The "Futility of Thrift" and the Moral Economy of Nineteenth-Century Britain

Donna Loftus

Senior Lecturer in History

The Open University

Donna.loftus@open.ac.uk

Abstract

This essay seeks to understand the "moral confusion" (to use David Graeber's term in *Debt*) that surrounds thrift. It argues that thrift emerged as a moral imperative in the mid-nineteenth century as urban economies centered on mass consumption expanded, provoking fears of national degeneration in a working population enslaved by their own desires for immediate gratification from the panoply of food and fashion outlets. In response, a popular political economy emerged with tips on navigating the temptations of department stores and leisure complexes and avoiding the moral hazard of indebtedness by exercising restraint. These tropes imagined national regeneration, a stable economy, and a civilized society emerging from the saved capital generated by individual thrift, which could then be invested in solid, enduring businesses. At the same time, writers on the margins of conventional economics realized that a thriving urban economy, one able to provide employment for a growing population, was built on consumption: the survival of many small businesses depended on local people spending money in local shops, bars, and restaurants. This paper discusses these visions of the economy to explore the roots of an enduring tension in performative moral economy of thrift: while thrift was (and still is) associated with a morally responsible and sustainable capitalism, an everyday economy built on mass consumption depends on shopping and spending to keep capital moving. It argues that then (as now?), this contradiction was resolved through a moralized political economy that focused

blame on the consumption habits of the urban poor rather than the structural inequalities resulting from the temporalities of capital investment.

Keywords: thrift, consumption, Smiles, Marshall, Mill

Introduction

Thrift is having a revival. Its apparent immutable logic has been carried over from its heyday in nineteenth-century Britain and the United States to present a modern-day moral framework for managing the world's resources (Garon 2011, 10). The need for individual restraint and for households to take greater responsibility for their economic future is seen as a logical response to capitalism's latest crisis. It is touted as a mechanism for addressing fears that the global pursuit of an "imperial mode of living" will lead to ecological disaster and that low productivity and growth will undermine the state (Brand and Wissen 2021). Thrift's endurance lies in its ability to align spiritual and pecuniary considerations and combine moral and economic logic in timeless principles of work, patience, and prudence, which can be adapted to fit "the changing culture of capital" and the "changing moral economy of the self" (Hunter and Yates 2011, 5). As such, thrift encompasses considerations of what constitutes the good life, how resources are produced and distributed, and the socially acceptable levels of sufficiency specific to a time and place. Nevertheless, it is often reduced to simple morality tales about saving and spending. These take different forms in different times from the contrasts between the deserving and undeserving poor in nineteenth-century England to debates on the self-management of welfare claimants in the relative affluence of 1990s Britain (Tyler 2013, chap. 6; Johnson 1985, chap. 7). The common denominator is a fetishized focus on the everyday economic decision-making of the poor as a proxy for broader questions about wealth inequality and stalling social mobility.

Thrift is due a reappraisal to ensure that its broader social and political implications are captured. This paper offers a starting point, returning to the high point of thrift in nineteenth-century Britain to consider how thrift's associations with time and sharing of resources across communities and between generations became reduced to questions of individual work, social mobility, saving, and spending. The focus is the space between social, economic, and cultural histories of production and consumption, used here to open the gap between what contemporary social commentators and political economists thought could be achieved through thrift and what history shows was possible.[1] It ends by suggesting that it is here, in these gaps, paradoxes, and contradictions, what Jameson calls capitalism's "union of opposites," that the structural impediments to greater equality of opportunity, otherwise obscured in tales of thrift, can be found (Jameson 2011, 8).

This essay starts by looking at how thrift was transformed in the nineteenth century as political economy encountered the lived experience of industrial capitalism. The redistributive aspirations associated with thrift were evident in tales of self-making and entrepreneurialism in the midcentury. But by the 1870s thrift was deployed to explain and remedy the discontinuities and inequities of mass production and consumption that were then becoming obvious as industrial capitalism bedded in: pockets of overproduction, boom and bust, stalling social mobility, and entrenched inequality. Thrift offered a panacea, calming the consumerism that was assumed to be disrupting equilibrium by regulating the tempo between production and consumption and, through the expansion of friendly societies, banks, and insurance schemes, promoting social security and social mobility. However, as the essay goes on to show, this optimistic, expansionist vision of thrift was undone by the temporalities of capitalism itself. For a start, commentators acknowledged that restraint and saving benefited the wealthy more than the poor. At the same time, enforced self-help was a cause of poverty in late-nineteenth century London, as over competition among small businesses led to low prices and paltry earnings. A new generation of economists noted, with reference to life as it was lived, that thrift was, at best, impossible and, at worst, a paradox that encouraged the poor to establish small businesses with minimal capital at the same time as it discouraged the consumption that sustained them, while the wealthy quietly accumulated through investment and property.[2]

