

**Industrial Organization  
in the Sixteenth and  
Seventeenth Centuries**

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## PREFACE

THIS book has grown up out of a piece of research which I planned as a student of Berlin in 1898, and commenced to carry out as a student of the London School of Economics in the following year. An article published in the *Economic Journal* for September 1900, under the title, 'A Seventeenth-Century Trade Union', which was the first outcome of this investigation, has, with the kind permission of the editors, been reproduced almost in full in Section 4 of Chapter VIII.

Setting out with the detailed examination of the records of a single London company, I was gradually led to include within the scope of my inquiry, first, the other industrial companies of London, then the similar organizations in other English centres of industry, and finally the parallel development in continental cities, and especially at Paris. In this way I came to entertain the idea of doing something, however tentative, to bridge over the gap which appeared to exist in industrial history between medieval England and the England of the eighteenth century.

The chapters on medieval industrial organization in Professor Ashley's *Introduction to Economic History and Theory* on the one hand, and on the other hand the *History of Trade Unionism* and *Industrial Democracy* of Mr. and Mrs. Webb, have supplied me not only with a starting-point, but with an invaluable and constantly renewed stimulus. I should not, however, have ventured to undertake the task, if it had not been for the inspiration and the guidance derived from the lectures and writings of Professor Gustav Schmoller of Berlin, and if I had not been able to avail myself very largely of the researches in German economic history of the school which Professor Schmoller may be said to have founded.

No one, whatever his special subject or period, who attempts to make a contribution to English economic history can avoid laying himself under obligations to the

work of Dr. Cunningham. My own debt would have been much greater if I could have taken advantage of the enlarged edition of the later portion of the *Growth of English Industry and Commerce*—which, however, did not appear till my book was ready for the press. I have done my best by the addition of references to enable the reader to avail himself of this great storehouse of economic learning.

In the case of the French work to which that of Dr. Cunningham most nearly corresponds—the *Histoire des classes ouvrières et de l'industrie en France* of M. Levasseur—I have been somewhat more fortunate. More than forty years after the first appearance of what has since been the standard work on the subject, M. Levasseur is at present engaged on a revised edition embodying the results achieved by historical research in the interval. The first two volumes of this edition, which appeared in 1900 and 1901, furnish the student with an indispensable guide to the sources of French social history. Those sources are rapidly becoming accessible in printed form, and amongst them are many records of industrial organization, the most valuable of all for the purpose of comparison with English contemporary records being the edition by M. René de Lespinasse of the ordinances of the Parisian corporations—which forms part of a magnificent series of volumes, designed to illustrate the history of Paris in all its aspects.

Although London certainly has fallen behind Paris in this respect, the progress made of late in the publication of municipal records in England generally has been very marked. Many old cities and boroughs have taken the matter in hand for themselves, with excellent results; the Historical MSS. Commission have reported on the records of many others; and the local historian, thanks no doubt in some degree to the influence of Mrs. J. R. Green's *Town Life in the Fifteenth Century*, has begun to show far more appreciation than formerly of the value of local records as material for social and economic history. Two books exemplifying this tendency which I have found especially helpful are Miss Harris's *Life in an Old English Town* and Canon Morris's *Chester in the Plantagenet and Tudor Reigns*.

With regard to the sources from which materials have

been drawn, this book will be found to fall into two fairly distinct halves. The first of these is based almost entirely on the published histories, articles, and records of which a list will be found in Appendix C; whilst the materials for the second portion, which begins on p. 112, have been mainly derived from the manuscript sources indicated in Appendix B.

In this difference of material there is implied almost inevitably a difference of method. In the earlier chapters an attempt has been made to exhibit the transformation of the London craft organizations as part of a development which belongs to the general history of Western Europe, and this has involved an extensive use of the comparative method. It may perhaps be thought that too much stress has thus been laid upon the parallelism between English economic development and that of continental nations. This, however, has not been put forward as the final aspect of social history; although it certainly seems to deserve more attention than has been commonly bestowed upon it. At a later stage of inquiry it would, no doubt, be necessary to insist upon the element of differentiation due to the working of causes peculiar to each nationality.

