Supporting trust: credit assessment and debt recovery through Trade Protection Societies in Britain and Ireland, 1776–1992

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Abstract

From an initial foundation in London in 1776, Trade Protection Societies grew in numbers to reach a peak of about 120 in 1910. They provided inter-business and some consumer credit assessment, debt management and recovery. From the 1850s they coordinated activities through a national association that covered Britain and Ireland. The societies were processing millions of credit assessments for thousands of members in the 1960s, reaching over 100,000 assessments per day in the 1980s. They provided a voluntary institutional base drawing on networks of mutuality, supplying information between members and societies that was judged privileged by the Courts. This offered transaction costs advantages for the high frequency, short duration activity provided, and hedged against the risks of complex Court actions. They became a large-scale mechanism to encourage honouring of commitments, thus underpinning the trust necessary across an increasingly geographically integrated economy. Their evolution demonstrates the importance of city size and regional centres, with diffusion down the city rank-size distribution. However, some smaller centres, mainly in resorts, also developed TPSs. The spatial process linked individual traders and the smallest places into a national system of credit management. By the 1920s smaller TPSs became difficult to sustain and were taken over or became branches of the larger societies; but overall membership continued to increase. True consolidation occurred after 1971 when demand exploded after the removal of credit controls, with unit costs pressed down, leading to de-mutualisation.

Keywords: Trade credit; Credit status; Debt recovery; Trade protection; Chambers of trade; Chambers of commerce

The means by which creditors manage debtors has been a neglected research topic. Rock refers to it as ‘a largely unexplored’ issue, Innes terms it ‘a hidden process’, Popp highlights the ‘lacunae’ surrounding credit management as part of the national integration process between local networks, and Olegario refers to the credit bodies covered in this paper as ‘not well researched’. This neglect is surprising since inter-business debt and credit management are major aspects of all economies, providing the liquidity for many transactions. Debt recovery or mitigation processes were and are critical to individual creditors and have macroeconomic impact through influencing the speed of circulation and the overall level of economic activity.

To meet these needs, a series of specialist organisations established to supply information about creditworthiness emerged from the eighteenth century. By the 1850s these had coalesced around the ‘brand name’ of Trade Protection Society (TPS). These bodies became numerous, surviving until the 1990s, and each year accounted for millions of credit management and debt recovery activities. They were concerned with trade credit as distinct from finance capital. They were also generally distinct from the debt collection and money lending to consumers, and thus largely escaped the odium heaped on debt collection from the poor. They gained advantage by being associations that demonstrated a general, or ‘mutual’, interest in orderly business conduct. Whilst Rodger has rightly claimed that ‘throughout the eighteenth and nineteenth century adverse publicity and moral opprobrium, the social stigma of bankruptcy, and other penalties disciplined market behaviour’, the existence of such an extensive network of TPSs...
with such a high level of activity indicates that additional mechanisms were also required.

Despite their scale, the historical role of TPSs in credit management has been largely neglected. One reason for this, as Rock has observed, is that the world of credit assessment and debt recovery has often ‘cultivated low visibility’ because debt and default have generally been viewed as a ‘private deviance’. As a result, there has been little significant state intervention. Certainly, in British institutional history, monitoring and control has largely been left to the victims to recover their own losses. Indeed debt default was not generally viewed as producing social harm, but instead as infringing private rights; as a civil rather than a criminal matter. Thus state intervention in debt recovery and enforcement of contract commitments has been limited almost exclusively to providing the legal machinery to enable the injured to recover what is due, with many of the costs also paid by the victim. Indeed Haagen argues that parliament and creditors preferred ‘fear of the consequences of insolvency to induce debtors to ‘struggle with their difficulties’ rather than default. Lenders believed that they had to retain the right to determine on an individual basis when they should show mercy, and when they should imprison, pour encourager les autres. There was throughout the eighteenth and early nineteenth centuries a strong preference to avoid the use of state power, and to use voluntary alternatives such as TPSs, just as voluntary societies were used for a wide range of other civic initiatives. TPSs thus offered what was in many ways a typical eighteenth- and nineteenth-century solution to a problem.

Whilst there has been little assessment of individual TPSs or their national association, they have been recognised in some previous research. The most detailed is a study of the Leicester TPS over the period of 1850–1900 by Wood, who provides an important case study of the relation between the TPSs and the County Courts. Carnevali has assessed one sector-based TPS, the Birmingham Jewellery Association 1887–1900. Finn has provided an analysis of the role of some of the major societies in consumer credit and debt recovery, whilst Olegario compares TPSs with commercial credit rating firms in the USA. TPSs have also been compared with Chambers of Commerce, to which they offered a supplementary service. One of the most useful sources is commentary provided by Cuthbert Greig who, as manager of the London Association for Protection of Trade (LAPT) in the 1920s and 1930s, published a manual that provides useful insights into the attitudes of the credit managers and the processes involved. His revised second edition gives later commentary, though lesser detail.

A history of the LAPT written by Greig’s son, also a LAPT executive, is an important source. Some attention has also been given to the lobbying of TPSs in debates on law reform. There were also a few major Court challenges to TPSs that defined the scope and limits of ‘mutual’ trade protection; these are important to interpreting their activities.

This paper seeks to engage with the development of TPSs more systematically, as an evolving national structure. It uses individual TPS records, which have significant though fragmentary historical archives. These are supplemented by using the records of the National Association of TPS (NATPS: held at Leicestershire Record Office) which gives good though sometimes inconsistent coverage of the local societies, for the whole UK and Ireland. These records rarely provide information on individual cases of credit history, mainly because the extensive records that did exist were privileged and were destroyed. However, the records do offer insights into a process that it is not usually possible to uncover on any scale from business records, whilst legal records based on the Courts miss the majority of credit assessment and management activity which sought to ensure that most issues never came to Court. Examination of the trade protection societies thus offers important insights into a ‘hidden process’ that has previously received no systematic treatment. Evaluation of TPSs and their national association also provides insight into a mechanism that supported the increasing national integration of credit information across local trading networks, thus exposing a important process coinciding with integration of the national economy. The paper seeks, first to assess the underlying logic for such societies, and then analyses their origins, diffusion, activities, and the special character of their ‘brand’ that provided their underpinnings. This analysis is then drawn together in an overview of TPSs as examples of specific spatial processes.

The logic of ‘trade protection’

The concept of ‘trade protection’ as developed by the TPSs was to separate the trusted and reliable traders from fraudsters and others who were high credit risks. This chiefly supported purchases and sales in wholesaling and wider supply chains. A significant modern literature has emphasised the role of personal trust as a critical underpinning of such business transactions. It has been claimed that trusted personal and social networks allowed trading in the face of uncertainty where contracts would be difficult to define, especially where localised knowledge was available as in industrial

4 Rock, Making People Pay (note 1), 4–6.
7 N. Wood, Debt, Credit and Business Strategy: The Law and the Local Economy, 1850–1900, Ph.D., University of Leicester, 1999; F. Carnevali, ‘Crooks, thieves and receivers’: transaction costs in nineteenth-century Birmingham, Economic History Review 54 (1994) 533–50. It has not been previously recognised that Carnevali’s Birmingham Jewellery Association was a sector TPS, being a member of the NATPS over 1897–30.
10 C. Greg, Commercial Credits and Account Collection, London, 1932; second revised edition 1952; a comparable US study is P.R. Earling, Whom to Trust: A Practical Treatise on Mercantile Credits, Chicago, 1890.
14 The national association originated in informal meetings of the secretaries of the societies beginning in the 1830s, formalised in 1848 as an annual conference. From 1850 these meetings were called the Association of Trade Protection Societies of the UK. Initially this did little except agree a process of bilateral exchange of information and arrange the annual meetings. From 1866 the Association was reconstructed, met frequently, and hired its own staff. It became the NATPS in 1933, the title used throughout this paper.
districts. Trust also reduced transaction costs for acquiring information on reliability, and avoided the need to set up other procedures to ensure delivery and payment. This was, and remains, critical as many purchases are made ‘on account’ for inter-business trading. As time progressed TPSs became more involved in consumer credit risk, though this probably never accounted for more than about one third of their activity until the 1960s. Although Court records and the examples given by Finn, Greig and others do largely focus on consumer credit, most TPS business activity was about business credit and claims that never came to Court.

Trust assumes that businesses and consumers meet obligations to pay or deliver what they have agreed. However, the extent of trust-based behaviour (to act properly) also depends on incentives and the relative risks and penalties for improper behaviour, which in turn depend on the institutional context within which transactions take place, particularly the role of the Courts and bankruptcy processes. Strong institutional and cultural structures of expectations, especially ready means to enforce default, tend to ensure that people meet commitments and thus increase the scope for personal trust, whilst weak institutional regimes allow greater development of corruption, fraud and defaulting — what the early founders of TPSs often referred to as ‘sharps and swindlers’. Institutional structures have many elements. The two that most influenced TPSs were legal Court proceedings that enforced agreements (but entailed significant costs, delays and uncertain levels of recovery), and the legal foundations for joint action that allowed monitoring and enforcing commitments through associational information exchange — a mutuality that qualified as legally privileged. These two elements helped TPSs to develop their brand and provide a service that sought to ensure that trust expectations were well founded, and that there was redress when there were difficulties.

As associations the TPSs, in theory, acted together through ‘mutual interest’ to monitor and report defaulting and other malpractices to their members. Carnevali has shown how sector bodies in the jewellery trade could act to limit fraud and share status information. She argues that trust could not be taken for granted, but had to be engineered through collective action, but this was possible not through social cohesion as much as pressure to reduce opportunism and fraud. Similarly Olegario and Carnevali show that weak development of TPSs in the USA in part resulted from the weaker bankruptcy and other institutional supports in some States. Associations thus depended on formal structures, but also delivered voluntary institutional supports of their own in the right circumstances. Thus, what Pearson and Richardson call ‘associational conventions’ that used to exchange information between their members needed conditions that overcame the barriers to collective action.

The chief objective of TPSs was to extend the means of determining information as to the character and standing of parties requiring credit from members, or wishful to form business connections with them. The typical process can be illustrated for the firm of Mr. Shand Kydd of Kentish Town, who was a famous designer of wallpaper and a member of the London TPS (LAPT). He applied to the LAPT in March 1910 to find out the creditworthiness of a Hereford firm that he did not know (Greenlands & Co., drapers and furnishers), to advise if they were ‘safe for £20—£30, and also their length of credit and general information.’ Shand Kydd used a LAPT printed form in what was a standard procedure for small trading credit enquiries, paying the standard LAPT fee of 1s 6d. The LAPT consulted their agent in Hereford, Mr. Wilmhurst, who was a local accountant, auditor and fire loss assessor, who had occasionally acted for LAPT since 1895. Wilmhurst used his local sources and contacts and was paid 6d by LAPT for his written response, which was edited by the LAPT secretary and supplied to Shand Kydd. This example demonstrates not only the process, but also the wide geography concerned: information was being sought from other areas, unknown to the enquirer, on a trusted mutual basis. Thus the example examined by Carnevali exhibits only one part of the process: the local mutual support. The TPSs were most importantly a wider geographical network. A wider range of examples is reviewed by Greig, Olegario and Finn.

