

Quaker Contributions to the Emergence and Growth of Industrial Capitalism

The Double-culture Period (1695 – 1895)

A chapter from the book *Quakers and Capitalism*
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Introduction

The Restoration of Charles II and the persecutions ended a period of radical Quaker engagement with virtually all the institutions of English society. But the Lamb's War focused particularly on religious institutions and not so much on those governing commerce. Capitalism had yet to emerge in any meaningful way. The primary engine for wealth creation was still the land. As trades people and yeoman farmers (that is, agricultural producers who owned their own land), early Quakers were not at the bottom of this food chain, but they started out more or less frozen in their places, without much visible prospect for change. But change was all around them and Friends adapted with remarkable resilience.

By the end of what I am calling the first transition period in the economic history of Friends, they had not only survived an economic harrowing, but had actually thrived, and not just in spite of it but, in some ways, paradoxically, *because* of it. They were thrust into uniquely challenging economic circumstances and they turned their tribulations into opportunities. But they responded to these challenges with an oddly bipolar cultural alignment.

On the one hand, they built walls around themselves. Take plain speech and plain dress, as only one front on which Friends retreated from the Lamb's War. Originally these cultural forms embodied early Friends' testimony to equality in the spirit before the Lord, which they found in scripture and which they confirmed in their hearts. In what I am calling the "double culture" period, these practices became cultural identifiers that told the rest of the world, "We stand apart." This happened quite quickly, before even the first generation of leaders had passed away. Margaret Fell expressed her concerns about the shift in one of her later epistles. Similarly, in one area after another, Friends withdrew from the world around them.

All but one. They left one wide gate in their wall against the world. This gate opened into a new country, one that was sparsely peopled, nearly devoid of institutions, of infrastructure, of rules and conventions, a virgin landscape waiting to be developed—an economy based not on land and its produce but on technology and industrial production, an economy in which wealth was created by private (or corporate) ownership of capital

goods, by investment determined by private decision rather than by state control, and by prices, production and distribution of goods determined mainly in a free market, that is, in a market relatively free from government regulation. In a word—capitalism.

As I have rather arbitrarily defined it, the first transition period stretched between the Restoration in 1661 to 1695, when Parliament passed the Quakers Act of 1695, which allowed Quakers to substitute an affirmation where the law required an oath, except when giving evidence in a criminal case, serving on a jury, or holding an office of profit from the Crown.* (The new affirmation read: “I, A. B., do declare in the presence of Almighty God, the Witness of the truth of what I say.”). One might close the period of persecutions with the passage of the Toleration Act in 1689, which granted freedom of worship to Nonconformists of the Church of England, Protestant dissenters like Quakers, Presbyterians, and Baptists (it deliberately excluded Roman Catholics and Unitarians, however). The Toleration Act did significantly ease the state’s assault on Friends, especially the financial burden, though local compliance was somewhat erratic for a long time and Friends continued to pay fines for failure to pay tithes into the 19th century. So the Toleration Act closed the door, more or less, on the persecutions. But the Quakers Act opened the door to more or less unhindered economic life, because of the importance of law in the conduct of business. Without the Quakers Act, Quaker business might have remained a much smaller, more self-contained endeavor. With the right of affirmation, however, Friends were free to fully participate in the new contractarian social order that was a necessary precondition for the rise of capitalism. They used this freedom to build an all-new economy.

This was an extraordinary achievement: despite huge financial losses during the period of the persecutions, Friends ended up rich. Really rich. By the beginning of the second period of Quaker economic history, fourteen Quaker families enjoyed revenues over £100,000. And this was only the start of something big—there followed two hundred years of thriving economic life characterized by incredible wealth-building and by a perennial stream of significant contributions to emerging capitalism, industrialization, technological innovation, social reform and philanthropic work.

Quakers became a people with a double culture. Their economic culture could not have been more engaged with the world. Their social-religious culture could hardly have been less engaged. Even as late as the 1860s, a woman might be raised to adulthood in a well-to-do Quaker family in Baltimore without ever coming into contact with nonQuakers. When Quakers call the 18th and 19th centuries the “quietist period,” we mean the religious culture and we forget the economic culture.

Yet, these two cultures were intimately related. This was one people, after all. Individual Quakers, their families and meetings, lived these two cultures as one life. They fused the two cultures without apparent contradiction and with phenomenal success.

* The Act also allowed legal proceedings to be taken against Quakers before a Justice of the Peace for refusing to pay tithes if it did not exceed £10. The Act would have expired in seven years but, in 1702, Parliament extended it for another eleven years by the Affirmation by Quakers Act 1701 and then made it permanent in 1715.

How did they do this? What sociological factors fed their material success and economic engagement with the world and denied them social and religious engagement? These are complex social dynamics and I'm not a sociologist. But I think I see three general areas in which Quaker culture encouraged creative, successful economic engagement in the world—with phenomenal financial results—*out of* the spiritual values that drew them inward toward each other and toward their Inner Teacher and away from the wider world.

