Liverpool, Manchester and market power: The Ship Canal and the North West business landscape in the late nineteenth century

Graeme J. Milne

> The grooves in which trade runs are exceeding deep, and it needs an infinite amount of trouble to make it face the jolt and effort of the change even when the new groove is demonstrably far better than the old.[1]

The opening of the Manchester Ship Canal in 1894 was an important event in the history of late Victorian engineering, trade and transport, and its construction and early operations have spawned a considerable body of literature.[2] Some of the canal's wider and longer-term implications are less well known, however. The Ship Canal raised major questions of civic pride and identity, becoming a shibboleth for 'patriotic' Liverpudlians and Mancunians, and challenged assumptions about the relative power and influence of seaports and inland, manufacturing cities. This article focuses on Manchester's attempts to expand its trade after the opening of the canal, and the extent to which it was thwarted by obstruction from Liverpool and by the inertia of established trading systems. As such, it explores economic and business aspects of a broader regional controversy that have perhaps been studied less fully than earlier disputes about the actual building of the canal.[3]

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[1] *Manchester Guardian,* 29 August 1894.

[2] For example, Bosdin Leech, *History of the Manchester Ship Canal from its inception to its completion* (Manchester, 1907); David Owen, *The Manchester Ship Canal* (Manchester, 1983).

[3] Important exceptions are D.A. Farnie, *The Manchester Ship Canal and the rise of the port of Manchester, 1874-1975* (Manchester, 1980); Ian Harford, *Manchester and its ship canal movement: Class, work and politics in late-*

The opening section locates the Ship Canal both in the late nineteenth- and early twentieth-century economy and in a regional landscape with deeply embedded industrial and commercial routes, locations, institutions and traditions. The second section focuses on the cotton complex and the efforts of business communities in Liverpool and Manchester to increase their market power over this vital commodity. The final section considers the ways in which the struggle to build market power became an issue of local patriotism and peer-group loyalty, sometimes in conflict with the prevalent individualistic ideologies of Victorian business.

The Ship Canal and the North West economy

Controversies over the Ship Canal need to be seen in the context of more than a century of economic development and change in North West England. The canal provoked the latest in a long series of realignments in the cotton complex, which brought together merchants, manufacturers and a range of allied and associated trades in a web of business connections. Cotton linked Lancashire's two main urban centres in a symbiotic relationship, but one with a shifting centre of gravity over time. Manchester intended the canal to create another shift of power and influence, away from Liverpool and toward its own business community.

For most of the nineteenth century, the North West's economic geography was essentially bipolar, with a functional division between coastal ports and inland manufacturing districts. Liverpool and Manchester were in turn the focal points for these two elements, although their roles were frequently challenged. Just as Liverpool had overtaken Chester in the early modern era, so other North West ports threatened Liverpool in the nineteenth century. Preston took some of Liverpool's timber trade and hoped for a role in textiles, given its proximity to the northerly cotton manufacturing districts.[4] Birkenhead, and later Garston, grew up as

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Victorian England (Keele, 1994); Edouard Guionnet, 'The Lancashire cotton lobby and the making of the Manchester Ship Canal from 1883 to the interwar period', in Tapio Bergholm, Lewis R. Fischer and M. Elisabetta Tonizzi, eds, *Making global and local connections: Historical perspectives on ports* (St John's, Nfld, 2007), pp. 23-42.

[4] Jack M. Dakres, *The last tide: A history of the port of Preston* (Preston, 1986).

competitors to Liverpool on the Mersey itself. The new Mersey Docks & Harbour Board (MDHB) ran the docks in both Birkenhead and Liverpool from 1858, but Garston remained a railway-owned port independent of the MDHB. Liverpool was never seriously damaged by these threats and remained by far the North West's major port, but it continued to fear competition and, in particular, fiercely resisted the building of the Ship Canal.[5]

Manchester's role also changed. It was the stereotype of the textile manufacturing town in its early industrial phase during the late eighteenth century, but a century on that image belonged to other North West towns like Oldham, Bolton and Blackburn.[6] Manchester, rather, became the market centre that brought mill-owners from those surrounding districts together with an international and cosmopolitan merchant class; some 280 cotton towns and villages were commonly represented at the royal exchange.[7] By the late nineteenth century, central Manchester's signature urban form had become the large textile warehouse rather than the mill.

The manufactured textiles market was a major asset to Manchester, just as the raw cotton market was vital to Liverpool, and the location of these markets was crucial to determining ownership of economic power and wealth. If both cotton-oriented markets had been in one place, the consequences for the other city would have been severe. In principle, there was clear potential for this to happen. The port of Liverpool handled a large proportion of Lancashire's textile exports and so could have tried to establish a market bringing together inland manufacturers, exporting merchants and shipowners. Equally, the Ship Canal enabled Manchester to import raw cotton directly to its own docks, raising the possibility of a new raw cotton market in Manchester, which might in time overtake Liverpool's. Markets were the higher-order, value-added element of the cotton complex, where much of the profit from the industry was fed back into the urban economy by

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[5] F.E. Hyde, *Liverpool and the Mersey* (Newton Abbot, 1971).

[6] Asa Briggs, *Victorian cities* (New York, 1965, reprinted Berkeley, 1993), p. 105.

