BLOOMSBURY CHAPEL AND MERCANTILE MORALITY
THE CASE OF SIR MORTON PETO

Many Victorian chapel-goers were businessmen. Nonconformist piety fostered industry and integrity; honest hard work often made for commercial success. Dr Bebbington recently observed "The nineteenth century was a time when success in business was the chief avenue to eminence for Baptists".1 Those who prospered were respected, and, as rich men, had the means to do great good when social welfare depended on philanthropy. Such acceptance of financial success demanded that it be achieved honestly. Misdemeanours in business were not to be tolerated in church members, neither petty pilfering by the humble employee nor malpractice at the top. Cases which came to the attention of the church were carefully investigated.

Morton Peto was an eminently successful Baptist businessman. He became one of the firstdeacons at Bloomsbury Chapel, opened in 1848 as a result of his vision and generosity. The other early deacons were almost all in business, though not on Peto's scale. Peto built other chapels, but he made Bloomsbury his spiritual home and took his duties there seriously, amid the pressures of his life as an international railway contractor and as an M.P.

When Peto's firm failed in 1866-67, the church duly investigated his case, his special position notwithstanding. In most disciplinary cases only the barest details survive, but in Peto's we have the comprehensive report prepared for the church and a record of the subsequent discussions. While he was successful no-one tried to work out a Baptist attitude to his business activities. After the crash the church had to decide whether they were acceptable or not.

MORTON PETO, 1808-89

On leaving the school run by Alexander Jardine, an Independent, in Brixton, Peto served a seven-year apprenticeship in the building trade. He had just come of age when his uncle died in September 1830, leaving the firm to the two nephews he had trained. Thomas Grissell had been a partner for five years. Peto married Grissell's sister, Mary, in 1831. She died in 1842, leaving four children. A year later Peto married Sarah Ainsworth, daughter of Henry Kelsall of Rochdale. They had ten children.3

Grissell and Peto had prospered in business, undertaking many public works. They built Hungerford Market, Clerkenwell Prison, Studley Castle, Nelson's Column, theatres, clubs, and various canals, docks and railways, including part of the Great Western line. In 1840 they embarked on a series of contracts for the new Houses of Parliament.

Grissell did not care for the financial risks of railway contracting. In 1846 they agreed to dissolve the partnership, Grissell taking the building contracts and River Severn Improvement Works, and Peto the railway contracts. He formed a new
partnership with his brother-in-law, Edward Ladd Betts, who was also already contracting for part of the South Eastern Railway. Peto and Betts became major railway contractors, second only to Thomas Brassey. They built railways in Britain and all over Europe, in Russia, Algeria, Argentina and Canada. Peto negotiated the contracts; Betts had a sharp eye for practical details in executing them. They refused to resort to bribes, even though work was sometimes lost to less principled contractors.

Peto's work brought him into the public eye. In the 1847 election he stood as a Whig for Norwich. Local dissenters, including William Brock the minister of St Mary's Baptist Church, supported an opposing, dissenter candidate, for Peto disclaimed "all hostility to the Church of England". Nevertheless, Peto became the first Baptist M.P. since 1784. He was again returned in 1852, after persuading all parties to forgo bribery in the campaign. His chief concerns were Free Trade, conditions of the working classes, dissenters' religious disabilities, and the use of public money, especially on defence. "Peto's Act", 1850, simplified the administration of chapel trusts. In 1851 Peto was one of H.M.Commissioners for the Great Exhibition, to which he had given early financial backing.

In 1854 Peto left Parliament in order to contract with the government to build a railway from Balaclava to Sebastopol to service the British army in the Crimea. Brassey joined Peto and Betts in this enterprise, which was done without profit to themselves, and with an efficiency and care for their labourers in marked contrast to the army's mismanagement. For this Peto was made a Baronet in 1855.