- ❖ *Quaker character.* The first area is the fortuitous ways Quaker culture helped shape Quaker character so as to make Friends successful business people. One aspect of this Quaker character was an ethos Friends shared with their radical Puritan forbears and contemporaries, which they exemplified with extraordinary energy. We've already touched on how the Protestant ethic gave birth to the capitalist spirit, a la Max Weber, and here I want to elaborate on two of Weber's key ideas as they apply to Friends: "worldly asceticism" and "rational asceticism." Furthermore, Quakers expressed this ethos in distinctive ways and even encoded some aspects of the Quaker character in their testimonial life. Quakers became famous for a set of character traits that served to guide their behavior in business and to build a reputation that nurtured their success.
- ❖ *Quaker practice.* Quakers also adopted corporate practices that fostered economic and financial success. It's hard to exaggerate the importance of corporate Quaker practice in building their personal fortunes. Quakers did not—could not—build their fortunes by themselves.
- ❖ *Sublimation.* All the energy (and money) that Quaker character and culture repressed had to go somewhere. Thus, when Quaker character, with the indispensable support of Quaker culture, tackled a worldly problem, it tended to generate amazing creativity and innovation, a freedom of modes of thinking that was paradoxically opposite to the gradually solidifying (and ultimately ossifying) modes of religious thinking that took hold in Quaker culture. It would barely stretch the truth of the matter to say that Quakers were the wellspring from which gushed many of the main streams of industrial capitalist development, even as their own well of spiritual vitality gradually went dry.

Building Industrial Capitalism

Now we come to the material that never fails to blow Friends' minds when I do presentations on the history of Quaker economics. When Friends hear the scale of these contributions, when they recognize the significance of some of these contributions, not only for capitalism but also for modern civilization itself, they inevitably ask, why have we never heard this before? For the sheer length and scope of this list is astounding, and the *impact* of these developments could hardly be exaggerated.

Friends were, to a greater or lesser degree, directly responsible for the five developments that made a broad-scale economy based on industrial production possible:

- ✧ **Industrial tooling materials.** Quakers developed new, improved techniques for casting iron and, more importantly, invented a method for casting steel. These technologies made durable, mass-producible machine parts possible. Without them, the industrial revolution would have been more of a series of occasional local uprisings. Machines made it possible to mass-produce goods for the first time in history, and cast iron made machinery possible. Cast steel made it possible to mass-produce durable machines. This development exponentially accelerated the industrialization of the economy. It's impossible to overstate the importance of these breakthroughs.
- ✧ **Industrial strength transport.** Friends built the first railroad in England and developed the technologies essential for its expansion: iron bridges, iron rails, steam locomotion. Horse-drawn locomotion on normal roadbeds, especially those outside of major cities, constrained the transport of everything: raw materials, prepared materials, supplies, parts, fuel, products, people, money—all moved in small quantities at a snail's pace, when it moved at all. The problem was especially acute in the case of industrial metals like iron and steel, zinc and lead. (Quakers invented the passenger train, as well.)
- ✧ **Finance.** Friends formed many of the first private banks in England. Several of these banks soon became some of the largest private financial institutions in the world. The Bank of Norwich (the Gurneys) was for a long time second only to the Bank of England in its holdings. Lloyds was the first bank to diversify its holdings and invest in more than one industry. The other name in banking that everyone knows is Barclay's, but there were other major Quaker banks, as well.
- ✧ **Energy.** It was shortage of fuel (wood) that had stalled the British iron industry in the seventeenth century. British Quaker iron magnates invented rotated crop coppice farming to solve this problem of dwindling virgin timber supplies for fuel. But their real breakthrough was *coke*, a refinement

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- of coal, a fuel that burned hot enough to make quality steel possible. They also invented the match—for the first time in history, you could afford to let your fire go out because you could restart it easily any time you wanted. This significantly released the tremendous burden on fuel supplies.
- ✧ **The industrial business model.** New materials, especially cast steel, made *a new kind of production* possible. Friends were among the very first to develop a production model that capitalized on this material potential. The interchangeable parts plow developed by Robert Ransome in the 1720s represents the very beginning of mass industrialization. Also, Quakers created the first conglomerate, breaking out of the single family–single site business to create larger associations of many small business units in a variety of industries. Friends also played a key role in developing business associations. Finally, John Joseph Rowntree is the first person known to have engaged in industrial espionage, stealing trade secrets from his (mostly Quaker) competitors in chocolate production while interviewing them for potential jobs; he hired some of these people but he picked the brains of all.
 - ✧ **The consumer economy.** This development is so momentous that I've decided to treat it in its own section below.

The consumer economy.

Once the industrial model had been conceived and equipped, the explosive growth of some of these industries transformed the wider economy's very structure in a most profound way. An all-new economic sector shoved its way between the existing economies of church, state, agriculture and the trades. This new economic activity was the consumer economy—*mass production of commodities* designed for consumption by the households of the burgeoning middle class.

You've seen the BBC-produced period pieces, how many domestic workers it took to maintain even a modest household. Virtually everything had to be made by hand or done by hand. If your household could not make it or do it, you bought it from a household that specialized in making or doing it. Gradually, industrialization replaced this labor-intensive economy of interdependent households with mass produced commodities bought in a retail consumer market.

Quakers played a key role, both in the creation of the consumer and the building of the consumer economy. They did this by being the first to develop some product lines that were attractive to the emerging bourgeoisie. The very first consumer item breakthrough was Huntsman's steel cutlery. By the mid-18th century, the knife and fork, plate and spoon had replaced the spoon, dish and bread as the table setting at meals; the *table fork* essentially displaced *bread* as the primary utensil for holding your food in place and for taking it to your mouth. So began the Sheffield steel industry and the household consumer. Cast iron pots and pans soon followed, along with other Quaker innovations: English porcelain, cocoa, soap and watches.