The history of thrift illustrates how the contrary expectations of a mass consumer capitalism are played out in the everyday lives of the poor: they are expected to balance spending and saving, sustenance and futurity, realism and optimism with minimal time and resources. As Garon has argued, "Victorian" notions of thrift as the exercise of restraint have maintained an "exalted status" in Great Britain and the United States, despite the development of mass consumption and as consumers were socialized into spending by advertisers, finance companies, and politicians promoting growth (Garon 2011, 10). Histories of consumption recognize the everyday importance of things, food, fashion, and sociability to surviving if not thriving in capitalist societies, the new suit or the sweet tea that George Orwell acknowledged made an otherwise drab life liveable, the fake Gucci sunglasses that Lisa McKenzie recognized as a priority for poor women in a world that values appearances (McKenzie 2015, 107–10). Nevertheless, debates on historical living standards are still apt to miss the value afforded to aspects of social participation and inclusion that might on the surface appear thriftless: a cheap dress, a showy burial, or socializing in pubs.[3] Instead, this essay suggests that the paradox was the point of thrift in nineteenth-century liberal politics: the product of an industrial economy that deployed theories of equilibrium but perpetuated inequality, and that aspired to be equitable but deployed class-based assumptions on appropriate economic behavior. The result was, as Keynes was later to argue, a “double bluff or deception” in which the poor are persuaded into accepting very little of the cake while the investing classes were allowed the best part of the cake on the understanding they would not consume it (Keynes 1920, 19).

Smiles and the Moral Economy of *Thrift*

Thrift was an essential part of economic moral order before the great transformation to industrial capitalism. But it was in the industrializing economy of nineteenth-century Britain that thrift emerged as a common-sense conversation accompanying capitalism and a moral framework for understanding the economy. Talking about and practicing thrift was seen as critical in finding the right balance between spending and saving as the opportunities for investment and consumption expanded, a balance on which the sustainability of the whole community depended and that required both economic calculation and ethical consideration (Trentmann 2016). When Samuel Smiles published his volume on *Thrift* in 1875, he was repeating what had by then become the dominant view in liberal circles: everyone should save even the smallest amount for the future, because the act of saving generated capital, growth, and virtue (Smiles [1859] 1968, [1975] 2006). Thrift stimulated independence, productivity, and entrepreneurialism, and the act of exercising control over one’s desires would, it was claimed, build character and security for future benefit. Such a view, rooted in Adam Smith’s *The Theory of Moral Sentiments* (1759), was revised by Smiles as mechanism for civilizing capital and promoting sustainable prosperity on equitable foundations as concerns about inequality began to grow.

When Samuel Smiles published *Thrift* in 1875 he was already a well-known and highly successful author. *Self Help* had sold in the thousands, and its didactic stories of self-making were emblematic of the liberal virtues of energy, economy, and self-reliance that were assumed to lie at the heart of Britain's industrial economy. By 1875 few Victorians could have missed the "gospel of work" contained in *Self Help* and the core message that the pursuit of independence was a moral imperative: essential to the formation of character, to growth and to national prosperity. This message, enshrined in the principles of the New Poor Law of 1834 and embedded in the liberal culture of the age, was based on a simple but powerful vision of social and economic life. Men had a duty to work to improve themselves and to provide for their families and to forego luxuries to maximize their chances of social mobility, or, at the very least, to ensure they did not make themselves or their families a burden on the Poor Law. Women were expected to prudently manage the home and work for money if the household required it. In this way, individual improvement and independence, tempered by Christian faith and family values, would, in turn, drive national prosperity as the drive to succeed released the entrepreneurial energies of a generation.

Smiles intended *Thrift* to revive these ideas of self-help as they began to flounder in the 1870s and as the challenges of individual mobility in a class-based, industrial economy became more obvious. Such difficulties had always been there. Mill noted them in his *Principles of Political Economy* (1848). The normal condition of labor was to begin as hired labor and then, after building up experience and capital, to set up in business on one's own account, eventually employing others. This was the state of things in "new" countries such as Australia and America, and it had been the case in preindustrial Britain. However, the "large system of production," typical of modern industrial economies such as that developing in Britain, limited these opportunities for moving from laborer to employer (see Miles 1999, 9). At the same time, given that people were no longer born to their position, it was entirely natural that laborers would not be "permanently contented with the condition of labouring for wages as their ultimate state." Mill therefore concluded that "They may be willing to pass through the class of servants on their way to that of employers; but not to remain in it all their lives" (Mill [1848] 1970, book IV, chap. VII, 126). Though the desire for independence remained among the working classes of the mid-nineteenth century, the competitive advantage of large, established industries made it a greater challenge.

