) Pawson, *Robert Bakewell: Pioneer Livestock Breeder* (London, 1957), p. 37; D(avid) L. Wykes, ‘Robert Bakewell (1725–1795) of Dishley: farmer and livestock improver’, *Agricultural History Review* 52 (2004), pp. 38–55.

<sup>8</sup> Hoppit, *Risk and Failure*.

<sup>9</sup> Encapsulated now in J(oinne) Sear and K(en) Sneath, *The Origins of the Consumer Revolution in England: From Brass Pots to Clocks* (London: Routledge, 2020).

<sup>10</sup> D(eborah) Valenze, *The Social Life of Money in the English Past* (Cambridge: CUP, 2006), esp. pp. 2 (no overall control of the money supply), 166–72 (attitudes in the early eighteenth century), 267 (Coinage Act, 1816: 56 Geo. III, c.68); P. G. M. Dickson, *The Financial Revolution: A Study in the Development of Public Credit 1688–1756* (London: Macmillan, 1967). All now encapsulated by T(awney) Paul, *The Poverty of Disaster: Debt and Insecurity in Eighteenth-century Britain* (Cambridge: CUP, 2019), pp. 5, 7, 9–10.

<sup>11</sup> Chalmers, *On Political Economy*, pp. 93–4, 123.

<sup>12</sup> A(vner) Greif, ‘Coercion and exchange’, in Greif, L(ynne) Kiesling & J(ohn) V. C. Nye, eds, *Institutions, Innovation and Industrialization: Essays in Economic History and Development* (Princeton, NJ: Princeton University Press [PUP], 2015), pp. 71–96.

<sup>13</sup> J(oe)l Mokyr, *The Culture of Growth: The Origins of the Modern Economy* (Princeton, NJ: PUP, 2007), pp. 64–7; Mokyr, *The Enlightened Economy: Britain and the Industrial Revolution 1700–1850* (London: Penguin, 2009), pp. 380–1.

<sup>14</sup> Mokyr, *Enlightened Economy*, p. 361, relying on Hoppit, *Risk and Failure*, p. 51.

<sup>15</sup> P(atrick) S. Atiyah, *The Rise and Fall of Freedom of Contract* (Oxford: Oxford University Press [OUP], 1985), p. 229.

The impact of bankruptcy at the macro level in England has been superbly examined by Hoppit.<sup>16</sup> Hoppit's examination ends rather abruptly in 1800, but there are reasons for extending the investigation into the nineteenth century, as discussed below. Although his discussion is comprehensive for the country as a whole, at the macro level, the impact at the micro level, in the localities, remains to be considered. For example, in his century, Leicestershire is insignificant in the total textile bankruptcies and remained, indeed, one of the counties with the fewest bankruptcies in the eighteenth century. Locally, nevertheless, the difficulties of hosiers had a considerable impact on the economy, especially in the early nineteenth century as transitions occurred in the character of framework knitting.<sup>17</sup> Since textile industries also developed in the adjacent counties of Nottinghamshire and Derbyshire, data for those two counties are included in some of the tables for comparison without further comment.<sup>18</sup>

### PARAMETERS

To return to Bakewell as 'dealer and merchant', bankruptcy was only allowed to those engaged in 'trading'. Consequently, Bakewell was construed more as an agricultural trader than as occupied in a purely agrarian activity, to qualify for procedure. The criteria for bankruptcy were established temporarily by statute in 1706 (4 & 5 Anne, c.17) confirmed permanently in 1732 (5 Geo. II, c.30), introducing an attitude to bankrupts concerned more with resolution than culpability or the latter's imputation of fraudulence.<sup>19</sup> To enter into bankruptcy, the debtor had to be obliged to one creditor for £100 or £150 to two, or £200 to three or more. The initiative for action belonged to the creditors, but from 1820 debtors were allowed to petition for their own (voluntary) bankruptcy.<sup>20</sup>

Whilst Hoppit's examination finished in 1800, this analysis extends to 1842, for several reasons. During the early nineteenth century, the overall rate of bankruptcies expanded from 938 per annum in 1800 to 1,357 in 1826, reflecting business activity and risk.<sup>21</sup> Accordingly, the Bankruptcy Court (England) Act of 1831 was a response to the predicament, proposing the introduction of district bankruptcy courts. Such courts were established by 1842, Leicestershire comprehended within the jurisdiction of the district court at Birmingham. Slightly later, in 1844, the Joint Stock Companies Act (7 & 8 Vict., c.110) imposed stricter financial accounting and auditing on businesses. Additionally, the Bank Charter Act 1844 (7 & 8 Vict., c.32) to some extent remedied the recent failure of 'country' banks (see below).<sup>22</sup>

<sup>16</sup> Hoppit, *Risk and Failure*.

<sup>17</sup> Hoppit, *Risk and Failure*, pp. 61 (fig. 3) and 75–87 (especially table 6, p. 76).

<sup>18</sup> S(tanley) D. Chapman, *The Early Factory Masters. The Transition of the Factory in the Midlands Textile Industry* (Newton Abbott: David & Charles, 1967); R(oy) Church, *Economic and Social Change in a Midland Town: Victorian Nottingham 1815–1900* (London: Routledge, 1966), pp. 26–104.

<sup>19</sup> Hoppit, *Risk and Failure*, pp. 20, 35.

<sup>20</sup> Hoppit, *Risk and Failure*, p. 35.

<sup>21</sup> G(aill) T. Houston, *From Dickens to Dracula: Gothic, Economics and Victorian Fiction* (Cambridge: CUP, 2005), p. 15; but see also the different figures at S(heila) Marriner, 'English bankruptcy records and statistics before 1850', *Economic History Review*, 2nd series 13 (1980), pp. 351–66 (table 1 at 353–4).

<sup>22</sup> R(on) Harris, *Industrializing English Law: Entrepreneurship and Business Organization, 1720–1844*

Bankruptcy existed, nevertheless, as only one recourse for challenged debtors, with strict criteria. Those who did not meet the criteria were regarded as insolvent debtors, often imprisoned in the local debtors prison or even in London.<sup>23</sup> The concern here is with bankrupts, not all insolvent debtors, but occasionally the two intertwined. When a bankruptcy order was awarded against Thomas Bristow, a cheese factor of Cavendish Bridge near Castle Donington, he was already incarcerated in the King's Bench prison as an insolvent debtor.<sup>24</sup> Accordingly, the bankruptcy procedure was assigned to the Guildhall in London (see below).

Ultimately, insolvent debtors could, from 1842, apply for a protection order from the District Court of Bankruptcy; that is, debtors owing less than £300.<sup>25</sup> For example, John Robinson of Walcote in Misterton, a blacksmith, approached the District Court of Bankruptcy in Birmingham for an interim order for protection against process in 1844, as had Joseph Bexson, a farmer in Castle Donington a year earlier.<sup>26</sup>

Finally, some explanation of the importance of the introduction of legislation on bankruptcy is necessary to evoke a wider context. Firstly, it can be maintained that this legislation was integral to the incipient transition from trust in people to trust in institutions.<sup>27</sup> In that sense, it accords with Polanyi's conception of the 'great transformation'.<sup>28</sup> Secondly, for much of this time, circulating capital remained more significant than fixed capital, not only in commercial and retail activities, but also industrial enterprise.<sup>29</sup> As a result, if traders descended into difficulty, their fixed capital would not always fully compensate creditors. Moreover, although an 'associational society' was developing, there persisted a considerable degree of asymmetric information.<sup>30</sup>

## DATA SOURCE AND PROCESS IN BANKRUPTCY

Although Hoppit examined the dockets in bankruptcy, he admitted that the most reliable indicators of actual proceedings in bankruptcy are the notices in *The London Gazette*.<sup>31</sup>

(Cambridge: CUP, 2000), 282–3; M(ichel) Aglietta, *Money: 5,000 Years of Debt and Power*, trans. by D(avid) Broder (London, 2018 edn), pp. 182–3.

