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# The Politics of Whisky: Scottish Distillers, the Excise, and the Pittite State

*Vivien E. Dietz*

The De'il cam fiddling thro' the town,  
And danced awa wi' the Exciseman;  
And ilka wife cried, 'Auld Mahoun,  
We wish you luck o' your prize, man.'

We'll mak our maut, and brew our drink,  
We'll dance, and sing, and rejoice, man;  
And mony thanks to the muckle black De'il  
That danced awa wi' the Exciseman.

There's threesome reels, and foursome reels,  
There's hornpipes and strathspeys, man;  
But the ae best dance e'er came to our lan',  
Was—the De'il's awa' wi' the Exciseman.

(Robert Burns, *The De'il's awa'  
wi' the Exciseman*, 1792)

In 1823 the English government introduced a new Act reducing the outrageous excise tax to levels that made it possible for enterprising Scots to come out of hiding and legally produce and sell their beloved whisky. (Bottle of Glenlivet malt whisky, 1990)

In late December 1783, a desperate king took a seemingly desperate political step. With all of his other options exhausted, George III asked William Pitt, then only twenty-four years old, to form a government. In recognition of both the king's remarkable choice and the time of year,

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Pitt's critics, eagerly expecting the new administration to be short-lived, dubbed it the "mincepie administration."<sup>1</sup> The critics were of course wrong; Pitt survived not only that Christmas season but another twenty in office. Yet they had reason to be skeptical. For one of the "presents" delivered to the young chancellor of the Exchequer that first Christmas Eve was the preliminary report of a parliamentary committee, appointed under Lord Shelburne, "to enquire into the illicit practices used in defrauding the revenue."<sup>2</sup> Its findings were horrifying: the nation, financially crippled by the cost of the recent American war and the enormous debt it had spawned, was unable to generate even that revenue granted to it by parliamentary statute. The Excise, for example, by far the most efficient revenue office, generated less than one-third of the appropriate returns from the duties under its management. A tax crisis thus exacerbated a grave fiscal crisis, threatening all prospects of a national recovery.<sup>3</sup> Both Pitt's political career and Britain's economic future clearly depended on his resolution of these interrelated crises.

The committee's investigation had sought to identify those branches of the revenue most demanding immediate legislative attention. Pitt took its recommendations to heart and launched an attack on Britain's enormous contraband trade, starting with the worst offender, tea, and progressing quickly to its close rival, spirits. The government's plan was logical and simple: reduce the duties dramatically as a disincentive for fraud and then watch the state's coffers grow, with the destruction of the illicit market more than compensating for the lower tax rate.<sup>4</sup> It was a plan, however, initially conceived with a particular sort of fraud in mind—the smuggling of foreign goods. What would happen when Pitt and his associates, in their desire to eliminate all forms of fraud in the revenue, turned their attention from the importation of Indian tea and French brandy to the production of Scottish whisky, another item targeted by the parliamentary investigation? Could a war be waged against the fraud plaguing excise returns analogous to that initiated by the Commutation Act on customs returns?

<sup>1</sup> Quoted in John Ehrman, *The Younger Pitt. Volume One: The Years of Acclaim* (London, 1969), p. 133.

<sup>2</sup> *First Report From the Committee, Appointed To Enquire Into the Illicit Practices Used in Defrauding the Revenue* (London, 1784). The first report was issued on December 24, 1783. Two others followed: the second on March 1, 1784, and the third on March 24, 1784.

<sup>3</sup> John Brewer, *The Sinews of Power: War, Money and the English State, 1688–1783* (New York, 1989), p. 114; George Rose, *A Brief Examination Into the Increase of the Revenue, Commerce and Navigation of Great Britain, Since the Conclusion of the Peace of 1783* (Dublin, 1792), pp. 1–2, 8–9.

<sup>4</sup> W. A. Cole, "Trends in Eighteenth-Century Smuggling," *Economic History Review*, 2d ser., 10, no. 3 (1958): 395–409; Ehrman, *Younger Pitt*, pp. 240–45.