Pessimism about social mobility in the industrial age was exacerbated in the 1860s and 1870s by strikes and unrest and by debates over "wage-fund theory." As these debates were taken up in public, alternative visions of industrial economy emerged that, in different ways, punctured the egalitarian political and social economy of mid-Victorian liberalism and the belief that through hard work, individuals would naturally prosper. Political economists such as Henry Fawcett imagined that wages were paid from a fixed pool of capital left behind after other running costs were taken out of a business and that, as such, workers could not raise wages by increasing their share without reducing the number of workers drawing on this fund (Fawcett 1865). Others, typified by William Stanley Jevons, were increasingly aware of the significance of consumption in driving up demand, prices, and wages but positioned labor as one factor in a complex web of exchanges, its share of wealth to be determined by the value of its product to the consumer in the market (Jevons 1981). In this context, Mill, Fawcett, and Jevons explored collective solutions to individual improvement and social mobility. Aligning with the growing trade union movement, they advocated schemes of industrial association, profit-sharing, and cooperative production to enable working men and women to pool small amounts of capital for investment in business.[4]

Thrift was Smiles's response to the problem of social mobility. Most of the self-made men that Smiles applauded in *Self Help* were products of the first years of industrialization, able to profit from bursts of investment and able to draw on technical knowledge acquired through their closeness to production and to artisanal trades. By the 1870s, even Smiles recognized that social mobility in a more established industrial economy would require different kinds of triggers. If men and women could not increase their share of capital through wage rises, then they had to save, and the only way to save was by not spending. Smiles argued that even the modestly paid of the working classes could, with the exercise of self-restraint and discipline, find something, no matter how small, to save every week. The biographies of self-made men who harnessed technical know-how, invention, and perseverance to rise through the ranks in *Self Help* were replaced in *Thrift* with more modest accounts of men whose carefulness, restraint, and prudence had enabled them to break out of the ranks of labor and become "independent." He contrasted the well-paid working-class family employed in the cotton industry earning £3 a week who spent on food more usually associated with the good life of the upper classes such as lamb, salmon, young ducks, green peas, new potatoes, and strawberries with the restrained clerk whose modest habits enabled him to save, invest in property, and earn even more capital by renting rooms to the very same working-class family who blew their disposable income on luxuries beyond their station (Smiles [1975] 2006, 28–29).

The practice of restraint was, Smiles argued, enough to distinguish individuals from others in their class. He argued that there were only two classes, "savers and wasters, provident and improvident, and the thrifty and shiftless" and that social mobility was about attitudes and behavior rather than earnings. In a rebuttal of class politics, Smiles claimed that "the capitalist is merely a man who does not spend all that is earned by work." At the same time, Smiles was also aware that consumption kept money circulating in a market economy and that "misers" and "hoarders" did little economic or social good. Instead Smiles argued that the key to progress was knowing when to save and when to spend on what and that the source of such sound judgment was to be found in the order, regularity, and affective ties of domestic life. Domestic discipline would build the character needed to resist temptation, and affective ties would balance spending in the interests of present comfort with the need to save for the future. In this way, the idealized family was a buffer against rising consumerism. The duty to look after and provide for one's family and the "denial of present enjoyment for future good" was, Smiles argued, a feature of all civilized countries, demonstrating the ascendancy of reason over the animal instincts (Smiles [1975] 2006, chap. 1–6).

Nineteenth-century thrift was then a politics of time—steady habits, regularity, order, patience, and perseverance were essential if working people were to realize the benefit of slow accumulation of capital through small amounts of savings over a lifetime for the benefit of the next generation. In contrast, dazzle, desire, and fashion produced a kind of mania and madness and, ultimately, a descent into debt. As Smiles acknowledged, consumer society encouraged the young to spend on items of display, creating savages who "abandon themselves to their sensual appetites" (Smiles [1975] 2006, 18). The fever affected all classes, albeit in different ways. The upper classes with their houses, horses, and carriages, the middle-class with liveries and theaters, or the working classes with their beer, food, and feathers each were, according to Smiles, mortgaging the future on insubstantial, transient display (Smiles [1975] 2006, 53). The interdependence of the modern economy meant that one dragged down the other. Smiles was not alone in reading the consequences of middle- and upper-class excess, the cultures of show and spectacle played out in London society, in the poverty of the East End of London. As he said, "In the parks of London, you may see how gold is worshipped; in the East End of London, you may see to what depths human misery may fall" (Smiles [1975] 2006, 18). The suspicion was that the consumption of the rich on fashionable items disrupted supply and demand and created an economy that was subject to whims, resistant to planning, and disturbed by middlemen. If it did create jobs, they were of the wrong sort: low paid, temporary, and uncertain.

In this uncertain economy, according to Smiles, workers, unsure of future earnings, were unable to plan their labor and predict their earnings and, as a result, were inclined to be dissolute, drunken, and wasteful. This was not the sort of civilized capitalism that liberals liked to imagine, but it was one that appeared to be thriving in London. As such, by the midcentury, contrasts between wealth and spectacle in West End parks and poverty in the East End was coming to stand for a more general uncertainty about the relationship between production and consumption, spending and saving.

Production, Consumption, and the Crisis of Social Mobility

The problem of thrift was rooted in much deeper uncertainties about consumption in political economy. Adam Smith may have acknowledged that consumption was the end point of production; nevertheless, as Boyd Hilton has argued, in the nineteenth century "the word retained some itof its pejorative seventeenth-century meaning, as the destructive or wasteful employment of productive matter" (Hilton 1988, 156). To confound matters further, until the marginal revolution of the later nineteenth century, political economists struggled to work out the impact of advertising, retail, and spectacle on the supposedly natural laws of supply and demand (see Winch 2009).