[7] D.A. Farnie, 'An index of commercial activity: The membership of the Manchester Royal Exchange, 1809-1948', *Business history,* 21 (1979), pp. 97-106.

wealthy merchants; in some ways, they were more important to their respective cities than the physical handling and manufacturing of the goods themselves. Any realignment of markets raised the possibility of competition and duplication in a relationship that had previously been broadly complementary, with one or other city ultimately losing wealth and status.

Improved transport and new communications technologies are well-known drivers of market change, because they reduce the costs of moving goods and information. Liverpool had been able to attract some market functions away from Manchester early in the nineteenth century, as spinners began to buy cotton directly from Liverpool cotton brokers rather than working through Manchester-based dealers.[8] The pioneering Liverpool and Manchester railway accelerated this process, cutting transport times and costs across the cotton complex from the 1830s. This proved a more important step-change than the earlier Bridgewater canal, which had in its day realigned the North West landscape in Manchester's favour. Massive investment in dock facilities in Liverpool, Birkenhead and Bootle from the 1840s gave the new steamships the safe accommodation and fast turn-around demanded by their owners and by the merchants reliant on their cargoes. Inland telegraphs and faster postal services improved information flows and these were extended across the Atlantic by mail steamers and undersea cables. These factors consolidated the raw cotton market and its functions in Liverpool.

Ultimately, such developments were about the manipulation of space and time and the ability of some elements within a business complex to exploit such distortions more quickly than others. When information can travel faster than goods, or when a new form of transport undermines long-held assumptions about the economics of land versus water transport, entrepreneurs have opportunities for profit. Manchester hoped that bringing ocean shipping 35 miles inland would once again distort geography and open new avenues for traders, to the detriment of Liverpool.

The Ship Canal promoters were ingenious in identifying new combinations of distance, location and time that might swing the balance back in Manchester's direction. On the simplest level, they

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[8] Thomas Ellison, *The cotton trade of Great Britain* (London, 1886).

repeatedly stressed that most of Lancashire's cotton mills were closer to the new Manchester docks than they were to Liverpool. This was certainly true in simple distance, although not necessarily in time of travel, because of the need to alter established combinations of carting routes and railway lines. Promoters went further, arguing rather bizarrely that for some ships, Manchester was closer to the sea than Liverpool. Their logic was as follows: large ships could only enter the Liverpool dock system around high tide, when there was sufficient depth of water to keep them clear of the dock sills. If they just missed a tide, they had to wait in the Mersey for the next opportunity twelve hours later. The entrance to the Ship Canal, on the other hand, was via a deep channel and a set of locks, so vessels could enter the canal at any time and proceed to Manchester via the tideless waterway. As a result, it was theoretically possible for a ship to reach Manchester in the time that its rival Liverpool-bound vessel was waiting in the river for enough water to get into a dock.[9]

Even such cleverly-constructed scenarios were too simplistic and one-dimensional for most businessmen, however. New transport possibilities were only a small part of their considerations. Traders emphasised their dependence on complicated geographies of business relationships, obligations, traditions and alliances. Markets were not abstract entities that could be relocated at will, but required the daily or weekly attendance of hundreds if not thousands of businessmen. Relationships between those men were further cemented by regular contact in clubs, restaurants, bars, offices and in the street, in busy office districts where many firms would share a building. Leaving such networks carried heavy risks. The accumulated expertise, wealth and connections of these centres also made them magnets for new entrants in a business, who were attracted by the institutions and associations that offered security and stability.[10] New transport and communications technologies could undermine such locational clustering, but only very slowly.

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[9] *Visitor's illustrated guide to the Ship Canal* (Manchester, 1894), p. 14.

[10] Graeme J. Milne, 'Maritime Liverpool', in John Belchem, ed., *Liverpool 800: Culture, character and history* (Liverpool, 2006), pp. 257-309.

In that context, it becomes clear that the Ship Canal promoters' ambition has often been misunderstood. The real radicalism of Manchester was not in imaging that the canal could be built; the technology employed was impressive overall, but most of the individual elements did not represent any great advance in civil engineering. The canal was the same depth as the Suez canal, built a generation earlier. The lock gates at Eastham, 80 feet wide, were 20 feet narrower than those at Canada dock in Liverpool, built back in 1859.[11]

Rather, the true optimism of the canal's supporters was in thinking that it would be used. Several places around the British coast tried to create new ports in the nineteenth century, believing that up-to-date facilities and more favourable locations would encourage existing trade to divert. It very rarely happened and the new ports found that their survival depended on attracting completely new trades, often in low-value bulk commodities, or in specialised goods that required infrastructure not available in existing ports.[12] Diverting 'general cargo', the life-blood of the really large global ports, was virtually impossible in the short term.

General cargo, which included most of the elements of the cotton complex, was an information-intensive sector, reliant on knowledge of local, regional and world markets, and involving large numbers of individual transactions. Intermediaries and agents supervised shipments and corrected errors on the spot and were crucial to the reduction of risk in long-distance trade. Naturally, firms with such skills clustered in major seaports and over time they gained international reputations. In the steamship era, sophisticated networks of agents worked for liner firms world-wide, with the result that overseas customers often instructed textile manufacturers to use particular merchants and shipping lines for their exports. Firms learned to navigate through intricate customs and consular paperwork, saving themselves and their customers time and money.[13] In all of this, established forwarding

[11] A.W. Kirkaldy, *British shipping: Its history, organisation and importance* (London, 1914), p. 531; Adrian Jarvis, *The Liverpool dock engineers* (Stroud, 1996), p. 201.
[12] Gordon Jackson, *The history and archaeology of ports* (Tadworth, 1983).
[13] *British parliamentary papers, royal commission on shipping rings*, 1909, XLVII, cd. 4668-70, XLVIII, cd. 4685-6, qq. 782, 14,326.

and shipping agents in ports like Liverpool had great advantages over new firms trying to start up in Manchester.