In 1784, the new government embraced the challenge by enacting a series of Scottish distillery laws, each aiming at more effective regulation of the rapidly growing industry. The result was the system of assessment mocked by Robert Burns, an exciseman as well as a tippler, who composed his devilish song about making “maut” and brewing “drink” free from excise supervision while on duty one cold February day, guarding a smuggling vessel stuck in shallow water in the Solway Firth,<sup>5</sup> and still condemned two hundred years later by the makers of Glenlivet malt whisky. Somehow, the actions of the British state (or, as these Scots pointedly called it, the “English government”) had, prior to 1823, driven “enterprising” manufacturers of “beloved whisky” underground and into the arms of smugglers, exacerbating the very evil that Pitt had hoped to eradicate.

This article examines how such a state of affairs came to pass. In particular, it demonstrates how, in its campaign to reduce fraud and improve revenue yields, the administration of Pitt the Younger found itself locked, first in conversation and then in conflict, with manufacturing interest groups. Indeed, a government anxious to free itself from old-style special interest politics was ironically overwhelmed by the lobbying activities of new industrial interests. In the short run, the results were disastrous for the government and the industrial interests alike. In the long run, however, both emerged from the experience considerably stronger. The producers of Glenlivet still testify to their eventual satisfaction on their bottles, while the British state ultimately freed itself from the stranglehold of competing special interests and, in the process, took an important step toward fashioning a rational, coherent economic policy.

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The revolutionary nature of Britain’s “First Industrial Revolution” has, over the last decade, been seriously undermined. The revisionist trend, now the prevailing orthodoxy, has been to lower the figures of the annual rate of industrial growth and to see the period as one of slow, sustained but unbalanced expansion.<sup>6</sup> Yet even the new school agrees

<sup>5</sup> When his superiors arrived with a company of twenty-four dragoons, Burns led the attack on the ship, the *Rosamond*. He later purchased its guns (four carronades) and sent them as a token of his republican sentiments to the French legislative assembly. Needless to say, he almost lost his job as a result of this and other political indiscretions. See *National Dictionary of Biography*, s.v. “Robert Burns”; Catherine Carswell, *The Life of Robert Burns* (London, 1930), pp. 388–89; Robert T. Fitzhugh, *Robert Burns: The Man and the Poet* (Boston, 1970), pp. 217–20.

<sup>6</sup> N. F. R. Crafts, “British Economic Growth, 1700–1831: A Revision of the Evidence,” *Economic History Review*, 2d ser., 36, no. 2 (1983): 177–99; N. F. R. Crafts, *British Economic Growth during the Industrial Revolution* (Oxford, 1985). For an example of how Crafts’s work has been embraced as the new orthodoxy, see Patrick O’Brien,

that something special occurred in the last quarter of the eighteenth century, that a few advanced industries, in particular cotton and iron, experienced rapid structural change which, in their individual cases at least, unleashed unprecedented growth. As we shall see, this privileged group may also have included some manufacturers of Scottish whisky.

Meanwhile, on the political front, John Brewer has revised our image of the eighteenth-century British state. Far from being weak and decentralized as the Whig tradition proclaims, it developed an increasingly efficient, centralized bureaucratic machine for organizing fiscal and administrative affairs and for fighting the long and expensive wars of the period. And as the century progressed, it was to industry that this machine turned for an increasing proportion of its revenue returns. By the end of the American War, the point at which Brewer ends his study, more than 50 percent of annual tax yields, or approximately £6.5 million, came from excise duties, from taxes assessed and collected during the manufacturing process.<sup>7</sup>

By studying how, in the closing decades of the eighteenth century, the subjects of these two historiographic debates came together, this article sheds new light on the role and power of the British state on the eve of its political and economic transformation from a “fiscal-military” to a laissez-faire establishment.<sup>8</sup> For there is no denying that economic, and in particular industrial, changes placed new demands on the British state, while its external policies, in particular its wars, placed new demands on the economy. In theory, this should not have caused any trouble; expanding industrial output would presumably increase revenue yields. Yet, as Patrick O’Brien has demonstrated, there was nothing natural about the swelling of Britain’s tax coffers. Indeed, revenue returns grew at a rate far exceeding economic expansion, the product of “*extra* taxation” derived from new taxes and increases in existing ones.<sup>9</sup> Politicians therefore faced some very difficult choices in their quest for money, choices

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Trevor Griffiths, and Philip Hunt, “Political Components of the Industrial Revolution: Parliament and the English Cotton Textile Industry, 1660–1774,” *Economic History Review* 44, no. 3 (1991): 395.