Nor do Friends stop with the *production* of consumer goods. They also pioneered business models for *retail* to consumers. Rowland Hussey Macy opened what would become Macy's in Manhattan in 1858, one of the first department stores in America and, indeed, the world. His innovations soon led the industry: fixed prices for cash, discounts and advertising, women executives. Ultimately, it became "the largest store on earth." It must be said, though, that, although Macy was raised as a Quaker, he wasn't much of a Quaker as an adult. Two Quakers in Philadelphia named Justus Strawbridge and Isaac Clothier also opened their store in Philadelphia in 1868, a single store featuring a wide range of dry goods. One was Hicksite and the other Orthodox and they worked together, not just in business, but also helped to found Germantown and Rush hospitals, supported Bryn Mawr College and Moore College of Art, helped found the World Affairs Council of Philadelphia, the Home Industry for Discharged Prisoners, and the Little Opera Company, not to mention developing open spaces and play areas in the city. (I am very grateful to Emily Ranseen for these details on these Quaker merchants.)

With the creation of consumer goods and the consequent explosion of retail outlets came advertising—not just a shingle over your door, but organized programs and printed material designed to attract customers. The chocolateers Cadbury and Fry were both innovators in the development of advertising.

So Friends came up with key technological innovations in such key areas as industrial materials, industrial processes, transport, energy and organization. They also built key industries and, of course, businesses in those industries. They created industries that had never existed before or introduced them to England for the first time. Here's a partial list of the industries in whose development Friends played a significant, if not essential, role:

- ✧ banking
- ✧ iron
- ✧ coke smelting
- ✧ iron casting
- ✧ steel casting
- ✧ brass and zinc production
- ✧ lead mining
- ✧ silver mining and refining
- ✧ railroads
- ✧ canals
- ✧ porcelain
- ✧ safety matches
- ✧ chocolate

- ✧ coffee houses
- ✧ English cutlery

For a more detailed treatment of these innovations, see the appendix, Quaker Contributions to Industrial Capitalism, at the end of this chapter.

Factors in Quaker Success

The Protestant (Quaker) Ethic and the Capitalist Spirit

The early, groundbreaking sociologist Max Weber, in his most famous book *The Protestant Ethic and the Spirit of Capitalism* (1904), offers a useful framework for approaching the relationship between the religious culture of early Friends and the social culture necessary (or at least optimal) for the rise of capitalism. Weber himself mentions Quakers frequently, not just as a community, but also George Fox and Robert Barclay. He devotes a lengthy section of his book to "The Baptist Sects," in which he includes Quakers. To my mind, he seems to understand Quakerism rather well.

Apropos to our current exploration of Quaker character and how it served their extraordinary financial success, Weber discussed at length in his book how two qualities of the "Protestant ethic" converged to produce just the double culture we are discussing: material engagement in a world from which you are spiritually withdrawing. The two forces he describes are worldly asceticism and rational asceticism.

Worldly Asceticism

Friends defined the ultimate spiritual value as the inward experience of Christ and then sought to ground all their actions in the world in the promptings of the Holy Spirit. This led to a rejection of the world as source of spiritual fulfillment and recast the world as the sphere of spiritual expression. The combination generates an impulse to be perfect in the world. When you see leadings and moral direction as revelations of God, it sanctifies all action as calling. At the same time, hearing the call requires silence, that is, removal from the world.

Rational Asceticism

When you cannot achieve grace through sacraments, good works or confession, the only proof of grace is a way of life that is unmistakably different from that of others. This requires a certain withdrawal from the world. It requires the individual to supervise her own state of grace in her conduct—that is, it permeates the life with asceticism, forcing the "rationalization of conduct within the world for the sake of the world beyond," as Weber put it. The requisite "rational" planning of one's life in accord with God's will forces you to reengage the world with a plan—or, more accurately, with a discipline (discipleship); that is, a self-conscious deliberateness that includes robust structures and processes for drafting the plan (discerning God's will) and correcting mistakes through negative feedback (gospel order).

These are highly adaptive qualities for sustainability in the high-risk, intensively entrepreneurial and opportunistic environment of rapidly evolving capitalism in the late 17th and early 18th centuries. First, though, you must get into the world of commerce in the first place. These ascetic spiritual qualities might have actually impeded Quaker involvement in the world of money and business, if Friends had been left to themselves. But they weren't left to themselves; in fact, they were left no choice. Fate—in the form of the persecutions—threw them into the counting houses and fledgling factories of England. Of course, early Friends didn't believe in 'fate'; they believed in God's ever-guiding hand. Once into the deep water, they determined to swim as though God had thrown them in.

Quaker Culture and Quaker Character

Quaker culture cultivated other personal *character* qualities that also served the phenomenal financial success of this period. Some, like their famous frugality, moderation and financial prudence and their Puritan rejection of entertainment, drink and gambling, *protected* their wealth from dissipation. Some traits, like their integrity and discretion, built up a *reputation* that justified their wealth. Some, like their meticulousness and their sense of business as service, directly affected the *quality* of their products and services.

Service

Quakers saw business as *service*. When you consider your business a religious *calling*, at least in some degree, then it is perforce service to God and, by extension, to customers and the wider community. The service motive tends to encroach upon, if not replace, the profit motive, while at the same time it tends to increase profits. Today's consulting and business book markets are full of people trying to teach the modern corporation a consciousness that came instinctually to early Friends. They had the additional advantage of owning their own businesses as families, before intermediating corporate structures like boards, shareholders and management bureaucracies arose, so their businesses actually did reflect the owners' values, rather than the values of the market.

Spiritual standards for daily life

Friends worked hard as a community to ensure that the reputation for moral rectitude went beyond the narrow sphere of business practice to include all aspects of life. This grew naturally out of their roots in Puritanism, fortified by a deeper commitment to what Wilmer Cooper has taught us to call the testimony of integrity. The rigorous and consistent application of spiritual standards to daily life attracted ridicule among contemporary libertines, but it also earned genuine, if grudging, respect from even their enemies. Investment in character yielded unmistakable if unmeasurable dividends of trust and trade.

