Essays in Economic & Business History
2023, 41 (1): 217-218
Published December 19, 2023

Book Review: Toms, Steven. *Financing Cotton: British Industrial Growth and Decline, 1780-2000*. Woodbridge, Suffolk, UK: Boydell & Brewer, 2020. xiv + 318 Pp.

The British cotton textile industry, central to the country's industrial revolution, has received extensive attention from different perspectives, and numerous historians. Skeptical potential readers might therefore wonder whether there remains anything new to say on the industry, but in this book, Steve Toms, professor of accounting and finance at Leeds University, and with deep family roots in the industry's Lancashire heartland, dispels any such concerns.

Toms has published numerous academic articles on aspects of the industry over the last three decades, many sole-authored, others with various co-authors, most notably David Higgins. Freed from the constraints of the journal article, Toms synthesizes these earlier contributions with the historiography not only of the Industrial Revolution, but works from fields such as business networks, technology, industrial organization, labor relations, and economic geography. He also draws much new material from the extensive dataset he has developed to support his publications. He constructed this dataset from a broad range of sources, combining data found in numerous archives and financial databases, drawing on company records, newspapers and periodicals, trade reports, and secondary literature. The dataset is central to the book as it allows him "to develop new multiple firm case studies that contrast the differential performance of firms, profit volatility and distribution through critical phases of growth, maturity and decline" (p. 3). This is of great value, as it yields longitudinal data for individual firms, whereas existing literature tends to use more aggregated financial data, if supported by such data at all.

A finance scholar might question Toms' description of the book as "financial history" (p. 1), since there are no sophisticated financial analyses, regression equations, or lengthy discussions of accounting technicalities. Furthermore, returns to investors through dividends, interest, and capital growth are not quantified here. Toms concentrates on the profitability of individual firms over the long-term, with "the return on capital as a key and consistent performance measure" (p. 3). This focus helps to make the book clear and accessible, but does not render it simplistic. On the contrary, Toms' findings are complex, deeply contextualized, and not easily conveyed in a short review.

The book's introduction of 11 pages details its approach and structure. The remainder of the book is divided into two parts: the first consists of five chapters on "expansion", totaling around 160 pages; and the second part two chapters on "apogee and decline", totaling 70 pages. A 17-page epilogue follows. The main chapters follow chronologically, each addressing important aspects of the industry of particular relevance to the periods with which they deal. Appendices and the bibliography take up approximately 35 pages and there are 23 figures and 11 tables in the main text.

Cotton textile manufacturing, not wool or synthetic textiles, is at the center of the book. The book's geographical focus therefore follows, as cotton was so heavily associated with Lancashire. However, that region's links to the Scottish-based J & P Coats—one of the world's largest businesses, and at the hub of a network that led to significant pre-World War One consolidation in the industry—and the Glasgow-Manchester axis are also prominent. Broadly, this history addresses the businesses and individuals, mainly the entrepreneurs, within the industry. Workers feature as employees and owners to some extent, and separate chapters deal extensively with labor legislation and cooperative ownership. Since the industry was mostly able, or chose, to finance itself in other ways, banks and the City of London feature relatively little, although Toms argues both might have benefitted in various ways from greater interaction. He notes, but does not explore, the role in the industry of other financial services such as insurance and commodity futures trading. Consumers feature little. Government intrudes to some extent as a regulator, in its attempts to drive industry consolidation in the twentieth century, and in framing the industry's international trading environment. The book impinges relatively little on the Industrial Revolution more broadly, and "the City versus industry debate", the subject of much attention from historians of British business, is fairly peripheral. Some readers might be interested in the industry's connections to slavery, but will be disappointed. These comments are not criticisms, but rather observations about the book's focus, and a reminder of how much ground there is to cover, even at book length.

For this reader, the book delivers several broad messages, underpinned by detailed discussions on individual firms which place their long-term performance in the context of economic, political, and technological developments. The first, unsurprising and consistent with prior literature, is that the industry as a whole rode a very long-term upward trend, with shorter-term cyclical fluctuations around this. This trend reversed after World War One, as traditional overseas markets, fundamental to the industry's success, were lost.

The second important message, notwithstanding the previous, is that individual firm performance was heterogeneous during both the best and worst of times. This reinforces what all historians should already know, but should sometimes be more careful to emphasize: the danger of generalization. A variety of entrepreneurial strategies, financial and organizational structures, and technological choices, could be and were successful at different times or even at the same time. For example, the cooperative model, with democratic governance and high levels of employee ownership, proved highly successful in the Oldham district in the 1870s and 1880s, but sowed the seeds of its decline. Good results sucked in new capital, funding new mill-building which expanded capacity and contributed to cyclical downturns, which led working-class investors to sell out, and to the growth of trade unions and employer organizations to manage industry-level wage bargaining. After World War One a brief boom saw much of the industry change hands at inflated prices, saddling firms or individual entrepreneurs with excessive debt, which greatly complicated restructuring efforts. But even during the interwar period, some firms performed extremely well. Toms resoundingly rejects the assertion that there was a general entrepreneurial failure in the industry after 1914.

Another key message is how the industry's geographical concentration proved self-reinforcing, as financial, services, transport, and other networks developed to support it. The North West of England was far from a single industry economy, but the cotton textile industry's decline, in the author's poignant final words in the Epilogue, left "the mill towns of Lancashire … devoid of their original purpose, unmodernized and left behind" (p. 265). Toms does not make the point, but this theme is mirrored in other communities in Britain and elsewhere impacted by deindustrialization and has resonated in various nations' politics in recent years.

A final more general message is that it would be enlightening to see similar studies of other major industries. It is unusual to find a history of a single industry covering such a long period, not least because changes in science, technology, consumer tastes, and regulation, among other factors, limit industrial life spans. But this book demonstrates what can be achieved through the integration of painstaking data collection and analysis with a thorough understanding of other relevant literature.

Mark Billings, University of Exeter Business School, UK