

RESEARCH REPORTS/ NOTES DE RECHERCHE

Working-Class Capitalism in Great Britain and Canada, 1867-1914

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I BECAME INTERESTED IN working-class (or penny) capitalism while engaged in the research for a book on nineteenth-century British coalminers.¹ There seemed to exist in the coalfields a submerged economy in which miners and their families made money by growing food, catching fish, mending furniture, making sweets and drinks, lending money, and opening small shops. It was an economy about which I knew nothing and which had found no mention at all in the voluminous literature on coalmining communities. I concluded, with considerable exaggeration, that in the coalfields "Anybody with a marketable skill tried to turn it to good account."²

Immediately two possibilities presented themselves. One was that these activities were confined to British coalminers and so, though of some specialized interest, were unlikely to be of great concern to historians generally. The other — and much more exciting — possibility was that this hidden form of enterprise had existed among other working-class groups at home and abroad to an extent which I, and apparently many others, had failed to realize. Accordingly I decided first to undertake a broadly based study of penny capitalism in nineteenth and early-twentieth-century Britain: to explore the forms which it assumed, the kinds of local economy which sustained it, the types of people it attracted, the amount of employment it provided, and the degree of success

¹ An earlier version of this paper was read to a meeting of the postgraduate seminar of the Centre for the Study of Social History, University of Warwick in October 1982. I am grateful for the financial support of the British Academy, of the Polytechnic, Wolverhampton and of the Social Science Research Council.

² John Benson, *British Coalminers in the Nineteenth Century: A Social History*, (Dublin 1980), 89.

John Benson, "Working-Class Capitalism in Great Britain and Canada, 1867-1914," *Labour & Le Travailleur*, 12 (Fall 1983), 145-154.

with which it was carried out.³ So widespread did I discover penny capitalism to be, and so interesting its implications, that it seemed desirable to proceed to a comparative study: to an examination of the extent to which Canadian working-class capitalism was similar to, or differed from, working-class capitalism in Great Britain during the late-nineteenth and early-twentieth centuries. It is the aim of this short note to indicate some of the preliminary results of this research.

I

THE CONTINUING NEGLECT of penny capitalism can be explained both by the elusiveness of the sources and by the interests of economic, business, and labour historians, many of whom seem preoccupied with size and success, factors which for all their obvious importance serve only to accentuate still further the bias of the sources.⁴ Such preoccupations divert attention from those parts of the economy in which penny capitalism was able to flourish and direct it towards organized, collective, and particularly trade union efforts at working-class self-improvement. Indeed by presenting a view of working people at home and at work which appears to be both consistent and convincing, trade union histories may actually retard our understanding of an informal, small-scale, family activity such as penny capitalism.

Thus worker capitalism has remained on the margins. In fact, it is only comparatively recently that historians have begun to show any understanding of the complex ways by which late-nineteenth and early-twentieth-century workers in Great Britain and Canada actually made their livings. Yet it is clear already that few families were dependent simply upon a single, regular, weekly wage. Much employment was seasonal or casual in nature and most families derived their incomes from a whole cluster of different sources: from work done by the wife and children, from begging and petty crime as well as from small-scale entrepreneurial activity.⁵

³ John Benson, *The Penny Capitalists: A Study of Nineteenth-Century Working Class Entrepreneurs*, (Dublin 1983). See also my "Hucksters, Hawkers, Pedlars and Duffers: A Study of Nineteenth Century Penny Capitalism," *Social History Newsletter*, 6 (Spring 1981).

⁴ J.A. Schmiechen, "State Reform and the Local Economy: An Aspect of Industrialization in Late Victorian and Edwardian London," *Economic History Review*, 28 (August 1975). Also J. Boswell, *The Rise and Decline of Small Firms*, (London 1973).