If this task has not been undertaken in the later chapters, it is because an almost entire dependence upon manuscript material precludes any extensive application of the comparative method. In attempting to give a somewhat detailed account of the activity of the new type of industrial organization which displaced the craft gild, I have been obliged to confine myself, not merely to England, but to London, and even to certain selected industries of the metropolis. The court books of two Livery Companies, constituting between them a continuous weekly record of administrative activity for nearly three centuries, served as a backbone to the investigation; whilst a large amount of supplementary material relating to these and to the other companies was found among the Domestic State Papers, in the MS. department of the British Museum, in the Privy Council Register, in the Repertories of the City of London or in the archives of the House of Lords. It would be impossible for an individual student with less than a

lifetime at his disposal to exhaust the unpublished material to be derived from these sources. The Calendars of State Papers—especially those more recently issued—have enormously facilitated the task of the historian by enabling him to dispense, in the great majority of cases, with a reference to the original MS.; whilst the volumes issued by the Historical MSS. Commission, and Mr. Dasent's edition of the *Acts of the Privy Council*, are gradually rendering the same service even more completely. But, in spite of the excellent example set by lesser towns, there is, as far as I know, no immediate prospect of the Repertories of the City of London, which form perhaps the richest storehouse of material for the history of industrial regulation in the sixteenth and seventeenth centuries, being made more accessible to the student. The records of the Livery Companies are a very uncertain quantity; but it is probable that of the seventy-odd surviving companies a third at least possess records of considerable value, whilst the published histories of individual companies which give any satisfaction to the economic historian can be easily reckoned on the fingers of one hand. One of the main purposes with which this book was written was, by attempting to indicate the place occupied by the Livery Companies in the course of industrial development, to enable those interested in their records to do fuller justice to their value as material for the economic history of England during a very important period.

I am encouraged to hope that this purpose will not entirely fail of fulfilment by the sympathetic readiness with which I have been assisted by the three companies, the Feltnakers, the Haberdashers, and the Clothworkers, whose records I had selected for special investigation. I am especially grateful to Mr. Peachey, Clerk to the Feltnakers' Company, whose kindness did much to smooth the difficult path of a beginner; and to Sir Owen Roberts, who courteously placed at my disposal the exceptionally interesting records of the Clothworkers' Company. Mr. W. E. Carrington of Stockport has supplied me with some valuable documents relating to the history of feltnaking.

My thanks are also due to the Library Committee of the

City Council for permission to make some extracts from the City Repertories; to Mr. J. R. Dasent of the Board of Education, and Mr. J. C. Ledlie of the Privy Council Office, for free access to the Privy Council Register; and to Mr. J. C. Tingey, Honorary Archivist of Norwich, and the Rev. W. Hudson, his predecessor in that office, who did all in their power to assist my somewhat cursory examination of the admirably arranged records on the basis of which they are about to make an important contribution to the history of that famous city. In conclusion I wish to express my indebtedness to Mr. L. L. Price, Bursar of Oriel College, and to Mr. Joseph Owen, Fellow of Pembroke College, Oxford, who took the trouble to read some of the earlier chapters in manuscript, for much timely encouragement and helpful suggestion; and to Mr. J. C. Dore of Cardiff, and my wife, for valuable assistance in getting the book through the press.

CHELSEA,  
May 7, 1904.

#### NOTE AS TO REFERENCES

The edition of M. Levasseur's *Histoire des classes ouvrières en France* referred to in this book is the greatly enlarged one just published of the first two volumes dealing with the period before the Revolution. The references to Dr. Cunningham's *Growth of English Industry and Commerce* are taken from the third edition. The two divisions of the work, *Early and Middle Ages* and *Modern Times*, are referred to as i and ii respectively. The third edition of the latter portion is in two parts, but is paged as one volume. The *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich*, and the *Staats- und socialwissenschaftliche Forschungen*, both edited by Professor Gustav Schmoller of Berlin, are referred to as Schmoller's *Jahrbuch* and Schmoller's *Forschungen*.