This ‘mutual process’ of confidential credit assessment allowed TPSs to offer support to the wider networks of trust across the UK and Ireland, underpinning business transactions in areas beyond purely local mutual systems by setting in place a ‘system’, for using trusted information between areas. This provided a structure for incentivising ‘proper’ behaviour and reducing potential risks to the increasingly mobile reckless or miscreant. Ouchi refers to this as the development of organisations that ‘reduce either the ambiguity of performance evaluation or the goal congruence between parties’. TPSs acted, exactly as Ouchi posits, as the necessary national-local supports to personal trust needed by victims (or potential victims) to prevent or limit credit default, and as Finn argues, reinforced traditional systems of thought and methods to prevent fraud, and restrict the reckless, insolvent or dishonest.

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19 Finn, The Character of Credit (note 8), 291–4, 307–9; Greig, The Growth of Credit Information (note 11), 68–73, 79–100. The paper takes up later Finn’s 294 claim that TPSs were dominated by retailers.
22 Carnevali, Crooks, thieves and receivers (note 7), 547–8.
24 Pearson and Richardson, Business networking (note 15), 661.
25 NAPS Minutes, 1 June 1852; DE3484/52.
27 Greig, The Growth of Credit Information (note 11), 68–73, 79–100; Olegario, A Culture of Credit (note 1); Finn, The Character of Credit (note 8), 291–4, 307–9.
29 Finn, The Character of Credit (note 8), 300.
More generally ‘mutual’ associations have been recognised as offering advantages because they lower transaction costs for some types of activity. Localised associations have particular attractions for activities with high frequency, short duration, high coordination and high complexity, and where high quality mutual information exchange is feasible between members at low or zero cost because members have the information already (at no cost as part of their normal trading activity), can deliver it pro bono because of their spatial proximity. The particular market niche filled by TPSs especially arose from the high complexity of potential disputes in relation to their value, which made debt recovery best avoided, by taking significant precautions to establish trust before credit was agreed. This was feasible because trade credit was universally significant, existing traders held the information required, the costs and risks from miscreants were sufficiently strong to incentivise action, and if there was failure then there was a Court system available for redress (albeit with costs and uncertainties). As Popp concludes ‘credit was both a near universal component of economic exchange.’ Hence the market potential for TPSs was considerable. TPSs were a particular mechanism based on localised personal informal knowledge networks, drawing on mutual obligation between members. As localised bodies they drew from, and contributed to, the social capital of their areas, in the same way as other business associations: ‘to balance competition with cooperation,’ as well as creating, policing and enforcing trust. Although they began as individual local societies, to be effective they had to form a network of exchange between areas to meet the needs of a growing and increasingly integrated economy. Their specific advantage was the local knowledge drawn from trading and credit experiences of their members. A formal society allowed this knowledge base to be systematised and shared between members, and to be available to other societies, providing a structure that could be expanded to regions, the national economy, and also to international credit assessment. This allowed scaling up to meet the increasing geographical range of economic activity. The basis of TPSs remained a localised system of knowledge in which, in theory, local societies and their agents supplied the detailed credit information sought. However, this ‘nesting’ of local embedding and national system worked in practice only by the national association taking an increasing lead role in many areas through its agent system, and by the large societies expanding their own branch and information networks. Despite this the semblance of local ‘nesting’ as the organisational model remained essentially unchallenged until the 1960s, when stronger national integration became inevitable.

Precursors and origins

Credit recovery was a field where voluntary action had used supporting organisations from the seventeenth century. The initiatives took two main forms. One was to expand the powers of local Courts through private Acts of parliament. From a modest start in the late seventeenth century, local Courts of Requests (or Recovery) became widespread by the 1770s as a way to establish quicker and cheaper redress for small debts and other financial claims. They were hearing about 400,000 cases per year by 1840, with about 106 Courts existing by 1846, which sat in over 400 places (as many of the Acts covered wider regions). The Courts of Requests became an important mechanism for discouraging default and for debt recovery, especially for claims that were too small or too expensive to progress through the major Courts. Initially the claims were limited to below 40s, but changes to national legislation increased the range to under £10 in the 1800s, with imprisonment powers also increased from a maximum of 20 days for 20s, to 40 days for 40s in the late eighteenth century, and 100 days in the 1800s.

A second set of initiatives was through local societies to prosecute felons and swindlers. These were important in providing an ‘insurance’ for businesses that the costs of a legal action could be shared with others, with publicity also used as an attempt to deter criminals and fraudsters, or make them move to other areas. These societies also expanded rapidly, especially from the 1770s, with over 500 existing by 1839. For an annual subscription a member was helped to apprehend a felon and mount a prosecution, including appointing a solicitor. Societies also offered rewards for evidence leading to conviction and help with the expenses of witnesses; some initiated patrols to prevent crime. They coincided with wider activities to improve behaviour and business conduct through a range of other voluntary and quasi-formal bodies.

The local prosecution societies provided a widespread template for the establishment of TPS bodies, whilst the Courts of Requests provided effective machinery for pursuing prosecution. When the Courts of Requests were replaced by the County Courts in England in 1846 (London in 1847) specifically to allow more ready pursuit of small claims, this allowed the TPSs to combine the two models: a society to deter and pursue recalcitrant debtors, and a new Court machinery for redress. Although about eight TPSs pre-dated the County Courts, they grew rapidly in numbers after 1846 and seem to have been stimulated by the opportunities the new system offered to manage small claims.

However, although the County Courts opened easier opportunities to recover debts and may have deterred credit abuse, the process was still intimidating, potentially costly, and lacked certainty on the outcome and level of debt that might be recovered.

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33 Hence the market cost because members have the information already (at no cost as part of their normal trading activity), can deliver it pro bono because of their spatial proximity. The particular market niche filled by TPSs especially arose from the high complexity of potential disputes in relation to their value, which made debt recovery best avoided, by taking significant precautions to establish trust before credit was agreed. This was feasible because trade credit was universally significant, existing traders held the information required, the costs and risks from miscreants were sufficiently strong to incentivise action, and if there was failure then there was a Court system available for redress (albeit with costs and uncertainties). As Popp concludes ‘credit was both a near universal component of economic exchange.’ Hence the market potential for TPSs was considerable. TPSs were a particular mechanism based on localised personal informal knowledge networks, drawing on mutual obligation between members. As localised bodies they drew from, and contributed to, the social capital of their areas, in the same way as other business associations: ‘to balance competition with cooperation,’ as well as creating, policing and enforcing trust. Although they began as individual local societies, to be effective they had to form a network of exchange between areas to meet the needs of a growing and increasingly integrated economy. Their specific advantage was the local knowledge drawn from trading and credit experiences of their members. A formal society allowed this knowledge base to be systematised and shared between members, and to be available to other societies, providing a structure that could be expanded to regions, the national economy, and also to international credit assessment. This allowed scaling up to meet the increasing geographical range of economic activity. The basis of TPSs remained a localised system of knowledge in which, in theory, local societies and their agents supplied the detailed credit information sought. However, this ‘nesting’ of local embedding and national system worked in practice only by the national association taking an increasing lead role in many areas through its agent system, and by the large societies expanding their own branch and information networks. Despite this the semblance of local ‘nesting’ as the organisational model remained essentially unchallenged until the 1960s, when stronger national integration became inevitable.

34 Carnevali, Crooks, thieves and receivers (note 7), 548; Carnevali, Social capital and trade associations in America, c. 1860
35 The Courts of Requests became the organised model remained essentially unchallenged until the 1960s, when stronger national integration became inevitable.

36 Finn, Debt and credit (note 35), 214.
37 Finn, Debt and credit (note 35), 214.
38 Finn, Debt and credit (note 35), 214.
39 Finn, Debt and credit (note 35), 214.
40 Finn, Debt and credit (note 35), 214.
41 Finn, Debt and credit (note 35), 214.
Indeed the Courts were often viewed as too sympathetic to offenders. Furthermore, the Courts tackled only the end of the process: debt recovery. They did not tackle previous stages of assessing credit risk of whether a business was trustworthy to trade with. The TPSs tackled the start of the process by offering an accessible means to assess trust and reduce uncertainty as well as support if needed for Court processes through debt recovery at the cost of a modest membership subscription plus limited fees. The TPSs also marketed themselves strongly as mutual organisations that were non-profit making and stood on the side of the small trader, compared to private debt agencies, such as mercantile companies and credit recovery agents that solely aimed to make a profit. They also offered control of legal costs, and stood away from the odium of debt collectors and money lenders. This was an attractive offer in the nineteenth century when, as Hoppitt argues, the legal process was ‘often inadequate, confused and chaotic’, with costs often preclusive, particularly for recovering small debts.90

Growth and diffusion of Trade Protection Societies (TPS)

The earliest society formed specifically as a locally based TPS for a wide range of sectors was the ‘Guardians or Society for the Protection of Trade against Swindlers and Sharpers’, initiated in London on 25 March 1776.40 This was followed by Liverpool Society of Guardians in February 1823, Manchester Guardian Society in 1826,41 Hull, East Yorkshire and Lincolnshire in 1827,42 and Beverley in 1834.43 The London Association for the Protection of Trade (LAPT), which became the largest society, was formed in 1842.44 Bristol was probably next, and then Birmingham in 1845.45 There were thus about eight TPS in existence before the County Courts were established in 1846. Whilst the Court reforms were developing at least a further eight societies were founded over 1844–50. Thus the debate about the County Courts seems to have been a fillip to TPS foundation. A second London Society was formed in the City in about 1847,46 Leeds and West Riding in 1848, Blackburn in 1849, and Leicester in 1850. Dublin, Glasgow, Preston and a second Manchester Society were formed by (or during) 1850, since they were then taking part in national meetings.47 From this approximately 16 in 1850, numbers grew to about 25 by 1860, and then steadily climbed to a maximum of about 120 across the British Isles by 1910.

Fig. 1 shows the diffusion of the TPS from the initial 16 in 1850 up to 1960, after which date there is no systematic information available. The Figure shows that they had an early concentration in Lancashire and the West Riding, the Midlands, and London. This regional concentration tended to continue, but there was also an expansion of smaller societies in more dispersed locations, particularly in coastal resorts over 1880–1930. The later period shows consolidation; mainly back to the larger centres in Lancashire, Yorkshire, the Midlands, and London and the South East. In some cases the later evolution shows branches as arms of the large societies. In Ireland, after some diffusion to separate societies, all local TPSs became branches of the Dublin society, which remained part of the NATPS after Irish independence in 1923.

