

# Development of the Marketing and Credit in the London Linen Trade, c.1750–1830

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Extended Abstract of New Researcher Papers

This study examines the London-based linen trade and its domestic and international connections during the early-industrial era. After the substantial rise in imports from foreign countries in the eighteenth century, London's linen trade rapidly declined chiefly due to the rise of the British cotton industry. Whereas studies on English manufacturing regions during the Industrial Revolution have paid close attention to the vigorous expansion of the British cotton industry at the expense of London, historians taking a longer-term perspective, such as S. D. Chapman, emphasised the resilient economic structure of the service-based metropolitan region against the Industrial North throughout the eighteenth and nineteenth centuries.<sup>1</sup> In such a discussion, complementarities between London and provincial manufacturing regions have tended to be overlooked, especially in terms of marketing and credit in domestic transactions. The case of the London-based linen trade highlights the complex financial coordination between London and Lancashire in the expansion of the consumer market. This research suggests that the development of the warehousemen's business in the City of London, which was at the centre of London's linen and later British-manufactured cotton trade, originated from the linen import trade in the eighteenth century, and sheds new light on the significance of the pre-industrial development of international commerce.

In early modern Europe, linens served wide populations as fabrics with versatile use.<sup>2</sup> Throughout the eighteenth century, Europe's main centres of linen production in Germany, Russia, Ireland, and Scotland attained substantial growth of its output, which was based on the exportation to larger supra-regional markets

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<sup>1</sup> S. D. Chapman, *Merchant Enterprise in Britain: From the Industrial Revolution to World War I* (Cambridge University Press, 1992).

<sup>2</sup> Susan North, *Sweet and Clean?: Bodies and Clothes in Early Modern England*, (Oxford University Press, 2020).

that lacked its self-sufficiency, that is, England, Spain, Portuguese, and their colonies in Americas.<sup>3</sup> Even in England with a developing linen (and later cotton) industry of her own, linens remained the second largest category of import commodities.<sup>4</sup> London, dominating a large part of English overseas trade with her colonies and other parts of Europe, emerged as the emporium for linens of continental European and later British Isles origin. In particular, the value of imports to London from Ireland increased a hundredfold from 1700 to 1750 and doubled from 1750 to 1780.<sup>5</sup>

As the increasing volume of linen imports necessitated more efficient commercial operations, specialist linen wholesalers, chiefly called 'warehousemen', emerged in the City of London from the 1730s onwards. London's linen imports had previously been dominated by general merchants who imported and sold various goods on account of exporters in the Continent and Ireland.<sup>6</sup> In the same vein, English and Scottish linen manufacturers mainly consigned their goods to factors for marketing in London.<sup>7</sup> Warehousemen, conversely, directly purchased a bulk amount of linens from European linen exporters and London factors on their accounts to serve a variety of goods to retail drapers working in the domestic consumer markets and export merchants. The innovativeness of City warehousemen's operation lies in lengthy credit supplied to buyers, by which retailers and export merchants were able to start the

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<sup>3</sup> Brenda Collins and Philip Ollerenshaw, 'The European Linen Industry since the Middle Ages', in *The European Linen Industry in Historical Perspective* (Oxford University Press, 2003), pp. 1–41 (pp. 9–23).

<sup>4</sup> E. B. Schumpeter, *English Overseas Trade Statistics, 1697-1808* (Clarendon P, 1960), p. 11. Based on the official value.

<sup>5</sup> The National Archives (hereafter TNA), CUST 3/4, 50, 80. Based on the official value.

<sup>6</sup> N. B. Harte, 'The Rise of Protection and the English Linen Trade, 1690-1790', in *Textile History and Economic History: Essays in Honour of Miss Julia de Lacy Mann*, ed. by N. B. Harte and K. G. Ponting (Manchester University Press, 1973), pp. 74–112 (pp. 86–88).