# CONTENTS

	PAGE
INTRODUCTION . . . . .	I
CHAP. I. THE AMALGAMATION OF THE CRAFTS . . . . .	15
II. DIFFERENTIATION OF CLASSES WITHIN THE CRAFT GILD . . . . .	41
III. INDUSTRIAL CAPITAL <i>v.</i> COMMERCIAL CAPITAL . . . . .	70
IV. THE ELIZABETHAN COMPANY . . . . .	103
V. THE STUART CORPORATIONS OF SMALL MASTERS . . . . .	126
VI. JOINT-STOCK ENTERPRISE AND INDUSTRIAL MONOPOLY . . . . .	148
VII. PROTECTIONISM UNDER JAMES I . . . . .	172
VIII. THE ANTECEDENTS OF THE TRADE UNION . . . . .	196
APPENDIX A.	
I. EXTRACTS FROM THE CLOTHWORKERS' COURT BOOK, 1537-1639 . . . . .	228
II. CLASSIFICATION OF WOOLGROWERS AND CLOTHIERS, 1615 . . . . .	234
III. CHARLES I AND THE PIN MONOPOLY . . . . .	236
IV. THE FELTMAKERS' JOINT-STOCK PROJECT, <i>circa</i> 1611 . . . . .	240
V. 'THE CASE OF THE FELTMAKERS TRUELY STATED' . . . . .	242
VI. EXTRACTS FROM FELTMAKERS' ORDINANCES AND COURT BOOK, MAINLY ILLUSTRATING THE DISPUTE OF 1696-9 . . . . .	245
VII. THE STATUTE OF APPRENTICES SET ASIDE . . . . .	252
APPENDIX B.	
LIST OF MANUSCRIPT SOURCES FOR THE HISTORY OF THE INDUSTRIAL COMPANIES OF LONDON DURING THE SIXTEENTH AND SEVENTEENTH CENTURIES . . . . .	253
APPENDIX C.	
LIST OF BOOKS AND ARTICLES CONSULTED . . . . .	263
INDEX . . . . .	271

## INTRODUCTION

To the eye of the scientific observer, human society, as it lives and moves at the present day, embodies an endless variety of survivals from almost every age since the dawn of history; and nowhere is the past more closely intermingled with the present than in the complicated and world-wide ramifications of modern industry. As a concrete illustration of this truth it will suffice to take the case of any English town of average size—with a population of, say, between 50,000 and 100,000—and to enumerate the main industrial channels through which the primary wants of the inhabitants are supplied.

In the first place a part—though a much smaller part than formerly—of what is worn by the members of each household is produced by the domestic labours of the family circle. Home-knitted stockings, home-made underwear, and home-contrived children's garments, though not common in large cities, are still worn to some extent in provincial towns. Most working-class families do some home tailoring, and not a few, even in London, repair their own boots. With the natural progress of the division of labour, these domestic activities, along with others, such as baking, brewing, and preserving, tend to be replaced by the labours of the workshop and of the factory. The fragments that remain may be considered as survivals from the domestic economy of the primitive village community, in which every household supplied almost all its own wants, and the only professional craftsman was the smith<sup>1</sup>. When Dr. Johnson made his famous tour of the Hebrides with his faithful Boswell, he found this simple mode of life still prevailing in some of the western islands of Scotland; and the modern traveller who ventures his life amongst the Albanians describes them as employing no craftsman but the alien and wandering smith.

<sup>1</sup> K. Bücher, *Die Entstehung der Volkswirtschaft*, translated by S. M. Wickett, under the title *Industrial Evolution*, pp. 155-7. The later village community, survivals of which are still found in India, embraced often a variety of artisans, such as potters, shoemakers, barbers, who were not 'free craftsmen,' working for their own gain, but officials of the community. See H. Maine, *Village Community*, p. 125; B. H. Baden-Powell, *Indian Village Community*, pp. 16, 23.