These great contractors were known as good employers. They were humane men, but they also recognized that it was in their interests to recruit and keep good labourers. Peto observed, "Give him legitimate occupation, and remuneration for his services, show him you appreciate those services, and you may be sure you put an end to all agitation. He will be your faithful servant". In 1846 Peto gave evidence to the Select Committee on Railway Labourers. He deplored "the long established Truck system for paying navvies, in poor kind. He paid his men weekly in "current coin of the realm". He cared about the physical and spiritual condition of his men. He employed a number of missionaries on his works, finding laymen generally best. He said it was not the preaching that did good, but the being among them, sitting down together and talking matters over in a more familiar way." The missionaries helped with schooling too. The Bishop of Norwich expressed his respect for Peto's exertions for the moral benefit of his navvies.

About 1843 Peto bought a country estate, Somerleyton, in Suffolk. There he developed the existing Hall into a distinctive Victorian mansion and, at the same time, restored the parish church, built an Independent chapel, and provided a village of exotic model dwellings for estate workers. He also developed the neighbouring town of Lowestoft: railway access to the Midlands and beyond enlarged the market for the local fishing industry and brought in a new holiday trade. Again Peto was concerned to see that the development would serve all classes.
In 1859 Peto returned to Parliament as Liberal M.P. for Finsbury, and from 1864-68 for Bristol. He was Deputy Lieutenant for Suffolk, a J.P. for Middlesex, on the Court of the Fishmongers Company, and a director of various companies, including the Electric Telegraph Company.

Peto had become a Baptist when he married Sarah Ainsworth. They were members of the old Devonshire Square church. His denominational allegiance was staunch but not narrow. "He was no bigot... he had friends in every Christian communion", and he believed in open communion, and, indeed, open membership. He was BMS Treasurer from 1846 to 1867, and served as Chairman of the Dissenting Deputies 1853-55 and 1863-67. He was "one of the first to discern the remarkable gifts of Mr Spurgeon", and laid the foundation stone of the Metropolitan Tabernacle, on which occasion Spurgeon observed "Sir Morton is a man who builds one chapel with the hope that it will be the seedling for another".

Peto was particularly anxious to see more chapels serving London's growing needs. He was the leading spirit behind the formation of the Metropolitan Baptist Chapel Building Fund in 1851, but could spare little time to direct and inspire its policy "or the Society's subsequent history might have been different". It merged with the Baptist Building Fund in 1858. While he made generous contributions to many causes, Peto was primarily responsible for building three London chapels, Bloomsbury, Regent's Park and Notting Hill.

**BLOOMSBURY CHAPEL**

When Bloomsbury opened for worship in December 1848 the Petos transferred their allegiance to the new venture, the product of his vision, faith and money. "The spacious and elegant structure recently erected by Mr Peto on a conspicuous site in the immediate neighbourhood of New Oxford St" was built "in the hope that, in due time, a congregation might be gathered within its walls, and that ultimately a church might be formed... which, recognizing no other Baptism but the immersion of believers, should welcome to its fellowship all followers of Christ".

Peto found the site, poised between his neighbours in the comfortable Bloomsbury squares to the north and the appalling slums of St Giles to the south. The stress on "openness" was his, as was the choice of the first minister, William Brock. At first Peto carried most of the financial responsibility for the work. He provided for a subsidised school in the basement for children of the respectable poor, and for a slum mission, to be financed and supported by personnel from the Chapel, led by the "domestic missionary", George M'Cree. Peto's initiative was blessed: on 25th July 1849 the church was formed, by 52 members, and the numbers grew rapidly. Chapel and Mission Hall often drew congregations (the chapel seated 1180, the hall about 500). Membership rose steadily to a peak of 884 in 1865; thereafter it declined somewhat, and was 751 in 1868.