<sup>7</sup> *A Letter from a Merchant who has Left off Trade to a Member of Parliament* (Printed for R. Wilcock, 1738), p. 57–59.

next operations even before the proceeds were in hand.<sup>8</sup> City warehousemen, bypassing general merchants, took control of the import trade with merchants in Hamburg by the 1750s and with merchants in Northern Ireland by the 1770s.<sup>9</sup>

However, the early nineteenth century witnessed economic change and political turbulence that upset the balance of the eighteenth-century form of European linen trade including the rise of British cotton substituting European linen and Napoleon's enforcement of the Continental System. As a result, Imports of non-British linen into London fell by two-thirds from 1780 to 1815.<sup>10</sup> The demand of English export merchants for foreign linen re-exports also began to be replaced by the direct export of merchants and manufacturers in Lancashire and Scotland. The London local market itself, nevertheless, continued to expand afterwards. For example, the number of 'warehousemen' registered in London's trade directories increased from 112 in 1801 to 139 in 1828. In the same way, 'linen drapers', most of whom were supposedly retailers, grew their number from 363 in 1801 to 415 in 1828.<sup>11</sup> Two questions arise: (1) Was there any change in the products handled by the warehousemen and linen drapers? (2) To what extent did their operations differ from the form of linen trade in the eighteenth century? The records of the Office of the Commissioners of Bankrupts and the Court of Bankruptcy offer a series of sources that can shed light on these two questions.<sup>12</sup> The Bankruptcy Commission Files were created by the Commissioners of Bankrupts to examine the circumstances and debt structure of an individual businessman declaring bankruptcy. Most files contain valuable information on goods once handled by bankrupts, their creditors' names, addresses, occupations, the sum of uncollected debts, and the nature of the

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<sup>8</sup> Jacob M. Price, *Capital and Credit in British Overseas Trade: The View from the Chesapeake, 1700-1776* (Harvard University Press, 1980), pp. 110–21.

<sup>9</sup> Harte, *op. cit.*, pp. 89–91; L. M. Cullen, *Anglo-Irish Trade 1660-1800* (Manchester University Press, 1968), pp. 106–15.

<sup>10</sup> TNA, CUST 4/10. Based on the official value.

<sup>11</sup> C. Tilly, *Kent's Directories of Businesses in London, 1759-1828* (1993) [data collection] UK Data Service, <http://doi.org/10.5255/UKDA-SN-2993-1> [accessed on 3rd May 2024].

<sup>12</sup> TNA, B3, Office of the Commissioners of Bankrupts and Court of Bankruptcy: Bankruptcy Commission Files.

transactions that led to the debts, which allows us to systematically analyse the origins of goods and credit transacted by specific occupational groups.

64 files of cases of insolvent London linen drapers and 74 City warehousemen between 1787 and 1830 survived. Table 1 shows the composition of textile goods they handled before the bankruptcy built on testimonies provided by their clerks. As we can see in the upper part of the table, over 60% of linen drapers were engaged in the marketing of both linens and cottons throughout the period. The majority (43%) of warehousemen between 1787 and 1815 were also linen-cotton dealers, which outnumbered the proportion of cotton-specialist warehousemen (32%). The declining number of linen-cotton warehousemen between 1815 and 1830 suggests that cotton gradually came to be handled by these cotton specialists. The above evidence allows us to infer the gradually transforming shares of the London linen trade: as well known, the domestic use of cottons was prohibited to protect English woollen and silk industries until 1774 and flaxen and hempen linen dominated linen drapers' retail business; many City warehousemen may also have dealt with linen, as well as cotton-linen mixtures made in Lancashire and Indian cottons for re-exports at the same time. Even after the government permitted the use of pure cotton, linen and cotton were often handled by linen drapers and warehousemen simultaneously until the end of the Napoleonic Wars. However, cotton gradually became predominant in the business of warehousemen and the number of cotton warehousemen outnumbered linen-cotton warehousemen after 1815. On the other hand, it is likely that the commercial terminology of 'linen drapers' came to ambiguously denote cotton, linen, and other textile dealers.