The hand-  
craft type  
of industry

The nearest source from which the labours of the household in our typical modern town can be supplemented or replaced is to be found in the small tradesman—the baker and the butcher, the working tailor and the cobbler of the immediate neighbourhood. The characteristics of this class are—that its members deal directly with the consumer; that they work with their own hands, though sometimes assisted by an apprentice or a journeyman; and that they possess a very limited amount of capital. Sometimes indeed they work upon material supplied by their customers. This used to be the case even with the baker, to whose oven the household sent its daily bread and its weekly joint. Nowadays it is no doubt more general for the small tradesman to furnish his own material, but the amount of his circulating capital is often restricted to a week's supply—a side of leather, a few sacks of flour, or a beast for slaughtering—which in some cases may be obtained on credit. It is to work carried on under these conditions—only removed by one degree from the simplicity of household production—that the name of *handicraft* has been applied<sup>1</sup>. And just as home-production is a survival from the period of the village community, so handicraft represents the industrial conditions of the later period when civilization took a step forward from the village to the town.

is a survival  
from the  
mediaeval  
town,

There had been very little division of labour in the village community. Nearly all its members had been engaged in directly supplying their own elementary wants, or in assisting to supply the similar wants of their lord. The town arose as a centre in which the surplus produce of many villages could be profitably disposed of by exchange. Trade thus became a settled occupation, and trade prepared the way for the establishment of the handicrafts, by furnishing capital for the support of the craftsmen, and by creating a regular market for their products. In the mediaeval town, therefore, it was possible for a great many bodies of craftsmen—the weavers, the tailors, the shoemakers, the butchers, the bakers, the carpenters, the masons, &c., to find a livelihood, each craft devoting itself to the supply of a single branch of those wants which the village household had attempted very imperfectly to satisfy by its own labours<sup>2</sup>.

represented  
by the poor  
neighbour-  
hood of to-  
day

In respect of their relations to a wider economic environment, there is of course the greatest possible difference between the position of the mediaeval craftsman and that

<sup>1</sup> Bücher, *Industrial Evolution*, pp. 168–71, 188; G. Schmoller, *Grundrisse der allgemeinen Volkswirtschaftslehre*, i. 419 (1900).

<sup>2</sup> Cf. Ashley, *Economic History*, Pt. II, p. 99.

of his modern representative, the working tailor or shoemaker of our back streets. The mediaeval craftsman was a pioneer engaged in opening up the virgin soil of industry; whilst the modern craftsman is a poor gleaner in a field which has been already swept by the machinery of larger systems of production. But in the more immediate conditions of his employment, in the smallness of the capital invested, and the directness of the relation between producer and consumer, the modern craftsmen preserves for us the features of the earliest stage of industrial development. If we wish to assist our imaginations to form a conception of a mediaeval town by a reference to existing facts, we must set aside the trading centre of the modern town, with its large shops, its railway station, post office, and public buildings, and take as our starting-point some poor neighbourhood in the town, inhabited by the working class. Such a neighbourhood has often an individuality and a name of its own. It has its parish church, its life-long residents, its centres of gossip, its familiar characters, its customs and traditions not shared by the rest of the town. These things supply the social setting to which the lingering element of handicraft in modern industry properly belongs.

But the inhabitant of such a neighbourhood looks beyond its limits, not only for almost all the higher interests of his life, but also for the supply of the greater part of his material needs. If he wants a new suit of clothes, if his wife desires a new dress or new furniture for her parlour, these are generally obtained at the large shops in the centre of the town. Here we are brought into contact with a more advanced phase of industrial development. The tailor with the large shop and an extensive stock of materials, who supplies the suit of clothes, is not so much a craftsman as a trader. His business is to elicit an order. He probably sets a workman to measure the customer, and when the materials have been cut out he hands them over to be made up by one of a number of workmen, whom he keeps employed in their own homes. The advantage of this interposition of the trader between the producer and the consumer is that the producer obtains a larger market for his work, and the consumer a wider choice in the satisfaction of his wants. No very satisfactory name has been found for this method of employment. It has generally been called the *domestic system*, because the work is carried on in the home, but this does not sufficiently distinguish it from the *handicraft system*. Another proposal is to