Membership lists do not define occupations, but those identifiable from other sources probably give a fair idea of the congregation. The other founderdeacons included James Benham,
manufacturing ironmonger, Robert Whall Cooke, a publisher, and George Tawke Kemp, a silk manufacturer who married Sarah Peto's sister and joined his father-in-law's textile firm in Rochdale. In 1851 James Harvey, a city wool merchant, replaced Kemp. In membership were other publishers, a silversmith, a draper, an ironmonger, a chemist, a fringe manufacturer, an "Italian warehouseman", a doctor, two artists, and a house-decorator and carpenter. Their households and employees helped swell the congregations. Brock's ministry had particular appeal to the young men who worked in the business houses of central London. Sunday afternoon services catered for domestic servants too busy to attend in morning or evening. Day School parents did not have to belong to the chapel, but presumably the class was well represented. They are described as "Journeymen, Police, Shopmen, Tradesmen, Schoolmasters, Clerks, Foremen and Widows". The Domestic Mission offered a more "popular" approach for the lower working classes and below.

Business ethics were a matter of concern to Brock's congregation. One of his lectures, for the YMCA at Exeter Hall in 1856, earned mention in his DNB entry: the subject was "Mercantile Morality". In this Brock applied Christian standards to buying and selling, contracting, letting and hiring, giving references, and imposing and paying taxes. He demonstrated how easy it was to pass the boundary of honesty. "We may keep within the line of our conventional proprieties, but we are transgressing the line of His recorded law". "Even the appearance of evil must be avoided".

CHURCH DISCIPLINE

Bloomsbury's founding resolution states:

We will administer discipline when it may unhappily be required according to the direction and as far as in us lies in the spirit of the New Testament.

Twenty-four disciplinary cases are recorded in the Church Minutes between 1849 and 1866. Eight were concerned with bankruptcy. The others were for adultery, stealing, having a baby too soon after marriage, intemperance, and renouncing Christianity. There was a scandalous case of "dishonesty and general inconsistency of conduct", and one man was found guilty of repeated fraud against his employer who was also a church member. These cases resulted in ten exclusions and four suspensions; the outcome of the other two is not stated. The financial cases were all in the years 1854 to 1857. In March 1854 two brethren became "embarrassed in their relations with their creditors". Mr Cooper was cleared; he "had in no wise involved his reputation as a Christian professor". Indeed, his creditors testified to his "integrity and moral worth" and his church membership was declared "to have been most consistently maintained". No further action was needed in the second case, and in September a third bankrupt was cleared morally. In November Mr Varley's commercial failure needed investigation, and in December he resigned.

In November 1856 the deacon Robert Cooke tendered his resignation because of "temporary commercial embarrassment". The
church decided first to investigate the charge of procuring money "under false pretences". The charges were not "positively substantiated" but his conduct was "not characterised by that uprightness and candour which is so necessary in the Christian professor... Mr Cooke, in his effort to put back the coming evil day, often resorted to means that certainly do not savour of whatsoever things are honest and of good report". Cooke was contrite: "No greater injustice could be done to me than to think I do not most strongly blame myself".

Two courses were open to the church: to reject Cooke's resignation and exclude him as "an evil person", or to accept the resignation with rebuke. Brock thought the latter more in harmony with the love of Christ, and the church eventually agreed, voting by silence, "more seemly" than a show of hands. The church further decided that while a member might offer resignation, this could not be used to avoid the disciplinary inquiry which was the duty of the church.

In January and December 1857 the integrity of two other bankrupts was vouched for on inquiry. When Mr Kempton's business failure was reported that December, members were sure of his integrity without investigation.

**PETO'S BANKRUPTCY**

As everything that Peto did was on a grand scale, so was his failure.

Peto and Betts joined with T. R. Crampton in 1862 to contract for work on the London, Chatham and Dover Railway. The main line had opened in 1860. The new contract was for an extension from London Bridge through Blackfriars to what is now Holborn Viaduct.

On 11th May 1866 Peto, Betts and Crampton had to suspend payment. The immediate cause was the failure on 10th May of Overend, Gurney & Co., on whom Peto, Betts & Crampton were dependent for funds while the railway contract was in progress. Any contractor needed substantial capital at his disposal. Most contractors let out sections of the work to subcontractors who would be responsible for engaging the men. Peto was unusual in that he preferred to employ people directly. It gave him closer control of the work and working conditions of his men, but needed more capital than if he worked through subcontractors.