Table 1: Composition of the goods handled by bankrupt London linen drapers and City warehousemen, 1787-1830 (per cent)

Linen drapers	1787 - 1815	1816 - 1830
Linen + Cotton / Linen + Cotton + Others	13 (65%)	27 (63%)
Only linen / Linen + Others	3 (15%)	6 (14%)
Only cotton / Cotton + Others	1 (5%)	5 (12%)
Other compositions	3 (15%)	5 (12%)
<b>Total</b>	<b>21 (100%)</b>	<b>43 (100%)</b>

City warehousemen	1789 - 1815	1816 - 1830
Linen + Cotton / Linen + Cotton + Others	12 (41%)	8 (17%)
Only linen / Linen + Others	2 (7%)	2 (4%)
Only cotton / Cotton + Others	9 (31%)	14 (30%)
Other compositions	7 (24%)	25 (54%)
<b>Total</b>	<b>28 (100%)</b>	<b>46 (100%)</b>

Sources: The National Archives, B3/1, 17, 46, 47, 48, 76, 190, 265, 269, 270, 275, 317, 324, 351, 364, 402, 415, 484, 584, 617, 646, 669, 833, 834, 847, 848, 919, 926, 952, 958, 1051, 1133, 1140, 1305, 1337, 1391, 1416, 1433, 1441, 1520, 1521, 1522, 1532, 1556, 1557, 1558, 1592, 1593, 1595, 1705, 1708, 1722, 1725, 1726, 1737, 1752, 1753, 1799, 1800, 1801, 1844, 1864, 1858, 1880, 1881, 2009, 2010, 2052, 2064, 2131, 2137, 2148, 2202, 2274, 2312, 2313, 2361, 2391, 2425, 2426, 2429, 2430, 2493, 2658, 2680, 2669, 2734, 2752, 2819, 2851, 2857, 2864, 2905, 2911, 2937, 3032, 3033, 3047, 3067, 3173, 3211, 3460, 3421, 3502, 3503, 3505, 3506, 3591, 3721, 3772, 3808, 3821, 3942, 3950, 3956, 3958, 3984, 3993, 3997, 4051, 4055, 4176, 4181, 4182, 4247, 4266, 4278, 4306, 4307, 4312, 4455, 4465, 4466, 4504, 4520, 4542, 4557, 4612, 4636A, 4645, 4739, 4745, 4747, 4753, 4754, 4755, 4908, 4918, 4951, 5143, 5149, 5174, 5323, 5335, 5341, 5345, 5483, 5617, 5649, 5660, 5693, 5694.

Although linens and cottons were often handled by the same textile dealers, most of their textile inventories were likely Lancashire cottons. We can reconstruct the extent to which the bankrupt City warehousemen and London linen drapers purchased textiles from domestic textile manufacturing regions from the data on uncollected debts that were claimed by British manufacturers and merchants who sold goods on credit to them. Figures 1 and 2 show the geographical distribution of 478 textile firms that sold goods to 25 insolvent City warehousemen handling linens and 64 London linen drapers in two periods (between 1787 and 1815 and 1816 and 1830), respectively. Because the sampled London linen drapers focused on retail business and thus rarely purchased textiles from provincial manufacturers and merchants, the figures virtually represent the commercial connections of City linen warehousemen. As we can see in the figures, creditors were concentrated on South Lancashire with Manchester as its centre throughout the period. Of the total debt value claimed by provincial textile firms between 1787 and 1815 (£93,785), debt claimed from Lancashire accounted for 54% (£50,982). This share was very similar to one in the later period, 56% (£26,822/47,603). On the other hand, the insolvent warehousemen owed few values of debts for sold goods to manufacturers in the major English linen-producing regions such as the North Riding of Yorkshire and Dorset.