In an essay written in 1834, Mill expressed his suspicion that advertising and spectacle disrupted the normal operation of the economy. He noted that in busy cities catering to strangers, success depended on puff and quackery "not upon what a person is, but upon what he seems: mere marketable qualities become the object instead of substantial ones." Mill feared that the interdependence of urban populations and the tempo of everyday life made puffery contagious and hampered one's ability to make rational and informed economic judgments. As Mill remarked, "quackery there always was, but it once was a test of the absence of sterling qualities… It is our own age which has seen the honest dealer driven to quackery, by hard necessity, and the certainty of being undersold by the dishonest." This atmosphere of uncertainty and competition encouraged producers to be reckless and to "throw all for nothing" in an environment where those who shout loudest get heard and sound calculations were difficult to make. The result was bankruptcy and instability.[5] In contrast, in his *Principles of Political Economy*, Mill developed his ideas for a stable market economy in which an equilibrium between supply and demand was possible in the time and space between consumption and production, a space where capital could accumulate steadily and be invested in the production of articles of substance to meet true wants.

Following on from Smith and Ricardo, Mill argued that "to purchase produce is not to employ labour" and that "demand for commodities does not constitute demand for labour." As he said, "I conceive that a person who buys commodities and consumes them himself, does no good to the labouring classes; and that it is only by what he abstains from consuming, and expends in direct payments to labourers in exchange for labour, that he benefits the labouring classes, or anything to the amount of their employment." In short, consumers benefited workers not by the act of consumption itself but by accumulating capital and going into business and employing labor on secure terms. Using the example of velvet to illustrate the point, Mill argued that even if there was a demand for velvet, "It is no consequence how great the demand may be; unless capital is attracted into the occupation, there will be no velvet made and none bought." If the demand from the purchaser was strong enough, "he employs part of the price he would have paid for it, in making advances to work-people, that they may employ themselves in making velvet" (Mill [1848] 1970, book 1, chap. 5, 25–26). In this way, Mill argued that abstaining from immediate consumption to accumulate capital to invest in production and employ labor was the best way to produce an ordered economy and to distribute its benefits.

In *The Economics of Industry*, published in 1879, Alfred Marshall and Mary Paley Marshall attempted to bring Mill's political economy up to date. Though some consumption was necessary to production, and necessary for comfort, the Marshalls warned against wasting money on fleeting services, trinkets, or poor-quality goods. They compared the "spendthrift" who employs cooks, valets, and horse jockeys with the man who saves his money and invests it in an enduring concern, such as a railway or canal, that would promote industry and employ people in the present and future, giving them secure employment and the opportunity to save. As they said, "A man who invests in lace or setting out an ornamental ground, only sustains workers while work is going on. A man who invests in a coal mine benefits labourer and provides a seam of coal that will produce capital in the future" (Marshall and Marshall [1879] 1881, 15). The Marshalls attempted to resolve the tensions around consumption by distinguishing refined consumption on items of taste and quality as opposed to wasteful expenditure on trinkets, whims, and fripperies. As they said, "while it is not good for trade to spend money or dress ostentatiously, or to change the fashions rapidly, it is true that those who dress well add, if not to the wealth, yet to the well-being of the nation. A service is done to society by everyone who provides the means of refined pleasure without unnecessary expenditure." In contrast, they warned against cheapness, claiming, "It is not good for trade to have dresses made of material which wears out quickly. For if people did not spend their means on buying new dresses, they would spend them on giving employment to labour in some other way…" (Marshall and Marshall [1879] 1881, 17).

Working within the constraints of classical political economy, with echoes of Smiles' moral economy, Mill and the Marshalls recognized consumption as the ultimate end of production, but they feared the tempo of manufacturing on an industrial scale, and that unstable passions and unpredictable demands would, if left unchecked, destroy equilibrium. Mill's anxieties about advertising and puffery assumed that, left alone, a balance between supply and demand, production and consumption could be found. The Marshalls' prescriptions on the need for careful spending also betray an underlying assumption that the foibles of human behavior and the desire for showy things were disrupting the normal functioning of the economy, or, to put it simply, the moral economy was upsetting the real economy. Restoring balance required a disciplining of desires for which thrift was the primary cultural tool.