<sup>7</sup> Brewer, *Sinews of Power*; for the contribution of excise returns, see pp. 96–99, esp. fig. 4.3. Patrick K. O’Brien confirms these conclusions in “The Political Economy of British Taxation, 1660–1815,” *Economic History Review*, 2d ser., 41, no. 1 (1988): 9, table 4, although he includes stamp duties in his calculations of the Excise, classing them together as indirect duties levied on domestic productions and services. For the five-year period centering on 1780, O’Brien cites an average return of £6.6 million, or 56 percent of total revenue; for 1785, £7.8 million, or 57 percent.

<sup>8</sup> This general process is the subject of Philip Harling and Peter Mandler’s important article, “From ‘Fiscal-Military’ State to Laissez-faire State, 1760–1850,” *Journal of British Studies* 32 (1993): 44–70.

<sup>9</sup> O’Brien, pp. 6–8; Brewer, p. 100.

which might have tumultuous repercussions in a particular industry, in the marketplace, and in citizens' lives.

For much of the eighteenth century, economic legislation was more the result of special interest lobbying than government policy. As a recent study of parliamentary legislation affecting the cotton trade laments, early eighteenth-century ministers of the crown "never pretended to formulate anything recognizable as an industrial policy." Their private papers have been combed and reveal "no interest in economic policy even among ministers charged with dealing with trade and business." To the contrary, when they did dabble in industrial affairs, these ministers appear to have had immediate political goals at heart.<sup>10</sup> Things began to change by the end of the century, and much has been made of the influence of free trade ideas on Shelburne and Pitt, and in particular Pitt's explicit homage to Adam Smith in his famous budget speech of 1792.<sup>11</sup> Still, Boyd Hilton maintains, "British governments in the late eighteenth century made no attempts to control the spontaneous and uncoordinated processes known as the 'first Industrial Revolution.' Helpless in the teeth of gale-force growth, they did not know whether they should be putting the vessel back to port or letting her loose on an ocean of change, and rather than navigate the economy they eagerly endorsed the new ideas of *laissez-faire* and a minimum state."<sup>12</sup> Yet letting go of the tiller and refusing to navigate in the midst of the storm was dangerous business, especially where the security of tax receipts were concerned. Pitt and his associates recognized this. When they ultimately embraced a program of free trade with respect to the Scottish distilleries, they acted not out of desperation but out of a commitment to elevating state policy above the fray of special-interest lobbying. The problem was that at the very moment that the politicians and bureaucrats, aware of the state's changing character and responsibilities, desired to free it from external pressures, industrialists, proud of their increasing economic importance, sought a hand in influencing its affairs. In the case of the Scottish distill-

<sup>10</sup> O'Brien, Griffiths, and Hunt, p. 416, n. 92.

<sup>11</sup> *The Parliamentary Register; or History of the Proceedings and Debates of the House of Commons*, ed. John Debrett, 45 vols. (London, 1780–96), 31:216. For various interpretations of the influence of free trade ideas on Shelburne and Pitt, see John Norris, *Shelburne and Reform* (London, 1963), pp. 32, 36–38, 82, 262, 280–81; Ehrman (n. 1 above), pp. 66, 86, 95, 132, 167, 277, 336, 483, 511–12; Bernard Semmel, *The Rise of Free Trade Imperialism* (Cambridge, 1970), pp. 30–44; and Vincent T. Harlow, *The Founding of the Second British Empire: I. Discovery and Revolution* (London, 1952). Michael Fry illuminates Smith's long acquaintance with Henry Dundas, crediting the latter with bringing the philosopher's ideas into the political mainstream, in *The Dundas Despotism* (Edinburgh, 1992), pp. 62–65, 141.