The TPSs were concentrated mainly in the larger urban centres. This is clear from the rank size distribution (Fig. 2), which plots all TPSs known from NATPS records in relation to the population in urban centres in Britain and Ireland from the 1911 Census.48 There are three clear patterns. First, the largest centres all had TPSs (except Sheffield), and several of the largest centres had more than one society, all of which might be large: for example Liverpool and Manchester each had two large TPSs, and London had four as well as many sector TPSs. Second, lower down the urban size rank, below about 190,000 population, the development of TPS was far more varied, with both medium sized and small places having societies, and with surprising omissions among the large and medium-sized cities (down the population rank, the first eight with no TPS in 1911 were Sheffield, Oldham, Croydon, Paisley, Westminster, Rhondda, Swansea and Medway Towns). Third, in general, the proportional bars in Fig. 2 show that there is a clear relationship between TPS membership size and city size: correlation and ranked correlation coefficients between urban population and TPS membership highly significant.49 Similarly, the ranked date of foundation and population rank are also significantly related, for the whole early period.50 This suggests that whilst there was a varied diffusion pattern, with local contingency and differing motivation of individuals particularly in smaller places, in general development followed the market potential of each area. Thus TPSs were most likely to be established, and had largest membership, in the largest places.

As well as drawing from prosecution societies in some cases, the diffusion of TPSs also drew from, and contributed to, the development of three other networks: sector-based credit associations, local Chambers of Trade, and local Chambers of Commerce. Sector-based bodies had a long history, but many new associations began to emerge in the early nineteenth century, some of which focused on credit information. One of the earliest was the Mutual Communications Society for the Protection of Trade in 1801. Greig claims this as the oldest TPS, but it was in fact initially a purely sector body derived from the Master Tailors, and chiefly focused on

90 Hoppitt, The use and abuse of credit (note 35), 73–4.
91 Foundation reported in A list of Members of Guardians or Society for the Protection of Trade against Swindlers and Sharpers, together with bye-laws and report for 1799.
92 London, 1.
93 Liverpool society of guardians for the protection of trade against Swindlers and Sharpers, Report 26 February 1823; History of Manchester Guardian Society for Protection of Trade, 1826–1926, Manchester, 1926, 1. The Manchester history incorrectly states that it was the second society after Liverpool.
94 Hull Guardian Society, Rules; Early History, East Riding Archives, 2DIX424/3/64. Its explicit link to earlier felons societies is shown by its full title: Hull, East Yorkshire and Lincolnshire Bankers, Merchants and Traders Association for the Protection of Trade and Prosecution of Felons etc.; also see Greig, Commercial Credits (note 10), 1932, 295. The sector-based Society for Mutual Communication (1801) is discussed later.
95 Beverley guardian society for protection of trade, Rules, 1834.
96 LAPT, First Report, 9 June 1846, 15. Also evidence from its secretary, Greenlands Ltd. v. Wilmshurst and LAPT, Kings Bench 507 (1913) 509–10. It was sometimes referred to as London Metropolitan (Old Bond St.) in early years; disputes led to reestablishment in 1848; detailed history in Greig, The Growth of Credit Information (note 11), 21–40.
97 In London’s first report a society in Bristol is mentioned as existing by 1844: LAPT, First Report, 9 June 1846, 6; UCL, Hume Tracts; this cannot be confirmed. The references in Greig’s Commercial Credits (note 10), 1932, 294, and Greig, The Growth of Credit Information (note 11), 15 reference to Bath in 1826 are erroneous, this was a body for prosecuting felons, reorganised in 1866 as a TPS; Birmingham in Finn, The Character of Credit (note 8), 289.
99 NATPS minutes; DE 3848/52.
101 Pearson $r^2 = 0.553$ ($F = 130.1$, with 1 and 130 d. f.), Spearman ranked correlation 0.465; both significant at greater than $p = 0.01$.
102 Friedman two-way test gives Chi Squared at $p = 0.01$ or greater for 1846, 1850 and 1862; first TPS in any centre used where there are multiple societies; some uncertainty about ranked dates 1850–62.
the carriage trade, joining the NATPS only in 1866.\textsuperscript{51} Other significant early sector protection associations covered the pawnbrokers and jewellers. Some of these sector associations later joined the NATPS, but most did not.

Local Chambers of Trade were small bodies mainly focused on retailers and distributive traders in smaller centres. Few had paid staff.\textsuperscript{52} Calling themselves a TPS, or offering its services, was attractive to some of them to offer credit assessment down the supply chain; 23 Chambers of Trade were at some time members of NATPS between 1895 and 1960. These covered the medium-sized towns (such as Bedford and Shrewsbury), small towns (such as Deal, Ramsgate, Seaford, St. Neots) or suburbs (such as Clapham and Twickenham). Eight were seaside resorts, five in Kent.

Chambers of Commerce were larger organisations with significant staff and resources, generally supporting large businesses and international trade. A few joined NATPS, but most TPS referred to as Chambers of Commerce in NATPS records were actually Chambers of Trade. Until the 1960s there was little attempt to control the distinction between these Chambers, and only five TPSs, additional to the 23 TPS Chambers of Trade, were ever accepted as sustained members of the relevant Association of Chambers of Commerce (ACC) or its successors\textsuperscript{53}; the earliest being Aberdeen from 1853.\textsuperscript{54}


\textsuperscript{52} Bennett, \textit{Local Business Voice} (note 9), 22–28.

\textsuperscript{53} Aberdeen, Colchester (which called itself a Chamber of Commerce and TPS), Cheltenham, Dover, and Tunbridge Wells (briefly calling itself a Trade Protection Chamber in 1924): NATPS, DE3848/51.

\textsuperscript{54} Greig, \textit{Commercial Credits} (note 10), 1932, 300, 304, and Greig, \textit{The Growth of Credit Information} (note 11), 16–17 incorrectly state that Aberdeen and Leeds Chambers of Commerce were formed from TPS, but the Chamber minutes show that both were first formed as Chambers and then developed TPS services.
All the others were actually Chambers of Trade or local Traders Associations using the title to enhance their status. Indeed the ACC held a policy that ‘it was no business of Chambers of Commerce to answer enquiries as to financial status of firms’. This was chiefly because debt collection was viewed as mainly a concern of small businesses and trade suppliers, who were not viewed as prime Chamber of Commerce membership targets.

As a result of these overlapping networks, although TPS became the recognised ‘brand’, the organisations that operated as TPS bodies were quite varied and there was never a majority of NATPS members that were actually formally called TPS. Table 1 shows the variety of titles used between 1860 and 1960. Despite the NATPS calling for all members to be re-named as TPS, particularly after a ‘reconstruction’ process of the Association over 1920–30, their historic titles continued to be used. The historic title of Guardian Society, pre-dating the NATPS, remained common, even for foundations after the establishment of the NATPS. The historic title of Chamber of Commerce and Chamber of Trade became increasingly common for TPSs up to 1920, but numbers then reduced mainly as a result of a shift of purpose of these bodies resulting in joining the rival national Chamber organisations. A few of these changed name; for example Margate, Bedford and Ramsgate TPSs became Chambers of Trade in 1917, 1923, and 1937, respectively, though continuing TPS activities. Other changes in Table 1 between 1917–20 and 1929–31, and especially by 1960, reflect chiefly the diminishing number of bodies. The brief rise of the title ‘Guild of Commerce’ reflects the specific terminology adopted by Newcastle when it rescued other TPSs to form a federation. They could be aggregated with the first row, which would further reduce the appearance of name changes occurring.

Table 1 also shows sector bodies in membership of NATPS. These were of two types. One type was local bodies that focused chiefly on a major local sector, such as the Birmingham Jewellers Association, Blackpool Drapery and Allied Trades Association, Fish Merchants Associations at Hull and Milford Haven, and Boot and Shoe Manufacturers Associations in Kettering and Rushden. These were distinct from more generic local TPSs in the same place in the case of the Hull Guardians Association and the Birmingham and District Traders Association. It is to be noted that some sector bodies were also distinct in expanding to become employers associations and combinations, as evidenced in Carnevali’s study of the Birmingham Jewellers Association showing how product quality and prices were managed; this control of trade was common in sector bodies, but is very rare in local associations.

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55 ABCC Home Affairs Committee, 7 January 1925; LMA MS 14482/1.
56 Detailed comparison of different types of Chamber is given in Bennett, Local Business Voice (note 9).
57 It is also important to distinguish TPSs from other Guardian Societies concerned with the Poor Laws, and Protection Societies that were either cartels or concerned with Corn Law lobbying. The TPS were distinct from these other bodies.
58 Carnevali, Crooks, thieves and receivers (note 7), 540–6; Bennett, Local Business Voice (note 9), 36–40, 582–8.
Association, Nursery and Seeds Association, Wholesale Hardware Club, and Wholesale Woollen Merchants Association. These were localised associations for London, but because of the location also acted in some cases as national bodies for their sectors (the Mutual Communications Society, and the Wholesale Hardware Club were certainly mainly national).

Overall, therefore name changes were minimal over time, with little effect from NATPS pressures. This had implications for more than branding, since it reflected deep-seated differences between localities in what was actually going on: the activities of the bodies operating under different titles covered significantly different portfolios. Whilst most TPS, Guardian Societies, Guilds, Mercantile Associations, Creditors Associations, and Commercial Unions were essentially specialised bodies following the narrow TPS concept, for most of their life nearly half of NATPS members were Chambers of Commerce or Trade, Traders Associations, and sector bodies that had a wider range of other activities. Hence it was natural that they might choose to affiliate with other national bodies as well as, or instead of, NATPS and shift in and out of membership.