By extension, the temporalities of thrift in the industrial age meant forestalling social mobility and disciplining the desires for improvements in social and economic comfort that were, at the same time, supposed to be the great motivator to work and thrift for all classes. As Marshall acknowledged in his *Principles of Economics*, first published in 1890, family affection and the desire for social mobility was the primary motivation for work and thrift for all classes, and the desire to ensure a good life for the next generation would override the pursuit of personal gratification in the present; "a man can have no stronger stimulus to energy and enterprise than the hope of rising in life, and leaving his family to start from a higher round of the social ladder than that on which he began." This aspiration was democratically defined in modest terms to set out a good life all could achieve: security through regular income, a settled dwelling, and time for cultivated leisure and learning. At the same time, the tempo and pace of capital accumulation necessitated a divergence of dreams and aspirations, and a class-based inflection on the good life soon followed. Marshall acknowledged that the greatest advantage of abstinence—or waiting, as he preferred to call it—went to the middle classes, who could invest in the education of their children to increase their life chances. In contrast, “a great part of the wages of the working classes is invested in the physical health and strength of their children,” the nutrients needed to ensure they would be active, productive workers. While the benefits of saving multiplied for the middle classes over the generations and could be invested in property and business, the small amounts of working-class capital left behind after basic needs were met would have to be pooled to be productive, as was recognized in the Industrial and Provident Societies Act and the Limited Liability Act of 1855, and in the growth of the cooperative movement and building societies. Even then, as Marshall noted, better wages were probably of greater significance in improving the comfort of working families, and in improving productivity, than interest rates on small savings and investments (Marshall 1895, 307–17).

There was, then, a nagging doubt at the heart of the nineteenth-century liberal moral economy of thrift, an awareness that it was out of sync with the age, limiting opportunity and stifling the aspirations of the laboring classes, who were required, in the interests of national productivity, to be motivated to work. As Marshall noted, the greatest savings are made by those brought up on “narrow means to stern hard work, who have retained their simple habits, in spite of the success in business, and who nourish a contempt for showy expenditure.” Such men were “frequent in the quieter parts of old but vigorous countries and it was very common among the middle classes in the rural districts of England more than a generation after the pressure of the great French war” (Marshall 1895, 310–11). These were Smiles’s self-made men, able to harness the advantages of the early years of industrialization to grow large, stable manufacturing industries.

But, by the end of the century, the dominance of an established industrial middle class and their accumulations from businesses, investments, savings, and property made self-help for the next generation more of a challenge. Even worse, by the 1880s concerns were emerging that the expansion of banking and insurance generated through thrift was profiting the middle classes through investment opportunities and new financial and managerial careers (Tremenheere 1881). As Donald Winch put it, the first generation of pioneering industrialists had generated wealth and social position from "frugality and prudence, the second through inheritance and receipt of rentier incomes derived from accumulated capital" (Winch 1996, 419). By the end of the nineteenth century, concerns about growing inequality and limited opportunities for entrepreneurialism in established industrial sectors stretched the moral economy of thrift to its limits.

The Everyday Workings of the Late Nineteenth-Century London Manufacturing Economy

It is perhaps unsurprising that the late nineteenth-century manufacturing economy of London provided the stage on which the emerging contradictions and conundrums of liberal moral economy and thrift were played out. Manufacturing in London was dominated by small- and medium-size businesses catering to multiple different markets, at home and abroad, and characterized by velocity of production and consumption made visible in tropes of East and West. In *Thrift*, Smiles deployed the binary trope that had, by the end of the nineteenth century, become the conventional way to view London: a grimy East End, its impoverished population working long hours in workshops and garrets to service the spectacle and display of the West End's conspicuous consumption. The powerful metaphor betrayed a much more complicated network of producers and consumers. London was, according to Charles Booth in his *Life and Labour of the People in London*, a "complex whole," moving quickly in multiple directions producing “endless varieties” (Booth 1904, 84). It was a “purchasing market” for provincial towns nearby, an “unrivalled national emporium and world market,” the “Mother-city of the Kingdom and of the Empire,” and it provided shops and stalls in streets and markets for its own resident population. Its workforce was similarly multifaceted, made up of a preponderance of small masters working in garment, furniture, and food trades organized in small units of production catering to a mass of different markets. At the top of the trade, artisans were renowned for their skill in producing quality luxury goods for the local elite. Others manufactured for export, for wholesale, and some for immediate sale to locals through shops in back streets or market stalls or directly through hawking. The structure of production in small units meant that the manufacturers were adaptable and flexible. The closeness to markets helped producers to anticipate changing demands and quickly respond to new fashions: producers were, according to Booth, “swift to change, alert, leading, and initiating” (Booth 1904 85, 86, 88).

This dynamic environment combined with low costs of setting up in business created numerous opportunities for working-class entrepreneurialism. From highly skilled craftsmen to the jobbing seamstress, working men and women were able to take a small risk to set up in business in the hope of profits, or, at the very least, in anticipation of earning an independent living freed from the servitude of wage labor. As Mill had anticipated, many producers were not happy to labor for others for long, and many took advantage of cheap loans from friends and neighbors to set up on their own account. Many rented attics and lofts; some started production at home (see Loftus 2011). New producers meant new consumers as “the extending demands of a people that is learning constantly to turn the luxuries of the past into the necessaries of the present.” As Booth noted, “any errand-boy can carry in his pocket to-day the watch that comparative wealth alone could command some twenty years ago” (Booth 1904, 85).