The do-  
mestic or  
commis-  
sion system

call it the *commission system*<sup>1</sup>, which applies well enough to cases like that already described, but is not so applicable to other cases where the 'small master,' instead of waiting for a commission, produces at his own risk articles of a type in common use, and then endeavours to dispose of them to a dealer. If, for instance, the inhabitant of our typical neighbourhood should decide to invest his savings in furniture rather than clothes, it is not improbable that the sideboard or the wardrobe, which is henceforth to adorn his house, will have been made in the domestic workshop of a Shoreditch cabinetmaker, sold to a dealer in Curtain Road, and sent by him to replenish the stock of the shopkeeper in our provincial town.

belongs to  
the period  
of national  
unification

The last illustration helps to explain the place of the domestic system as a stage in the historical development of industry. Just as the rise of the handicrafts is associated with the subordination of the village to the larger economic unity represented by the town, so the appearance of the domestic system was part of a later development by which the town was subordinated to the still larger economic unity of the nation at large<sup>2</sup>. The mediaeval town had aimed at being nearly as self-contained as the primitive household. There was, of course, division of labour between the town and the country round about it. The country people brought their foodstuffs, their wool and hides, to the town market, and were supplied in return with the various products of the town handicrafts. In addition to this, as the population of the town increased, there was further division of labour amongst its workers, leading to a multiplication of separate handicrafts. But of that division of labour between distant centres of industry, by virtue of which Sheffield makes cutlery for Northampton, Northampton makes boots for Burslem, and Burslem makes pottery for Sheffield, there was exceedingly little in mediaeval times. So free an interchange as now takes place implies the existence of many social and political conditions which have been of slow growth. But considered merely as a matter of industrial development, it was first rendered possible by the transition from the handicraft system to the domestic system. From the fifteenth century onwards, bodies of craftsmen in the various industrial centres were enabled, through the agency of the trading

<sup>1</sup> Bücher, *Industrial Evolution*, p. 171. The word in the original is *Verlagssystem*; cf. Schmoller, *Grundrisse*, i. p. 424.

<sup>2</sup> Ashley, *Economic History*, Pt. II, pp. 8, 42, 220; Bücher, *Industrial Evolution*, pp. 83-149.

middleman, to find a market for their wares in distant parts of the country. With such a machinery of distribution at his command the producer did not need to remain within reach of the consumer. Secure of a national market industry was free to concentrate in the most favourable localities, and by this process the more important industries lost their local limitations, and acquired a national character, during the period between the Reformation and the Revolution. We may therefore regard the cases already cited from the tailoring and furniture trades as survivals exemplifying the type of industrial organization which predominated in the days of Shakespeare and Milton.

But all the three sources of supply, so far enumerated, taken together probably fail to account for more than half the commodities regularly consumed by our typical working-class family. Their hats, and boots, and ready-made clothing, the sheets and blankets on their beds, the beds themselves, and a score of other things were made in factories by wage-earners organized in large numbers under the immediate direction of capitalist employers, and generally with the assistance of elaborate and expensive machinery<sup>1</sup>. This is so universally recognized as the normal method of modern industry that the instinctive tendency would probably be to overrate rather than underrate the proportion of wants which it supplies. The couple of centuries which have elapsed since England gave birth to the factory system have not sufficed, as our survey has shown, for the elimination of the earlier methods of production. In every manufacturing town, craftsmen, who preserve the industrial type of Chaucer's day, and small masters, whose status resembles that of Shakespeare's *Bottom the Weaver*, are to be found in considerable numbers side by side with factory workers of the modern type. It is not superiority of numbers but superiority of organization which gives the factory-worker the leadership of the working-classes.

The survival of the handicraftsman is rendered a familiar fact to most people by the daily contact into which he is brought with the customers whose wants he supplies. But the case of the small master working for a middleman is not obtruded upon the public notice. Numbers of this class are hidden away in the unexplored regions of our great cities. They are exempt from the visits of the factory inspector, and most of them belong to no organization. Probably few of those who read the evidence given before

The  
factory  
system is  
the modern  
form of  
industry

The sweat-  
ing system  
a surviving  
social  
problem

<sup>1</sup> Bücher, *Industrial Evolution*, pp. 173-8.

the Lords' Committee on the sweating system had been aware how extensive and various were the industries still carried on in domestic workshops, and fewer still are likely to have realized that the evils then brought to light were the lingering traces of what constituted the great industrial problem of Tudor and Stuart times, just as the conflict between organized wage-earners and their employers constitutes the great industrial problem of to-day.