The penultimate column of Table 1 gives the listing of TPSs in Greig’s 1932 book. This is the most readily available source so it is important to assess its accuracy. Comparison of Greig with the Members Register of those bodies actually paying subscriptions to NATPS in 1932 shows several discrepancies. The two most significant are the exaggerated number of Chambers of Trade, and a large number of sector bodies. Greig appears to have included several Chambers that had disaffiliated some years previously, five sector bodies that had never been direct members (Building Societies Enquiry Bureau; Status Enquiry Bureau of Association of Paint, Colour and Varnish Manufacturers of the UK; Medical and Dental Protection Association; and Indian and Eastern Association for the Protection of Trade), and one that had been a member only briefly in the 1880s (Building and Allied Trade Enquiry Bureau). These sector bodies were all ‘sections’ of the LAPT.59

It is also important to recognise that some TPS organisations were ‘branches’, although often not always explicitly trading as such. As noted above, Newcastle took over a group of TPS, forming a ‘Northern Guild’: Sunderland in 1926, Barrow-in-Furness, Berwick-on-Tweed, Carlisle, and Middlesbrough in 1931, and Darlington in 1935. These retained many of their locally independent characteristics, committees and titles, but became an integrated management, thus reducing costs. The London APT had set up three genuine branches in 1851, as offices with their own staff in Brighton & Hove, Exeter, and Plymouth.60 The history of Brighton shows some of the national-local tensions; it separated from LAPT by 1896, became a branch again in 1925, broke away in 1946, rejoined in 1966. As the concentration process developed, London took over other TPS. The London Wholesale Woollen Association (1925), Norwich (1925), Hull (1927), and Newcastle with its affiliates (1937) all became LAPT branches after they struggled to survive, though Hull broke away in the 1960s. LAPT had a peak of 42 branches in 1973, reduced to 40 in 1974 and four by 1990.61 Dublin Mercantile Association similarly took over Cork and Waterford as branches in the 1920s. Dundee was set up as a branch of the Glasgow and West of Scotland Guardian Society, and Bradford became a branch of West Riding TPS (Leeds) in 1911.62

### Table 1: Analysis of formal titles of NATPS members 1860–1960

<table>
<thead>
<tr>
<th>Year</th>
<th>1860</th>
<th>1895–1900</th>
<th>1917–20</th>
<th>1929–31</th>
<th>1932 (Greig)</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Protection Society or TP Association</td>
<td>9</td>
<td>21</td>
<td>31</td>
<td>25</td>
<td>24</td>
<td>13</td>
</tr>
<tr>
<td>Guardian Society</td>
<td>6</td>
<td>14</td>
<td>13</td>
<td>7</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Chamber of Trade</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>1</td>
<td>5</td>
<td>12</td>
<td>8</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Traders or Tradesmen’s Association</td>
<td>3</td>
<td>16</td>
<td>22</td>
<td>8</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Title from a specific sector</td>
<td>-</td>
<td>1</td>
<td>8</td>
<td>7</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Merchants Protection or Mercantile Association</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Creditors Association</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Commercial Union/Society</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Guild of commerce</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total NATPS members</td>
<td>22</td>
<td>65</td>
<td>97</td>
<td>65</td>
<td>76</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: Analysis of Members Register and minutes DE3848/51-2, and Greig, Commercial Credits, 1932, Appendix D.

Activities: supporting trust in local debt and credit assessment

The societies were essentially focused on five main activities: (i) providing information about creditworthiness, and the related detection of swindlers, where a TPS could approach others for confidential information; (ii) managing debt accounts, where a TPS could negotiate and manage repayment schedules with debtors; (iii) debt collection through the Courts, usually through a TPS in partnership with a solicitor; (iv) managing administrations in bankruptcy, where a TPS could organise action in cases where debtors ‘will neither pay nor meet their creditors’, could commence petitions for bankruptcy, and act as receiver or trustee; and (v) taking other legal action on behalf of creditors. Of these functions Greig, as manager of the LAPT, believed that the first was the core role of TPSs: ‘the first function of the credit man is to see that he places on his ledgers only those whose character and circumstances justify trust; …The second duty is to ensure that …customers pay their account at the due date.’63 This core role of credit assessment involved enquiries about individual traders, such as their extent of debt, record of payment on time, defaults, and any record of previous bankruptcy or other Court proceedings. This formed the backbone of ‘status reports’ and ‘searches’. If the TPSs could get this right, then most of any ensuing difficulties, and any Court processes would be avoided.

The status reports were a key feature of TPSs. They were also the key foundation of their mode of governance as a nested structure of mutual associations: credit checks derived from the local knowledge of their members who offered ‘mutual support’ by providing

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59 As is clear in Greig, The Growth of Credit Information (note 11), 183.
60 Branches briefly in Cheltenham and Portsea in the mid-1850s closed by 1860; Greig, The Growth of Credit Information (note 11), 107.
61 Greig, The Growth of Credit Information (note 11), 255–6, 310. Some branches remained independent entities, such as Stockton; Hull broke away in 1981.
62 All dates, titles and relationships from NATPS Members Register, DE 3848/51. See also Northern Guild of Commerce and TPS, Correspondence 1952-5; Northumberland RO, 2703/78.
the checks on credit and trading reputation to their society, which could then be passed on within the TPS system. Mutuality was the result of each member agreeing to be under the obligation of providing confidential information when requested, and to preserve its confidentiality when received; failure to supply the requested information, or disclosure to third parties, could result in the member being struck off. Thus rather than trading relations relying exclusively on relationships of unverified trust, the TPSs provided a means for trust of specific traders to be checked and well founded. The first TPS in London, for example, in 1799 issued ‘numerous cautions and notices to members to prevent them being defrauded by bad bills,’ received information on frauds sent to the secretary so that ‘measures will be taken relative thereto, as are proper and legal’, and gave warnings about specific people (who had made spurious orders to manufacturers, people not actually at an address, or sending under-payment).

This principle of members supporting each other through mutual action was built into founding articles and aims. Liverpool’s Society of Guardians statement of intent in 1823 was that ‘mutual protection … is the first principle of the society.’ The Manchester society of 1826 aimed ‘to frustrate [fraudsters], … to protect credit from the parasite, to guard commerce from dishonesty, to lift the heavy toll of bad debts.’ The smaller town of Beverley in 1834 had the ‘chief object to prevent members being defrauded … prevent hawkers and persons attempting to trade not authorised to do so … and take cognisance of the … general interests of trade of this town.’ These objectives continued unchanged for most societies into the 1980s, summarised in 1970: the TPS ‘form an integral part of the general trading operations of each of its members. Instead of making personal enquiries into financial status … reference is made to records kept by the trade protection societies.

Scale of activities

The scale of activities of the TPSs was considerable. For example in 1878 Leicester sent 46,893 letters and received 24,056. By 1880 it sent 56,178 letters and received 32,312. It processed 6015 status enquiries in 1872, rising to 18,224 in 1880; to 20–25,000 per year in the period up to 1939, and levelling at 17,000 per year in the post-war period. Its debt recovery department processed 14,417 claims in 1878, recovering £56,280. This rose to 16,879 claims in 1880 recovering £61,273. Up to 1939 about 18,000 claims per year were processed, a volume that was re-established after 1945: see Fig. 3. Local action predominated, but extended nationally: 5716 cases were entered at Leicester County Court in 1880, but 2029 cases (26%) were in courts in other areas. The society also represented creditors in Leicester (295 in 1880) and elsewhere (254 in 1880), and its secretary (manager) was appointed as receiver or trustee for deeds of assignment or bankruptcy in 101 cases in 1880.

Manchester had 21,397 written enquiries in 1887, rising to 43,997 (38,891 from members and 5106 from other societies) in 1909, reaching a new peak of 94,919 in 1938 with an additional 29,791 verbal enquiries. As shown in Fig. 4, debt accounts numbered 10,275 in 1887, rising to 17,050 in 1909 with the next peak in 1938 of 25,907. Debts recovered were £44,475 in 1888, rising to £85,106 in 1915, and £321,788 in 1949. Bankruptcies dealt with never fell below 300 per year after 1901, except during war years, reaching a peak of 876 in 1939. In an attempt to improve recovery Manchester instituted an arbitration department in 1865 with additional subscriptions, but a major feature of Fig. 4 is the increased effectiveness of debt recovery after reorganisation of its Debt Recovery Department in 1919.

The Manchester and Leicester societies, which were ranked as, respectively, the first or second, and the fourth or fifth, largest by membership during most of the twentieth century, allow insight into the changes in volumes of activity. The peak was in the 1920–30s, and again in the late 1950s-early 1960s. The records of the Aberdeen TPS, run through its Chamber of Commerce (21st largest TPS by membership in 1900), allow analysis of the developments in the earlier period. Over 1853–90 it was processing about 350–450 claims per year, but the use of its services had more than doubled by 1900. These three TPS therefore suggest fairly...
modest activities in the early years (about 2–3 enquiries or recoveries per member), but rapidly expanding in the late nineteenth century. Similarly LAPT debt collection grew by sixteen times 1851–99; from £8200 to £130,775. These trends reflect the expansion of the County Court system itself: the number of plaints in 1847–8 was 429,215 for claims of £1.4m; this increased to 904,000 plaints in 1871, reaching over one million plaints per year after 1891 for claims of over £8m per year. It is beyond the scope of this paper to assess the relative role of TPSs in this growth; but the detailed case study of the Leicester County Court records by Wood shows that of 325,000 cases over 1870–1900, 44% were brought by the Leicester TPS, and it also brought cases in other Court areas. Similarly Finn demonstrates TPS bodies to be very active in Courts of other areas, though much of the information in this case is from sector TPSs and for consumer cases.

Hence, the TPSs were certainly a major force in the expanding volume of County Court activity in this period. The TPSs match the general finding that associations provide valuable supplements to market mechanisms in situations where members can reduce information costs for high volume frequent activities, of short duration and relatively low cost per transaction, with a risk of potentially high complexity and costs (if a Court case has to be fought). Wood also demonstrates that debt recovery through the Leicester TPS before taking court action (through managing debt accounts) had significantly lower costs, only 1–2.5% of the value of the debts recovered, whereas through the Courts the costs averaged 26–38% of the value of the debt over 1866–94.

The national pattern of status enquiries and debt collection across the NATPS members is shown in Fig. 5. This combines all society statistics as reported to the NATPS (which unfortunately has some gaps in coverage). The overall pattern shows a generally rising trend up to the 1960s. Hence, whilst Manchester and Leicester evidence some levelling of activity after 1945, the system as a whole experienced continued growth, particularly of the medium sized societies. There were significant reductions during the World Wars (as also indicated in Figs. 3 and 4), which Greig explains by the activities of government. Government encouraged many sector trade associations to manage rationing, production and distribution, which provided more certainty of payment thus sidelinining the TPS. Greig also recognised that there was an important influence of credit cycles on TPS business, which are to some extent evident in Fig. 5. He felt that the thoroughness of enquiries slumped in boom periods, when ‘laxity as to credit enquiries began to spread amongst traders in the prosperous years.’

Fig. 5 demonstrates that the TPS became collectively an enormous operation. In 1868, 77,800 status enquiries were answered by societies, and 66,000 debts were managed, with £246,000 recovered. By the 1920s this had risen to over 700,000 status enquiries per year, over 140,000 debts managed, with over £1m recovered. The annual volume continued to increase into the 1960s, reaching 900,000 enquiries and £4.2m of debt recovery in 1960. Although Greig saw status enquiries as the core TPS service, he recognised that ‘obtaining status information was a costly and troublesome business’, resulting in some of the TPSs turning ‘too much towards debt collection, status reporting taking second place’. This evolution is clearly evident in Figs. 3–5, but enquiries were always the major service across the system.