At the same time, as the various inquiries of the late nineteenth-century economy demonstrated, this dynamic economy also produced great poverty. It resulted in pockets of overproduction that drove down prices and earnings, forcing producers with little capital to absorb downturns, to work longer hours for less. This was contrasted with the security provided by larger manufacturing concerns, where a greater amount of working capital meant that employers could prepare estimates and agree on contracts to weather downturns by producing stock during slack times. As Frederic Harrison argued, the benefit of large-scale industry was its ability to hold out for better prices and to absorb the pressure of trade cycles, thereby protecting the worker from the "vicissitude of the market." Such concerns could pay steady wages regularly, cultivating the security and regularity necessary for thrift (Harrison 1865, 44, 49). The problem was encouraging workers to lay firmer but longer-term foundations for the good life through regular, waged work in larger concerns, rather than on the insecure promise of autonomy and profit in a small business.

The tempo of capitalism in late nineteenth-century London, the costs of living, and the vagaries of the poor law provided the lived experience in which everyday aspirations were formed. Such an environment was inimical to the deferred gratification of working-class thrift popularized by Smiles, cultivating instead what Berlant has framed as "cruel optimism," "a relation of attachment to compromised conditions of possibility whose realisation is discovered either to be impossible, sheer fantasy, or too possible, and toxic" (Berlant 2007, 24). Setting up a business in late nineteenth-century London offered just enough hope of social mobility and the good life when there were too few realistic alternatives.

As many of the workers interviewed by Booth as part of his vast inquiries into poverty in London expressed, setting up a small business in a highly competitive environment offered the best hope for social mobility. As Booth summarized, “As a wage-earner the range of wages is fixed to at least a few shillings a week, but as an employer there is no such narrow limit. Profits may be added to remuneration for labour expended, and, if success attend effort, a large income and complete change of social position may in time result” (Booth 1904, 111). In such circumstances, labor gained security by working for itself and adapting to different conditions. Expansion and contraction of trade could be accommodated by employing friends or family members, which had the added benefit of keeping money in the household and neighborhood. In good times, they might invest their time in making quality goods for wholesalers and hold out for the best price; in bad times, they could make articles of lower quality quickly and hawk them round the streets for immediate sale: “If, when direct employment cannot be obtained, a few shillings can be raised to buy the necessary materials and if tools have not been pawned, men turn to making things at home, trusting to a sale of their product in whatever market is open to them at the week’s end” (Booth 1904, 112). The furniture maker might turn to manufacturing curtain hooks from odd and ends to sell directly on the street, and the tin plate worker could manufacture trinkets and toys in the absence of other kinds of quality work. The consumers of these goods were usually the poor themselves, the neighbors of the small masters, who would know of the conditions in which they were produced. As Booth said, “The vast majority of consumers are constantly on the alert for cheap things, and, whatever their margin of income may be, they are apt to yield to the temptation to welcome the lowest range of prices that competition can secure, whatever be the conditions of employment involved” (Booth 1904, 119). He argued that working-class consumers fueled this mode of production. There was little culture of thrift and no attempt to save.

The apparent threat to the ordered economy from small manufacturers or "penny capitalists" was not limited to London (Benson 1983). The Nottingham hosiery manufacturer, Liberal MP, and advocate for industrial arbitration Anthony Mundella complained that small manufacturers, emerging out of the ranks of labor, frequently undermined attempts to stabilize trades by undercutting prices and wages agreed in local boards of arbitration in the 1860s and 1870s. It was a particular problem in hosiery and lace making where a "perverse and impracticable race of independent machine holders," able to respond to changing fashion, might have a temporary advantage over larger producers who pinned their hopes on industrial coordination and collective bargaining to manage trade cycles and global competition (Church 1966, 284). These small masters were castigated by Mundella as greedy and underhand, creating the conditions for the depressions in trade (see also Benson 1983; Johnson 1985, 220). There was little consideration that such men and women might be meeting demand for cheaper products while enacting older desires for independence from wage labor, valorized in mid-Victorian self-help and understood by Mill to be a "natural" aspiration.

The Royal Commission into the Depression of Trade and Industry in 1886 pointed to several different possible causes for the depression in trade, including taxes, tariffs, and foreign competition and the condition of the working classes.[6] However, it focused on overproduction as a problem that, together with a fall in demand, was leading to increased competition and generating the manufacture of low-priced goods of low quality. The Royal Commission did not necessarily think home markets were the problem: they noted that wages were generally better that they had been earlier in the century, though employment was patchy and insecure. Instead, the Royal Commission asked why the economy was not correcting itself as laissez-faire economic theory suggested it should. It expressed some surprise that "the natural tendency to equilibrium…appears to have been obstructed for a longer period than usual.” This obstruction was blamed on limited liability and the proliferation of promoters and share dealers more interested in a speedy sale of shares than enduring businesses. It also targeted small manufacturers, and the proliferation of businesses carried on “with the smallest possible margin of profits, and in very many cases with no profit at all.” These businesses had an extraordinary capacity for survival. As the report noted, “one of the most remarkable features of the present depression is that production should be maintained on the present scale for such a length of time in the face of unremunerative prices and a market apparently over supplied.” As such, the Royal Commission feared that promoters, middlemen, and small manufacturers were to blame for disrupting supply and demand. What they held in common was speed of business: the “direct and rapid communication” between producer and consumer meant that there was little time to establish stability and to restore the ratio of supply and demand.[7]