Railway contracting was always a risky business and both Peto and Brassey had weathered financial crises before. The 1866 panic shook Brassey badly, but his funding was spread more widely and he just survived. The shock of seeing 30,000 of Peto's men suddenly out of work evidently helped Brassey's labour relations at this critical time.

The London, Chatham & Dover was a "contractor's line": the capital needed by the railway company to pay for the new line was acquired by arrangement with the contractor who was to build it. The LC&D issued shares to the value of £2,400,000, and half were offered to the public. Peto & Co. took the other half, undertaking not to offer them to the public for a year. This second half was resold to two finance houses, one being Overend,
Gurney, who accepted the obligation to hold them for a year. As evidence of Peto & Co.'s confidence in the value of the shares, the financiers required that they should purchase and hold whatever shares the public offered for sale at less than the initial price. In the event Peto & Co. bought "rather more than half" of the first public shares; these they still held at the time they were suspended.

Peto, Betts and Crampton had liabilities of £4,000,000, all but £200,000 of which was stated to be "amply secured". Their assets were £5,000,000 and in their formal announcement of suspension they referred to a statement of affairs prepared the previous month which showed a net balance of £1,000,000. Part of Peto & Co.'s assets was a sum of £380,000 which they said was owed them by the LC&D Railway. However, when proceedings in the bankruptcy court began on 4th July 1867, the LC&D claimed that Peto & Co. owed them £6,661,941.

Peto, Betts and Crampton were all adjudicated bankrupt on 4th July 1867, and their affairs were scrutinized in sixteen days of rather acrimonious hearings in the bankruptcy court. The LC&D's enormous claim was not accepted, nor were a number of allegations insinuated against Peto ever substantiated. The points relevant to this paper are detailed below. All three bankrupts were discharged in July 1868.

THE CHURCH'S INVESTIGATION

Peto's bankruptcy was raised at a church meeting on 5th July 1867. Dr Brock was asked to write to Peto, who was not present, expressing "in the kindest way the sympathy of the Church with him and with Lady Peto under their heavy trial". The church would consider the matter further when Peto's affairs were finally arranged. From Peto's reply to Brock it is clear that the actual bankruptcy (rather than the temporary suspension of payments) was forced by the LC&D Railway Company's £6,000,000 claim.

My ever dear friend,

Your letter... conveying the sympathy of the Church has very much cheered Lady Peto and myself... The last and truly the most painful step which the conduct of the LC&D new directors have occasioned has been indeed a great trial to us, but we are assured that in the interests of my creditors it was necessary to protect them. So it became a duty, and viewing it in this light much of the bitterness of the trial is removed. And I trust that in the end it may be the means of my seeing what I so earnestly desire, those my creditors paid in full and myself and partners at work again.

A year later, when the bankruptcy proceedings were completed, the matter was raised again. At a church meeting on 24th July 1868 Mr Benham and Mr Kinnear were deputed to make the appropriate investigations and to report. James Benham was head of the prospering family firm, and was the subject of a recent
article in this journal. Little is known about Mr Kinnear, who became a deacon that year. Their report, dated 25th September, was presented to the church on 2nd October 1868. It runs to about 5000 words and begins with an acknowledgement of Peto's ready assistance in the investigation. He answered all their questions, supplied the information required, and showed all the relevant documents. He made it clear that he considered it right and proper for the inquiry to be made.

It was necessary to understand the way in which businesses like new railways were financed, and Benham and Kinnear made a creditable attempt to explain it to church members whose trading experience was not on such a scale. They observed that some people objected to the system (and The Times had been arguing against it) but stated:

We wish only to draw attention to the fact that, right or wrong, such was the common practice in the City of London. One thing however we will insist on here, that it must be held either to be right or to be wrong... If that mode of commencement be held to be right in cases where the result is profitable to all parties, it must be held to be equally so when it results in a loss.

Benham and Kinnear sorted out the issues which concerned the church.