The records of the LAPT allow comparisons to be extended to later periods, as shown in Fig. 6. Up to the 1960s LAPT can be regarded as a single society, although with many branches. Its early evolution mirrored that in Leicester and Manchester. But from the mid-1960s it began taking over local TPSs, both to rescue some, and in an attempt to create a national body. Hence, the statistics for LAPT begin to become an indicator of activity across the UK. It is also from this time that the core service of ‘status enquiries’ is replaced by credit ‘searches’. This turned the TPS service more into

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72 See Fig. 6 below.
75 Finn, The Character of Credit (note 8), 307–9, 312–3.
76 As in Schneiberg and Hollingsworth, Transaction costs; Taylor and Singleton, The communal resource; Bennett, Transaction cost economics.
78 Greig, Commercial Credits (note 10), 1952, 98.
79 Greig, Commercial Credits (note 10), 1932, 130.
80 The only major TPSs not affiliated or taken over by LAPT by 1978 were Hull, Leicester, Liverpool and Manchester.
an organized debt collection, similar to Dun and Bradstreet. LAPT was providing 'searches' to the whole TPS system, and also increasingly taking over commercial credit agencies, such as Kemps and Credit Data. Searches increased from 239,039 in 1962 to 4.8 m in 1971, 12.5 m in 1981, 19 m in 1986, and 28.3 m in 1988. These were generally revived from databases at much lower costs. The LAPT experience thus evidences a strongly expanding TPS structure, but one increasingly through a single centralised organisation focused increasingly on searches rather than detailed local assessments: the nested structure was breaking down.

Figs. 3–7 also confirm Greig's view that credit assessments became the largest activity of the TPSs. Their numbers were on a similar though smaller scale to the number of debt accounts managed in the 1870s, but became ten times greater by the 1920s–30s, and several hundred times larger after the 1960s.

Coordination through the NATPS

The core of the TPS model of credit assessment was local knowledge. However, for information on traders in other areas, and for absconding debtors and migrating fraudsters local networks alone were insufficient. Hence, it became increasingly important that credit risk could be checked with others areas across the country. This stimulated local societies to cooperate with each other. This need was recognised from the outset of the Beverley TPS in 1834, which set up correspondence with societies 'of a similar kind elsewhere' in order to gain information.

This pattern of bilateral correspondence seems to have continued as the main mechanism as the local societies grew in number. In 1852 an effort was begun to gather a complete list of 'correspondents or agents' in every town by sharing information between the societies: it was 'desirable greatly to extend the means of obtaining information as to the characters and standing of parties requiring credit from members [of the individual TPS], or wishful to form business connections with them'. But this was expensive and progress was halting, with 'refusals being encountered in obtaining information' from some societies, especially where they were small or single-person operations. This seems to have underlain the first formulation of Rules for the NATPS in 1856, which emphasised mutual benefits of cooperation, the need to transfer information, and to cooperate in debt recovery.

However, progress was still slow, and it was only after a restructuring with new and stronger Rules in 1866 that the NATPS began to take off: in the sense that most local societies joined the Association and it began to take on the burdens of coordination required. Thus 1866 marks the time when the TPSs moved from mutual cooperation to a formally nested structure. This coordination was extensive, with high costs for collection and coordination of the very large volumes of information needed. In 1867 it was referred to as 'a vast machinery' tending to give confidence to the manufacturer and merchant in the extension of sound, legitimate trading. As a result, although the main service activities of the TPS remained the preserve of the local societies, the coordination process became the chief role of the national association. The first formal objects of the NATPS set down in 1856 remained essentially the same until the 1960s:

1. To extend the principles and benefits of Trade Protection Societies.
2. To facilitate transactions of business among societies by increasing agencies throughout the UK and abroad, and perfecting arrangement for obtaining and communication accurate information.
3. To cooperate in recovery of debts.
4. To originate and carry out measures for improvement of commercial laws, and as far as practicable, to give united support to measures favourable to trade and commerce, or unitedly oppose any measure which is considered prejudicial to mercantile interests.

The most important coordination by the NATPS was the name of an agent (or 'local correspondent') available in other areas, from which a local society could obtain credit assessments, or pursue a debt recovery. The NATPS gathered these names from each society, and from its own enquiries. It published full Lists of Agents every 5–10 years, with annual or half-yearly updates, many of

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81 Beverley guardian society for protection of trade (note 43) 2.
82 NATPS Minutes, 2 June 1851, 1 June 1852; DE 3848/52.
83 NATPS Minutes, 12–13 September 1854, DE 3848/52.
84 NATPS Minutes 7 May 1867; Annual Report, 10; emphasis added; DE 3512/25.
85 NATPS Minutes 10 June 1856; DE3842/52.
which are preserved in the NATPS records. The agents became the essential facilitators of the TPS system, as a ‘means of determining information as to the character and standing of parties requiring credit from members, or wishful to form business connections with them.’

By 1868 the lists contained about 3000 agents ‘in 2500 towns and places,’ referred to as ‘solicitors, agents or correspondents’ who would answer status enquiries or initiate proceedings for claims. The list contained about 5000 agents in 1894, 12,000 in 1910, and 4–7000 in the 1920s and 1930s. In 1952 Greig quotes the number of agents as over 15,000. The local societies were the main contributors to the lists (56%) in 1929, but this had switched to 67% from the NATPS itself by 1938. The lists thus maintained the character of nesting whereby local TPSs were the operating entity, the NATPS facilitated the informational access routes, but in turn drew on the information provided locally as well as their own sources.

NATPS also published lists of County and other Court decisions, bankruptcy orders, etc., which were sent to all TPS secretaries. Members could also receive these publications for an additional subscription, though some were available to non-members or more publicly. The Association first considered publishing of such lists in 1852, but the costs and organisational problems caused deferral until 1866 when a Commercial Compendium was established, published weekly. Later this was usually just referred to as the Circular. This replaced or supplemented earlier ‘Private Circulars’ that local societies had produced. For the first NATPS Circular the printer was Mr William Cate, and it appears that it was distributed with a distinctive local heading for some months. However, a single national circular was used for the more frequent publications, and became standardised by 1900, with LAPT providing the main organisation. In 1867 Cate quoted a print run of 980 semi-weekly and 990 weekly Circulars, plus 2000 weekly copies for private agents. By 1895 there were 355 semi-weekly, 2727 weekly, 1550 fortnightly, and 5970 monthly circulars, with an additional 2655 copies of locally-headed monthlies (of which Leicester was the main user), and a further 2122 Lists of Creditors in England and Wales, 1410 Lists in Scotland, and 678 in Ireland. In the 1890s Cate remained the main publisher (20 areas), but Kemp & Co. were also publishing for seven areas; Cate and Kemp jointly published in three areas; and Stubbs for two areas (Portsmouth and Stockton).

The costs and organisational input of preparing these frequent circulations were considerable. Cate was under continuous pressure from the societies to reduce his charges, but in 1895 he came back with a vigorous defence of what he delivered. His accepted quote for 1896, shown in Table 2 provides the only detailed listing of volumes, and costs; it demonstrates the large scale of the NATPS activities. That it was maintained from 1866 into the 1980s (latterly by the local societies) demonstrates its core value as a service activity of the local societies and the NATPS.

Another important coordination role of the NATPS was to standardise the fees charged across the system. This meant that each bilateral TPS exchange was replaced by a single set of central charges. Without this, coordination was very complex. This was...
first achieved in 1876/7, with a 6d fee for each enquiry, and a scale of fees for debt recovery based on commission. As well as coordinating between the societies, the NATPS also sought to collect information on the volume of activity of the local societies, and it is from this that considerable insight into the local societies can be gleaned, as reported in Fig. 5.

The NATPS remained an all-British Isles body including Ireland. In the case of Ireland and Scotland, respectively, Dublin and Glasgow, and to a lesser extent Edinburgh, acted as local national associations. The TPSs do not seem to have been as strongly established in Wales. The first Welsh membership of the NATPS, Swansea in 1867, was a member from 1903. By the 1950s, Wales had only two small societies as members: Colwyn Bay (100 members) and Milford Haven (120 members). In 1960, Milford Haven had a reduced membership of 75, the smallest TPS. By the 1960s, the main Welsh operations were in LAPT branches in Cardiff and Swansea.

Development of the NATPS

The overall development of membership of the NATPS is shown in Fig. 7 up to 1960 when NATPS statistics finish. There were twelve founding members in 1850: Birmingham, Bristol, Dublin, Glasgow, Hull, Leeds and West Riding, Liverpool, London Metropolitan, Manchester (Brazenose St.), Manchester (King St.), Manchester & Salford, and Preston. Another fifteen TPSs became members by 1862: Aberdeen, Blackburn, Chelmsford, Chorley, Edinburgh, Hastings, Leicester, London (Old Bond St.), London (Regent St.), Macclesfield, Newcastle, Nottingham, Penrith, Wolverhampton, and Worthing. The Association grew steadily after its 1866 reconstruction, reaching 47 in 1884; 78 by 1900. The number of societies reached a peak in the years immediately before 1914. The war and following years saw declines in membership, but numbers recovered a little in 1921 before beginning a steady decline up to 1939. Information is unavailable for these war years, but remarks in minutes suggest many societies struggled for survival, as they had over 1914–18. However, a small recovery was staged in 1944–45 before the steady decline was continued.

Fig. 7 also shows the number of members of local societies; the Association did not have direct members of individual businesses. The information available has to be treated with care since the NATPS collected information in a systematic way only from 1900, and not for all years. The Figure shows that whilst the number of societies increased rapidly from 1890 to a peak in 1912, the overall membership of the individual societies was growing more slowly. Society numbers increased 46% 1890–1912, whilst society membership increased only 36%. Over this period, therefore, the local TPSs being established were mainly smaller associations. Moreover, the total size of membership of the societies did not change very much over the years following 1912. While Fig. 7 shows fluctuations, the overall membership was almost identical in 1890 as 1912, but the number of societies had significantly reduced. Considerable consolidation was occurring between TPS, some societies merged, others disappeared, with the result that membership shifted to the larger societies. Although Greig as late as 1952 was calling for the creation of new societies, the system had already moved towards management dominance by the large centres by that time.