⁵ See, for example, R.F. Harney, *Italians in Canada*, (Toronto 1978); Ian McKay, "Capital and Labour in the Halifax Baking and Confectionery Industry during the Last Half of the Nineteenth Century," *Labour/Le Travailleur*, 3 (1978); S. Humphries, "Steal to Survive: The Social Crime of Working Class Children 1890-1940," *Oral History Journal*, 9 (1981); Raphael Samuel, "'Quarry Roughs': Life and Labour in Headington Quarry, 1860-1920. An essay in oral history," in Raphael Samuel, ed., *Village Life and Labour*, (London 1975); Elizabeth Roberts, "Working-Class Standards of Living in Barrow and Lancaster, 1890-1914," *Economic History Review*, 30 (1977).

Unfortunately, however, it is no easy task to find even a working definition of working-class or penny capitalism.⁶ Indeed it is impossible to distinguish clearly worker capitalists from wage labourers below and from the petty bourgeoisie above. Perhaps the most fruitful approach is to begin by excluding three groups which might appear to be capitalist. Neither outworkers, nor the self-employed who hired out their own labour, nor sub-contractors who hired out the labour of others, were necessarily penny capitalists. All three groups still lacked one essential characteristic of the true capitalist: that he or she should maintain control over the use to which his capital and labour was put. This then is the first defining characteristic of the penny capitalist, that he or she should be responsible for the whole process, however small: from raising the necessary capital, choosing a site, bargaining for raw materials, and deciding working methods to finding a market for the finished goods or services.⁷ The second defining characteristic of the penny capitalist was that, like the capitalist proper, he or she should be prepared to assume risks in the hope of making profits. It was this injection of capital, this speculative element, which again set the penny capitalist apart from the outworker, the self-employed worker, and the sub-contractor. The third characteristic of the penny capitalist was that he/she should be economically, socially, and culturally working-class; the fourth that he/she needed to operate on a small scale. Of course it is impossible to define precisely the maximum size which a person's activities could attain before breaking the bounds of penny capitalism; but his/her capital, his/her turnover, and his/her profits should all be measured in pounds and dollars, if not in cents and pence. In principle, then, this set of four criteria makes it possible to define the penny capitalist as a working man or woman who went into business on a small scale in the hope of profit (but with the possibility of loss) and made him- or herself responsible for every facet of the enterprise.

II

ON BOTH SIDES OF the Atlantic it has been accepted (assumed might be a better word) that small, self-employed producers of all types were seriously threatened by the growing forces of urban and industrial development. In Britain it is said, "Small masters were squeezed by the concentration of capital, the advance of large-scale production, and the rise of cartels and

⁶ Sol Tax, *Penny Capitalism: A Guatemalan Indian Economy*, (Washington 1953); J.R. Vincent, "The Electoral Sociology of Rochdale," *Economic History Review*, 16 (1963-4); D.R. Mills, *Lord and Peasant in Nineteenth Century Britain*, (London 1980); C. Gerry and C. Birkbeck, "The Petty Commodity Producer in Third World Cities: Petit Bourgeois or 'Disguised' Proletarian?," in F. Bechhofer and B. Elliott, eds., *The Petite Bourgeoisie: Comparative Studies of the uneasy stratum*, (London 1981).

⁷ Charles Wilson, "The Entrepreneur in the Industrial Revolution in Britain," *History*, 42 (1957), 103.

monopolies.”⁸ In Canada, according to one late-nineteenth-century immigration agent, opportunities were declining for “the simple reason that capital has become more concentrated, and poor men have not the same chance to enter into competition with capitalists.”⁹

It is true that the growing number of working people employed in the basic industries of coal, cotton, wool, and iron and steel had few — and declining — opportunities to turn their work skills to their own account. But fortunately for the ambitious workman and woman, other parts of the two economies were better suited to working-class enterprise. In the Canadian primary sector, and in the secondary and tertiary sectors of both countries, rising demand was met not simply by that concentration of production so characteristic of the basic industries, but by a proliferation of small units. It seems that in both Britain and Canada working-class capitalism and the “small-scale and labour intensive sector was not a survival, but a central and dynamic component of mid [and late] -Victorian growth.”¹⁰

Unfortunately this hypothesis is easier to illustrate than it is to prove. Not only is working-class capitalism difficult to identify but, as with any historical activity, the later it lasted, the more evidence of it is likely to survive. Thus what might appear to be convincing evidence of the survival of penny capitalism in full vigour, may represent only a growing volume of evidence about what was in fact a stagnant or even a declining form of economic activity.