<sup>12</sup> Boyd Hilton, *Corn, Cash, and Commerce: The Economic Policies of the Tory Governments, 1815–1830* (Oxford, 1977), p. vii.

eries, we can trace how those administrators, initially overwhelmed by the manufacturers, ultimately reclaimed the initiative in economic policy formulation.

The years that followed Pitt's taking office were marked by great experimentation and change. Pitt attacked the problem of state finances on two fronts. On the one hand, he committed himself to debt redemption and the creation of a new Sinking Fund. On the other, he set about reorganizing the tax structure with an eye to increased efficiency and higher yields from existing taxes. As early as September of 1785, an ebullient Pitt could boast that "the produce of our revenues is glorious, and I am half mad with a project which will give our supplies the effect almost of magic in the reduction of the debt." The fund he envisioned, Pitt promised his reform-minded friend, William Wilberforce, "will be at least new and eccentric enough to satisfy your constant call for *something out of the common way*."<sup>13</sup> In fact, however, Pitt's reputation as a fiscal reformer lay less in the original inspiration behind his programs, most of which dated to earlier ministries and investigatory commissions, than in his ability to orchestrate their long-awaited and simultaneous administration.

Sir Robert Walpole's Sinking Fund, established in 1716, was of course still in effect, but for most of the century it had been plundered by ministers, including Walpole himself, in times of need.<sup>14</sup> Lord North had succeeded in applying some surplus revenue to debt redemption, but his efforts were relatively piecemeal and naturally interrupted by the outbreak of the American War, while Shelburne's reform ideas never had time to come to fruition. It remained therefore for Pitt to embrace the challenge of resurrecting and institutionalizing the original purpose of the fund.<sup>15</sup> "The wished for day" arrived on March 29, 1786, when Pitt finally moved in the Commons for the introduction of a plan to appropriate £1 million in surplus revenue annually for the exclusive purpose of purchasing shares of government stocks. "All despondency and gloomy fear," he proudly proclaimed, "may be laid aside, and our pros-

<sup>13</sup> Pitt to Wilberforce, September 30, 1785, *The Correspondence of William Wilberforce*, ed. Robert I. Wilberforce and Samuel Wilberforce, 2 vols. (London, 1840), 1:9.

<sup>14</sup> Walpole declared the unhampered operation of his Sinking Fund a "fundamental law" never to be broken, only to be the first chancellor of the Exchequer to so break it. Paul Langford, *Public Life and the Propertied Englishman, 1689–1798* (Oxford, 1991), p. 155; Brewer (n. 3 above), p. 123.

<sup>15</sup> Ehrman, *Younger Pitt*, pp. 260–63; E. L. Hargreaves, *The National Debt* (London, 1930), pp. 91–107; J. E. D. Binney, *British Public Finance and Administration, 1774–92* (Oxford, 1958), pp. 110–12.

pects brightened with joy and hope.’’<sup>16</sup> Indeed, unlike Walpole’s fund, Pitt’s was meant to be inviolable: the only way to interrupt the proper flow of funds was by parliamentary statute, but this, Pitt believed, no politician would dare to do.<sup>17</sup>

Meanwhile, on the tax front, the Commutation Act was followed by a host of revenue reforms designed to improve the procedures for detecting and punishing tax frauds. In 1786, the government delegated the management of problematic customs duties, most notably those on wine and tobacco, to the more efficient Excise Office, while the next year it put another old reform idea into practice with the consolidation of duties. Over the course of the century, as new taxes had been levied to back new loans, a single imported good might come to have been subjected to as many as fourteen separate customs duties, all payable into different accounts. Although it was technically the merchant’s responsibility to make the necessary computations, the task grew so complicated that most opted to hire customs officers to do the job for them. Merchants thus became the officers’ personal ‘‘clients,’’ paying (or bribing) them generously and thus undermining the officers’ loyalty to their primary employer—the state.<sup>18</sup> The antidote to this fraud-infested system, the consolidation of all customs duties, was, as Pitt confessed on introducing his bill, so obvious that ‘‘it was more difficult to account for its having been delayed so long, than to prove the propriety of now adopting it.’’ Even the Opposition agreed,<sup>19</sup> and once in operation the Consolidation Act transformed the Customs, according to its historian, into a ‘‘modern’’ government service.<sup>20</sup> Other departments followed suit, for while abuses might have been most pronounced in the Customs, they were by no means unique to that office.