Some of the societies had large membership from the outset. The earliest body, the London Guardians or Society for the Protection of Trade, in 1799 had 276 members, and in 1812 had 603. Manchester had 14 founding members in 1826, 315 by 1838, 1003 by 1859, never falling below 3000 after the 1880s. By the time the system was well developed there was a wide range of sizes. In 1900, of the 66 societies with

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95 NATPS Annual Conference Minutes, June 1877; DE3512/25.
96 A minimum of 2s 6d for small claims under £12, and a scale leading up to 2½% commission for claims over £50, with a maximum fee of two guineas; an unrecoverable debt had a nominal charge of 5s.
97 NATPS Minutes, 21 March 1850; DE3848/52.
98 NATPS Minutes; DE3842/52.
100 Count from A list of members, 1799; List of members, 1812 (note 40).
Table 2
Publication numbers of NATPS Circulars for 1896, from quotation by William Cate

<table>
<thead>
<tr>
<th>Publication</th>
<th>Numbers</th>
<th>Cost/unit</th>
<th>Total cost</th>
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</thead>
<tbody>
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<td>Bills of sale</td>
<td>9369 @</td>
<td>£468</td>
<td></td>
</tr>
<tr>
<td>Satisfactions</td>
<td>520 @ 5s</td>
<td>£130</td>
<td></td>
</tr>
<tr>
<td>Warrants of attorney</td>
<td>156 @ 5s</td>
<td>£39</td>
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<tr>
<td>Decrees of arrangement</td>
<td>4420 @ 2s 6d</td>
<td>£552</td>
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<tr>
<td>County Court Judgements</td>
<td>41600</td>
<td>£1040</td>
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<tr>
<td>Bankruptcy orders etc.</td>
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<td>Scotland</td>
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</tr>
<tr>
<td>Protecting papers of exchange</td>
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<td>Decree in absence at Court of Edinburgh</td>
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<tr>
<td>Decree in absence at Sheriffs</td>
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</tr>
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<td>Small Debt Court</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>£2371</td>
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</table>


Statistics, 30 (45.5%) had less than 100 members, and 76% less than 500 members. However, 15% had over 1000 members, and three had over 2000 members (London, Manchester and Liverpool). Consolidation continued to occur; by 1960, of the remaining 38 association members, only 2 had less than 100 members and 24 (63%) less than 500 members; 8 (21%) had over 1000 members, 6 (16%) had over 2000 members. The largest were Manchester with 9189, and LAPT with 7988. Manchester and London were dominant, having 40% of the total NATPS membership between them in 1960, handling 41% of the status enquiries, 44% of the debts to collect, and 51% of the sums recovered. The other large TPSs in 1960, in descending rank order of membership after Manchester and London, were Liverpool, Dublin, Leicester, Leeds, Birmingham, and Glasgow. By this date therefore the dominance of the organisational base of the large centres had been re-established after the period 1860–1920 when the number of small societies had proliferated.

The pattern of change occurring can be seen from Fig. 8. Five spatial processes were operating. First, in the early years most societies began life at a size that was relatively large by TPS standards (over 100 members), largely because the market potential in their locations was considerable. As time progressed these societies were able to expand activities and membership, some reaching over 1000 members by 1860. Most of these large and early TPS continued to expand during the nineteenth and twentieth centuries, chiefly by taking in members from their regions and in some cases from branches across the country. They thus formed not only the origins but also the bedrock of the whole system and reflect growing national economic focus on the main regional centres. A second process complemented this pattern by diffusing the societies to the smaller centres. Where these were significant cities and towns the market potential and hence scope for membership growth was again considerable so that a few later TPS became major bodies. However, third, the diffusion process also brought foundation of TPS in some small towns and centres that had very little market potential. This is evident in Fig. 8 from the large size of the 50–100 membership category from 1860 until the 1920s. Some of these small bodies may have had specialised market niches, such as those established in resorts along the Kent and North Wales coasts, or with sectoral focus as with the Boot and Shoe, and Fishery bodies. But most were not sustainable and either disappeared or were taken over as branches from the 1920s. Fourth, after 1960, when the formal membership records of the NATPS cease, the TPS steadily consolidated to a rump of the largest bodies in the main centres; about 30 by 1970, about 10 by 1980, and about four in 1992. Hence, from the 1920s a concentration on regional centres was supplemented by growing national integration.

The fifth process stimulating the consolidation reflected in Fig. 8 was increasing control of competition from minor bodies. Up to the 1920s this came from an increasing number of one-person operations. These were often the agents of TPSs who attempted to use the TPS brand to develop other business. Greig argues that these were mainly solicitors who were ‘not credit men’ whose efforts were not up to standard: ‘small organisations … [that] cannot be regarded with any very great confidence’; others were ‘unscrupulous’ debt collectors. Greig felt even in 1952 there were many examples where ‘the society’ was merely the trading style of a clerk, who … started a collecting agency. He claimed that there were ‘many so-called “trade protection offices” … [which were] wholly bogus concerns … the only reason for existence is to obtain County Court or other professional works’. Unfortunately there is nothing to prevent anyone using a trading style which includes the words ‘trade association’ or ‘society’. Some of these agents had become recognised as NATPS members. However, a ‘reconstruction’ of NATPS occurred in 1920–30 that encouraged some of the consolidation evident in Fig. 8. This sought to restrict one-person or fraudulent TPS, consolidating ‘brand status’ through NATPS ‘recognition’.

Membership by sector and location

Most local TPS represented all sector interests (as distinct from sector association members of NATPS). Their chief early membership was from small manufacturers and traders (such as London’s 1799 list, which is heavy with watchmakers, silversmiths, upholsterers, ironmongers, stationers, coal merchants, hatters, tailors). In the Leicester TPS 1850–70, Wood shows that whilst retailers were the largest category (49%) of plaintiffs and 15% of the defendants in credit cases pursued by the Society, manufacturers were also large users, 35% of plaintiffs and 37% of defendants, with professional service providers such as lawyers and doctors making up most of the rest of users. An analysis of members in the Leicestershire TPS in 1950, shown in Table 3, although having an unusual classification of sectors, broadly confirms the focus on the inter-business needs of manufacturers, and sectors that serve wholesale customers. This mix is also reflected in the 18 sector-based specialist bodies that became members of NATPS, which mostly covered wholesale sectors, although also including some retailers and credit bodies (such as building societies).

It is important to recognise that inter-business credit rating was a key field of TPS activity (at least until the 1960s). The commentary by Finn has suggested that TPSs were dominated by retailers. Whilst retail was clearly important, and thus the credit rating of consumers, a comment by the secretary of the NATPS in 1873 has been misinterpreted. He stated that Chambers of Commerce were dominated by wholesalers, whilst the trade protection movement was more ‘intimately connected with retail trades’. This was a comparative comment, not an absolute one, and was responding to challenges from the burgeoning Chambers’ movement. In fact

101 DE3612, series of minutes.
102 Greig, Commercial Credits (note 10), 1932, 100.
104 Wood, Debt, Credit and Business Strategy (note 7), 130–6.
105 Finn, The Character of Credit (note 8), 289, 294.
106 NATPS Circular, 8 March 1873: in NATPS minutes DE 3512/25; also quoted in Finn, The Character of Credit (note 8), 294, n. 50.
Chambers of Commerce had only about 10% wholesalers as members at that date, as well as about 10% retailers.\(^{107}\) Hence TPSs could have two or three times that proportion (i.e. 20–30%, which appears to be about their average retail membership) and still satisfy the 1873 comment. Indeed Finn herself quotes Hull TPS in 1828 as having only about one third retailers. Hence, whilst Finn is correct to claim that TPSs were significant development in retailers’ efforts to reduce exposure to risk, this applied with equal and probably greater force to manufacturers and other inter-business trade credit.\(^{108}\)

Another important feature was that the membership of large TPS bodies increasingly covered whole regions, and this was evident from an early date. For example London TPS by 1799 drew from the whole of London, and had 3% of its members from beyond, including five Staffordshire pottery businesses. By 1812, London had 24 members from beyond London (4% of its 602 members), ranging from sugar refining, to clothiers, and the Staffordshire potters; seven were country banks.\(^{109}\) Members came from such varied regional locations as Liverpool, Manchester, Kendal, Wokingham, Buxton, Lincoln, Birmingham, Kings Lynn, Aylesbury, Hungerford, Brentford, Horsham, Portsmouth, Ringwood, Trowbridge, Devizes, and Staffordshire. The more distant members also played an active role in governance; two of the Staffordshire potters were on London’s committee in 1799.\(^{110}\) Interestingly, even at this early date 28% of the London members were trading as partnerships or companies, suggesting that many were larger and more diversified businesses. Manchester’s TPS committee in 1826 had only 9% that were not companies or partnerships.\(^{111}\)

Thus the TPS system of ‘spatial nesting’, was supplemented by ‘member nesting’, especially for the larger firms with national trading operations or multiple branches. Until consolidation really took hold after 1960, there was a duality of the geographical basis of membership. Greig explained that large centres had wide memberships and kept registers covering the whole country because the nature of their trade was national, whereas small places, and more residential areas, were more localised in their cover. This was ‘excellent so far as reporting on reputation’ was concerned.\(^{112}\) Small places might therefore have an advantage of greater localised and embedded knowledge, but it is clear that the economics of the small TPSs eventually overruled this advantage and led to their merger with other larger societies. Thus the consolidation of TPS bodies reflects the extension of credit networks from localities to regions and then nationally: a process that was occurring by the 1920s and was becoming widespread by the 1960s.

**Mutuality as the basis of ‘brand’**

The key feature of a TPS was that it was a membership body that acted as a not-for-profit to provide its services. This distinctiveness was publicised through the concept of ‘mutuality’, which was used by the TPS as their key ‘brand’ identity. As noted earlier, mutuality has been more generally recognised as offering transaction cost advantages to associations, as members supply resources, mainly information, at zero or low cost. There were also benefits from local embeddedness where information was available from local knowledge networks on a pro bono basis, and this structure did not have to be created from scratch. The effect of mutuality and localness for TPSs had three aspects: how it gave competitive advantage compared with other credit agencies; how it influenced the relations between members and their societies, and between societies; and how TPSs were treated by the law.

**Competition with other credit agencies**

The main source of competition to TPSs came from private sector credit agencies and finance houses, some calling themselves ‘mercantile agencies’ often advertising as ‘carrying on the business of trade protection societies’.\(^{113}\) These had existed from an early date. One of the earliest was Stubbs that was operating on a large scale by the 1850s. By 1900 it had a head office in London and

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107 Bennett, Local Business Voice (note 9), 702–6; also 28–32, 556–9 which compares TPSs and Chambers.
108 Finn, The Character of Credit (note 8), 289.
109 Analysis of membership lists 1799 and 1812. London had in 1799 one country banker (Newman, Anderson and Lynn), and five Staffordshire pottery businesses: Abbot and Newbury, Neale and Bailey, Josiah Spode, Thomas Turner and Josiah Wedgwood. See Byerly & Co: List of members, 1799; List of the members, 1812 (note 40).
110 Benjamin Newbury and Josiah Spode.
111 Manchester Guardian Society, History of Manchester Guardian Society for Protection of Trade (note 41).
112 Greig, Commercial Credits (note 30), 1952, 118.
113 As claimed by Dun & Co., see Mackintosh and another v. Dun and others, A. E. R. (1908) 667.
32 branch offices and 26 sub-offices across the UK. One of the other early credit agencies was created in New York in 1841, expanded in 1854 to become R.G. Dun & Co., with a branch opening in London in 1857, subsequently becoming the modern Dun & Bradstreet Co. Other early firms were Kemps and Seyds. Finance houses also developed. Initially concerned with specialised sectoral business credit rating, such as Lombard North Central (from 1861), The British Wagon Co. (from 1869), and Wagon Finance Co. (from 1906), their market expanded rapidly during the twentieth century when leasing and hire purchase arrangements became major financial instruments, especially from the 1970s. It is from this period that some TPS struggled and began to fail.