We have read carefully the verbatim reports of all the Examinations in Bankruptcy... They are long and confusing but still we have endeavoured to understand the whole case. This we have found difficult to do, on account of the immense magnitude of the sums involved and the multiplicity of the Undertakings. But we do not feel it necessary to enter into any of the particulars, except in so far as they involve the moral and religious character of Sir Morton Peto.

Various "legal fictions" to which Peto contributed in the course of business were analyzed in the Report. One such was the signing of subscription lists for shares in the new railway to a greater amount than Peto could pay, on the understanding that the full amount would not be called. "Long and laboured attempts have been made to prove or to insinuate that the parties who signed these Lists intended some falsehood or deception" Benham and Kinnear pointed out that what was done was common practice: there was no intention of deceiving anyone and no one was deceived. "Business indeed in England is full of such fictions...".

They looked into several specific suggestions of dishonest conduct that were "insinuated" during the proceedings, and found that there was "not offered the least evidence". They concluded that in all these unfortunate transactions Sir Morton Peto had conducted himself with perfect candour, openness, and integrity. We do not think that on any of the occasions stated he ever intended to do one thing while he professed to be doing another.
... some of our brethren are of opinion that we ought to stop, and pass no censure whatever on Sir Morton Peto; and looking at it as a question of conventional morality alone they are probably right... but we cannot forget that something more than conventional morality is demanded from the followers of Christ, who says to each of us "what do ye more than others?"...

Those who have put on Christ are called on to live not only righteously but also soberly; to walk circumspectly, not to assume positions in which the duties are inconsistent one with the other; to maintain that moderation which should be apparent to all men; and to avoid the appearance of evils. In these respects we cannot declare our Brother to have been free from blame.

Their criticism of Peto was on three grounds. The first was that he had allowed himself to hold too much power in his own hands. When he arranged finance for the railway, he effectively had control of the railway itself as well as his own business.

That he did not abuse his power we have acknowledged, but, in our opinion, as a Christian man he ought not to have held it at all.

The second criticism was that Peto had taken on too much liability. Benham and Kinnear compared Peto's business to a heavily laden ship which foundered when caught in bad weather but would have survived with a little less cargo.

Their third criticism was that although they had acquitted Peto of any dishonesty or deception he had not always avoided the appearance of evil, but had mixed himself up with questionable matters.

Although they had to admit that Peto had "exposed himself to the censure of the Church", they stressed that those "unfortunate years" did not embrace the whole life of Sir Morton. They could still commend their brother to the respect and love of the church.

After some discussion the church meeting, which was held on a Friday evening, adjourned until the following Thursday. The deacons undertook to meet any member in the vestry on the Monday, Tuesday or Wednesday to discuss any aspect of the report and show the supporting documents. Several members took the opportunity and one then withdrew some charges he had made against Peto. After further discussion the church resolved:

That, having deliberately considered the report of the Deputation respecting the Bankruptcy of Sir Morton Peto Bart and matters pertaining thereto, we conclude that in some of the transactions brought under our notice Sir Morton did not evince the moderation and prudence becoming a Christian man, and that he suffered his good name to be associated with questionable acts and misleading representations, without due investigation into their real character and probable results. He did not, indeed, avoid the appearance of evil, with the carefulness which should have distinguished a man
professing godliness; and, on this account, we deem him to be deserving of our faithful, brotherly reproof.

We conclude, however, that the charges which have been so generally made to Sir Morton Peto's personal dishonor are without foundation: that he has neither attempted nor desired to aggrandize or enrich himself at the expense of other persons: and that, throughout a course of most complicated and embarrassing transactions, instead of premeditating and intending wrong, he meant to do unto others as he would that others should do unto him. In the judgement of this Church, therefore, Sir Morton Peto is still to be held in honorable reputation as a fellow Citizen with the saints and of the household of God.

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Peto went on to build more railways, and he continued to serve church and community, though in a quieter style.