Equally important to Pitt’s agenda were changes in what might be called the governing temperament. From the start, the Pittites sought to place the state above the fray of special interest brokering, to distance

<sup>16</sup> *The Parliamentary Register*, 21:4, 29–31. Pitt’s Sinking Fund was enacted under 26 Geo. III c. 31.

<sup>17</sup> Binney, pp. 114–15.

<sup>18</sup> George Tomline, *Memoirs of the Life of the Right Honorable William Pitt*, 2 vols. (Philadelphia, 1821), 2:14; *The Parliamentary Register*, 21:329–30.

<sup>19</sup> *The Parliamentary Register*, 21:328, 334–36. In fact, a Commissioner of Customs had recommended the consolidation of customs duties in 1756, a recommendation that was echoed by a Select Committee of the House of Commons and the Commissioners for Examining the Public Accounts in 1782 and 1785, respectively. Elizabeth R. Hoon, *The Organization of the English Customs System, 1696–1786* (New York, 1938; reprint, London, 1968), p. 249; Ehrman, pp. 270–71.

<sup>20</sup> Hoon, *English Customs System*, p. 4.



it from those groups that had traditionally manipulated it to their own ends. This effort took many, and often extremely symbolic, forms. Pitt, for example, passed up in January 1784 the very lucrative sinecure Clerkship of the Pells. Precedent, not to mention his own pecuniary straits as a younger son, dictated that Pitt should have taken the post, worth £3,000 per annum, for himself. Instead, he awarded it to Isaac Barré in lieu of the pension of £3,200 given to the veteran MP by the Rockingham Whigs. This was a dramatic gesture at the beginning of a still vulnerable career: the state coffers were spared the expense of Barré's original and much criticized pension, while, as John Ehrman has pointed out, "a man of small private income for once refused to profit from public funds."<sup>21</sup> Demonstrating his willingness to live, and even to suffer, according to the precepts that he preached, Pitt thus wed his theory of economical reform to practice. "We cannot more truly serve our Country," wrote Lord Effingham to Christopher Wyvill, "than by serving a man who, tho' not in affluent circumstances, is capable of giving so solid a proof of his disinterested generosity & integrity."<sup>22</sup>

Pitt's appeal rested, however, on more than his "generosity," "integrity," and the self-sacrifice from which, according to Lord Effingham, they derived. He also acquired a reputation as a workaholic, a statesman for whom the bureaucratic work of government was all-consuming. Legend has it that Pitt died at age forty-seven, the victim of his own industriousness. Some would add to the cause of death the "compensatory drinking" which accompanied all that work, but this perhaps enhanced the image.<sup>23</sup> Austere William Pitt thus became a model for successive generations of politicians,<sup>24</sup> bringing what Linda Colley has recently identified

<sup>21</sup> Earl Stanhope, *Life of the Right Honourable William Pitt*, 3d ed., 4 vols. (London, 1867), 1:178; Ehrman (n. 1 above), p. 152.

<sup>22</sup> Effingham to Wyvill, January 16, 1784, Christopher Wyvill, *Political Papers, Chiefly Respecting the Attempt of the County of York and Other Considerable Districts, . . . to Effect a Reformation of the Parliament of Great-Britain*, 6 vols. (York, 1794–1902; reprint, Ann Arbor, Mich., 1975), 4:357.