Manchester also found that offering competition on just a few routes was not enough to disturb existing relationships, because traders had to view their business in the round. For example, Liverpool had shipowners carrying fruit from both southern and northern Spain, but Manchester initially launched a new route from the south of Spain only. Many Manchester fruit merchants traded with north and south alike, so might have favoured the new southern route to Manchester while staying with Liverpool ships for the northern trade. In the event, the Liverpool shipowners increased their charges for any firm that accepted Manchester shipments, so fruit merchants had to stay with both Liverpool services, north and south, or be punished.[14] Manchester faced the unpleasant prospect of having to provide a multitude of routes before any of them began to make money.

Manchester therefore sought trades that were less embedded in existing relationships and the wool trade is a useful example of the necessary thinking. The colonial wool trades were dominated by London, both as a port and as a market. By the 1890s, however, Yorkshire textile manufacturers had begun sending their own wool buyers to Australia in an effort to save the expenses of using London middlemen and it was assumed that if direct imports were available to Manchester, those same firms would stop using London's port facilities as well. The Stockport and Denton hat manufacturers would also, it was thought, bring their rabbit skins in via Manchester if given the option.[15]

In 1894, Manchester invited J.H. Geddes of the pastoral association of Australia to assess likely trading opportunities and he broke down the tonnage of Australia's wool exports in some detail (see Table 1 overleaf). The final 36,000 tons on the list was Manchester's immediate target, because its market functions were already being performed in the North West and in Australia, and only the physical shipment needed to be diverted away from

[14] London School of Economics library, Manchester ship canal company, shareholders meetings minutes, 28 August 1894.
[15] Manchester chamber of commerce, *Monthly record* (1893), p. 239.

London to Manchester.[16] Making inroads beyond that, however, would require undermining market relationships in London, a much harder task, and Manchester clearly faced a long struggle to secure more than a small fraction of the trade.

Table 1: Manchester's analysis of the wool trade from Australia, 1894

Shipments	Quantity (tons)
to continental Europe, direct	72,000
to continental Europe, via London	98,000
to Britain via London, handled by the London market	94,000
to Britain via London, not handled by the London market	36,000
Total	300,000

Source: Manchester chamber of commerce, *Monthly record* (1894), p. 82.

Perhaps, then, the solution was to identify completely new trades that lacked any existing processes to be unpicked. Manchester sought to position itself as the premier distribution port for the north of England, especially in the context of urban population growth and increasing levels of food consumption. Thus Elders & Fyffes, having successfully imported bananas to Bristol, chose Manchester as the northern base for a fortnightly Jamaican service.[17] Frozen meat was another potentially lucrative trade in the northern towns and Manchester sought inward investment from the London firm of Nelson bros, who built a canal-side cold store.[18] New commodities, often carried in specialised shipping, were at the vanguard of the globalisation of food supplies and also of emerging new industrial complexes, such

[16] *Monthly record* (1894), p. 82.
[17] London School of Economics library, canal company minutes, 7 August 1902.
[18] *Monthly record* (1893), p. 239.

as the oil industry and the increasing range of applications for internal combustion engines.

These trades often required the provision of specialist landward infrastructure, such as tanks for the oil trade, grain silos for cereals and refrigerated sheds for chilled and frozen meat. Here, Manchester had an advantage over Liverpool because it could develop not only its immediate dockside space, but also the waterside strip for much of the length of the canal. In that sense, Manchester was better placed to be a twentieth-century port than Liverpool, with room to expand in the bulk trades. In addition, Manchester quickly learned new marketing skills that would prove useful. Trafford Park was a pioneering example of the 'industrial estate', soon to become a ubiquitous element in twentieth-century regional planning.[19] The Ship Canal company and Trafford Park estates both worked to attract leading firms to undeveloped sites, and found that a few successes could produce a dramatic increase in the port's market share of any given commodity or processing trade.

After a decade of the canal's operation, the president of the Manchester chamber of commerce believed that 'it has not created any textile trade, but it has created large engineering works, and it has created the fruit trade. Then it has made Manchester one of the largest centres for the distribution of provisions'.[20] Welcome as they were, these were largely unintended consequences for a project that had been planned as a radical change to the cotton complex.[21] Cotton was Manchester's most public target commodity and was equally the most entangled in long-standing commercial webs. Even in its raw state, cotton could be a relatively lucrative commodity for ports, having a higher than average value relative to its bulk. Despite only winning a fraction of Liverpool's cotton trade, raw cotton imports accounted for almost 12% of the canal's shipping tonnage in 1900, but nearly 16% of its revenue, and cotton remained Manchester's most valuable single import commodity until the 1950s.[22] Perhaps more important, though,

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[19] Robert Nicholls, *Trafford Park: The first hundred years* (Chichester, 1996).
[20] *Royal commission on shipping rings*, q. 889.
[21] Guionnet, 'The Lancashire cotton lobby'.
[22] Farnie, *Manchester Ship Canal*, p. 73.

was cotton's pervasive symbolism, both to Liverpool and Manchester, and we will return to the question of local patriotism in the final section.