Meticulousness

The Quaker penchant for honesty in all dealings found particular expression in a love of *accuracy* in measurement of all kinds. Weights, measures, accounting, all deserved meticulous attention in Quaker circles. This ethical-metrical dynamic may have made Quaker merchants a little anal about figures, but they certainly developed a lucrative reputation for trustworthiness in matters of number.

Silence and discretion

Throughout our history, Friends have naturally combined our commitment to integrity (“let your yea be yea and your nay be nay” with the practice of *silence* in the place of idle speech. The result was a strong cultural commitment to *discretion*. Quakers soon earned a reputation for respecting their clients’ business secrets. If their scruples allowed them to do business with you at all, you could bank on their cautious tongues and closed mouths. I mean ‘banking’ literally: this combination of honesty, meticulousness, prudence and silence suited Friends perfectly for the banking empires they quickly built.

Simplicity, frugality and moderation

The ethos of simplicity and the abandonment of ‘superfluities’ governed all aspects of the Quaker household, especially its fiscal policy. This meant that Quakers didn’t spend the mountains of money they made. In theory, the only thing their religion would let them do with these surpluses, beyond providing for a comfortable living, was to *reinvest them*, or use them for the good of others.

Prudence and debt

If business is, at some level, a religious calling, then business failure is, at some level, sin. Moreover, failure in business inevitably touched many others with its difficulties: family, partners, suppliers and other creditors, even one’s customers, not to mention the wider Quaker community. As runaway debt was rightly perceived as a primary cause of bankruptcy, Quakers urged prudence in business dealings in general, and avoided debt whenever possible. The broader practice of business prudence included avoiding dealings with questionable people and situations; this helped to protect against collateral damage from others’ failings and, at the same time, encouraged dealings with other Friends, who could be trusted; this, in turn, helped to keep the wealth cycling within the Quaker community.

The matter was important enough to Friends for them to place business dealings, and especially, investments and loans, under corporate scrutiny in gospel order, though outright audits were relatively rare. Audits represented the most pointed interface between Quaker character, moral control of the individual and the corporate practice of the community. Elders would sometimes warn you if you turned to creditors for support, threaten you when your debt mounted too high, and they often intervened when a crisis occurred. Not a few Friends were disciplined, even disowned, for causing their own financial disaster, especially if the miscreant had lied or ignored the meeting’s warnings. Financial monitoring and intervention

intensified and spread as time went on, especially through the first half of the 19th century, until disownment practices (and discipline in general) were reformed in response to John Stephenson Rowntree's landmark book, *Quakerism Past and Present*.

On the other hand, if circumstances you couldn't control had caused your bankruptcy, or even if you proved truly penitent, Friends would often cover your debts and get you started again under close oversight, in order to protect innocent others from suffering and to protect the community's reputation. Needless to say, the reputation of Quaker business people was fantastic, at least as concerned matters of integrity and fiduciary responsibility. The reputation *fed* Quaker business interests and the practice of disciplined prudence *protected* Quaker business interests. The combination helped to build fabulous wealth with an additional luster of moral uprightness that was well deserved.

Quaker Practice and Quaker Wealth

Audits and disownment represented the most direct intrusion of corporate discipline into the private conduct of business. However, corporate community practice guided, supported and constrained Quaker business people in other ways that were far more important. These included:

- ✧ the emergence of “testimonies” on the conduct of business that were enforced under the disciplines of gospel order;
- ✧ the testimony against civil suit, in particular;
- ✧ apprenticeships;
- ✧ more or less enforced intermarriage; and, most importantly,
- ✧ intervisitation and correspondence.

Testimonies on Business Conduct

Quakers gradually developed corporate guidelines and disciplines that applied specifically to economic conduct. We've discussed the discipline term of this equation under the rubric of gospel order. Early on, some local meetings began monitoring commercial conduct and especially financial prudence and they labored with Friends who got into financial trouble. In some cases, as I've said, they even disciplined the recalcitrant and intervened to prevent or mitigate the effects of bankruptcy.

Gradually, the sense behind these practices spread throughout the Quaker community and settled in. Gradually, a *testimony* on business conduct emerged. We can see an early surfacing in the famous letter from Balby in 1656:

The elders and brethren send unto the brethren in the north these necessary things following: to which, if in the light you wait, to be kept in obedience, you shall do well. Fare well ...

That all Friends that have callings and trades, do labour in the thing that is good, in faithfulness and uprightness, and keep to their yea and nay in all their communications; and that all who are indebted to the world, endeavor to discharge the same, that nothing they may owe to any man but love one to another.

George Fox consistently addressed business practice in his pamphlets (aimed at the businessmen of the world) and in his epistles to Friends. For instance, in 1658, in *A Warning to the Merchants of London*, “He attacks their deceitful and flattering practices of merchandising by which they ‘cheat poor country people.’ He challenges merchants to lay aside their profits in order to nourish the poor,” warning that there was still time before the day of visitation. (*The Covenant Crucified*, p. 195)

He wrote a major epistle on Quaker business practice in 1661, *The Line of Righteousness and Justice Stretched Forth Over All Merchants*. (The “line,” I believe, may refer to the line used in construction to guide the building of a wall.) He urges businesspeople to follow the wisdom of God within, especially as regards honesty, and to “answer the good and just principle in all people; and that will win people to deal with you.” He reiterates his injunctions against running into debt, repeating the phrase: “owe to no man anything but love,” and casting bankruptcy as corrupt speech, not meeting business obligations, not “living in the simplicity of ‘yea’ and ‘nay,’ as Doug Gwyn puts it. And he declares economics as a front in the Lamb’s War: adhering faithfully to the strict Quaker business ethic will make Friends “a terror to all that are in the wisdom below; ye are a terror to all that are in unrighteous actions and words.” (*The Covenant Crucified*, p. 248) Fox also urged one-price trading rather than haggling, which was false conversation: “keep to the yea and nay; more than that is evil.”