The Royal Commission, despite being composed of businessmen and politicians with considerable experience of industry, was perplexed by the dynamism of the manufacturing economy in London and its capacity for producing such poverty. It also suspected that the roots of overproduction lay in the tempo of production and consumption, and the lack of foresight, planning, and investment undertaken by small entrepreneurs. Yet, at the same time, as others on the margins of political economy began to note, this system was the product of necessity and aspiration: the small producer, working close to the ground, had developed a culture of capital best suited to the environment, drawing old aspirations such as self-help and the desire for independence and comfort into a new environment (see Kadish 1998, 89–102). This new environment made the old certitudes of thrift irrelevant. The liberal economist John Hobson joined with the businessman Alfred Mummery to write *The Physiology of Industry* in 1889, arguing that the depression in trade was caused not by overproduction but by underconsumption and could be remedied only by better wages (Mummery and Hobson 1889). Others, such as the economists William Smart and John Robertson and the socialist George Arthur Gaskell, went further to question the value of thrift in a modern economy built on consumption. Together these voices noted that the moral and political framework around capitalism was out of sync with its practical workings. They challenged the view of the classical economists that capital should be accumulated from savings and invested in industry. Instead, they contrasted the "theoretical impossibility" of disequilibrium with the "obvious reality" of imbalance in everyday life to argue that capital served the community better when it was constantly moving (Kadish 1998, 62).

The Futility of Thrift

The challenge to thrift emerged as the logic of the wage-fund theory withered in the last decades of the nineteenth century. Acknowledging that wages were paid not out of a fixed pool of capital but out of a pot that could grow or shrink according to the actions of the employer implied that labor could improve its situation through increased wages and not just interest on savings. It also suggested, in line with marginal revolution, that the economy was, in practice, more dynamic and subject to human agency than theories of natural equilibrium suggested, giving greater credence to those on the margins of economic theory who based their understanding on "practical considerations" of saving and spending and the movement of capital (Winch 2009, 321). Accordingly, the economist John Robertson argued in an essay for the National Liberal Club published in 1892 that economists have abandoned the idea that wages are paid out of a capital fund without abandoning the idea that capital is a "fund." Conventional economics "perplex the ingenious student by claiming that capital keeps society going but it should be saved." As such, Robertson noted that the standard economic doctrine advocating the "practice of parsimony by all and sundry" was a "strange paradox" (Robertson 1892, v, 1, 6, 8). Similarly, in *The Futility of Pecuniary Thrift* (1890), Gaskell argued that thrift destroyed the economy by reducing demand for things. He argued that if the majority were to exercise thrift, "Very many businesses would be ruined and immense numbers of workers thrown out of work… An increase of the number of unemployed would cause keener competition for work. Wages would go down all round, and the voluntary lowering of the standard of comfort by means of thrift would soon be followed by compulsory poverty and the impossibility of saving anything whatever from the diminished wages." Restating the paradox in much the same terms as Robertson, he argued, "Teachers of thrift recommend workers to restrict their demand for commodities and save up their money, to establish with it perchance fresh productive concerns requiring a demand for goods which the frugality process tends to lessen" (Gaskell 1890, 8).

In pinpointing the outmoded assumptions of the classical school, Robertson and Gaskell exposed the hypocrisies of thrift. Robertson queried the Marshalls' view that it was not good for trade to have cheap dresses on the market, asking, "Why, what does it matter to 'trade' whether I employ three men in making flimsy clothes or one in making strong clothes and two in making an orrery?" (Robertson 1892, 95). He concluded that it did not matter to the small manufacturers, workers, and consumers in such industries. Inferior goods were produced for self-preservation by manufacturers needing to undersell the others to survive, but this cheapness benefited them and their workers as both producers and consumers. Gaskell went further in pointing out the disjuncture between older moral economies that offered some practical justification for thrift and the modern economy built on work, mass production, and consumption. He contrasted the old days when thrift was about community and sustainability, respecting things that maintained life, to the modern day in which, for the poor, it simply meant saving money from meager wages as security in case of unemployment, illness, and old age, an act that primarily benefited the middle classes by keeping down the poor rates, enabling them, in turn, to individualise capital and save even more for their own family. Thrift was not noble, it was "mean" and "niggardly," perpetuating inequality and distracting from the real causes of poverty. He targeted the shopkeeping middle class for particular blame in perpetrating the hypocrisy: "A shop keeping Alderman at the Mansion House may think that respectability requires him to exhort the improvident mob to the practice of thrift, but in his shop he will use all his arts of persuasion to induce customers to spend more money than they can afford" (Gaskell 1890, 3, 11). Gaskell argued that circulating capital benefited the poor. Saving merely helped it to pool quietly in the accounts of the wealthy. As such, thrift gave moral validity and respectability to an economic system that perpetuated inequality.