Nonetheless, if it cannot be proved that working-class capitalism survived intact into the twentieth century, it can certainly be shown that in neither country was it destroyed. Naturally precision is impossible. But the mass of qualitative evidence together with the little statistical evidence discovered for England confirms that penny capitalism remained a widespread and vital component of working-class life well into the twentieth century. Elizabeth Roberts’ oral investigation of working-class life in Barrow, Preston, and Lancaster between 1890 and 1930 reveals that despite the considerable physical, economic, industrial, political, and demographic difference between the three towns, in each case at least 40 per cent of working-class families engaged in

⁸ Geoffrey Crossick, ed., *The Lower Middle Class in Britain 1870-1914*, (London 1977), 15. Also J. Noble, “‘Class-ifying’ the Poor: Toronto Charities 1850-1880,” *Studies in Political Economy: A Socialist Review*, 2 (Autumn 1979), 118; M. J. Piva, *The Condition of the Working Class in Toronto 1900-1921*, (Ottawa 1979), xi; B. D. Palmer, *A Culture in Conflict: Skilled Workers and Industrial Capitalism in Hamilton, Ontario, 1860-1914*, (Montreal 1979); Craig Heron, “The Crisis of the Craftsman: Hamilton’s Metal Workers in the Early Twentieth Century,” *Labour/Le Travailleur*, 6 (1980); G. S. Kealey, *Toronto Workers Respond to Industrial Capitalism 1867-1892*, (Toronto 1980).

⁹ Royal Commission on the Relations of Capital and Labour, 1889, Vol. 5, 759, John Smith.

¹⁰ Editorial Collective in *History Workshop*, 3 (1977), 4.

some form of penny capitalist activity at some time between 1890 and 1914.¹¹

Of course it is not sufficient simply to count the number of families which engaged for some time (however short) in some form of penny capitalism (however trivial). It is necessary to distinguish at the very least between two types of worker capitalist: the person who, while retaining other sources of income, wanted to make a little extra money; and the person who went into business with the express intention, at least in the long term, of attaining independence of wage labour. Part-time penny capitalism was essentially defensive. It was one of the many strategies adopted by working people to cope with poverty, particularly the persistent, nagging poverty brought about by underemployment. More often than not, it was intended to prevent things getting worse, rather than to make them get better. Consequently part-time capitalism was always most common among the most disadvantaged. Like petty crime, with which it was often linked, it was typically the resort of women and children, the unskilled and the casually employed. (In Barrow, Lancaster, and Preston between 40 and 42 per cent of working-class mothers engaged in some form of part-time penny capitalist activity after marriage — although only one of the sample had ever done so while single).

Full (and nearly full)-time penny capitalism was very different. Here entry was determined, not so much by self-defence, as by the desire to attain financial independence from wage labour. Even the majority of worker capitalists who had no desire to rise out of their class, certainly wished to rise economically within it. Then too it tended to be the domain, not of women, children, and the unskilled, but of middle-aged, skilled, male artisans and other workers who had managed to save some money. It was part of their mid-life search for independence, for freedom from the increasingly severe restraints of factory and other work discipline. Still another difference from part-time penny capitalism was that it was much less common and, in England at least, much less uniform. (In Barrow, Lancaster, and Preston the proportion of husbands dependent upon penny capitalism varied from as low as 0 per cent in the Lancaster sample, to 8 per cent in Barrow — 9 per cent in Birmingham — and up to as high as 11 per cent in Preston).¹² There is little doubt that in both countries full-time and part-time penny capitalism, but particularly the latter, remained important components of working-class life well into the present century.