<sup>23</sup> Paul, *Poverty of Disaster*, pp. 31–66; M(argot) C. Finn, *The Character of Credit: Personal Debt in English Culture, 1740–1914* (Cambridge: CUP, 2003).

<sup>24</sup> LG 11124, 6 (1771).

<sup>25</sup> Bankruptcy Act (5 & 6 Vict., c.116).

<sup>26</sup> LG 20208, 1780; 20415, 4746.

<sup>27</sup> B(arbara) A. Misztal, *Trust in Modern Societies* (Cambridge: Polity, 1996), p. 52; H(annah) Barker and S(arah) Green, 'Taking money from strangers: traders' responses to banknotes and risks of forgery in late Georgian London', *Journal of British Studies* 60 (2021), pp. 585–608.

<sup>28</sup> K(arl) Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston, MA: Beacon Press, 2001; originally 1944).

<sup>29</sup> Chapman, *The Early Factory Masters*, pp. 125–6; P(at) Hudson, *The Genesis of Industrial Capital: A Study of the West Riding Wool Textile Industry c.1750–1850* (Cambridge: CUP, 1986), p. 127, for the possible extent of indebtedness at bankruptcy.

<sup>30</sup> P(eter) Clark, *British Clubs and Societies 1500–1800: The Origins of an Associational World* (Oxford: OUP, 2000); L(aurence) Fontaine, *L'économie morale; pauvreté, crédit et confiance dans l'Europe préindustrielle* (Paris: Gallimard, 2009), pp. 9–10; most accessibly, J(oseph) E. Stiglitz, *The Price of Inequality* (London, 2012), p. 45; Harris, *Industrializing English Law*, pp. 131–2.

<sup>31</sup> Hoppit, *Risk and Failure*, pp. 43–4; Marriner, 'English bankruptcy records', pp. 361, 366 indicates the serious loss of bankruptcy records and the utility of the *Gazette*.

This difficulty was indicated by Marriner, who compared the number of dockets against commissions between 1816 and 1826.<sup>32</sup> The issue encountered with the notices is the replication of entries because of the process of bankruptcy (see below).

It may be apposite then to review the procedures in bankruptcy. The initial notice in the *Gazette* required the debtor to 'surrender' to the commissioners at a nominated place and time to make 'a full discovery and disclosure' of her or his 'estate and effects'. After 1831 the commission of bankruptcy was replaced by the fiat in bankruptcy, but the generic term commission is used here.<sup>33</sup> As an illustration, John Cardinal, currier of Charles Street in Leicester, was in 1826 ordered to surrender himself to the Court of Commissioners in Bankruptcy in Basinghall Street, London, to make a full discovery and disclosure of his estate and effects.<sup>34</sup> (See below for the diversity of venues.) Subsequently, a notice was inserted in the *Gazette* to certify that the debtor had fully complied in this stage. Before 1831 the commissioners were required to call at least three meetings, which were reduced to two thereafter.<sup>35</sup> There followed one or more notices to creditors to assemble at specified places and times to confer about the appointment of an assignee, to agree to processes, and then the apportionment of dividends. Lastly, the *Gazette* included a notice of the final dividend and a certificate of release. The potential for excessive counting therefore has to be eliminated. As a consequence, the entries in the *Gazette* have been amalgamated by entering the information into a database, recording the first and last entries for each individual, thus obviating repetitive counting. Through this method, the number of actual bankruptcies rather than creditors' petitions for proceedings, some of which were not implemented, can be identified.

## THE LOCAL ECONOMIES

One of the common features across the three counties was the development of the textile industry in certain parts of the shires within a rural hinterland (Fig. 1). By 1812 the economy of Leicestershire had bifurcated into those localities still essentially agrarian and pastoral and those where domestic-based industry had developed since the late seventeenth century. The census of the distribution of knitting frames in 1812 indicated that 39 per cent were concentrated in Leicestershire and 32 per cent in adjacent Nottinghamshire. The county town contained 1,650 frames, the small town of Hinckley 1,500, and the industrial village of Shepshed 900. The town of Loughborough, although with a more diversified economy, also accommodated a substantial number of framework knitters and was a larger neighbour of Shepshed.<sup>36</sup>

<sup>32</sup> Marriner, 'English bankruptcy records', p. 355 and table 2.

<sup>33</sup> Marriner, 'English bankruptcy records', p. 365.

<sup>34</sup> LG 18300, 2557.

<sup>35</sup> Marriner, 'English bankruptcy records', p. 362.

<sup>36</sup> S(tanley) D. Chapman, *Hosiery and Knitwear: Four Centuries of Small-scale Industry in Britain, c.1589–2000* (Oxford: Oxford University Press [OUP], 2002), p. 56 (Table 2.3); D(avid) Levine, *Family Formation in an Age of Nascent Capitalism* (London: Academic Press, 1977) (Shepshed to 1851); The earlier development is discussed by P(eter) Clark, 'Elite networking and the formation of an industrial small town: Loughborough, 1700–1840', in *Towns, Regions and Industries: Urban and Industrial Change in the Midlands, c.1700–1840*, ed. by N(eil) Raven and J(on). Stobart (Manchester: Manchester University Press [MUP], 2005), pp. 161–75.

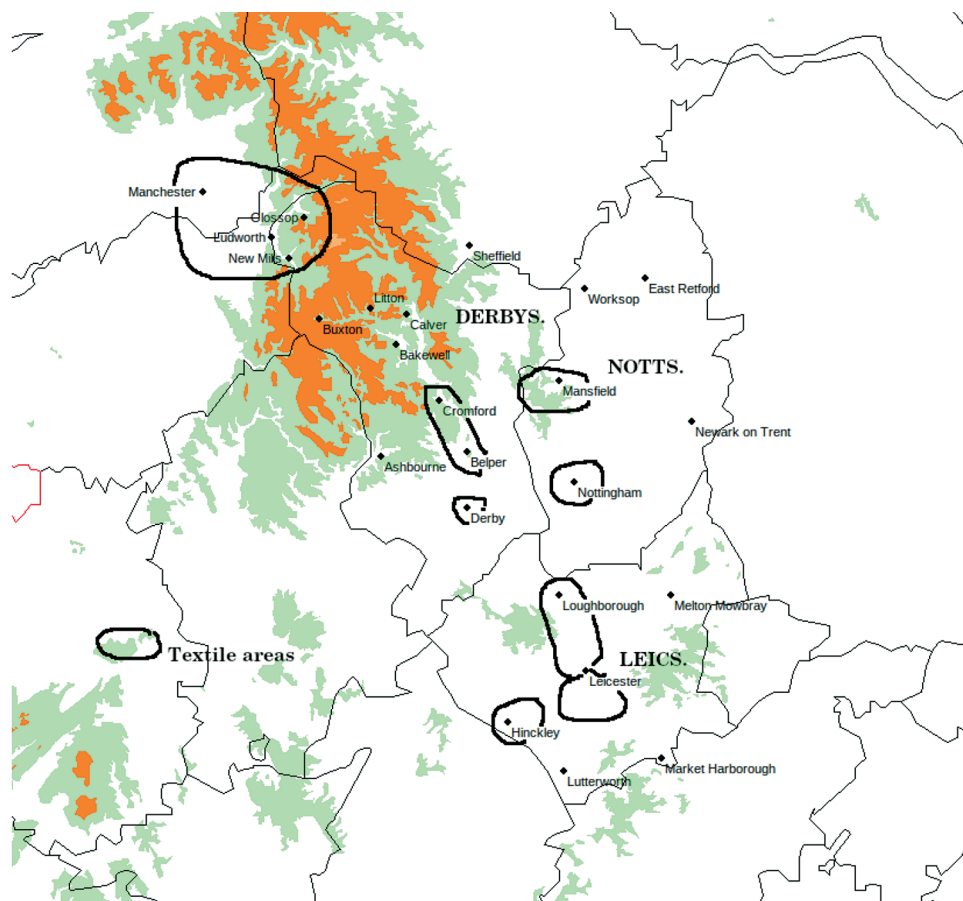


Fig. 1. Places mentioned in the text and textile locations.