Individualism and combination in the cotton complex

One of the most profound tensions in nineteenth-century business culture was between individualism and an increasing need for cooperative and collaborative action. This was true inside the firm and out. Businessmen expected to maintain a high degree of autonomy, working with a partner or two as owners and managers of a small firm. Except in the high-capital world of the large steamship firms, most British maritime-related businesses remained small and personal. A few firms, sometimes inspired by American trends, adopted joint-stock status and managerial corporate structures, but these remained unusual. Partly, the reasons were social and cultural; salaried managers had lower social status than those who traded 'on their own account' and the prevalence of family firms encouraged the continuation of traditions. Businessmen were willing to join trade associations, which gave them a stronger collective voice, but the rules and resolutions of such bodies were hard to enforce if they appeared to threaten the autonomy of members.[23]

The cotton complex was fragmented into a plethora of small firms. The Liverpool cotton brokers association, for example, had 202 member firms in 1882, when it amalgamated with the smaller Liverpool cotton exchange (representing importing merchants).[24] The Manchester cotton association had 251 member firms in 1901, 'representing 18,000,000 spindles and 71,000 looms, and also many cotton sellers'.[25] The Manchester royal exchange had around 7,000

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[23] Gordon H. Boyce, *Information, mediation and institutional development: The rise of large-scale enterprise in British shipping, 1870-1919* (Manchester, 1995); Stanley Chapman, *Merchant enterprise in Britain: From the industrial revolution to World War I* (Cambridge, 1992); Mary B. Rose, 'The family firm in British business, 1780-1914', in Maurice W. Kirby and Mary B. Rose, eds, *Business enterprise in modern Britain* (London, 1994), pp. 61-87.

[24] Ellison, *Cotton trade,* p. 352; Nigel Hall, 'The emergence of the Liverpool raw cotton market, 1800-1850', *Northern history,* 38 (2001), pp. 65-81.

[25] *The Times,* 27 November 1901, p. 12.

subscribers in the 1880s and while not all were directly involved in the cotton industry, later estimates suggest a figure of at least two in three.[26] Individual businessmen and officials in the cotton districts worked in a complicated associational landscape. Joshua Rawlinson, to give just one example, was secretary of the north and north east Lancashire cotton spinners and manufacturers association (itself a federation of three local bodies), the Burnley master cotton spinners and manufacturers association, and the Colne & District coloured goods manufacturers association.[27]

If anything, manufacturing became even more specialised from the 1880s, with divisions between spinners and weavers accentuating the mutual ignorance of different branches. In the longer term, such compartmentalisation ensured that the industry as a whole incurred large costs in moving products around from one stage in the manufacturing process to the next.[28] More immediately, it was hard to develop any strategic vision for the cotton complex. Individual deals continued to be negotiated between individual firms, both within manufacturing and between manufacturers and merchants. This led to a considerable imbalance of power between manufacturing and merchanting on the one hand and, on the other, the one part of the cotton complex where relatively few firms operated – shipowning.

The shipping industry's transition from sail to steam in the second half of the nineteenth century had far-reaching effects on business relationships and on the interaction between ports and their hinterland clients. Steamships worked to fixed timetables and merchants were often willing to pay a premium for this predictability. Scheduled liner services raised expectations among overseas customers, effectively forcing all merchants in a given trade to use them and locking merchants and shipowners together in mutual dependency.[29] Against all that, however, trade was notoriously prone to seasonal and cyclical fluctuations and many

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[26] Farnie, 'An index of commercial activity'.

[27] *British parliamentary papers, royal commission on labour, group C*, 1892, c.6708-VI, qq. 2,407-20.

[28] D. A. Farnie, *The English cotton industry and the world market* (Oxford, 1979), p. 318-22.

[29] *British parliamentary papers, select committee on steamship subsidies*, 1902, IX, 385, q. 3,429.

trade routes had severe imbalances in the availability of cargo in either direction. Technological improvements and competition also drove a major decline in ocean freight rates from the early 1870s, reducing shipowners' revenues and encouraging them to seek artificial methods of increasing their incomes or at least of making their revenues more predictable. Liner shipowners therefore created cartels known as conferences. Merchants were offered rebates for using conference services, but only after six months of loyalty; if they used other shipping lines for any of their trade, they could forfeit considerable sums.

Historians of the shipping industry have mostly been positive about the conference system.[30] It encouraged collaboration and transparency among shipowners and also between shipowners and merchants. Although merchants probably paid higher freight rates than they would in a system of free competition, they saved the costs of having to negotiate each shipment separately, of having to run their own ships and of losing customers if they could not guarantee delivery dates. In addition, there was sufficient independent capacity in shipping to provide some safeguards; if conferences became too greedy, alienated merchants could hire non-conference shipping lines or even run their own ships to challenge the cartel.[31]

Such arguments are reasonable within their limits, but they fail to address the longer-term threats posed by restrictive practices. Conferences could breed complacency and encourage insiders to shift costs onto outsiders. The idea that merchants did not mind what they paid, so long as they all paid the same, surfaced frequently in discussions about conferences. A cosy relationship developed between shipping conferences working from the major British ports and their local merchant houses; together, they were able to pass on their costs to inland

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[30] Robert G. Greenhill, 'Competition or co-operation in the global shipping industry: The origins and impact of the conference system for British shipowners before 1914', in D.J. Starkey and Gelina Harlaftis, eds, *Global markets: The internationalisation of the sea transport industries since 1850* (St John's, Nfld, 1998), pp. 53-80.