More meetings began to build on this emerging testimonial foundation with gospel ordered disciplinary practice. At first, these included the more intrusive practice of audits only sporadically and infrequently, but more general attention to business continued to grow and intensify. Reading Friends out of meeting for business failure only became relatively common in the 19th century, and even then, as a rule, only when the business person violated Quaker principles. More often, those whose businesses had failed were expected to write public letters of confession and they often lost status in the community; for example, meetings often withdrew the Friends’ recording as a minister. When Elizabeth Fry’s husband Joseph’s tea and banking business failed for the third time in 1828, after Elizabeth’s family (the Gurneys) had bailed them out in 1812 and again in 1825, the Gurney’s refused support and Joseph went bankrupt. The Gurney’s took the business into receivership and put him on salary. Joseph was disowned, though he was reinstated in 1838. The whole Gurney family suffered more or less permanent damage to its reputation from these affairs.

In all this, one must remember that modern accounting methods had only just been invented and the conventions for their use more or less codified. Early Friends

found the scientific nature of these methods very appealing and soon learned to employ these quantitative metrics both in the analysis of a situation and as part of the solution, under gospel order.

With these developments—gospel order, advices and queries and other testimonial and disciplinary tools, plus accounting techniques—a uniform micro-economic policy evolved within the Quaker community. This close watch on members' financial affairs, backed by a robust testimony on business practice greatly reduced business failures and attracted customers, suppliers, financiers—everything required for success.

Civil suit

Friends took seriously Jesus' injunction in the Sermon on the Mount (Matthew 5:23-26) to avoid going to court to settle disputes. Because of their refusal to swear oaths, legal redress was often denied them, anyway, in the early years. But even after affirmation was legalized, they continued to arbitrate disputes internally whenever possible. This did not just save on legal fees. It reinforced the personal commitment to honesty and Jesus' commandment of love, and it reinforced social cohesion in the community.

Apprenticeships

Quaker meetings quickly used their well-integrated networks (about which more in a moment) to provide young people with vocational training. Quaker apprenticeship 'programs' virtually guaranteed that their youth did not fall into poverty or dependence for want of opportunity. Apprenticeships not only taught these Quaker youth a trade, but also inculcated Quaker values, reinforced cultural expectations, and conditioned them to moral and business oversight by the community. Apprentices became virtual members of their masters' families, which solidified the human networks of Quaker business. (In fact, apprentices not uncommonly married their masters' daughters and, consequently, their businesses.) At the same time, apprentices provided reliable, cheap labor that helped hold costs down. Friends extended their apprenticeship opportunities to the poor and orphans, in their towns, as well, another indication of how much religious values shaped business practice.

Intermarriage

We come, finally, to the corporate community practices that I believe contributed most to the phenomenal financial success of early Friends: intermarriage and inter-visitation and correspondence. We've already mentioned a tendency for apprentices to marry into their masters' businesses. More important, though, Friends had to marry each other or, increasingly as the double culture period progressed, face disownment, a practice that accelerated until 1860. This naturally bonded nuclear families—and their fortunes—into alliances that strengthened the community in many ways, not least of which was financial.

In the meantime, though, intermarriage not only cemented the ties that held the Quaker commercial networks together. It also created family-based syndicates that leveraged the combined fortunes and talents of multiple families to wield extra power in their markets. Of course, this intermarriage tended to recycle the wealth internally within these syndicates, as well, and this compounded the wealth they generated.

Intervisitation and correspondence

Likewise, the lively and intensive intervisitation and correspondence contributed hugely to the building of Quaker wealth. The constant flow of traveling ministers created a web of relationships developed to support ministry, both written (in the form of epistles) and visitational, under the authority of letters for travel in the ministry. Business correspondence traveled the same distributive networks that served the written ministry, and traveling ministers would talk shop between meetings for worship and ‘opportunities’ held in Friends’ homes. Benjamin Franklin once remarked that, in the taverns of Philadelphia, everyone else would be drinking and chatting, while the Quakers would be off in the corner discussing the price of wheat. This relational infrastructure of constant personal contact and the constant flow of vital economic information built up Quaker fortunes in a number of important ways.

- ✧ The network helped trustworthy merchants, suppliers, conveyors and customers find each other. This was especially valuable in the very lucrative but also very risky business of trans-oceanic trade: losses of 30% were no uncommon, as handlers at every station along the process would tend to skim some for themselves. The more fully vertically integrated Quaker shipping became, the fewer the losses.
- ✧ By virtue of its sheer size, the network helped Quaker commerce transcend the regional character of emerging markets: for Quaker merchants, “the market” included all the UK, key regions and cities in the American colonies and some centers in Europe.
- ✧ The network kept everyone very up to date on current market trends and conditions throughout England and the colonies.
- ✧ It fostered coherent business strategies throughout the community.
- ✧ It generated new ideas and quickly disseminated new innovations.
- ✧ Furthermore, the network came ready-made and with important guarantees that extended beyond personal relationships. You could count on a Friend being Friendly in business, even if you did not know the Friend personally.

These written and visitation ministry networks soon became so active and fully developed that only one or two degrees of separation stood between yourself and a prospective business. Students of the Internet have been developing network-oriented business theories that would offer very interesting opportunities here for more fully understanding this aspect of Quaker success. I suspect that this ‘network

effect' is the most important factor in the rapid expansion and extraordinary success of early Quaker capitalists.