The  
domestic  
system in  
modern  
England

The great survey accomplished by Mr. Charles Booth and his assistants has not only shown that the 'domestic system,' i. e. the employment of workers in their homes or in larger domestic workshops under small masters, is the predominant method of employment in the East End of London, but has also supplied us with a vivid picture of the conditions under which the typical industries of this class, the tailoring and shoe-making of Whitechapel, the silk-weaving of Bethnal Green, and the cabinet-making of Shoreditch, are carried on<sup>1</sup>. More recently a careful German observer has enumerated a list of English industries in which the domestic system prevails, including the cutlery trade of Sheffield, the pottery and the chain and nail-making of the Black Country, the lace-making and hosiery of Nottingham, the straw-plaiting of Bedford, the glove industry of Worcester and Oxfordshire, the smallware trades of Birmingham and the silk-weaving of Macclesfield<sup>2</sup>. In some of these cases—at Nottingham and Sheffield, for instance—an arrangement is found which is half-way between the domestic workshop and the factory. The small master continues to undertake the work upon his own account, but he hires from a larger capitalist, not only the room in which his occupation is carried on, but also the power necessary to keep his wheel or his loom in motion.

and in  
continental  
countries

And if in England, the birthplace of the factory system, the amount of industry carried on under the older form of organization is still so considerable, the proportion is even greater throughout the rest of Europe. In the cotton and woollen manufactures, in which England remains unrivalled, the factory system has long been completely triumphant; whilst the handloom of the small master still lingers in many parts of France and Germany, and is much commoner in Eastern Europe<sup>3</sup>. Most of the domestic industries spoken

<sup>1</sup> C. Booth, *Life and Labour of the People of London*, vols. i, ii.

<sup>2</sup> W. Hasbach, *Zur Charakteristik der englischen Industrie in Jahrbuch für Gesetzgebung* (ed. Schmoller), 1902, pp. 1032-52.

<sup>3</sup> E. Helm, *British Cotton Industry* in 'British Industries,' edited by Professor Ashley, p. 88.

of as existing in England are to be found in the other countries of Europe, and most countries have industries of this kind peculiar to themselves. Such are, for example, the production of articles of fashion in Paris, of toys in the Black Forest, of watches in Switzerland, and of samovars in the Russian villages. The Russian village industries carried on in this way are most varied and extensive. Some twenty years ago it was estimated that the population so employed numbered seven and a half millions<sup>1</sup>. It must be remembered that in the brief history of Russian civilization that development of town life, which did so much to forward the social and political and economic progress of Western Europe, has no place. The production carried on by the village community for the satisfaction of its own wants has been directly converted, without passing through the handicraft stage, into a number of domestic industries, which are provided with a distant market by the enterprise and capital of the merchants in the trading centres<sup>2</sup>.

The scope of this book is confined to England as representative of West European civilization. Its purpose is to give some account of the rise of the domestic or commission system, not as springing out of the home-production of the village community, but as displacing the handicraft system of the town. The Craft Gild was the institution in which the handicraft system found its social embodiment. The transformation of the gild with which we are concerned is the process by which a social institution called into existence by one set of economic conditions, was gradually adapted and remodelled from within and from without to meet the requirements of another and more complex set of economic conditions arising out of the progress of civilization. The new type of organization which was the result of this transformation has left behind no name by which it can be clearly distinguished<sup>3</sup>. In England it was generally called a company, and the London Livery Companies, as they existed in the sixteenth and seventeenth centuries, have supplied this book with most of its examples. But the term company does not distinguish the industrial organizations, with which this book is specially concerned, from the purely commercial companies of the same period

It is here  
considered  
as a modi-  
fication of  
handicraft

<sup>1</sup> Conrad, *Handwörterbuch der Staatswissenschaften*, article *Hausindustrie*.

<sup>2</sup> Bücher, *Industrial Evolution*, p. 171.