[31] G. Boyce, *Information, mediation and institutional development: The rise of large-scale enterprise in British shipping, 1870-1919* (Manchester, 1995), pp. 160-74.

manufacturers and to overseas buyers.[32] One group of traders in Bombay did manage to form an association with sufficient power to contract its own shipping line and undermine the arrangements of the English shipowners and merchants.[33] This was one of very few successful acts of resistance and contemporaries thought it was mainly due to the North West traders having 'entirely underestimated the genius and capacity' of Bombay traders to put aside their local differences for the collective good.[34]

The opacity of shipowner/merchant connections exasperated the Ship Canal company's officials, because the company had assumed that it could marshal all Manchester and Lancashire interests together in bringing new shipping to Manchester. If Manchester's traders were comfortable in their relationships with Liverpool merchants, brokers and shipowners, that strategy was seriously compromised. The royal commission on shipping rings, convened to investigate the conference system early in the twentieth century, refused to recommend legislation, arguing instead that merchants should coordinate their efforts to secure better deals from shipowners. This was thwarted by individualism and short-term interest. Effective 'combinations' of merchants sometimes meant that a trader had to accept a worse deal than he might have got individually, in the interests of the collective good. The numerous trade associations and professional bodies were reluctant to be seen to threaten the autonomy of their members and active efforts to coordinate deals with shipowners were well beyond their constitutions. The president of the Manchester chamber of commerce believed in 1907 that 'there is no combination possible for any purpose between merchants in the cotton trade, I am sorry to say'.[35]

One potential driver of cooperation among Manchester cotton interests was growing distrust of Liverpool's cotton market and those who worked in it.[36] Liverpool brokers made a series of

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[32] *Royal commission on shipping rings*, q. 3,624.
[33] Farnie, *Manchester Ship Canal*, p. 102.
[34] *Royal commission on shipping rings*, q. 619.
[35] Ibid., q. 713.
[36] Graham L. Rees, *Britain's commodity markets* (London, 1972); Nigel Hall, 'The Liverpool cotton market: Britain's first futures market', *Transactions of the historic society of Lancashire & Cheshire,* 149 (1999), pp. 99-117; Nigel

attempts to manipulate the market in the 1880s and speculation and cornering became public scandals. A trader called Morris Ranger was among the first to develop cornering strategies in the late 1870s and prospered before eventually bankrupting himself in 1883; others followed during that decade until the last major corner run by William Steenstrand in 1889. Such activities contributed to unflattering stereotypes and encouraged a polarisation between the allegedly solid, practical manufacturing part of the cotton complex and its amoral, abstract counterpart in Liverpool. When Morris Ranger failed in 1883, for example, Liverpool was broadly sympathetic, praising his past philanthropy and stressing that he had done nothing illegal or even underhand. Manchester chamber of commerce, on the other hand, found it 'incredible' that Ranger was viewed in this light and condemned the 'gambling in cotton' that seemed characteristic of the market. The press predicted, though, that Liverpool 'would not pay much heed to advice from Manchester in this matter'.[37]

In fact, some parts of the Liverpool community were also disturbed by the negative image being acquired by its markets in the 1880s. Cotton brokers Whitaker, Whitehead & co., in a special circular on the Steenstrand corner, stated that

> we congratulate the whole trade of Lancashire (both masters and operatives) that at last they have roused themselves to do all in their power to try and kill in future years what in the past has yearly become a curse to their trade and what, in our opinion, is a disgrace to the Cotton Exchange of Liverpool.

Whitakers noted that Steenstrand was not solely to blame, however; such men needed 'those English brokers and bankers of position, influence, and capital who support them, and without whose aid no manipulation or corner could ever have taken place'.[38]

Hall, 'The business interests of Liverpool cotton brokers, c.1800-1914', *Northern history,* 41 (2004), pp. 339-55.

[37] *Liverpool daily post,* 6 November 1883, p. 4.

[38] *The Times,* 2 October 1889, p. 12.

Unity in the ranks of spinners and manufacturers was often illusive. At the time of the Steenstrand corner in 1889, there was general agreement that spinners could stop the corner if they cut back on buying cotton, moved their mills to short term working and thereby glutted the Liverpool market with unsold cotton; with stocks in the port and no buyers, the price would collapse and take the speculators with it. Spinners were even supported in this by their better-paid employees, who lobbied for a stoppage to break the corner, hoping for better wage security if cornering could be discouraged in future. Some spinners with good stocks of cotton, however, saw no need to reduce their production and others apparently feared the precedent of joint action with the unions.[39]