Quaker Responses to Industrial Capitalism

Introduction

As capitalism gradually supplanted the feudal economy, it also transformed the economic relations between people, challenging the moral and ethical sensibilities of the people it touched. As Friends led the way into these new kinds of relationships, so they were in a position to model new forms of ‘industrial relations’ governing the ways that two new classes of people would relate to each other—business owners and their workers. Because they were helping to shape the system as they built it, Friends had before them choices about how it would be structured, as well. We shall return to this soon.

Industrial capitalism exploded the structure of the household economy. The physical home, once the location of one’s trade or the center of one’s work as a farmer, could no longer physically house industrial work—factories were required. The family could no longer provide enough workers to run an industrial business—“employees” were required. ‘Home economics’ could no longer meet the needs that complex enterprises developed for new accounting practices, contracts, financing, and commercial instruments for credit, investment, funds transfers and so on—business micro-economics was born.

These factors totally transformed business *relationships*. Even though families owned the businesses, industrial *relations* were no longer familial. Increasingly, workers were strangers, migrants to the city with unknown histories and, depending on the scale of the company’s operations, many would remain relative strangers to the Quaker family owners of the business. Often, the worker’s primary working relationship was with a *machine*, noisy, dirty, dangerous and inanimate.

Meanwhile, emerging industrial capitalism created in the Quaker community a powerful ethical and cognitive dissonance: massive social dislocation as the serf classes became the working classes in their factories, widespread poverty in the new urban concentrations of their towns, a whole new panoply of social ills replacing those of the old agricultural economy of feudalism, on the one side; and incredible wealth, the thrill of creation, and the intensifying isolation and insulation of withdrawn Quaker culture.

The social costs of these changes was extremely high. By the early decades of the 19th century, working conditions and worker alienation had reached a breaking point in England, when the Napoleonic Wars brought increased suffering to the new working class. The pain erupted in concerted action against the system in the so-called “Luddite” movement, named after Ned Ludd, who was believed to have destroyed two large stocking frames (mechanical knitting machines) in 1779. The Luddites, began braking mechanized weaving frames in 1811, at first in Nottingham’s textile mills, then spreading to nearby districts and industries and expanding to include destruction of even the non-productive private property belonging to mill owners. Needless to say, the state retaliated

on the owners' behalf with deadly force and, rather than reform the system, lawmakers made frame-breaking a *capital offense* with the Frame Breaking Act in 1812, and frame owners began hiring private security forces. That year, fifteen men were executed in York, the home town of the Rowntree chocolate family.

Systemic Reform

Friends did better than most to meet these challenges; and they did the best they could. As they led the way in creating new businesses and new industries, so they led the way in creating new forms of relief and social welfare for their workers. (I discuss these in a separate section of the book.) They were less successful at understanding and dealing with the systemic causes of these new social ills. Two Friends, however, stand out in this regard: John Bellers (1654-1725) and Seebohm Rowntree (1871-1954). Each lived in one of the important transition periods I've defined. John Bellers lived through the persecutions to see the birth of Quaker economic power and was a very successful businessman himself. Seebohm Rowntree saw the liberalization of Quaker culture and helped to guide its reengagement with problems in the social order; he was a scion of the Rowntree chocolate dynasty. Both men helped to shape Western history in really significant ways. We begin with John Bellers.

John Bellers

John Bellers was a successful cloth merchant and venture capitalist. [research: see note 99, p 34, Quakers in Science and Industry] He was well educated, read widely in the Greek and Roman classics (as well as Confucius), and knew his Bible well enough to quote often from memory. He was born in London in 1654, married happily to Frances Fettiplace in 1686, and died in 1725. William Penn signed his and Frances' wedding certificate as a witness and Bellers was also personally close to John Pennington and Thomas Ellwood.

During the persecutions in the 1870s, Bellers developed a weaving project for Quakers in jail that helped deflect the financial blow to their families and fill their onerous (and spiritually dangerous) idleness while in gaol. In 1677, Bellers expanded this project, convincing the Committee for Sufferings to release surplus funds to sponsor similar weaving projects for the non-Quaker poor. He became the project's financial administrator in 1679. His experiences with the poor and his weaving project proved a seedbed for the great work of his life, his promotion of "Colledges of Industry," to which we will turn in some detail in a moment.

But his energies and his intelligence were hardly confined to political economy. John Bellers was the first person to call publicly for an end to the death penalty. He added his voice to that of William Penn in calling for a unified government for Europe. And Bellers was the first to propose a national health service and a number of other reforms in health care:

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- ✧ standardized medical education, so that all doctors would be trained in the best treatment practices and the public would have some protection from quacks and charlatans;
 - ✧ medical conferences and journals to keep doctors abreast of new developments in medicine; and
 - ✧ testing and certification of medicines to guarantee their efficacy and protect the patients and patient families.

The man was smart, even brilliant, a keen observer who was deeply engaged morally, and a creative problem solver. He published twenty books, essays or epistles, beginning with “Proposals for a Colledge of Industry” in 1695 and ending in 1724 with “Epistle to Friends. . . Concerning those in Prison and the Sick.” His modern editor George Clarke (whom I shall have occasion to quote rather extensively) wrote of him:

Without exception his writings underline the essential unity between religious belief and earthly duty. In no other contemporary Quaker writing do we find so heavily emphasized the need for a more caring and mutually responsible society so evocative of the spirit of the movement’s early years.” [Clarke, p 16]

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He was one of the most radical thinkers of his day, and saw with stark clarity the vital relationship between crime, poverty, ill-health, unemployment and lack of education; all were symptoms of one massive problem – a grossly maladjusted social and economic system. [p17]

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The range of his thinking covers an immense field: the abolition of mass poverty and endemic unemployment; free education for all; a nationwide free health service – the health of its citizens should be a direct responsibility of the State rather than be dependent upon fickle charity. He pressed home the need for prison reform: imprisonment should equate with reformation rather than retribution. He was among the first, perhaps the very first, to propose the abolition of capital punishment. He proposed the formation of ‘an European State’ which included legislation for a council of the various religions. [p 18]

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He sought to bring the economic order out of the mists of self-interest; to prepare the ground for a social order that would direct the resources of the nation towards an equitable and worthwhile standard of life for all, rather than for a favoured minority.