Carlile wrote of him later:

After this catastrophe Sir Morton practically retired from public life, though the failure of his firm was caused by circumstances which were admittedly beyond any possibility of his control.32

Underwood observed:

He never again occupied quite the same place among Baptists, owing to their attitude to one who has once been bankrupt, even through circumstances beyond his control.33

His church was less ready to exonerate him of all blame and more ready to forgive his one lapse. At Bloomsbury he was always a welcome and honoured guest, prominent on all public occasions, though he never again lived in London, and the Petos' membership was transferred to Beechen Grove, Watford.

For the wider reaction, the only mention of his troubles in the Baptist press is the mention of his resignation, reluctantly accepted, from the post of BMS Treasurer, in the Missionary Herald.34 There is also a letter which Spurgeon wrote to Peto, and included in his Autobiography.35

A little time ago, I thought of writing to condole with you in the late tempests; but I feel there is far more reason to congratulate you than to sympathise. I have been all over England, in all sorts of society, and I have never heard a word spoken concerning you, in connection with the late affairs, but such as showed profound esteem and unshaken confidence. I do not believe that this ever could have been said of any other man placed in similar circumstances. The respect and hearty sympathy which all sorts of persons bear towards you could never have been so well known to you as they are now by means of the past difficulties.

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Reading Benham and Kinnear’s report over a century later, two aspects stand out. The first is the thoroughness of the investigation and the care with which complex issues were analyzed and explained to church members. The second is Peto’s acceptance that it was right for the church to investigate his affairs and pass judgment — a judgment he accepted without demur.

Peto was a man who had big ideas. He had high principles; he also had a taste for adventure. He rose from modest beginnings to a position of great wealth and considerable influence. He was prepared to risk money on enterprises he believed in. A cautious man would not have been so successful as a railway contractor. A cautious man could not have been so generous a philanthropist. A cautious man would have hesitated to erect a large chapel for a non-existent church. For many years Baptists rejoiced in his success; when he failed they began to question the entrepreneur’s instinct.

How prudent must a Christian be? Benham and Kinnear said that Peto had overstepped the line; they did not say where the line was. They said Peto held too much power, even though he did not abuse it. Does there come a point where the Christian should decline to accept additional power and responsibilities, rather than risk the “appearance of evil”? Have we abandoned church discipline because we are kind-hearted or because we are faint-hearted?

NOTES

This paper was first presented at the “Christianity and Business” Seminar of the University of London Business History Unit in March 1982.

2 The main source for this section is Henry Peto, Sir Morton Peto: A Memorial Sketch, 1893, privately printed.
3 Dictionary of National Biography.
7 Report from the Select Committee on Railway Labourers, 28th July 1846.
8 We are indebted to the Rector of Somerleyton, Dr Edward C. Brooks, for drawing our attention to Peto’s development of Lowestoft.
13 Baptist Magazine, January 1849.
14 Foundation Statement, Bloomsbury Chapel Year Book, 1850.

Most of these facts are gleaned from Bloomsbury Chapel archives.

Bloomsbury Chapel Day School Minutes. 19th November 1858.


Bloomsbury Church Minutes, July 1849. The cases that follow come from these minutes between 1849 and 1868.

The Times, 14th May 1866.

Coleman, op.cit., p.69.


Memorandum as to Sale of Shares and Securities, appendix to Benham and Kinnear's Report to the church, bound into the Church Minutes at October, 1868.

The Times, 12th May 1866, p.9e.

The Times, 5th July 1867, p.9d.

Bloomsbury Church Minutes, 5th July 1867.

Letter: Peto to Brock, 10th July 1867, copied in Church Minute Book.


Bloomsbury Church Minutes, 24th July 1868 and 2nd October 1868.

See, for example, The Times, 12th May 1866, p.9a; 5th July 1867, 9d.

See also Baptist Quarterly XXIX, 2, p.71.


Missionary Herald, May 1867.


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HENRY DENNE AND THE FENSTANTON BAPTISTS

An article on 'Henry Denne and the Fenstanton Baptists in England' by C. M. Roper appeared in Baptist History and Heritage, Vol.16 (1981), No.4, pp.26-38, and will be of interest to readers concerned with the history of East Anglian Baptists.