Whatever disputes arose over particular crises, most of the cotton complex remained locked into the port, markets and trading connections of Liverpool and this was the fundamental gap in the canal company's income streams.[40] In addition, railway companies, the MDHB and various Liverpool shipping companies all cut their rates and charges when the canal opened. On some routes, rates were cut in half, such as the drop from 40 shillings per ton to 20 shillings per ton on freight from Liverpool to the Persian Gulf, although most savings were less drastic.[41] In the circumstances, it would have been risky at best for existing members of the cotton trades to abandon their established networks and promote shipping services via the Ship Canal. Indeed, they went further, using the new rates to pursue yet more individualistic hard-bargaining. Some traders, the canal company claimed, were adopting 'a policy of squeeze' and trying to drive rates even lower; this, inevitably, undermined the efforts of the canal company to persuade shipowners to operate services to Manchester.[42]

Merchants gambled that the canal company would keep the canal open for business regardless of the volume of traffic and that actual closure was very unlikely. The existence of the Ship Canal as a real or potential competitor was the crucial thing – costs would

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[39] *The Times,* 1 October 1889, p. 4.
[40] Guionnet, 'The Lancashire cotton lobby', pp. 38-39.
[41] London School of Economics library, canal company minutes, 28 August 1894.
[42] Ibid.

naturally fluctuate over time, depending on the exact scale of competition between shipowners and railways, but the overall trend would be downward. Canal company officials argued that Manchester's long term prosperity depended on increasing the volume of traffic using the canal, but merchants believed that it was really more dependent on the success of the business community in general and that the canal was just another element in a complicated picture. Canal officials complained that some traders treated them 'as if we were canvassing for some private business concern of our own…these fossilised individuals do not grasp the fact that this is a great national undertaking working practically for the public good'.[43] The fossils had a different view – 'damn sentiment when you come to business'.[44] In these circumstances, the Ship Canal's promoters turned from economic arguments to more emotional appeals to local patriotism.

Civic pride and patriotism

Building and working the Ship Canal raised important questions of ownership and identification, most especially in terms of the canal's relationship with the city of Manchester. From the beginning, the canal company claimed that its venture was far more than a private infrastructure project and sought to encourage Manchester and its district as a whole to identify with it. The project certainly had mass appeal, attracting some 39,000 individual shareholders, although what proportion of them was local has never been assessed in detail. The canal also became a civic project by accident, when the city of Manchester extended large loans to ensure that it was completed. Ultimately, this municipal involvement gave the city council a majority on the canal company board, but to what extent that led ordinary Mancunians to have a sense of ownership of the canal is unclear.

Creating a sense that traders should be loyal to the canal was difficult. From the beginning of the canal's operation, its officials were deriding as 'unpatriotic' those merchants who continued to use Liverpool and refused to commit to the new route.[45] This

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[43] Ibid., 17 February 1903.
[44] Ibid., 25 February 1915.
[45] *Monthly record* (1894), p. 82.

language quickly became commonplace, although often with subtle variations. The canal company regularly revisited the idea of Manchester as a sleeping giant, possessing great hidden strength that simply needed to be mobilised: 'there is no trading centre in the world where there is more abundant material for irresistible combination than in Manchester, if Manchester is challenged'.[46] The stereotype characteristics of the Lancashire man were invoked, often with the associated implication that Liverpool's business culture was of a lower, less ethical order. If Liverpool shipowners were able to put the canal out of business and go back to charging the old high prices, 'they would be inclined to chuckle over their victory over the Lancashire man who has generally a good reputation for being particularly 'cute in business matters'.[47] Manchester men were 'too farseeing and thorough to do things by halves', and would surely live up to that reputation by making the canal a success, argued the canal company.[48]

Appeals to north-country character recur frequently in connection with the canal, sometimes more specifically than others. George Renwick, a Tyneside shipowner who operated coastal services from the canal and also chaired a dry dock company, sought to reinforce Manchester's resolve by invoking the even more widely-quoted reputation of his own home district. North-east England investors had subscribed most of the capital for Manchester's dry dock at Mode Wheel locks before the canal was even opened, he argued, and was it likely that 'hard-headed Tynesiders…would enter into an enterprise which had not a very good chance of success?'[49] The canal company needed to encourage shipowners like Renwick to start services to Manchester and urged locals to raise capital for new shipping firms; this was crucial, not just for the economic viability of the canal, but because 'the honour of the city is at stake'. The canal company argued that

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[46] London School of Economics library, canal company minutes, 28 February 1894.
[47] Ibid., 13 February 1908.
[48] Ibid., 17 February 1910.
[49] *The Times*, 16 February 1894, p. 5.

'a great port is not merely a source of wealth but conveys honour and dignity on a city'.[50]

Such appeals to local patriotism quickly became a cliché, and one that was turned against Manchester by the disgruntled and disappointed. The manager of the General Steam Navigation co., after two years of running un-remunerative services to West Africa and Rotterdam, was quoted as saying that he had 'had enough of Manchester; your patriotism is all froth'.[51] Nonetheless, Manchester business leaders came to be proud of their canal, especially when it allowed them to cast doubt on the resolution of lesser districts. When Birmingham called for a national cross-canal scheme, Manchester argued that if Midlands towns wanted a link to the sea, they should build one themselves.[52]

Shareholding and financial interests raise another important aspect of the tension between individual and collective priorities in the Manchester case. Directors and shareholders in the canal company who were also involved in Lancashire business had two ways to make money; directly, from canal company dividends, and indirectly, from the fact that the existence of the canal drove down regional freight costs, regardless of whether it made money itself. This raised a glaring moral hazard. It was widely recognised at the time that such shareholders did well from the indirect benefits and therefore had no incentive actually to use the canal and boost the direct benefits, because that would disturb their relationships with Liverpool and cost them money. One of the lessons drawn by those planning ship canal projects elsewhere was that such indirect benefits could pay 'very handsomely indeed'.[53] Shareholders who lacked these other business interests, on the other hand, relied entirely on the success of the canal to produce dividends.