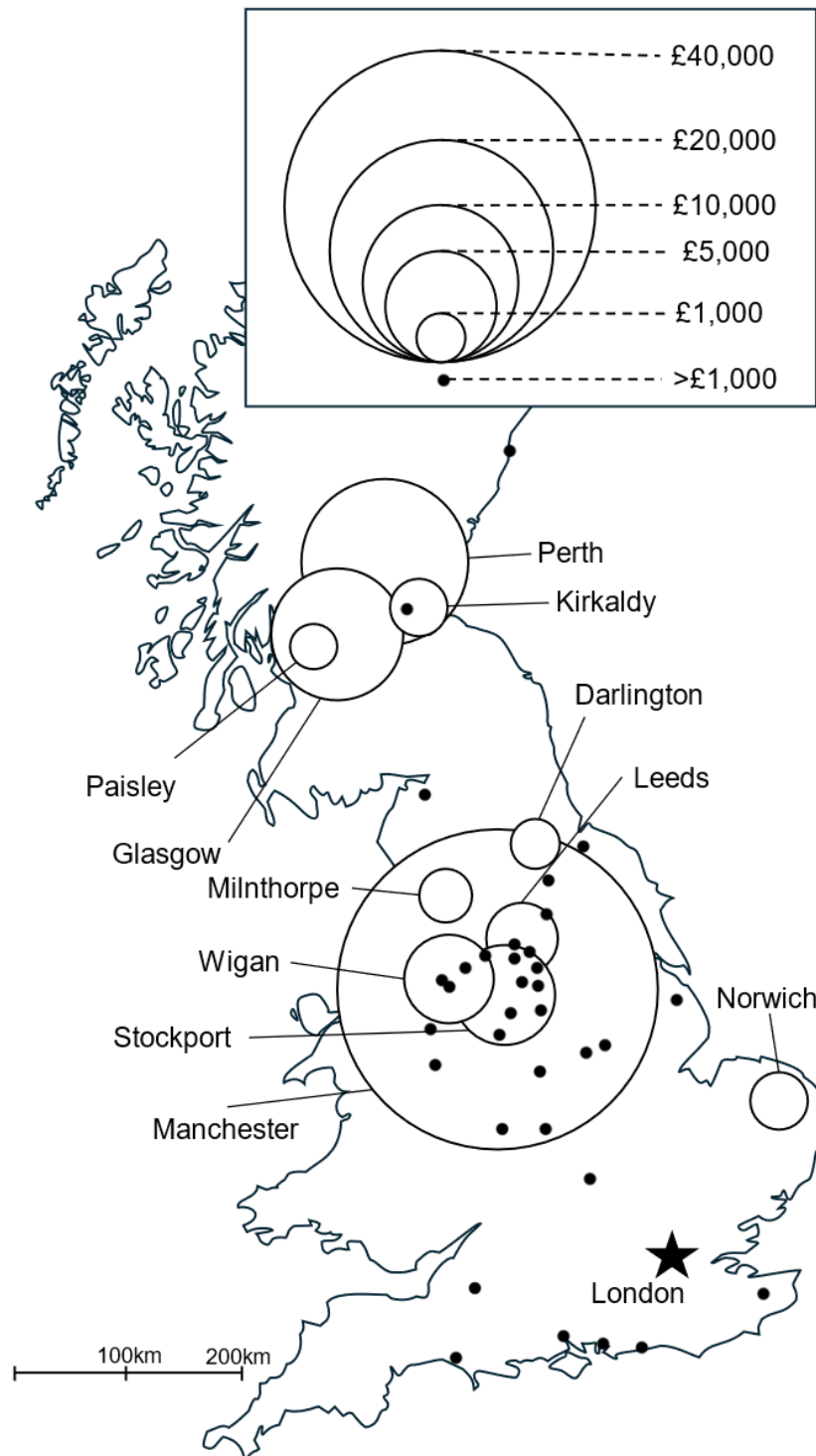


Figure 1: Location and scale of debts for goods sold by provincial suppliers to linen drapers and warehousemen, 1787-1815

Source: As for Table 1.