III

THE SURVIVAL OF WORKING-CLASS capitalism has implications for our understanding of some of the most important issues currently under discussion in

¹¹ Elizabeth Roberts, Oral History Project, "Working Class Standards of Living in Barrow and Lancaster, 1890-1930." (University of Lancaster).

¹² *Ibid*; A. Freeman, *Boy Life & Labour; The Manufacture of Inefficiency* (London 1914), 29-40, 42-9, 55-7, 59-74.

British and Canadian labour and social history: the working-class family, class consciousness, economic and social mobility, and working-class organization. There is space here to discuss briefly only the first and the last.

It is not surprising that the study of penny capitalism, which was so often home-based, should reaffirm the central role of the working-class family. It confirms the continuing economic importance of the family as a unit of production and services as well as one simply of consumption.¹³ It confirms too that in their traditional, "female," servicing roles women continued to play a crucial, though still neglected, part in the economic life both of their families and of their localities. Indeed it is ironic that it should have been such traditional, domestic tasks which offered working-class women one of their few opportunities for greater freedom.¹⁴

In its part-time form, however, female penny capitalism rarely resulted in much more than domestic tension. The woman taking in washing, sewing or lodgers probably became even more tired than usual and her husband even more irritable. During the early years of the present century a St. Catharines woman used to be so busy cooking for her boarders that she would tie her young daughter onto her back and leave her there until she fell asleep.¹⁵ Anything more ambitious could produce still greater resentment. Jack Common, the son of a Newcastle railway worker, remembers that his mother

was ambitious of making money by the mysterious process of 'buying and selling', and to that end attended auction sales, bought bargains and advertised them for sale again in the local paper. Her triumphs were nothing to father, though; he thought the whole thing dishonest, and a reflection on his own inability to earn more money. Moreover he didn't like her gadding about and he had the general fear of the railwaymen of that period that their absences would be taken advantage of and adultery go on behind their backs.¹⁶

When a working-class woman went into business on a full (or nearly full)-time basis, the change in the economic balance of the marriage and the possible reversal of roles could lead to even more serious difficulties. On some occasions, as in the accommodation industry, the wife was able to set herself up independently and break away from an unloved husband. Some men, presumably, were only too happy to live off their wives but others — most often perhaps in communities where independent women were an unfamiliar sight — found

¹³ V. Lindstrom-Best, *The Finnish Immigrant Community of Toronto 1887-1913* (Toronto 1979), 9, 11; V. Strong-Boag, "The Girl of the New Day: Canadian Working Women in the 1920s," *Labour/Le Travailleur*, 4 (1979), 132. But cf. M.B. Katz, *The People of Hamilton. Canada West: Family and Class in a Mid-Nineteenth Century City* (Cambridge, Mass. 1975), 273; W. Roberts, *Honest Womanhood: Feminism, Femininity and Class Consciousness among Toronto Working Women 1893 to 1914* (Toronto 1976).

¹⁴ J.K. Walton, *The Blackpool Landlady: A Social History* (Manchester 1978), 90.

¹⁵ Multicultural History Society of Ontario, Tape ARM 1768, Mrs. A. Alojan.

¹⁶ Jack Common, *Kiddar's Luck* (Glasgow 1974), 3-4.

themselves unable to cope with their loss of status and turned for comfort to drink.¹⁷

Whether conducted by the wife, by the husband or by both, any family business, especially one on the margins of profitability, was likely to become a tyranny, extorting from its owners huge demands of both time and effort. The longed for independence was likely to prove illusory, creating tension and discouraging the children from following their parents' example.¹⁸ Nonetheless the dream of independence — or of mere survival — remained potent; and the study of penny capitalism shows that the family, with the wife to the fore, continued to play a much greater role in working-class economic life than is generally recognized.