The competition from other credit agencies was a concern for TPSs from an early stage. However, the competitive advantage of ‘mutuality’ was seen as a key resource, which indeed seemed to work until the 1970s. Thus Greig argued that the for-profit ‘mercantile offices were solely concerned with ... selling status information, collecting debts or rendering other service’. The TPS, as mutual associations, could be more trusted because they were ‘owned, controlled and managed by its members ... not for private gain’. Thus trusted information and trusted provider became intermixed, with TPS aiming to identify their brand with higher quality.

A second aspect of the TPSs’ historical competitive advantage was their low costs as a result of their ready-made network of information from members in different local societies across the country. As stated by Henry Whithworth, secretary of the Manchester Guardian Society in 1861, competition from Stubbs, could be dealt with by ‘promptitude ... a central authority and office in London, and a corresponding agent and solicitor in every important town and locality in the country’. This was the vision that led to the NATPS being established on a more formal basis with a national coverage of agents in 1866.

In practice a division of the market seems to have evolved. As noted earlier, at least by the 1890s some liaison developed with TPSs and mercantile agencies in frequency of use for credit assessments, businesses, whilst Stubbs and other private agencies came to dominate the large firms and international enquiries. A survey in 1974 showed that TPSs were ranked above commercial agencies in frequency of use for credit assessments, and were also ranked as more effective. These results probably also held for the earlier periods. However, by 1981 a similar survey showed the relative frequencies and effectiveness rankings had reversed, indicating that a tipping point between the two models had been reached by the late 1970s. Moreover, in both 1974 and 1981, credit registers (such as Dun and Bradstreet) and bank references had become by far the most frequently used sources, and were ranked as more effective. This form of standardised credit scoring (as ‘searches’) was to take over as the main credit assessment model by 1980, with LAPT completely re-forming its systems in this period to keep up (as indicated in Fig. 6).

Relations with members and societies

Despite the special ‘brand’ status of TPSs and their benefits of mutuality, there were limitations in practice. In theory the principle of membership of a TPS was not just to receive a service, but also an obligation to provide mutual support. This was an obligation on both members and societies. As stated by Greig, the core of TPS membership was the ‘interchange of information [which] is an obligation of membership ... only by mutual co-operation can success be achieved’. Failure to cooperate in this way was supposed to result in a member being struck off: as in the Liverpool TPS rules of 1823, a refusal to give information will result in [forfeit of] his membership, and never hereafter be eligible for re-election. Or as stated in Beverley TPS, a member ‘shall give immediate notice to the secretary’ of any case of fraud noticed. This level of obligation was clearly difficult to achieve or police; it was a classic free-rider problem — that members benefited from information provided, but may not have made the same effort to give it themselves. The was especially true if personal pursuit of a debtor might result in a payment, whereas informing the Society for both TPSs and the commercial agencies. Indeed Kemp was a TPS agent before he started his own agency. However, the legal judgement in LAPT v. Greenlands in 1916, discussed below, restricted exchange of confidential information to privileged relationships, which kept the two systems distinct from the 1920s. Hence, for a long period the TPSs and ‘mercantile agencies’ seem to have accommodated to each other in a relatively stable way. For example, comment in 1900 by Robert Mellors, the secretary of the NATPS replying to a Daily Mail report, emphasises the distinction of the TPSs from Stubbs by arguing that the latter was more a source of information for foreign trade, but within the UK the TPSs were more important, because they had ‘the advantage of giving additional credit to persons of limited means, but who are of correct business habits’. This suggests that the market division which developed gave the TPSs the market for smaller and medium sized businesses, whilst Stubbs and other private agencies came to dominate the large firms and international enquiries.

Table 3

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage of members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants, banks, building societies, dentists, doctors, insurance companies, solicitors</td>
<td>4.6</td>
</tr>
<tr>
<td>Builders, decorators, plumbers</td>
<td>8.3</td>
</tr>
<tr>
<td>Coal merchants, quarry owners</td>
<td>3.2</td>
</tr>
<tr>
<td>Engineers</td>
<td>6.5</td>
</tr>
<tr>
<td>Manufacturers, merchants, factors</td>
<td>46.2</td>
</tr>
<tr>
<td>Motor engineers</td>
<td>4.9</td>
</tr>
<tr>
<td>Printers</td>
<td>3.0</td>
</tr>
<tr>
<td>Shopkeepers</td>
<td>23.3</td>
</tr>
</tbody>
</table>

N = 2165; Source: Centenary History 1850-1950, Leicestershire RO, L381.
(and hence other creditors) might reduce the chances of success by encouraging a swarm of creditors to descend. Greig admitted ‘that some suppliers who themselves use hundreds of enquiry forms each quarter, refuse to give more than a brief reply’.

The challenge to mutuality from free-riding also created tensions between societies, with the large ones providing most of the information and the smaller ones being mostly consumers of that information. As a result, as time progressed, a larger part of the effort devolved away from members on to agents, and relied more on the larger societies and the national association and its network of agents. The difficulties of free rider behaviour did not go away with the use of agents, however. The NATPS wrestled with continuous difficulties of cooperation, both practical and legal. At a practical level each of the societies had to cooperate to provide the names of their local and other agents for the national register. This involved the large and efficient societies providing, in effect, a free resource to smaller and less efficient societies. Free-riding behaviour resulted in the need for the NATPS continuously to remind and hector member societies. For example, in 1856 the secretary of the Edinburgh society (William Hill) was accused of pirating the agents of other societies and ‘if did not explain’ the society would be struck off.

Various similar tensions continued even after re-drafting of the Rules and re-launch of the Association in 1866. For example, LAPT in 1898 asked for its name to be erased from the list of 182 places (mostly in the South of England, as well as Shropshire, Worcester and Norfolk) so that they could not benefit from London’s lists. It felt it was inputting all the information and other societies or agents were doing nothing.

The rules of 1856 threatened non-cooperating societies with being struck off from NATPS membership, but this was seldom if ever used. Indeed, the lack of progress with the list of agents was the cause of a major row in 1861 between Thomas Blakeman secretary of the LAPT and Henry Whitmore secretary of the Manchester Guardian Society, both accusing the other of ‘ungentlemanly behaviour’ over how information was shared. Similarly in 1867, the Leicester TPS was dissatisfied with the corresponding agent in Birmingham (Mr Kemp) and asked the NATPS to establish their own agents there and ‘cease’ all correspondence with Kemp. It even went ahead with an attempt to establish its own agency in Birmingham, with contributions to be received from other societies; but this failed through lack of support. As noted above, Kemp went on to develop his own credit agency, which became an important competitor to the TPSs.

The problem of mutual cooperation between societies was not really solved until a further ‘reconstruction’ of the NATPS occurred over 1920–30. This was the result of a long process that had begun in 1912 when a committee was appointed to encourage more accurate annual returns of information from the societies and to examine them. This was the first attempt to monitor and regulate each society. By May 1912 five societies that had not provided a report or balance sheet were suspended until they did provide them; two societies were still under consideration and promising to send returns; and one society had sent a report but no balance sheet. The conclusions of the committee were: first, there were a few societies that were ‘not bona fide mutual organisations; …’ these had to amend their rules or be suspended from membership of NATPS; and second, there were ‘rather more where affairs were not satisfactory.’ Some of these developments were bound up with negotiations with the Board of Trade for recognition of TPS as part of the government’s planning machinery during and after 1918. The outcome of these exchanges, led to the formation of a NATPS Committee on Reconstruction in 1920. This met over 1920–1 and led to a series of suggested reforms. The most of important was further tightening of the Rules for membership of NATPS, and hence accreditation of the name TPS locally. This process led to the removal of most one-man operations, and continued with further changes over 1930–33, including gathering better comparative data to monitor each society.

Legal challenge

There were also an important legal challenges to mutuality that affected TPS behaviour. This had three aspects. First, there were confidentiality issues between the agents and societies who provided the information and the enquirer in another area. This was overcome by the secretaries of each society becoming an honorary member of the other societies, thus the transfer of requested confidential information was contained within the privileged context of mutual exchanges. However, in the 1890s the societies began to be concerned that they had been operating in a legal void. They took advice and legal opinion on several occasions, but the case of Mackintosh and another v. Dun & Co. and others in 1908 caused concern. This indicated that privilege was more constrained than previously believed: it suggested privilege could hold only between two individuals who were direct principal and agent, one having a duty of care to the other. For a group or association with no direct relation except through membership, and charging a fee for the service, the Privy Council decision seemed to suggest that privilege could not be claimed.

Following this case, the NATPS took its own legal advice in 1917 that shook its resolve. The legal opinion stated that an individual ‘would be entitled to issue a writ in respect of the libel contained in the report from a mutual society to the propriety concern’ (e.g. a member business); ‘I do not think the society would be entitled to claim privilege … it stands on the same footing as Macintosh v. Dun … to give an answer to an enquiry to a propriety concern for a fee places the mutual society in the position of a trading concern – it sells character at a price … (which) is not a subscription to a common fund.’ The response to this advice led the TPSs to claim to be operating as entities through their subscriptions (i.e. as not-for-profits not using fees), with any fees they did charge not linked to a specific enquiry but to a general package of services or enquiries.