By 1910, those ordinary shareholders were increasingly restless. The canal company recognised their grievances, arguing that those who put forward the funds to 'save the trade of the district' had been let down by traders who did not give the canal

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[50] London School of Economics library, canal company minutes, 17 February 1898.

[51] Ibid., 24 August 1897.

[52] *Monthly record,* 31 March 1911.

[53] Alfred Francis Harley, *Secrets of a ship canal* (Jacksonville city council, Florida, 1935).

the 'trade to which it is entitled'. Merchants and manufacturers, argued the canal company chairman, 'must see that it is their duty and ought to be their privilege to give all the business they can to the shareholders whose great loss is their, the traders' gain'.[54] Officials reiterated the 'patriotic effort' of the ordinary shareholders, contrasting it more or less explicitly with the actions of the traders. Despite such efforts at conciliation, a vocal opposition group of shareholders began to disrupt company meetings and in February 1915 shareholders with just over 6,000 votes supported the appointment of Charles Broxup to the board of directors; they were defeated by the board, which had gathered proxies amounting to almost 24,000 votes. Broxup, perhaps significantly, was an outsider, a railway engineer retired from an international career and based in Lewisham.[55] Company meetings quietened down after February 1916, when the company paid its first ever dividend to ordinary shareholders.

The Ship Canal also raised questions of politics and civics and was a key element in wider debates about municipal enterprise and the involvement of cities in the management of their key infrastructure. The canal was only completed with the aid of £5 million in loans from Manchester city council, amounting to almost one third of the capital of the canal company; a series of adjustments and renegotiations over the next decade further cemented the relationship between the council and the company and the council had a majority on the company's board.[56] This level of rate-payer support for strategic maritime infrastructure was extremely unusual in this period. The separation of port authorities from their cities had been established orthodoxy in British public administration for half a century, with most ports and dock systems being handed over to independent trusts during the 1850s.[57] Bodies such as the MDHB, the Tyne Improvement Commission and the Clyde Navigation Trust become powerful institutions, and their example encouraged the creation of Port of London Authority early in the twentieth century. Manchester had

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[54] London School of Economics library, canal company minutes, 4 August 1910.
[55] Ibid., 25 February 1915; obituary in *The Times,* 19 December 1923, p. 7.
[56] Farnie, *Manchester Ship Canal,* pp. 9-15.
[57] Jackson, *History and archaeology of ports.*

been forced to revert to the older practice of municipal involvement in ports, although it ought to be noted that this remained common in continental Europe.

Manchester city council was aware of the controversy surrounding its investments in the canal company and was sometimes restrained rather than triumphant in its propaganda. In 1894, shortly after the canal opened, the council published a substantial volume describing its municipal achievements to mark its new right to use the title 'lord mayor' for its chief magistrate; it noted, pointedly, that Liverpool was given this status at the same time, but that only London and York already held it. After extensive discussion of the usual elements in municipal enterprise, such as the development of the police, the installation of water and power supplies and the building of the town hall, the Ship Canal was given a low-key and dispassionate chapter at the end of the book.[58]

Business groups in both Manchester and Liverpool had to reconsider their attitude toward the port/city divide following the municipal bail-out of the Ship Canal, but the issue had been in the background in Liverpool in any case. Some sections of Liverpool business felt excluded from the decision-making of the MDHB, perceiving it to be dominated by major shipowners. There were frequent calls to re-integrate the city with its port and suggestions that urban government had matured sufficiently once again to be trusted with managing ports. Parts of the Liverpool press praised respectable members of the business community who spoke publicly about port issues, despite not being on the MDHB; such matters, it was argued, had to be the responsibility of the wider city.[59] Radical voices went so far as to propose that all voters in Liverpool and Birkenhead, and not just port-users, should elect members of the dock board.[60]

Despite such debates, the overwhelming identification of the Liverpool business classes with their port and with the MDHB was clear. The Ship Canal company failed to achieve a similar sense in relation to Manchester, encountering considerable ignorance and

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[58] Manchester corporation, *A historical record of some recent enterprises* (Manchester, 1894).
[59] *Liberal review*, 8 May 1880, p. 9.
[60] *Porcupine*, 4 December 1880, p. 566.

indifference, and was itself complacent to begin with. The canal company did not initially consider it important that even its own office staff should know much about the canal, reflecting the rigidities of Victorian office hierarchies, but also a missed opportunity for raising awareness more generally.[61] The company began to encourage key decision-makers to take boat trips on the canal to give them a direct sense of its scale and potential; the Manchester cotton association did this in July 1895.[62] Not until 1910, though, did the canal company go on the offensive and confront Manchester businessmen with daily reminders that they worked in a seaport. Leaflets, billboards and tramcars carried the slogan 'Manchester goods for Manchester docks'. The company chairman accepted that in this 'advertising age' it had been 'too modest and unassuming' in its publicity.[63]