The survival of penny capitalism has implications too for our understanding of the development of British and Canadian working-class organization. Middle-class observers hoped, and social critics feared, that the divisions which penny capitalism engendered within the working class, and the mobility which it sometimes encouraged out of it, would soften antagonisms between capital and labour. Sir James Kay-Shuttleworth reassured a Lancashire audience, and no doubt himself, that "The knowledge that a skilful, prudent man may accumulate from his earnings the means of building cottages, or entering into a retail trade, or into some business requiring greater intelligence and energy, or even into the wide field of manufacturing enterprise, makes the success of the middle classes less a subject of envy than of emulation."¹⁹

Certainly penny capitalism was inimical to the development of a homogeneous working class. Whether full or part-time, it added yet another layer to the already divisive forces of occupation, earnings, sex, nationality, geography, age, religious belief, and racial identity. Even the most modest enterprise might encourage its owner in the belief that his success or failure depended on his own efforts and that he and his family had a stake, however slight, in the existing economic and social system.²⁰

¹⁷ Walton, *Blackpool Landlady*, 86; C. Patrias, "Hungarian Immigration to Canada before the Second World War," *Polyphony*, 2 (1979-80), 25; B. Ramirez and M. Del Balzo, "The Italians of Montreal: From Sojourning to Settlement, 1900-1921," in R. F. Harney and J. V. Scarpaci, eds., *Little Italies in North America* (Toronto 1981); Multicultural History Society of Ontario, Tape BLA 7806, Mrs. V.B. Cooke.

¹⁸ Michael Winstanley, Oral History Project: "Life in Kent before 1914." (University of Kent), C17, J. Coleman.

¹⁹ Sir James Kay-Shuttleworth, *Thoughts and Suggestions on Certain Social Problems Contained Chiefly in Addresses to Meetings of Workmen in Lancashire* (London 1873), 71. Also *The Tailor*, 3 November 1866; *Daily Globe* (Toronto), 23 February 1872, cited A. Smith, "The Myth of the Self-made Man in English Canada, 1850-1914," *Canadian Historical Review*, 59 (1978); S.J. Chapman and F.J. Marquis, "The Recruiting of the Employing Classes from the Ranks of the Wage-Earners in the Cotton Industry," *Journal of the Royal Statistical Society*, 75 (February 1912), 308. Geoffrey Drage.

²⁰ Saskatchewan Archives Board, Saskatoon, A119, 88; C54, 10, I.S. Elik.

Even more inimical to the greater organization of labour would be any significant degree of upward social or economic mobility. Unfortunately it is no easy matter to arrive at the truth of the matter so far as worker capitalists are concerned. On the one hand, it is important not to exaggerate the degree of mobility, confined as it was to a small proportion of the relatively few families engaged in full-time entrepreneurial activity. On the other hand, it is essential not to overlook those who did make sufficient money to move close economically to the petty bourgeoisie, with whom they explored the same possibilities, shared the same worries, and earned a similar sort of living. Where it existed, "the permeability of the line between small master and journeyman created an ambivalent sense of class consciousness."²¹ As a journeyman turned small master ironfounder from Toronto explained in 1889, "I do not know what to call myself now. I am not exactly a journeyman and I cannot call myself a boss."²² Such ambiguities naturally made working-class capitalists a difficult group to organize. Trade union leaders in both countries grappled constantly with the problem of trying to accommodate in some way members who moved into penny capitalism and back again into wage labour.²³

Yet at the same time full-time working-class capitalism did allow its practitioners to be politically and socially independent, and was of course sometimes undertaken for this very reason.²⁴ In all events, penny capitalists retained intimate links with their working-class background. They lived among their working-class relatives and friends. They retained the collective, communal and mutually supportive aspects of working-class life. On both sides of the Atlantic independent carters and street sellers formed trade unions and collected for colleagues whose donkeys and horses had died. Even when a workman became a small master employing one or two men he did not necessarily leave the artisan world, nor abandon his trade union membership. Nor is this surprising when it is remembered that for those employed in manufacturing industry, entry into penny capitalism often arose, in part at least, from a desire to retain a working-class life style against the incursions of the employers. In

²¹ McKay, "Capital and Labour," 66. Also Irving Abella, ed., "Portrait of a Jewish Professional Revolutionary: The Recollections of Joshua Gershman," *Labour/Le Travailleur*, 2 (1977), 188; John Foster, *Class Struggle and the Industrial Revolution: Early Industrial Capitalism in Three English Towns* (London 1974), 326. See also Thomas William Acheson, "The Social Origins of Canadian Industrialism: A Study in the Structure of Entrepreneurship," Ph.D. thesis, Toronto University, 1971.