126 Greig, Commercial Credits (note 10), 1952, 109.
127 NATPS Congress Minutes, 10 June 1856, DE 3848/52.
128 NATPS Committee Minutes, 20 October 1898; DE3512/28.
129 NATPS Minutes: memorandum and letters annexed to special meeting of 14 August 1861; DE3848/52.
130 NATPS Minutes, 16 May 1867; DE 3848/52.
131 NATPS Minutes, 28 February 1912; DE3512/30.
132 NATPS Minutes and Special Committee Report, 6 May 1912; DE 3512/30.
133 Board of Trade Minutes: TNA BT 58/3/COS/496A and 498A.
134 NATPS Minutes of Congress, 3 June 1920, 20 June 1921; DE 5848/55.
135 NATPS Minutes, 14 January 1930, 15 March and 18 October 1933; DE 3512/31–32.
136 See for example NATPS, Minutes of Congress 12–13 September 1854. This was contained in the first Rules of 10 June 1856; DE3848/52.
This privilege could be maintained by the mutuality of the society as whole, not through the payment for a specific service. As a TPS manager, Greig spends many pages outlining the distinctions in presentation that had to be made in TPS documents and membership presentations. Members had to understand that they were able to access information only as a result of being a member allowing ‘privileged information’, not as a result of purchasing a service. The specifics of mutuality also meant that any requests for information from commercial agencies and other organisations could not be answered, i.e. only members could be served. The advice also recommended that each area had to be covered by a society so that there was an enquiring body on behalf of a member (and not just an agent where privilege might be vitiating). From the 1920s this became another force leading to the organisation of society status, and consolidation of small societies and agents into the larger societies. However, a second legal case of LAPT v. Greenlands Ltd., decided in the House of Lords in 1916, put the TPSs in a stronger position. In this case the decision went in favour of TPS being able to claim privilege, even if they charged fees, provided that confidentiality had been maintained, and that there was no malice. The case concerned the enquiry made by in 1910 Shand Kydd about Greenslands Ltd., quoted earlier. Greenslands Ltd., claimed defamation by the report of the agent who supplied information to LAPT, Mr. Wilmshurst. The Lords noted that the case was very confused and a verdict and damages in favour of Greenslands Ltd. was upheld because he had acted with malice and supplied grossly inaccurate information painting the creditworthiness of Greenslands Ltd in a very negative light. This was judged to be libellous and unfair. But the Lords found in favour of LAPT and their secretary, who had acted fairly, without malice. The information supplied to Shand Kydd through the LAPT enquiry service was indeed privileged. This cleared the process by which TPSs were working, but made them tighten up procedures further, particularly the agents used. One outcome was that all TPS enquiries and membership was organised through carefully worded forms that contained the required language and restricted exchanges to their members. This formed contained the crucial sentence that ‘information is given in strict confidence, and must not be divulged to any person upon any pretext whatever’. 

### Evolving spatial processes

The TPSs evolved from individual local societies to a network of bilateral exchanges, and then to a national association which gradually took over the main organisation of agents, publications and information supply. From the start the societies were mainly in the largest urban centres. As the need for broader and larger scale credit information grew, the smaller societies either dropped out to become alternative bodies (mainly Chambers of Trade), failed, or were taken over by the large societies as branches or federations. For a long period the actuality of mutuality operated so that local traders provided information to their societies, which then became available as a national resource through the NATPS: a ‘nested’ spatial process. However, the influence of free-riding (of both individual traders, and of smaller societies), and the increasing costs and scale of activity required, led to the NATPS and larger societies taking over the agent system. By the 1930s the actuality of mutuality had been replaced more by its marketing as a brand value, itself underpinned and regulated by the structures of legal privilege; the practicalities of information supply had largely moved to an agent structure by-passing smaller local societies. This was a geographical consolidation, but one that still maintained a structure of local districts within a national organisation. Over the period from their 1776 origins until the 1930s, therefore, it is possible to interpret the changes in the TPS systems as one largely of organic growth in line with the growing population and economy, followed by a degree of rationalisation and consolidation. This is not unlike the evolution of corporations over a similar period. That a similar process was occurring for a group of relatively small mutuals is an important empirical finding, and resembles the processes of consolidation of credit management agencies occurring over a similar period in the USA, but within and between companies rather than mutuels. However, after the 1930s the increasing volumes of enquiries and the pressure on unit costs from commercial competitors increased the pressure on the TPS model. The numbers of societies had reduced to one half of the 1910 peak by 1930. Their numbers reduced to one third of the 1910 peak by 1960, and to one tenth by 1980. From the 1930s, therefore, a different process was beginning to take over. Initially this was led by the larger TPSs through takeover and merger. LAPT even took over some commercial competitors, such as Kemp’s and Credit Data. However, many of the branches traded in deficit and were in continual need of attention, leading to further centralisation of credit assessment processes. By the 1970s mutuality was under more severe pressure. This was mainly the outcome of the regulatory reforms that followed the Payne Committee of 1969 and the Crowther Report of 1971. These reforms essentially deregulated credit restrictions and opened the way for a massive expansion of consumer and business credit: the so-called ‘affluent society’. There was a massive expansion of demand deriving from the needs, first, of hire purchase and leasing providers, and then of credit card issuers.

The result was an urgent need to significantly reduce the unit costs of each credit enquiry. Both TPSs and commercial agencies struggled to adapt. This period coincided with three other changes. First, there was the early development of modern IT systems. These were in early stages, very expensive, and required substantial capital investment and major risk as a result of having to commission bespoke software for untried systems. In the USA Greig noted that several agencies had failed as a result of the costs and technical problems involved. The LAPT began investigating computerisation in 1967, but implemented an IT system in stages only from 1983. In 1983 LAPT was forced to buy one of the largest Unisys computer systems in Europe.

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139 Greig, Commercial Credits (note 10), 1932, 139 ff.
140 Greig, Commercial Credits (note 10), 1952, 104.
141 Legal opinion of Mr. Hutchinson, NATPS Minutes; DE3848/54, 15.
143 Quoted from LAPT forms; published in Greig, Commercial Credits (note 10), 1952, 104–5.
144 Olegario, A Culture of Credit (note 1).
Second, the pressure on unit costs demanded a shift from the structure of local information built up in nested structures towards a single unified database that could be interrogated at low cost and high speed. The LAPT had begun investigating a National Credit Register in 1958, long before IT solutions became a viable option. But IT development made the Register a practical possibility. This shifted the underlying spatial basis away from local. The computerised solution in 1983 was based on over 30 m individual address records from the electoral register.149 This essentially marked the end of the mutual model, since although local societies and other embedded sources of information could still be useful, the main volume and instantaneous nature of many credit rating needs (especially for credit cards and hire purchase) tipped the transaction cost advantages significantly in favour of instantaneous credit registers; or in TPS terminology, from credit assessments to credit searches. As credit systems became increasingly IT-based any residual advantages of local embeddedness almost totally disappeared.

A third process coincided with these changes: growing economic integration. As noted by Crafts and Mulatu, it was only in the 1970s and 1980s that communications were sufficiently integrated for national agglomeration economies and externalities to become significant factors in location. This, coupled with the regulatory changes in credit, were a further force in undermining the competitive advantage of the TPS model built on local networks. Whilst the consolidation of the TPS system into the regional centres over 1920–60 may indicate the expansion of regional economic networks, the period from the 1970s evidences the pressures from a nationally integrated structure of business and consumer trading and hence the credit assessment systems required.

The final dénouement is evidenced by the LAPT, which was forced to de-mutualise and turn itself into a limited company, becoming UAPT-Infolink plc in 1987. Greig explained this change as resulting from the need to raise substantial capital to cover the costs of computerisation, the restricted access to capital available to mutuals, the need for a high degree of centralised data management, and competition from organisations for which credit rating was only a small part of their service bundle. As Greig concludes, this meant that LAPT ‘became very much like any other credit company or finance house.’150

Conclusion

This paper has shown the TPSs to be important parts of local credit assessments and debt recovery from the late eighteenth to the late twentieth centuries. Their position of mutuality allowed them to develop a position as reliable and trusted service providers, reducing the transaction costs of assembling business information, and/or providing an initially more trusted service than market competitors such as Stubbs, Kemps and the finance houses. Their services, although based in a maximum of about 120 places, in fact covered every town and city though the UK and Ireland through thousands of agents. They increasingly reflected the national integration of credit, helping to fit together what Popp has called the ‘jigsaw of industrial districts and regions’ into a nationally integrated economy.151 TPSs were an important formal network of ‘associations’ that underpinned informal local knowledge networks and structures of trust: to answer enquiries as to whether trust was well founded. At their peak over 1910–60 they were annually processing millions of credit assessments from thousands of members across Britain and Ireland. The services continued to expand in an adapted form as credit ‘searches’, growing to 19 m searches per year in 1987, reaching 28.3 m (113,000 per working day) in 1988.

The legal judgements concerning TPSs confirmed the crucial advantage of mutuality as a privileged exchange, because of the social contribution they made: ‘It is not only legitimate but necessary for one trader to enquire into the financial circumstances and credit of another. A person asked for information in such circumstances may be said to be under a social duty to communicate it, and it is in the interests of society generally that he should be able to do so without fear of an action for libel … and the communication is privileged.’152 Such communications are protected for the common convenience and welfare of society.153 Hence the TPS received full legal acknowledgement of their general contribution to economic welfare, and it was their specific ‘brand’ as a mutual association that maintained their special position of privilege.

The analysis here demonstrates that TPSs were an important contributor to the institutional structure of Britain and Ireland that provided stability and predictability to business transactions, particularly between small firms and individual traders. To a lesser extent they also helped underpin confidence in consumer credit. Their expansion coincided with the expansion of the urban system and interregional integration that increased the need for credit assessments and debt recovery on a national basis. The development of the NATPS demonstrates the economies to be gained in processing through a single body the enormous number of high frequency, short duration but potentially high risk and complex transactions.

The volume of TPS activity continued to grow, though increasingly concentrated in a smaller number of large societies. However, from the 1970s even large societies struggled to survive, and the NATPS itself was wound up in 1963 with its activities transferred to the larger societies. The LAPT became a special case, continuing to expand successfully as a TPS by taking over most of the rest of the local bodies. But in 1987 even this strategy failed and it turned itself into a plc. This transformation responded to the pressures of expanded national credit markets, the needs for IT solutions, the increasing dominance of large trading firms (particularly the multiples), and increasing competition from other credit rating structures organised by finance houses. One of the last surviving local societies, Leicester, was wound up in 1992 when it merged with the local Chamber of Commerce.

The major TPSs were significant bodies for assuring status and creditworthiness. They were also a force in the expanding volume of County Court activity and hence for incentivising orderly credit relations and control of fraud. They formed an important formal network of information exchange locally, and through their association also across Britain and Ireland. This formal network was critical to underpinning more informal structures based on trust and ‘gentlemanly behaviour’, assuring credit-worthiness, prompt payment and debt collection, and seeking to encourage legitimate economic activity. Their large scale of activity evidences the essential need for incentives and checks on which trust can be built.

151 Popp, From town to town (note 1), 645.
152 LAPT and another v. Greenlands Ltd (note 26), 452.
The paper shows the general underpinnings that Carnevali found in Birmingham; that ‘trust in business communities cannot be taken for granted, ... it has to be engineered’. TPSs thus provide a balance to literature that has suggested trust is based purely on goodwill and personal commitment. The analysis here unravels some of the major historical processes of credit assessment and debt recovery that have been previously ‘hidden’.

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