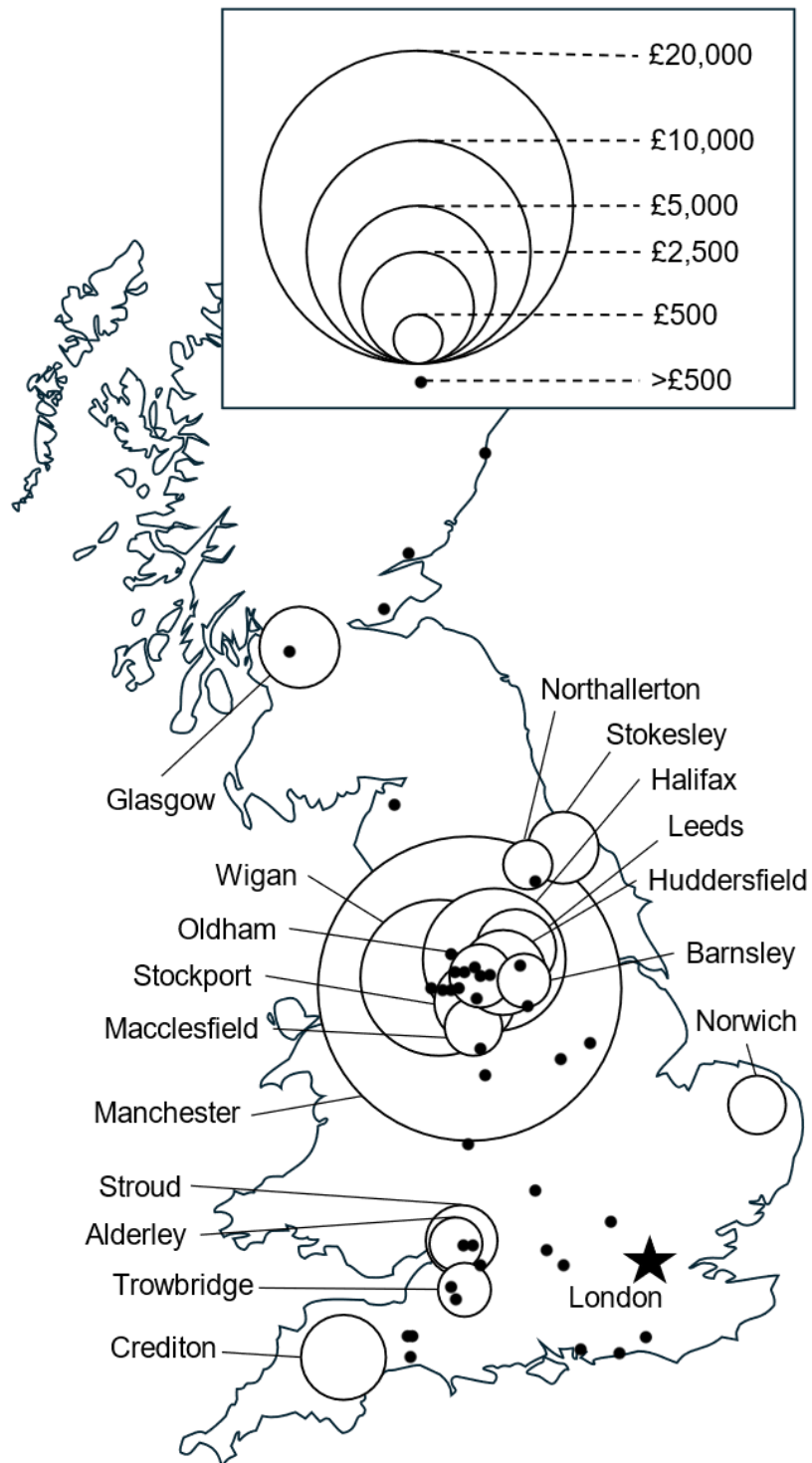


Figure 2: Location and scale of debts for goods sold by provincial suppliers to linen drapers and warehousemen, 1816-1830

Source: As for Table 1.



Note: The total sum of debt claimed by provincial textile manufacturers and dealers decreased by 49.2% compared to the pre-1815 period and thus circles in Figure 2 represent half of the value than that of Figure 1 in order to express the relative importance of each location.

Given the dominance of cottons in the business of City linen warehousemen and the weak commercial ties between them and English linen manufacturers, it is likely that the origin of the cotton business of these wholesalers lay in the non-English linen trade. In fact, the debt structure of the bankrupt City linen warehousemen and London linen drapers suggests that the supply of credit to buyers, instead of domestic manufacturers, was the chief function of City warehousemen like the linen trade in the eighteenth century. For example, the balance sheets of City linen warehousemen suggest that they went bankrupt with the over-extension of credit to traders in London and Southern England on which their customers concentrated, instead of manufacturers in Northern England.<sup>1</sup> Moreover, of the total outstanding debts of the bankrupt London linen drapers between 1787 and 1830 (£236,420), ones owing to City warehousemen for sold goods accounted for at least 48% (£115,366).<sup>2</sup> Retail drapers, hence, chiefly resorted to credit given by City warehousemen for the daily operations of the retailing business.