<sup>3</sup> Schmoller's article *Recht und Verbände der Hausindustrie* in his *Jahrbuch*, vol. xv, gives the best account of similar French and German organizations.

engaged in home or foreign trade, or from the joint-stock companies of the present day.

The connexion between Gild and Trade Union is real,

In the absence of a distinctive name it is important to make our conception of the thing signified as clear as possible; and perhaps the best way to do this is to set out from the two kindred conceptions that have acquired distinctive names—the Handicraft Gild and the Trade Union. The uncritical attempts that have sometimes been made to bring these two widely different forms of industrial association into some sort of historic connexion have had a sound instinct behind them. However erratic they may have been in result<sup>1</sup>, they have been animated by a dim recognition of the truth that a social institution needs to be explained by a reference to antecedents of its own kind. Economic conditions will not of themselves produce a trade union, nor religious convictions a church. Nor is it sufficient to say that those conditions or convictions taken together with the social nature of man are the causes of these institutions. Man is no doubt everywhere a social animal, but there is nothing in which the races of mankind and the separate branches of those races differ so much as in their aptitude for free association, and in the forms which that aptitude takes. It is a divergence not so much of religious convictions as of social characteristics, which makes the Christian Church such a different institution in Germany and in England, in Scotland and in South Africa. And social character of this kind must not be thought of as innate and as springing up spontaneously in each fresh generation. To a large extent it is transmitted through conscious imitation of the older generation by the younger, of the class which has already achieved organization by that which has not. There is no harm in calling this the influence of environment, as long as it is realized that mere environment cannot produce social progress without the co-operation of willing and congenial subjects. The maxim *omne vivum ex vivo*, 'no life without antecedent life,' which has recently been transferred from the sphere of biology to that of the higher life of the soul, is a truth that certainly holds good in the intermediate domain of that science which deals with the growth of the social mind. And if we cannot always detect the kindling process of living contact, it is our business as students of social science to arrange the kindred forms of social life as nearly as possible in the order of their natural succession.

<sup>1</sup> Cf. S. and B. Webb, *History of Trade Unionism*, p. 11.

In this sense then the Gild is to be regarded—not indeed as the parent but—as the ancestor of the Trade Union, as it was also the ancestor of the modern Employers' Association, and of many other existing forms of social organization. To attempt to find an immediate connexion between the Gild and the Trade Union is like attempting to derive the English House of Commons from the Saxon Witanagemot. In the one case as in the other the two institutions were separated by centuries of development, and the earlier one was dead before the later one was born. In both cases a connexion undoubtedly exists which is real, significant and vital, but it needs to be traced through intermediate links. To supply the links in the first of these cases, and thus to bridge over—however tentatively—the chasm that separates mediaeval from modern industrial history, is the chief purpose of this book.

The Gild belongs to the earliest and simplest, the Trade Union to the latest and most complex, phase of industrial society. In what direction then, we may now ask, are we to look for the significance of this change from simplicity to complexity? It is to be found mainly in the constantly widening application of the principle which Adam Smith was content to describe as the Division of Labour<sup>1</sup>. Subsequent investigators have discovered so many aspects and varieties of this principle in its application, not only to economic but to physical and biological phenomena, that a whole vocabulary has been found necessary to express them. But the older and simpler term will serve our purpose here. Three different stages in the progress of division of labour have already been noticed. There was division of labour first between the town and the country round about it, then between different towns or other industrial centres belonging to one nation, and finally between the various nations of the world. In the first of these stages there is a town market or town economy, in the second a national market or national economy, and in the third a world market or world economy. And corresponding to the advance of division of labour between whole communities, there is similar advance of the same principle within the communities between the classes that compose them, leading to the adoption of a different industrial system at each stage. Thus the handicraft or gild system is associated with the *town economy*, the domestic or commission