In fact, the domestic knitting industry extended to both the north and south of the county borough, northwards in an elongated linkage down the Soar valley.<sup>37</sup> In Leicestershire, two small towns were enmeshed in framework knitting: Hinckley and Loughborough. The other four small towns (Ashby de la Zouch, Lutterworth, Market Harborough and Melton Mowbray) substantially served their agrarian hinterlands.<sup>38</sup>

<sup>37</sup> For the southern villages, R. Carpenter, 'Peasants and stockingers: socio-economic change in Guthlaxton Hundred, Leicestershire, 1700–1851' (unpublished PhD thesis, University of Leicester, 1994).

<sup>38</sup> P(enelope) Lane, 'An industrializing town: social and business networks in Hinckley, Leicestershire, c.1750–1839', in *Urban and Industrial Change in the Midlands 1700–1840*, ed. by J(on) Stobart and Lane (Leicester: Leicester University Press, 2000), pp. 139–66; for Hinckley's later development, S(tephen) Royle, 'Aspects of the social geography of Leicestershire towns, 1837–71' (unpublished PhD, University of Leicester, 1976) (Coalville, Hinckley, Lutterworth and Melton Mowbray).

Location	Total bankrupts	of which: Textile	Retail
LEICESTERSHIRE	618	163 (26)	218 (35) of which:
Leicester	228 (37%)	84 (37)	83 (36)
Ashby	54 (9%)	2	20
Hinckley	69 (11%)	24	20
Loughborough	61 (10%)	9	23
Lutterworth	22 (4%)	6	7
Market Harborough	30 (5%)	7	10
Melton Mowbray	18 (3%)	0	10
DERBYSHIRE	611	114 (19)	261 (43) of which:
Derby	162 (27%)	21 (13)	85 (53)
Alfreton	16	2	3
Ashbourne	35	2	20 (57)
Bakewell	6	0	3
Buxton	10	0	4
Chesterfield	57	3	31 (54)
NOTTINGHAMSHIRE	746	252 (34%)*	257 (35%) of which:
Nottingham	401 (54%)	172 (43)	139 (35)
East Retford			
Mansfield	25 (3)	4	12
Newark	38 (5)	3	14
Worksop	28 (4)	0	1

\* Percentage all to nearest integer. Retail excludes drink (hospitality and marketing).

Table 1. Bankruptcy data: Leics., Notts. and Derbys., 1706–1842.

## VULNERABILITY TO BANKRUPTCY

With local economic transformations, several occupations became susceptible to failure. As textile production became concentrated in large units, (bag) hosiers were eclipsed. The role of money-scriveners was superseded by country banks, although these too collapsed before the Bank Act of 1844.

In Leicester, 25 per cent of the bankruptcies involved hosiers; the proportion in Hinckley was even higher – 35 per cent. Surprisingly, the incidence was lower in Loughborough, but supplemented by a number of failures of a lace merchant, lace manufacturers and a lace hand in the 1820s and 1830s. Rural hosiers represented 10 per cent of all the bankruptcies in villages. The market towns of Lutterworth, Market



Harborough and Melton Mowbray experienced no hosiery bankruptcies, although Ashby contained one. The disruption in Leicester was augmented, however, by other bankruptcies in textile manufacture, accounting for another 12 per cent of the total; mostly comprising woolstaplers and woolcombers, but additionally a wool dealer, lace manufacturer, worsted spinner, trimmer, spinner and worsted manufacturer.

An illustration of the entanglement of partnerships and bankruptcy in the textile industry is provided by the Cridlands. Joseph Cridland was listed among the hosiers in 1794.<sup>39</sup> Although a sole business in High Cross Street in 1794, a partnership had been established with Francis Astill, as woolstaplers, which was dissolved in 1797.<sup>40</sup> Joseph then entered into a wider conglomerate with Miller, How, Hurst and Swinburne, as worsted manufacturers, from which Miller retired in 1801 the rest continuing as Swinburne, How & Co.<sup>41</sup> By 1802, when it was also dissolved, this consortium was trading as the Leicester Mill Co.<sup>42</sup> Although he then cooperated with his son, Benjamin, and Caleb Cridland, Caleb withdrew.<sup>43</sup> Operating as Joseph Cridland & Son, the firm was continued by Caleb and Benjamin Cridland after the retirement of Joseph in 1812.<sup>44</sup> Complications ensued, however, for Benjamin and Caleb, the former in Leicester and the latter in Dublin. By 1811, they were forced into bankruptcy, confirmed in 1813.<sup>45</sup> Their bankruptcy persisted to at least 1819.<sup>46</sup> Meanwhile, Joseph himself was placed into bankruptcy in 1814, which necessitated an appearance at the Guildhall in London.<sup>47</sup> Such convoluted formations of partnerships were frequent in the textile industry in Leicester, but in this case resulted in disaster for a family hosiery business.

Without adhering strictly to phases of technological development, these bankruptcies were often the consequence of the transition from the dominance of working capital to the necessity for fixed capital.<sup>48</sup> Bag hosiers were superseded by water-powered factory units and the latter by (eventually) steam-powered units. Each development not only demanded more capital investment, but consequently produced greater concentration in the industry.

The predicament of money scriveners merits detailed consideration because of the financial transitions in the eighteenth century and their demise.<sup>49</sup> Scriveners and country banks became susceptible through the period of the Bank Restriction Act of 1797, through to 1819/21, through expansion and issue of notes and bills.<sup>50</sup> An interesting example is Edward Thornley of Hinckley. In 1798, Thornley, gent., was

<sup>39</sup> *Leicester Directory of Bankers, Manufacturers & Tradesmen 1794*, p. 2.

<sup>40</sup> LG 14051, 961.

<sup>41</sup> LG 15365, 542; 15367, 565; 15368, 583.

<sup>42</sup> LG 15443, 38; 15444, 51.

<sup>43</sup> LG 15561, 210.

<sup>44</sup> LG 16636, 1683.

<sup>45</sup> LG 16741, 1186; 16700, 262.

<sup>46</sup> LG 17459, 479.

<sup>47</sup> LG 16963, 2422; 16968, 2522; 1690, 182; 17015, 983.

<sup>48</sup> S(teven) Toms, *Financing Cotton: British Industrial Growth and Decline, 1780–2000* (Woodbridge, the Boydell Press, 2020), pp. 16 (table 1) 20, 32, 61; K(atrina) Honeyman, *Origins of Enterprise: Business Leadership in the Industrial Revolution* (Manchester: MUP, 1983) (specifically for Derbyshire).

<sup>49</sup> M(ary) Poovey, *Genres of the Credit Economy: Mediating Value in Eighteenth- and Nineteenth-century Britain* (Chicago: Chicago University Press, 2008), pp. 42–3, 47–9.