Bellers shared with Gerard Winstanley, the Digger leader, the belief that “the Labours of the Poor are the Mines of the Rich,”¹ against the mercantilist argument (still strong today) that the poor are *beholden* to the rich because, without wealth and the investments of the wealthy there would be no employment for the poor. To the contrary, argued Bellers, *the rich are beholden to the poor* for their gains and *owe* the poor a comfortable living because it was the labor of the poor that created their wealth. He was quite aware that he was talking about himself as a successful man of some means.

Bellers also shared some ideas with the Levellers, and even refers to them in one of his essays [?]. But he was not as political as they, or as ideological. He agreed more with Winstanley (and subsequent Quaker tradition) that justice and equity were spiritual imperatives for the individual rather than political ideas for the state to impose.

Though not a *political* economist, as we would say today, his thinking was, nevertheless, quite holistic. Focused on individuals as he was, it was to education that he turned as the key to progress. Clarke asserts that, “His proposals regarding education were the most serious attempts made during the late seventeenth and early eighteenth centuries to provide for a full and caring education for all children, rich and poor.”²

Bellers ultimately published eleven pieces that address economic concerns, better than half his output. His most significant contribution in his own estimation was his proposal for a “Colledge of Industry,” an institution for “embodying the poor so together that thereby they may be made equal Value to Money,”³ (“money” meaning the investors in the project and the investor class in general). The colleges would combine the missions of several kinds of institutions in one: a vocational-technical school akin to our vo-tech and community colleges, a money-making business, a research institute and a community development center.

“There is three things I am at,” wrote Bellers of his idea in the 1695 proposal: “First, Profit for the Rich (which will be Life to the rest). Secondly, A plentiful Living for the Poor, without difficulty. Thirdly, A good Education for Youth, that may tend to prepare their Souls into the Nature of the good Ground.”⁴

The colleges were to be much more than just workhouses for the poor. Their greater contribution was the education of a large and largely uneducated class, though Bellers’ educational vision went even beyond mere instruction of the ignorant. He wanted the colleges to conduct industrial research for the betterment of industry, along the lines he would later propose for medicine. In addition to education, the colleges were to be more or less self-sustaining economic villages, communities large enough (300 workers, a number he deemed large enough to include all the necessary mechanical and agricultural

¹ An Epistle to the Children of Light, in Scorn called Quakers, a letter accompanying the first (1695) edition of Proposals for Raising a Colledge of Industry.

² Clarke, p. 21.

³ Clarke, p. 52.

⁴ Clarke, p. 53.

trades needed for a self-sustaining community), so that 200 could produce the necessaries for all whilst the extra 100 workers produced for profit.

Bellers presented his proposal to both London Yearly Meeting (1695 and 1696) and to Parliament (1697). He concluded his accompanying epistle to London Yearly Meeting with this explanation of his leading:

I often having thought of the Misery of the Poor of this Nation, and at the same time have reckoned them the Treasure of it, the Labour of the Poor being the Mines of the Rich, and beyond all that Spain is Master of; and many Thoughts have run through me how then it comes that the Poor should be such a Burthen, and so miserable, and how it might be prevented; whilst I think it as much more Charity to put the Poor in a way to live by honest Labour, than to maintain them Idle, as it would be to set a Mans (sic) broken Leg, that he might go himself, rather than always to carry him.

For thirty years, Bellers tried to get London Yearly Meeting to see with his vision, without success. Only London Friends ever acted on the idea, and at that, only partially, to Bellers' great frustration. The result, Clerkenwell Workhouse, was just that, a workhouse, a modest but fairly successful attempt to ease the plight of some of London's poor. It was still operating a hundred years later, when its mission gradually shifted toward education. It eventually became a Friends School.

John Bellers continued to labor for his College of Industry and to write on poverty throughout his life⁵, but Clerkenwell was the only meager fruit. He was 71 and in ill health in 1724 when he wrote his last appeal for the College. As George Clarke puts it, "His observations [in this 1724 edition] are more terse and his statements more direct. Was he, at last, losing patience with Friends' seeming neglect of their earthly duties? . . . His distress is quite clear." Bellers pressed hard:

Tho' We are but a Handful of People to the Nation, like the Gleanings after the Harvest, yet a good Oeconomy in managing of the Poor, will make us the Loaves and Fishes which our Saviour blest to a very great increase.

And as that great Minister declared it to be the Duty of the Rich to take Care of the Poor, without saying how they might be employed with Profit.

I have shewn that it is also the Interest (as well as the Duty) of the Rich and their Posterity, and also how they may be employ'd to Profit, in my Proposals of a College of Industry, and by that Method I propose that we as a People now are (tho' Friends were not then) capable to make such a Specimen as will shine to the Nations.

We having more Friends in Industry, in Trade and of good Estates among us now, than in any Times since we were a People, and

⁵ See notes for titles

consequently the Account that must be given for those Estates will be so much the greater.⁶

* * *

All which considered, if the Citizens do not perform their first Part, it seems to be a Breach of the Trusts of their Riches and Talents which they must be accountable for, as they were, to whom G. Fox delivered the Charge and Word of the Lord, To take Care of the Poor, with a Consideration that they might meet with Losses, much greater than what would provide for the Impotent and employ the able Poor.