<sup>1</sup> For an admirable discussion of the variety of meanings which have been covered by this phrase, the reader is referred to Bücher, *Industrial Evolution*, pp. 282-314.





































































































































































inherited a large measure of the protectionist spirit in the traditions of the industrial and commercial organizations, which had been taken over from the narrower local economies now absorbed and incorporated in the national framework. The exclusiveness of these organizations had been modified in part by legislative action, and still more by the influence of purely economic forces; but the power of vested interests and the dislike of competition are apt to linger long in the midst of a world quite different from that which gave them birth. The faculty of ready self-adaptation to changing circumstances is more naturally acquired in commerce than in industry; and it is amongst the more enterprising members of the mercantile class that there is commonly generated the courage and the enlightened self-interest which dictate a policy of freer trade. We may therefore measure the power of the protectionist spirit by the degree of its survival in this class.

illustrated  
by mer-  
chants'  
complaints  
of competi-  
tion

The complaint of the merchants trading to Spain supplies an example full of unconscious humour. They were much troubled, it appears, by reason of a number of shopkeepers' and retailers' servants, never brought up as merchants, who were sent out as factors, and who 'by their unskillful practice much prejudiced the exercised merchant.' Besides these there were the Northern and Devonshire clothiers, the makers of the new drapery and the hosiers, who, instead of being content to serve the merchants as they used to do, had made it their business to be informed of the demands of the Spanish market, so that they could supply it directly. But unauthorized competition of this simple character was not the worst from which the Spanish merchants had to suffer. The linendraper, they said, having disposed of his best goods in England, 'sendeth his remainders over into Spain, *seeking rather vent than profit.*' Tobacco, again, as His Majesty well knew, was not only a needless but a hurtful commodity, and the Spanish merchants bearing this duly in mind had been accustomed to get it for next to nothing. But the tobacco merchants were now so eager to buy this noxious weed that 'they cared not almost what price they gave'; and what was still worse, they took out good English cloth in exchange, and in their blind desire for trade actually sold it at 10 or 20 per cent. below cost price. And this strange conduct on the part of the tobacco merchants was said to be shared by the vintners, grocers, salters, sugar-bakers, and dyers of London, who, having turned Spanish merchants on their

own account, exported the native and best commodities of England at or below cost price, and then helped themselves again by their returns of wines, fruits, oils, sugars, indigo, cochineal, and such-like wares, on which they made a handsome profit. The conclusion which the complainants wished to enforce, by citing these sad examples of commercial immorality, was that the trade in which so much unlawful profit was being made by outsiders should be henceforth strictly confined to themselves<sup>1</sup>.

Such being the attitude of the merchants, we shall hardly hope to find the manufacturers alive to the advantages of free trade. For a century past there had been a steady growth of the capital invested in the larger forms of industry. This had in part been effected by a transference of capital hitherto employed in commercial enterprise. In earlier times the capitalist of the towns was, as we have seen, mainly a trader. Such industrial capital as existed was distributed in small quantities amongst the masters of the various crafts. But as trade became national and even international in its scope, the local trader was often driven, by the competition of the larger merchant from a distance, to fall back upon an alliance with industry, and by identifying himself with the cause of local monopoly, to obtain a more profitable investment for his capital. Supported by the municipal authorities, and sanctioned by a central government alarmed at the threatened decay of the towns, industrial corporations were formed, with the object partly of exploiting the freer manufactures of the country districts and partly of hindering their further development. Similar companies, representing industries which had their chief seat in the capital, attempted to acquire a monopoly of the whole national production, or at any rate to procure authority to supervise and restrain any production carried on elsewhere<sup>2</sup>. The natural tendency of such monopolies was towards a form of organization resembling the modern cartel or trust. In proportion as they approached a complete control of production, it was almost inevitable that they should seek to regulate, in their own interest, the cost of materials, the price of the product, and the volume of the output<sup>3</sup>.

Growth of  
industrial  
capital

and its  
tendency to  
organize a  
monopoly

The earlier Craft Gilds had sometimes entertained these aims within their narrower limits. In the wider national field, to which the seventeenth-century corporation now transferred them, they did not, as a rule, achieve any

An illustration  
from  
Würtem-  
berg

<sup>1</sup> *Lansdowne MSS.*, clii. 51.

<sup>2</sup> See below, p. 204.

<sup>3</sup> Welch, *Pewterers' Company*, i. p. 250.





































































