<sup>50</sup> Poovey, *Genres of the Credit Economy*, p. 74.



appointed lieutenant in the Hinckley Volunteers.<sup>51</sup> In 1805, he was the returning attorney for three bankruptcies.<sup>52</sup> Within two years of the last, his own bankruptcy was declared, followed by meetings of his creditors at the George in Hinckley.<sup>53</sup> As late as 1834, his creditors were still disentangling his affairs, congregating at the Bull in Nuneaton.<sup>54</sup> Only in 1845 was the business finally concluded with a final dividend of 1s 2½d in the £, and an audit of the accounts, all now at the District Court of Bankruptcy in Birmingham.<sup>55</sup>

An extended period in bankruptcy was experienced by Thomas Holled, a money scrivener of Lutterworth. In 1777 he surrendered to the commissioners at the Hind Inn in the town. After several meetings for the distribution of dividends at the Denbigh Arms and Hind Inn, he was finally acquitted in 1785.<sup>56</sup> A similar detention was the protracted liquidation of the debts of Isaac Dawson, the younger, of Ashby de la Zouch, who was obliged to appear at the Black Swan in Mountsorrel in 1760 to enumerate his possessions; the assignees were appointed at the Queen’s Head in Ashby.<sup>57</sup> A dividend was distributed at the Three Cranes in Leicester in 1773.<sup>58</sup> Only in 1787 was the final dividend allocated, at the Three Crowns in Leicester, but even so a composition had to be arranged with his family.<sup>59</sup>

Most of the money scriveners had experienced their difficulties in the late eighteenth century, contemporaneously with the formation of the ‘country banks’.<sup>60</sup> Whereas in 1750, only a dozen banks had been established outside of London, at their peak 650 existed c.1810.<sup>61</sup> The principal directory for Leicestershire in 1794 enumerated two banks in the county borough and one each in five of the market towns, excluding Melton Mowbray.<sup>62</sup> The complement had expanded to four in Leicester and two each in Hinckley and Loughborough in 1822.<sup>63</sup> The major crisis of local banks was precipitated in the two years before the Banking Act of 1844. For example, a commission of bankruptcy was issued against James and Holland Goddard of Market Harborough in 1843.<sup>64</sup> Contemporaneously, bankruptcy proceedings were initiated against John Clarke, Richard Mitchell, Joseph Philips and Thomas Smith, bankers in Leicester, Lutterworth, Melton Mowbray, Uppingham and Oakham.<sup>65</sup>

<sup>51</sup> LG 25032, 556.

<sup>52</sup> LG 15814, 764; 15837, 1084; 16161, 973.

<sup>53</sup> LG 16706, 420.

<sup>54</sup> LG 19126, 240.

<sup>55</sup> LG 20444, 508; 20447, 618; 20472, 1518.

<sup>56</sup> LG 11825, 3; 12638, 187.

<sup>57</sup> LG 9973, 4; 9984, 4; 10003, 4.

<sup>58</sup> LG 11387, 3.

<sup>59</sup> LG 12834, 109; 12912, 388.

<sup>60</sup> L. S. Pressnell, *Country Banking in the Industrial Revolution* (Oxford: OUP, 1956); Hoppit, *Risk and Failure*, pp. 133–8; L(iam) Brunt, ‘Rediscovering risk: country banks as venture capital in the first industrial revolution’, *Journal of Economic History* 66 (2006), pp. 74–102.

<sup>61</sup> Pressnell, *Country Banking*, pp. 76–7; R. C. Michie, *British Banking: Continuity and Change from 1694 to the Present* (Oxford: OUP, 2016), p. 55.

<sup>62</sup> *The Leicester Directory Describing the Bankers, Manufacturers and Principal Tradesmen ...* (1794), p. 1.

<sup>63</sup> *Pigot’s Directory of Leicestershire 1822, 1828, 1835*.

<sup>64</sup> LG 20224, 1574.

<sup>65</sup> LG 20325, 931.

More intractable was the legacy in liquidation of Charles Cope Earle Welby, banker in partnership with Abel Walford Bellairs of Stamford and George Bellairs of Leicester, trading as Bellairs, Welby & Co. Welby was plunged into bankruptcy in 1814 and examined at the White Hart Inn. Successive meetings were conducted at the White Hart Inn and Hotel, but ultimately the case came before the commissioner in bankruptcy at the District Court in Birmingham in 1844.<sup>66</sup> In Ashby de la Zouch, the bank of Fishers, Simmonds and Mammatt, became insolvent in 1835; proceedings commencing against the three co-partners, including Mary Simmonds, widow of Ashby. Creditors' meetings were interchanged between the Hastings Hotel and the Royal Hotel, culminating in the audit of the accounts of the assignee in 1842.<sup>67</sup> In 1822 the partnership in banking in Hinckley between Charles Jervis and Henry Lane was dissolved.<sup>68</sup> Four years later, Jervis succumbed to bankruptcy, which, after successive creditors' meetings at the local George Inn, was concluded in 1832.<sup>69</sup>

Although a 'consumer revolution' extended from the late seventeenth century through the eighteenth, the counterpoint was the number of casualties in the provisioning trades. The following analysis includes grocers, butchers, bakers, mercers/drapers, and victuallers, omitting the more specialised provisioning such as wine merchants and druggists. The numbers are minima since they exclude the opaque category of 'dealer and chapman'. At least 20 per cent of the bankrupts in Leicester were engaged in this sort of retailing, mostly grocers. The proportion was higher (25 per cent); the same in the rural villages, but there mostly butchers and bakers. In the six small towns in aggregate, the level attained 28 per cent. The risk associated with retailing in all locales was high. Credit was extended and received with the potential to be highly disruptive.

### CONFINEMENT IN BANKRUPTCY

Whereas Bakewell subsisted in bankruptcy for a couple of years, although his obligations were not acquitted for four, the vast majority of bankruptcies did not apparently extend beyond a year or so. Scrutinising two surviving ledgers of the commissioners in bankruptcy, Carlos, Kosack and Penarrietta concluded that most bankrupts were discharged fairly quickly. These ledgers are an unusual survival and relate to 1710–14 and 1733–51.<sup>70</sup> As entrepreneurial capitalisation became more complicated, more prolonged cases might be expected.

The endurance in bankruptcy over a year is represented in the histogram (Fig. 2). Occasionally, the length of the process was compounded by a second bankruptcy. Thus, John Stain, 'farmer, dealer and chapman' of Lubenham, was first delivered to his creditors in 1798, but suffered a 'Renewed Commission of Bankrupt' in 1804

<sup>66</sup> LG 16963, 2422; 16967, 2495; 16984, 270; 17522, 1778; 19103, 2148; 20323, 849.

<sup>67</sup> LG 19255, 647; 19290, 1412; 19627, 1400; 19904, 2266.

<sup>68</sup> LG 17896, 792.

<sup>69</sup> LG 18259, 1348; 18261, 1570; 18483, 1284; 18356, 957; 18483, 1284; 18569, 748; 18718, 1772; 18970, 1971; 18972, 2000.

<sup>70</sup> A(nn) M. Carlos, E(dward) Kosack & L(uis) C. Penarrietta, 'Bankruptcy, discharge and the emergence of debtor rights in eighteenth-century England', *Enterprise and Society* 20 (2019), pp. 475–506.