As mentioned above, domestic linen manufacturers sold their goods to the London market through factors throughout most of the eighteenth century. London factors sold consigned goods to City warehousemen on credit, but the factors also provided credit to the manufacturers via advance payments for consigned goods, and this practice continued in regions with underdeveloped industries such as Dorset well into the early nineteenth century.<sup>3</sup> On the other hand, the development of commercial functions in Manchester and discount markets from the 1780s onwards led to more specialised organisations that did not rely on the credit of factors. Collating the data on creditors of the bankrupt City linen warehousemen with one on Manchester business communities, we can

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<sup>1</sup> As for Table 1.

<sup>2</sup> *Ibid.*

<sup>3</sup> Dorset History Centre, D/151, Out-letter book of Roberts family, 1807-1815, pp. 30–270.

see that, by the value of uncollected debts, at least 71% of Manchester creditors directly selling to City warehousemen between 1787 and 1830 were Lancashire cotton manufacturers and (or) calico printers who possessed higher value of warehouse in Manchester than any other occupational groups.<sup>4</sup> This evidence suggests that these textile firms had a large marketing base of their own and commercial functions to dispense with the agency of London factors. City warehousemen bypassed the factors and directly bought goods from the Lancashire manufacturers and calico printers on credit, by which the warehousemen could focus on the credit facility to domestic retailers. Lancashire manufacturers and calico printers, meanwhile, discounted inland bills of exchange drawn on City warehousemen at local bankers, who likely further negotiated the bills to City bankers, their agents at Lancashire, or bill brokers.<sup>5</sup> In this way, economic change during the Industrial Revolution boosted the functional specialisation of City warehousemen, who had already emerged in the eighteenth-century linen import business.

In general, commercial organisations of London-based linen and later cotton trade led by warehousemen in the City of London developed in response to the demand for lengthy credit from buyers, particularly retailers, rather than domestic manufacturers. We can ascribe this to that the warehousemen's business originally emerged as a result of the growth of the foreign linen trade, instead of the domestic textile industries. The complementarities between London and the industrial North for the expansion of the consumer market have been overlooked in the debate on the contest for commercial leadership between these two regions. Hence, the continuities from London's linen to cotton trades have received little attention. In fact, previous research has emphasised the significance of imports of Indian cotton goods in terms of the evolution of consumer culture and 'useful knowledge' leading to technological innovations in

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<sup>4</sup> Data of the creditors based on the sources used in Table 1; R. Lloyd-Jones and M. J. Lewis, *Manchester and the Age of the Factory: The Business Structure of Cottonopolis in the Industrial Revolution* (Croom Helm, 1988), pp. 23-62, 103-30, 155-91; Peter Maw, 'Provincial Merchants in Eighteenth-Century England: The "Great Oaks" of Manchester', *The English Historical Review*, 136.580 (2021), pp. 568-618 (p. 585).

<sup>5</sup> L. S. Pressnell, *Country Banking in the Industrial Revolution* (Clarendon Press, 1956), pp. 75-125.

the British cotton industry.<sup>6</sup> However, focusing on marketing and credit, we can see that the London-based trade of British-manufactured cottons in the nineteenth century had stronger connections with the eighteenth-century foreign linen import, instead of between Indian cottons that were banned for domestic use. Consequently, the London linen trade from the mid-eighteenth eighteenth to early nineteenth centuries sheds new light on the pre-industrial development of international trade and its consequences on industrialisation.

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<sup>6</sup> Beverly Lemire, *Fashion's Favourite: The Cotton Trade and the Consumer in Britain, 1660-1800*, (Oxford University Press, 1991), pp. 30–34; Alka Raman, 'Indian Cotton Textiles and British Industrialization: Evidence of Comparative Learning in the British Cotton Industry in the Eighteenth and Nineteenth Centuries', *The Economic History Review*, 75.2 (2022), pp. 447–74.