These alternative perspectives on thrift were later amplified in the writings of Keynes and his "double bluff or deception," in which he argued that the working class had, from the 1870s on, been persuaded into accepting very little of the cake while the capitalist class were allowed the best part of the cake on the understanding they would not consume it. As Keynes argued, conspicuous consumption was not the primary problem. In fact, "if the rich had spent their new wealth on their own enjoyment, the world would long ago have found such a regime intolerable" (Keynes 1920, 19). The economic problem was deeper and entrenched and hard to figure out from the contemporary investigations into poverty, unemployment, and depression in trade. As one reviewer noted, Keynes was describing a "workaday world" beyond coherence, whose paradoxes looked set to tear it apart and where "Familiar figures appear in strained positions… It is like a drawing by Gustave Doré, with its exaggerations, its heavy shadows, its implication of something horrible in the background" (Day 1920, 300). The double bluff or deception hinted that the problem was hidden assets and investments of the middle classes, rather than conspicuous consumption. As Keynes suspected, "the new rich of the nineteenth century were not brought up to large expenditures, and preferred the power which investment gave them to the pleasures of immediate consumption," buying property at home and overseas, buying securities, bonds, and shares.[8] Thus, the primary beneficiaries of nineteenth-century thrift, regardless of progressive tax policies and the expansion of savings and investment in industry, were the middle classes, who quietly invested for the longer-term security of their families. The virtue of the cake, as Keynes argued, was that it was never consumed. Such deception left the poor exposed to the vicissitudes of the market in the present and the primary subjects for its immediate remedy by changing their own economic behavior through even greater parsimony and increased productivity.

Conclusion: The Return to Thrift

By the 1890s, the challenge to thrift evolved into underconsumptionist economics and became more mainstream, a matter for serious contemplation by politicians and political economists. As Alon Kadish has shown, businessmen and social observers drew on their accounts of economics in practice to point out the social and economic impact of underconsumption (Kadish 1994). Many, like Hobson, argued that a better paid workforce would facilitate growth through the expansion of home markets. New solutions to poverty focused on tariffs to support home industry or exports to empire. As the crisis of poverty deepened in the 1890s and early 1900s, more detailed investigations into the budgets of working-class households demonstrated just how little many had left for saving. Thrift was, for many, demonstrably impossible, and debates shifted to organized systems for welfare such as old-age pensions and unemployment benefits. At the same time, the organized labor movement ratcheted up campaigns for job security and better wages and conditions supported by the working-class self-help organizations that had flourished in the latter half of the nineteenth century. Working-class consumer interests also formed an important part of these early twentieth-century politics. As Matthew Hilton and Peter Gurney have shown, fair trade and cooperation were important strands in popular consumer movements channeling concerns about working-class spending (Hilton 2003; Gurney 2017).

At the same time, debates about the paradox of thrift were taken up in economic science, and historians debated the question of industrial decline, gentlemanly capitalism, and the extent to which the expansion of the financial sector distracted capital from investment in industry and manufacturing at home (see Nicholas 2003; Cottrell 2003). Subsequently, histories of capital such as Piketty's have traced the roots of inequality through trajectories of property ownership and the redistributive policies of states. These histories should alert us to the ideological work of thrift. However, capturing the paradox of thrift in our own time requires a combination of economic, emotional, and ethical accounts and an understanding of the everyday decisions and aspirations of individuals and households, and the link to global systems of capital flows and exchange. As the global financial and environmental crisis unfolds, a "romances of austerity" revives the moral imperative to restraint, and a "disillusionment with consumerism" fuels a nostalgia for thrift among the middle classes (Jenson 2012, 3). At the same time, "cruel optimism" generates endless aspirations for personal growth while the lack of secure employment limits social mobility, forces entrepreneurialism, and puts greater emphasis on consumer spending to generate employment. In understanding these contemporary economic and political predicaments, there is much we can learn from the history of thrift about the performativity of moral economy—between what makes economic sense in everyday life and what is merely a crisis-driven cultural politics intended to distract from the structural causes of inequality.

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[1] This is perhaps best expressed as a "social experiences in solution" or "structures of feeling," the multiple perspectives that arise before the right words are found (Williams [1977] 1990, 128–36).
[2] This would constitute what Fredric Jameson calls a parallax: "In parallax thinking, however, the object can certainly be determined, but only indirectly, by way of a triangulation based on the incommensurability of the observations" (Jameson 2006).
[3] For example, Himmelfarb (1991). See also the idea that living standards improved for all but the thriftless during the Industrial Revolution (Griffin 2018, 102).
[4] Loftus, forthcoming. These debates assume the competitive advantage of large capital.
[5] Mill (1836, 183). See also Sidgwick (1887, 411) on the social waste of advertising.
[6] "Final Report of the Royal Commission into the Depression of Trade and Industry," Parliamentary papers c. 4893, 1886, x.
[7] "Final Report of the Royal Commission into the Depression," xiv, xviii.
[8] Keynes (1920, 19). For empirical evidence, see Piketty (2014).