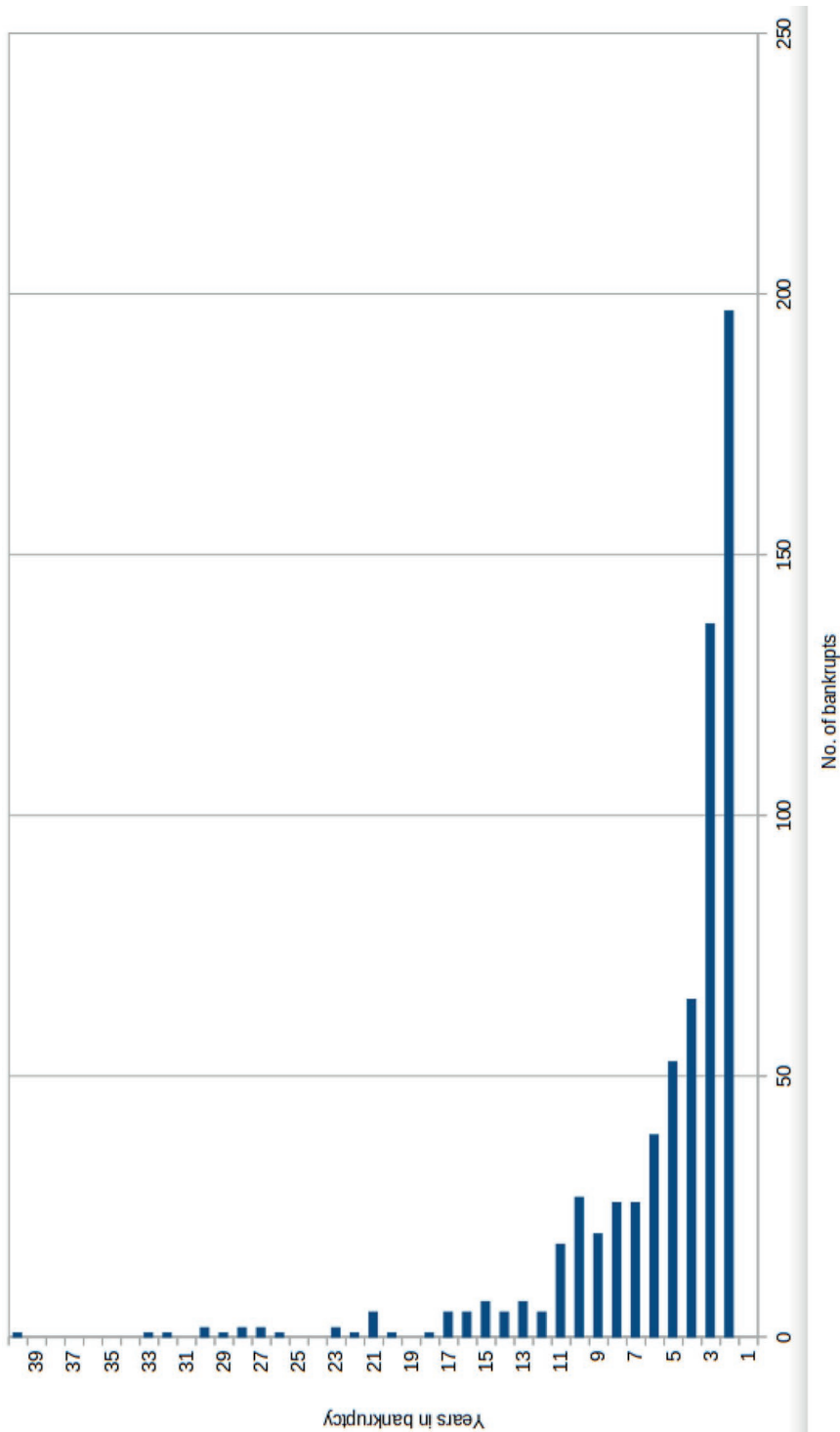


Fig. 2. Endurance in bankruptcy in three counties.

– curtailed by a final dividend in 1806.<sup>71</sup> A renewed commission was instigated against Robert Adams, also of Lubenham, a grazier, in 1816.<sup>72</sup> The same fate attended Thomas Barton, a woolstapler of Market Harborough, catapulted into bankruptcy in 1816, subject to renewal in 1836.<sup>73</sup> Samuel Kinder, who migrated from Manchester to Heafield, a clothier, descended into bankruptcy in 1809, but the commission was renewed in 1835.<sup>74</sup>

Even so, there was a considerable minority that existed in bankruptcy for longer than a decade or, perhaps, succumbed to a second commission. Although tedious, it is worth examining these cases in detail since they not only represent personal disaster, but also the extent of the risk to the downside. Rather than atypical, their intractability reveals the complications of some activities. Amongst these complex arrangements, hosiers and money scriveners with bankers predominated. More than a third of those who were engaged by protracted administration in Leicestershire were involved in textile production. As pertinently, two-thirds of these intractable bankruptcies in Leicestershire involved debtors in the borough of Leicester, whose transactions were potentially more widespread and complicated, and some of which were thus consistently managed in London.

In particular, hosiers, middlemen in the framework-knitting industry, were vulnerable because of their intermediary position. In Loughborough, the hosier Thomas Peach was first cited as a bankrupt in 1794 and his affairs not finalised until 1811<sup>75</sup>; 11 years elapsed before the business of John Stephenson, a hosier of Hinckley, was disentangled – the proceedings stretching from 1776 to 1788. Slightly, later, between 1782 and 1795, the Hinckley hosier Richard Seller experienced prolonged bankruptcy.<sup>76</sup> Significantly, the creditors' meetings were convened at the Blackamoors Head in Nottingham, another textile centre, some 40 miles distant.<sup>77</sup> Another Hinckley hosier, Nathaniel Estlin, was the subject of proceedings from 1785 to 1806, with a later claim on his assignee in 1816.<sup>78</sup> When another hosier of Leicester, Robert Law Simkin, was implicated in bankruptcy proceedings, the *Gazette* revealed that he was the surviving member of a co-partnership with Francis Orton. The administration of his estate was protracted, from 1799 to 1809, no doubt because of the complexity of the partnership.<sup>79</sup> Engagement in such co-partnerships before limited liability resulted in a complicated bankruptcy (see below).

The length in bankruptcy proceedings was often commensurate with a complex business history, perhaps epitomised by Harry Goude, seedsman, of Leicester and London. Involved in a partnership with William Noble in Fleet Street in London as florists and seedsmen, Goude acceded to its dissolution in 1828, although Noble accepted all financial obligations. Immediately, Goude entered into another

<sup>71</sup> LG 15023, 475; 15919, 613.

<sup>72</sup> LG 17125, 658.

<sup>73</sup> LG 17135, 891; 19420, 1628.

<sup>74</sup> LG 16217, 55; 19239, 251.

<sup>75</sup> LG 13685, 731; 13778, 471; 13799, 785; 15327, 62; 15719, 868; 16526, 1926.

<sup>76</sup> LG 12279, 3; 12403, 3; 13781, 524.

<sup>77</sup> LG 11683, 2; 12902, 331; 12966, 92.

<sup>78</sup> LG 12642, 209; 15778, 186; 15830, 994; 15908, 461; 17156, 1443.