²² Royal Commission on the Relations of Capital and Labour, 1889, Vol. 5, 172, James Boyle.

²³ Saskatchewan Archives Board, Brotherhood of Painters and Allied Trades, Local 509, Minutes, 30 December 1907; 1 December 1909; 9 September 1912; 3 February 1913; Royal Commission on the Relations of Capital and Labour, 1889, Vol. 3, 107, Michael O'Brien; Vol. 5, 108, J.H. Lumsden; *Iron Molders' International Journal*, 31 October 1873.

²⁴ Michael Winstanley, Oral History Project, T6, 10; Multicultural History Society of Ontario, Tape RUS 0725, N. Gold.

some respects then full-time worker capitalism represented a rejection, rather than an acceptance, of capitalist values. Like labour aristocrats, full-time penny capitalists might appear to adopt middle-class values, but they did so through institutions such as trade unions which were characteristically working-class.²⁵

Part-time penny capitalism could also further independent working-class action. Although not the type of activity likely to be drawn attention to before parliamentary (or any other) inquiries, it was important for all that. It provided practical experience or organization and did something at least to mitigate the poverty brought about by industrial disputes. During a strike at Hamilton in 1907, Local 67 of the Journeyman Plumbers' Union declared that "If the trouble is not settled by Monday the journeymen state that they will do any jobbing work about the city, and any citizen having work may have it done by union men by applying to the union headquarters."²⁶ Three years earlier penny capitalist activity had made it difficult to get painters in Québec City to return to work after a strike even when some firms conceded the increase which had been demanded. "In one of these shops . . . only one man at first returned to work, the others having taken contracts which had not been finished."²⁷

IV

NOTHING, OF COURSE, is easier than to make grandiose claims for the significance of still incomplete research. Yet even at this early stage it does seem that working-class capitalism was of much greater importance in Canada than has usually been recognized, and that it had much in common with working-class capitalism in Great Britain. In both countries penny capitalism remained a pervasive — if in Canada a still unquantifiable — feature of working-class life well into the twentieth century. In both countries penny capitalism helped to bolster the process of industrialization; it provided employment and increased working-class purchasing power; it assisted the restructuring of the economy; and it went some way towards meeting local demands for goods and services.²⁸ It has been seen too that the persistence of penny capitalism has implications for labour historiography on both sides of the Atlantic. Not only does it confirm the continuing economic importance of the family, but it may yet help to

²⁵ Geoffrey Crossick, *An Artisan Elite in Victorian Society: Kentish London 1840-1880* (London 1978); Katz, *People of Hamilton*, 151, 174; Palmer, *Culture in Conflict*, 161, 216-7; *Iron Molders' International Journal*, 28 February 1874. For the Toronto Pedlars' Association, see *Canadian Grocer*, 4 July 1890 and 15 July 1892.

²⁶ *Hamilton Herald*, 8 May 1907. Also Saskatchewan Archives Board, Brotherhood of Painters and Allied Trades, Local 509, Minutes, 24 August 1912; *Labour Gazette*, August 1903.

²⁷ *Labour Gazette*, May 1904.

²⁸ Benson, *Penny Capitalists*, 133-5.

explain differences in class consciousness and labour organization between the two countries.

Hackneyed though it is to end with a plea for further research, on this occasion the plea is certainly justified. We need to know a great deal more about the role of working-class capitalism in the economic, social, and labour history both of Great Britain and of Canada.



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