Despite the canal company's invocation of 'patriotism', many cotton manufacturers were happy for Liverpool to control the raw cotton market and dreams of a major shift in the geography of the cotton complex were quickly dashed. Still, the evolving structure of the cotton complex would have made a forward-looking compromise possible in the 1890s and the failure of Manchester and Liverpool to agree to this is revealing of the persistent localism of Victorian business. As noted above, the marketing processes of cotton were increasingly divorced from the physical handling of cotton by the end of the nineteenth century. Many traders in the Liverpool exchange dealt in futures contracts or samples and rarely saw a bale of raw cotton. Trade associations devised careful classification systems, defining quality grades for cotton and enabling traders to deal quickly and confidently without laborious inspection of the goods themselves. For any practical purpose, it made no difference to the market whether a given bale of cotton was stored in Liverpool or Manchester, provided all the traders were working to the same rules.

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61 Warren J. Bruce, *With the Manchester Ship Canal co. 1894-1945* (Manchester, 1990), p. 26.

62 John Mortimer, *Mercantile Manchester, past and present* (Manchester, 1896), p. 124.

63 London School of Economics library, canal company minutes, 4 August 1910 and 16 February 1911.

Accordingly, Lancashire spinners petitioned the Liverpool cotton association to recognise cotton stored in Manchester for the purposes of futures contracts in August 1894.[64] This would have allowed cotton imports direct to Manchester to be traded as usual on the Liverpool exchange. It was rejected the following month, and Manchester duly retaliated by creating its own cotton association in November 1894 to build an independent cotton market.[65]

Manchester accused Liverpool traders of a short-sighted and even self-destructive obstinacy, arguing that by refusing to accept Manchester cotton for futures 'they were boycotting themselves'. For years after, some members of Manchester's cotton community assumed that reason would prevail and that Liverpool would reverse its decision.[66] Other attitudes hardened and the rejection of Manchester's proposals encouraged a broader sense that Liverpool was exploiting its hinterland; old stereotypes about free-trading Manchester and corrupt Liverpool duly got another airing. According to the Manchester cotton association president in 1901, Liverpool's rules were

> made in the interests of sellers without consulting the spinners…No spinner with any spark of independence in him would submit to the new by-laws proposed at Liverpool last week, by which associate members without their consent or approval would, if passed, be bound hand and foot. Manchester by-laws gave its members the option of buying and selling cotton on free trade principles.[67]

Liverpool's business classes failed to conceptualise the cotton trading market at a North West regional level despite the fact that the boundaries of their port had been expanding

[64] Liverpool Record Office, 380 COT 5/2, Liverpool cotton association, committee minutes, 13 August 1894.
[65] Liverpool Record Office, 380 COT 6/3, Liverpool cotton association, extraordinary meeting minutes, 24 September 1894; Farnie, *Manchester Ship Canal,* p. 78.
[66] *The Times,* 28 November 1900, p. 6.
[67] *The Times,* 27 November 1901, p. 12.

throughout the nineteenth century in any case. Bringing the Birkenhead dock system under the auspices of a single port authority had been resisted by Liverpool traders in the 1850s, many of whom initially refused to send ships or cargoes to that part of the port, and the northward extension of the Liverpool docks put ever-increasing distance between some shipping facilities and the central business district. Nonetheless, Liverpool traders adjusted their processes accordingly and could have gone further still. In practical terms, especially given the development of telecommunications in the last quarter of the century, Liverpool's markets could have visualised the Ship Canal as just an eastward extension of their own port facilities: Manchester often referred to the canal as its '35-mile dock', but Liverpool could equally have considered it part of its own system for market purposes.

Although cotton traders took the most explicit decision not to integrate the Manchester system within their control, Liverpool's shipowners were also, for the most part, reluctant to take advantage of the new market; the firm of Lamport & Holt, which ran services to South America from an early date, was in a small minority. The chief beneficiaries of this boycott were shipowners from the North East ports, who enthusiastically launched new services.[68] Although it would have required short-term pain in adjusting conference arrangements, Liverpool shipowners could have dominated the canal's traffic, rather than leaving the field to new liner companies established by Newcastle and Hartlepool entrepreneurs. Liverpool's business community gambled that the port and markets of Manchester would fail. Their error created more fragmentation in already crowded markets and in the longer term exacerbated structural weaknesses in the cotton complex.

Conclusion

The early decades of the Ship Canal realigned some of the North West's economic and business connections, but left many others unchanged. In particular, the cotton complex retained its binary focus, with raw cotton marketed in Liverpool and manufactured goods in Manchester. With twenty-first-century hindsight,

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[68] Farnie, *Manchester Ship Canal.*

divisions between Liverpool and Manchester over a regional transport route that was vital to the prosperity of both seem difficult to excuse. However, there is little evidence that the business elites in either city visualised the situation in those terms. The idea of a regional division of England was beginning to attract the attention of a new generation of geographers and political scientists, but was not a widely-accepted framework. In addition, the late twentieth-century model of disempowered localities playing a limited, subordinate role to a centralised state was in sharp contrast to the Victorian vision of self-determining municipalities – city-states, almost – with great powers and confidence. For all their cosmopolitan perspective and international trading horizons, the business communities of Manchester and Liverpool proved themselves stubbornly rooted in place and attitude when considering the wider implications of the Ship Canal.