<sup>79</sup> LG 15646, 1618; 16308, 1650.

partnership with William Baglehole, in Old London Street in the capital; corn, seed and flour factors. Within a short time (1830), that enterprise was dissolved. Within two years, a fiat in bankruptcy was directed at Goude, now of Leicester and Harper Street, Red Lion Square, in the metropolis; a seedsman. Accordingly, the proceedings were conducted before the court of commission in Basinghall Street in London. Only in 1843 were the auditors of the the accounts of the assignee in a position to sign off.<sup>80</sup> A similar sequence of events obtained with Edward Glover the younger, initially in partnership with his father as ironmongers; an arrangement dissolved in 1824 to allow the introduction of a new partner, Thomas Mercer. That company was dissolved in 1827. Two years subsequently, the younger Edward, ironmonger and silversmith, entered bankruptcy, not exonerated until 1845; by this time in the District Court of Bankruptcy in Birmingham.<sup>81</sup>

Some other traders had exposed themselves to such indebtedness that their time in purgatory extended over a decade – such as John Godfrey, a plumber of Leicester, the administration of whose bankruptcy occupied his creditors from 1823 to 1834.<sup>82</sup> A most serious collapse involved the enterprise of Gabriel Holland, a coal master in Swannington. Cited into bankruptcy in 1760, his entire estate was consigned for sale a year later, comprising the mines and delves, the newly erected fire engine, blacksmith’s shop, stabling for 40 horses and the horses, two houses, and all the timber. In 1785 a renewed bankruptcy notice was invoked against him and his release only obtained in 1786.<sup>83</sup>

### ‘DOUBLE JEOPARDY’?

Hitherto, bankruptcy and insolvency have been examined separately.<sup>84</sup> In a small number of cases, the same personnel were affected by both adversities. Take, for example, the (perhaps) extreme case of Francis Braithwaite. This brickmaker (thus probably a builder) had migrated from Bristol to Leicester. He was committed to bankruptcy in 1800, surrendering to the commissioners at The Swan with Two Necks. In the following year, his building estate was advertised for sale, comprising a freehold estate of newly-built houses, stocking makers’ and other shops, stables and more building plots, all in Granby Street. Their disposal was still in train in 1805. By 1809, he was incarcerated in the King’s Bench prison, an insolvent debtor. The process illustrated here is initial bankruptcy depleting resources with the ultimate result insolvency.<sup>85</sup>

This pathway – from bankrupt to insolvent debtor – was followed by Richard Calverley, certified as a bankrupt in 1818 and petitioning as an insolvent debtor in 1820.<sup>86</sup> A bankruptcy in 1813 had the consequence that Jonathan Singleton

<sup>80</sup> LG 18525, 2153; 18763, 2741; 19001, 2673; 20200, 703.

<sup>81</sup> LG 18001, 260; 18377, 1488; 18641, 2437; 20432, 125.

<sup>82</sup> LG 19203, 1875.

<sup>83</sup> LG 9978, 4; 10063, 8; 10086, 4; 12707, 567.

<sup>84</sup> Hoppit, *Risk and Failure*; Paul, *Poverty of Disaster*.

<sup>85</sup> LG 15273, 779; 15421, 1298; 15454, 172; 15785, 295; 16270, 998; 16271, 1031.

<sup>86</sup> LG 17329, 252; 17661, 2392.

was imprisoned in the Fleet as an insolvent debtor by 1819.<sup>87</sup> In 1820, bankruptcy proceedings were instigated against the horse dealers Samuel and John Twamley, of Thurmaston; in 1834, after much itinerancy, Samuel petitioned for relief as an insolvent debtor.<sup>88</sup>

William Thirlby had farmed land at Ibstock Lodge and Donington le Heath as well as exploiting a coalmine, but had also entered into a partnership with Benjamin Thirlby as lace manufacturers, then with James and Benjamin Cort as mine owners, but had gone out of business in Belton. Initially, he petitioned for release as an insolvent debtor at the court house in Portugal Street in London in 1832. In the subsequent year, however, he was declared bankrupt. Exactly how he qualified as an insolvent debtor and then for bankruptcy is opaque.<sup>89</sup> Something similar attended John Cardinal, a currier, of Charles Street in Leicester, whose bankruptcy was declared in 1827 when he was required to present himself at the court in Basinghall Street in London. In 1829 he was confirmed as a bankrupt when actually in the King's Bench prison and again ordered to appear at the court in Basinghall Street. In the same year, nonetheless, he appeared in the schedule of petitions of insolvent debtors to be heard at the court in Portugal Street in the metropolis.<sup>90</sup>

Although only an inconsiderable number of instances, these cases illustrate that the precise delineation between bankrupts and insolvent debtors was sometimes complicated. The position was only clarified as their resources were more deeply investigated.

#### CHRONOLOGY OF BANKRUPTCY AND LOCAL ECONOMIC DEVELOPMENT

The periodic impact of bankruptcy is illustrated in Fig. 3. Concomitant with demographic and industrial expansion, there was a secular trend in the number of liquidations. Such an increase is unsurprising. Recognizable peaks occurred in 1758–61, 1771–82, 1815–18 and 1837–42.

The first two upward points of the kurtosis concur with the aggregate movement discussed by Hoppit.<sup>91</sup> The numbers are so small for Leicestershire that any suggestions are subject to stochastic variation. During 1758–61, the casualties were mainly involved in textile production. In the second disruption (1771–77), all sectors were impacted equally (excluding agriculture, which remained outside the parameters of bankruptcy). In the post-Napoleonic-War collapse, retail and the textile industry were affected to the same extent, but the major effect on the latter (textiles) delayed until 1818. Superficially, the failures in 1837–42 were occasioned across the same sectors, but in fact in Leicester hosiers dominated the list of bankrupts. It was precisely in the county borough that the displacement of putting-out hosiers by agglomeration of units caused a major implosion.

<sup>87</sup> LG 16819, 2419; 17450, 322.

<sup>88</sup> LG 18757, 2631; 19206, 1946.

<sup>89</sup> LG 18891, 68; 18901, 281; 19112, 2348; 19120, 114.

<sup>90</sup> LG 18351, 831; 18414, 2351, 2354; 18539, 55; 18554, 388, 392; 18590, 1259.

<sup>91</sup> Hoppit, *Risk and Failure*, pp. 46–51.

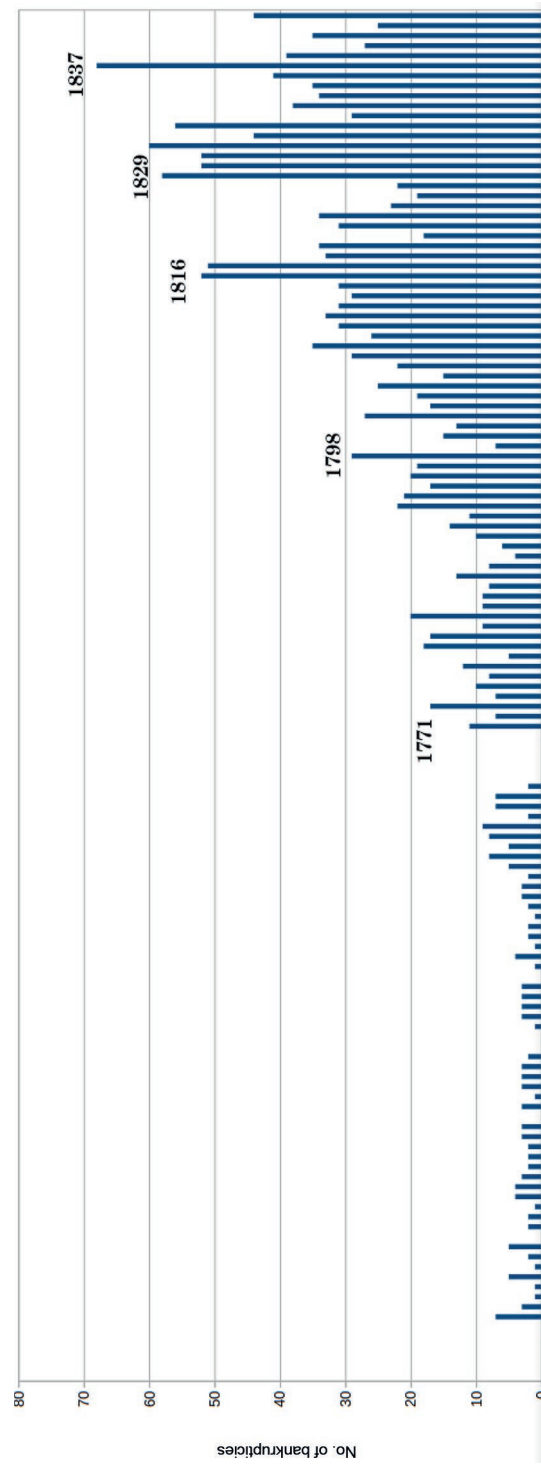


Fig. 3. Chronology of bankruptcy in the three counties.