The Obligation of G. Fox's Message is so much the stronger upon you, as his Integrity, Piety and Virtue were better known by many of you, than he was to the Magistrates he then writ to: Men will not only be answerable for the Evil they shall do, but also for neglecting doing that Good, which they were capable of having done, in which Case what Solomon saith is very prudent, That whatever they Hand finds to do, do it with all they Might, for the Night cometh, in which no Man can work.

It is something remarkable that in three Years after that Message, many of them were reduced in their Estates, and some of them eminent Magistrates and Citizens, were confin'd to Prisons for their Lives.

Where any shall think that their Estates and other Talents, are not a Stewardship, but are given only to gratifie their own Appetites and enrich their Posterity, without Regard to others, and particularly to the Poor, such (as unfaithful Stewards) shew their Religion to be vain, whatever Form or outward Appearance they may make.⁷

Notwithstanding Bellers' appeals to conscience and true religion, and his invocation of Fox himself, Friends never rose to the challenge that poverty represented or to Bellers' ideas for meeting it. With the man's death, his ideas sank beneath the surface of Quaker consciousness with barely a ripple. They would not surface again until more than a century had passed—in the writings of Karl Marx. Friends would take another 75 years to recognize his importance themselves.

We have already mentioned, though very briefly, the circuitous and fortuitous route by which Bellers reached Marx. In 1817, a social reformer named Francis Place found the 1696 edition of "Proposals for a College of Industry" amongst his papers and gave it to his friend Robert Owen, remarking, "I have made a great discovery of a work advocating your social views a century and a half ago."⁸ Owen publicly credited Bellers in his own proposal, *Villages of Co-operation*, and had a thousand copies of Bellers' Proposals printed and distributed. Owens's own utopian dreams fell through, but his book is probably the source that informed Marx, who describes Bellers in *Capital* as "A veritable phenomenon in the history of political economy."

⁶ Clarke, p. 259

⁷ Clarke, p. 260

⁸ Clarke, p. 26.

Friends finally rediscovered their forgotten genius in 1919 when Braithwaite mentions him in *The Second Period of Quakerism*, the landmark history of Friends conceived by him and Rufus Jones. In 1935, Ruth Fry wrote a biography, *John Bellers: 1654–1725*. Clarke published his valuable collection of Bellers' works in 1987.

How did this man slip away from us for so long? How could the first person to propose a national health system and other systemic reforms in medicine, a European union, the abolition of the death penalty, and universal education fall into such oblivion? Clarke proposes that, "Perhaps, for the religiously minded, he dwelt too heavily upon economic considerations, upon the 'here and now'; and for the pragmatic merchant, too heavily upon religious imperatives. Written on the cover page of an original copy of his communication 'To the Archbishop, Bishops, and Clergy, etc.' an unknown hand has written, with a quill pen, the words: 'John Bellers has no following among ye Quakers.' Truly the prophet is without honour among his own people."⁹

Quaker rejection of "Proposals for Raising a College of Industry" in 1696 and in its later incarnations embodies the conflicts of the double culture of 18th and 19th century Quakerism. Religiously, Bellers himself is a true Quietist, finding all of his ideas in the inward promptings of Christ and arguing for them on the same grounds. Later versions of the proposal, and several other essays, address the root problem, as he saw it: the dilution of the spiritual life. To minister to this lack, he proposed, in 1697, the first printing in England of Barclay's *Apology* (in English; it had been published in Latin) and its free distribution. In 1700, London Yearly Meeting acted on the recommendation to print the *Apology*, but charged money for it. The *personal quietism* of John Bellers *activated* his social engagement. The corporate quietism of the Quaker movement smothered it.

The new social contract that Quakers accepted when they laid down the Lamb's War allowed for no real engagement with the social order *as a system*, but only as a matter of personal conduct. John Bellers asked for too much too soon. Here's how Doug Gwyn puts it in *The Covenant Crucified*:

God was bracketed out of the emerging social contract, recontained within a subjective reality of personal morality and religious opinion. Friends were finally pardoned on the basis of "good behavior"—their peaceful politics and burgeoning economic vitality. Meanwhile, their covenant of light, along with its God of history, were "carried away captive" on the currents of capitalist expansion.

Quakers would only be able to think structurally about socio-economic ills after the third transition period had begun to strip the community of its wealth—its investment in the system—and after the breakthroughs of the social welfare movement had proved that the problems were in a system that oppressed, not in the character of its victims; and after the Great War had galvanized Quaker concern on the one front we had never deserted—the testimony against war—with a new wave of persecutions.

⁹ Clarke, p. 26.

Yet the constraints of quietism on Quaker economic faith and practice did not go unchallenged. At the turn of the 19th century a new religious movement broke Friends out of their shell and inaugurated another, albeit minor, period of transition. The movement was evangelicalism. I call this period one of minor transition because, although evangelicalism drew Friends into deeper engagement with the world around them, it did not change the basic accommodation with the social order that Friends had entered into at the end of the 17th century persecutions. In fact, in some ways and in some quarters, evangelicalism actually got in the way of efforts to blunt the worst effects of capitalism.

Meanwhile, many Friends embraced this new, originally Anglican evangelical movement with great enthusiasm and it remained the dominant context for Quaker—and for much of American and British secular—history throughout the 1900s. In the economic sphere, evangelical theology had a tremendous influence, as we shall see, crystallizing an intellectual framework for understanding poverty and its causes and giving rise to philanthropy as the signature solution of the Victorian era.