## COUNTERVAILING COMPENSATION IN LOCAL ECONOMIES

Bankruptcy can be considered as the downside of the local economy as well as a personal catastrophe. To some extent, there was a countervailing moderation in the local economy, stimulating the tertiary sector: hostelries and professions. In the vast majority of cases, the bankruptcy proceedings progressed locally, and then most usually in local inns and hotels in default of public buildings:

The Commissioners in a Commission of Bankrupt awarded and issued forth against John Oram, late of the Borough of Leicester, in the County of Leicester, Furrier, Dealer and Chapman, intend to meet on the 4th of February next [1763], at Three o'Clock in the Afternoon, at the House of William Gill, being the Sign of the Horse and Trumpet in the Borough of Leicester aforesaid, in order to make a Dividend of the said Bankrupt's Estate and Effects; when and where the Creditors, who have not already proved their Debts, are to come prepared to prove the same, or they will be excluded the Benefit of the said Dividend.<sup>92</sup>

Hostelries thus entertained assemblies of creditors for the initial meeting, the interim dividend(s) and/or final dividend, and the audit of the accounts of the assignees for each bankrupt. Such business no doubt contributed to their profitability.<sup>93</sup>

In the eighteenth century, this custom was distributed among 11 hostelries in the borough of Leicester: Bear & Swan; Blue Bell; Blue Boar; Crown & Cushion; Horse & Trumpet; Lion & Dolphin; Lion & Lamb; Saracen's Head; Three Cranes; Three Crowns; White Hart.<sup>94</sup> Most business was conducted, however, at the Lion & Lamb, Three Cranes, Three Crowns and White Hart. This sort of distribution obtained after 1800, but with some difference in the venues. Problems exist, of course, in the consistent naming of hostelries, both changes of the sign and also the designation as inn or hotel. The most frequented venues continued to be the Three Cranes, Three Crowns and the White Hart. The Blue Bell and Saracen's Head received less demand and only occasionally was business transacted at the Lion & Dolphin, the Bull's Head, the Blue Lion and the Lion Hotel. In the 1820s and 1830s, the Rutland Arms became established as a locale. The significance of the Three Cranes and the Three Crowns, both conveniently located in Gallowtree Gate, was their facilities: both maintained post-chaises.<sup>95</sup>

In the small towns, the repertoire was more restricted. In Ashby de la Zouch, the business of bankruptcy was largely conducted at the Queen's Head and, to a lesser extent, the White Hart. In the 1830s the Hastings Hotel figured too. Six establishments were employed in Hinckley, but the negotiations were predominantly conducted in the Bull's Head and the George; the former the venue for the protracted settlement of the bankruptcy of Nathaniel Estlin.<sup>96</sup> Although Loughborough developed as by far the largest and most populous of these small towns, the affairs of bankruptcy were

<sup>92</sup> LG 10277, 3.

<sup>93</sup> A(ian) M. Everitt, 'The English urban inn, 1560–1760', in *Perspectives in English Urban History*, ed. Everitt (London: Macmillan, 1973), pp. 91–137 for the multifunctional hostelry; P(eter) Clark, *The English Alehouse: A Social History, 1200–1830* (Harlow, Pearson Longman: 1983).

<sup>94</sup> For early occasions: LG 5097, 2 (Three Crowns, 1712); 5106, 2 (White Hart, 1713); 5366, 5 (The Crane (sic), 1715); 6613, 4 (Lion & Lamb, 1727).

<sup>95</sup> *Leicester Directory of Bankers, Manufacturers & Tradesmen 1794*, p. 18.

<sup>96</sup> LG 15778, 186; 15940, 939. For the Eagle & Child in 1731: LG 7040, 2.

concentrated at the King's Head. Some business was diverted to the Anchor, but the Bull's Head, George Inn and Red Lion rarely featured. In the south of the county, the Hind and the Crown predominated in Lutterworth, with an occasional meeting at the Saracen's Head. To the east of Lutterworth, Market Harborough exhibited more diversity, with regular conventions at the Angel and the George, with lesser regularity at the Bell and the Swan. The town's facilities were undoubtedly developed in response to its position on the main London Road. The George Inn/Hotel entertained most of the work in Melton Mowbray, followed by the Swan.

During the early nineteenth century, from the 1820s, some bankruptcy meetings in the county borough were referred to the offices of solicitors and attorneys. This disposition resulted from the expansion of their offices allowing small meetings of creditors. The debtors were almost exclusively small retailers from within the borough comprising grocers, tailors, ironmongers and butchers. In quantity, however, they did not compete with the hostellers. A dozen different legal practices invited meetings of creditors. The local legal profession benefited from bankruptcies also, of course, in the issuance of notices and the reports of creditors and assignees.

From 1834, the critical components of some bankruptcy proceedings in Leicester were directed to Leicester Castle. Not all bankruptcies were so referred and the reasons for diversion to the Castle are not apparent. The stages considered at the Castle consisted of the 'surrender' and the audit. Some examples will suffice. In 1834 the accounts were audited there relating to Samuel Mason, late of Leicester, victualler, but lastly of Ashby de la Zouch, workhouse master.<sup>97</sup> Two years later, Thomas Avery Bacon, flour seller in Markfield, was ordered to 'surrender himself' on two specified days at the Castle to disclose his estate.<sup>98</sup>

As reflected above, however, market towns also provided venues for meetings. This development coincided with the administrative configuration of the countryside around market towns, as projected in the constitution of Poor Law districts after 1834.<sup>99</sup>

Demands for bankrupts to appear in London, diverting expenditure away from the locality, were a minority of cases. Although a small proportion of the liquidations, presentments in London had significance in the hierarchy of levels. By and large, but not exclusively, proceedings in London involved debtors from Leicester and Nottingham, and reflected the demand for higher-status consumer goods. Grocers were thus implicated. The Guildhall in London was the venue for the examination of John Large, a Leicester grocer, in 1792.<sup>100</sup> Almost a decade later (1803), another Leicester grocer, John Duneclift, attended them there.<sup>101</sup> He was followed two years later by Thomas Slater, another grocer from the county borough.<sup>102</sup> Many retailers of foodstuffs were more likely to become insolvent debtors, rather than bankrupts,

<sup>97</sup> LG 19215, 2182.

<sup>98</sup> LG 19408, 1437.

<sup>99</sup> F(elix) Driver, *Power and Pauperism: The Workhouse System 1834–1884* (Cambridge: CUP, 1993), p. 41, imposing rationalisation and uniformity.

<sup>100</sup> LG 13401, 211.

<sup>101</sup> LG 15555, 150.

<sup>102</sup> LG 15847, 1240. J(on) Stobart, *Sugar & Spice: Grocers and Groceries in Provincial England. 1650–1830* (Oxford: OUP, 2013), presents the upside. For the downside, Hoppit, *Risk and Failure*, pp. 87–96.

Hostelry	First meetings	Dates
<b>Derby</b>		
Bell	22	1779–1836
George	11	1710–1817, 1837
King's Arms	51	1803–34
King's Head	25	1716–1833
New Inn	24	1782–1840
<b>Derbyshire</b>		
Green Man, Ashbourne	10	1774–1827
Rutland Arms, Bakewell	12	1818, 1833–42
Angel, Chesterfield	24	1712–1831
<b>Nottingham</b>		
Black(a)moor's Head	36	1719–1830
Feathers	11	1712–77
Flying Horse	32	1751–1836
George IV	106	1825–42
Lion	14	1811–31
Punch Bowl	106	1783–1835
Ram	55	1764–1837
White Lion	17	1745–1834
Wilson's Hotel	13	1824–34
<b>Nottinghamshire</b>		
White Hart, E. Retford	30	1778–1842
Swan Inn, Mansfield	14	1738–1830
Red Lion, Worksop	13	1736–1829

Table 2. Hostelrys commissioned for first meetings of assignees and creditors: Notts/Derbys.

because of the small capital investment in many instances.<sup>103</sup> Frequently, retailing was a by-occupation or small-scale. Unsurprisingly, the Leicester booksellers, Richard and Samuel Tibbutt, were commanded to the Guildhall in 1814.<sup>104</sup> After the commissioners had relocated to Basinghall Street, the carver and gilder, Charles Brydone, travelled in 1830 from his business in Leicester to London to reveal his estate.<sup>105</sup> The same requirement was imposed on the furrier, hatter and haberdasher,

<sup>103</sup> See, however, J(on) Stobart and L(ucy). Bailey, 'Retail revolution and the village shop, c.1660–1860', *Economic History Review* 2nd series 71 (2018), pp. 393–417.

<sup>104</sup> *LG* 16918, 1473.

<sup>105</sup> *LG* 18684, 1032.

John Scholes, whose business in Leicester collapsed.<sup>106</sup> In the same building were audited in 1830 the accounts of the assignee of the bankrupt Henry Joseph Wilkinson, printer, publisher and dealer in patent medicines, in Leicester.<sup>107</sup> Another Leicester businessman, John Winder, a draper, also journeyed to Basinghall Street because of the extended nature of his affairs (1831).<sup>108</sup> The credit of some hosiers had also been extended sufficiently for them to be invited before the commissioners in the capital: John Dalby the elder (1793); John and Henry Abbey (1808); Thomas Moore (1814); and Joseph Cridland (1815) – all of the county borough.<sup>109</sup> In total, twenty-one inhabitants of Leicester were summoned to London, a third of them involved in textiles and four grocers.

A very small number of bankruptcies of residents of the market towns involved some stage in London. The creditors of Thomas Judd, a mercer of Melton Mowbray, convened at the Feathers Tavern in Cheapside in 1758.<sup>110</sup> Disclosure of his estate at the Guildhall was ordered to John Bass, an innkeeper in Hinckley, in 1764.<sup>111</sup> The same command was directed at John Platt, a builder from Market Harborough in 1787.<sup>112</sup> John Wiles, a painter and paper-hanger in Melton Mowbray, was surprisingly subjected to the same admonition in 1813.<sup>113</sup> Four traders from Loughborough appeared before the commissioners in London: John Clarke, grocer, at the offices of Messrs Tilson and Preston in 1812; William Walker, a clock-pinion maker and music seller, already in the King's Bench prison, at the Guildhall in 1818; Joseph Brown, lace merchant, in Basinghall Street in 1826; and Julius Cæsar Mott, wine and spirit merchant and nurseryman in 1841.<sup>114</sup> The catastrophic consequences of over-extension of credit by grocers is illustrated by Clarke, the grocer of Loughborough. His house, furniture and stock in trade were all forfeit, to be sold by valuation by Boot of Loughborough, appraiser and valuer.<sup>115</sup>

Rarely was any bankruptcy from the villages administered in London, but exceptionally James Hodson of Kegworth; undoubtedly because of the nature of his business, brandy merchant. His creditors distributed dividends at the Guildhall in 1788.<sup>116</sup> The cheese factor, Thomas Bristow, of Cavendish Bridge, as mentioned above, was conveyed from the King's Bench prison to the Guildhall in 1772.<sup>117</sup>

## CONCLUSION

The containment of bankruptcy before 1842 was associated with the modern notion of 'moral hazard': 'serious' businesses are vulnerable to events outside their control,

<sup>106</sup> *LG* 19695, 88.

<sup>107</sup> *LG* 18685, 1061.

<sup>108</sup> *LG* 18777, 328.

<sup>109</sup> *LG* 13518, 294; 16203, 1604; 16980, 182.

<sup>110</sup> *LG* 9803, 3.

<sup>111</sup> *LG* 10446, 3.

<sup>112</sup> *LG* 12857, 244.

<sup>113</sup> *LG* 16762, 1595.

<sup>114</sup> *LG* 16622, 1353; 17385, 1408; 18261, 1572; 20023, 2434.

<sup>115</sup> *LG* 16622, 1353 (1812).

<sup>116</sup> *LG* 12987, 216.

<sup>117</sup> *LG* 11298, 4.

but must not be allowed to escape their obligations. Although credit still remained to some extent embedded in social relationships (personal), the consolidation of trust through contract formalised the legal process (institutional).<sup>118</sup> The counterpoint of the consumer revolution or expanded consumption was the elongation of the credit chain. In such circumstances, any local or wider disruption could rupture the weak links in the chain. Where the local economy was in transition, from distributed to consolidated units of production, casualties occurred amongst the legacy enterprises. When local retail businesses attempted to extend their credit to meet aggregate demand or the desire for new consumer goods, they became vulnerable. Casualties became 'possessed individuals'.<sup>119</sup>

Bankruptcy stabilised as a collusive action because of its importing some degree of institutional certainty. Risk was mitigated, but not condoned, as the economy and technology accelerated. Creditors accepted that it was more rational to receive something than nothing.<sup>120</sup> Transaction costs might be mitigated. The firmer foundation of the law of contract facilitated the intervention of the Lord Chancellor into business affairs.<sup>121</sup>

In Leicestershire in the early nineteenth century, this intermediation was critical as the industrial base transited from putting out and domestic production to early factory organisation. It was necessary for hosiers to have some means of financial salvation. With the demand for a greater quantity and variety of merchandise, retailers became over-extended in their credit networks. The consequence of these collapses was not an entire dislocation of the local economy, but a specifically sectoral impact. Some of the tertiary sector benefited from the travails of other enterprises: especially hostelrys and services. Redundant hosiers were replaced in textile manufacture by new entrants. Bankruptcy became an integral part of economic transformation and the management of risk in the local economy.

Bankruptcy thus facilitated structural changes in these local economies as they progressed from domestic industry to mill units. The externalities, of course, involved many casualties and personal disasters. With notable exceptions, bankruptcy was an urban phenomenon. Retailing has not been considered here in detail, only as a comparator with industrial collapse, but rural, as well as urban, retailing was another component of bankruptcies; to be considered elsewhere, but another risk to the downside of the 'consumer revolution'.

<sup>118</sup> Misztal, *Trust in Modern Societies*, esp. pp. 14 ('low trust system'), 23 (trust as 'fiduciary obligation'), 24 ('unforeseen circumstances').

<sup>119</sup> Valenze, *Social Life of Money*, p. 27.

<sup>120</sup> Ebner, 'Introduction: the institutions of the market', in *The Institutions of the Market: Organizations, Social Systems and Governance*, ed. Ebner and Nikolaus Beck (Oxford: OUP, 2008), p. 3 ('Rational choice institutionalism').

<sup>121</sup> Atiyah, *Rise and Fall of Freedom of Contract*; Ebner, 'Introduction', p. 4 ('Organizational Institutionalism').