<sup>23</sup> Linda Colley, *Britons: Forging the Nation, 1707–1837* (New Haven, Conn., 1992), p. 151. For a glowing contemporary account of Pitt's industriousness, see William Wilberforce's "Sketch of Pitt," in *Private Papers of William Wilberforce*, ed. A. M. Wilberforce (London, 1887), pp. 45–81; for its contribution to his early death, see Tomline, 1:12. On the subject of Pitt's drinking, which became noticeably heavy in the 1790s and was attributed by many of his friends to his association with Henry Dundas, see Ehrman, pp. 584–86.

<sup>24</sup> This list includes the "Pittites," political protégés like Canning and Peel, and others, like Gladstone, who more generally sought to emulate his governing style. Even Newt Gingrich might be added to this list, for in an extraordinary (and somewhat befuddled) search for revolutionary-conservative progenitors in the early months of his leadership of the U.S. House of Representatives, he too seized on the image of Pitt. See "Capital's Virtual Reality: Gingrich Rides 3d Wave," *New York Times* (January 11, 1995); and

as the “cult of heroism,” so exquisitely engineered by flashy Lord Horatio Nelson in the military sphere, to statesmanship as well.<sup>25</sup> In Pitt’s case, the cult flourished after his death in 1806 in Pitt Clubs, like that founded in Manchester in 1812 to celebrate “the Birth-Day of that great, patriotic and illustrious Statesman.”<sup>26</sup> One of the Pitt Club anthems, written by George Canning in 1802 and aptly entitled “The Pilot Who Weathered the Storm,” is an extraordinary hymn to Pitt’s heroic commitment and resulting political achievement:

And shall not his memory to Britons be dear,  
Whose example all nations with envy behold,  
A statesman unbiased by interest or fear,  
By power uncorrupted, untainted by gold.<sup>27</sup>

Of course Canning’s account of a disinterested, incorruptible statesman was not universally accepted. Many of his contemporaries found “The Policy of Virtue” attributed to “our immaculate *reforming* young Minister” and “his Juvenile Associates” hypocritical, even revolting.<sup>28</sup> Reform-minded programs often fell by the wayside in the name of political expediency,<sup>29</sup> while administrative efforts and Pitt’s personal example aside, sinecures were by no means eradicated.<sup>30</sup> Yet what is clear from the pointed attacks of Pitt’s critics is that, especially in the early days

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Adam Gopnik, “Man of the Moment Pitt the Younger: Newt’s New Hero?” *New Yorker* (January 23, 1995), p. 27.

<sup>25</sup> Colley, pp. 182–90.

<sup>26</sup> Records of the Manchester Pitt Club, 1813–31, Manchester Central Library MS FF 367 M56.

<sup>27</sup> A manuscript copy of Canning’s song was found among William Wilberforce’s papers by their editor, A. M. Wilberforce, and reproduced in his *Private Papers of William Wilberforce*, pp. 79–80. Colley, too, quotes from the song (pp. 189–90), a copy of which she discovered in the minutes of a later Pitt Club.

<sup>28</sup> *Public Advertiser* (August 6, 1784; March 19, 1785). For a rather rude expression of such sentiments, see the 1786 song “Billy’s Too Young to Drive Us,” in Charles Morris, *Political and Other Songs*, 15th ed. (London, 1798), p. 7.

<sup>29</sup> The fate of the Commission of Fees offers a telling example. See John R. Breihan, “William Pitt and the Commission on Fees, 1785–1801,” *Historical Journal* 27, no. 1 (1984): 59–81; Binney (n. 15 above), p. 17.

<sup>30</sup> To the contrary, 250 men and women remained their happy beneficiaries in 1810, not to mention the many others who enjoyed pensions, fees, and other emoluments, all fuelling the radical critique of “Old Corruption.” See Colley, p. 188; W. D. Rubinstein, “The End of ‘Old Corruption’ in Britain, 1780–1860,” *Past and Present*, no. 101 (1983), pp. 55–86. Philip Harling’s “Rethinking ‘Old Corruption,’” *Past and Present*, no. 147 (1995), pp. 127–58, places the subject in an important perspective. For a discussion of some senior Pittites’ reluctance, especially marked during the war years, to follow their leader’s personal example, see Philip Harling, *The Waning of ‘Old Corruption’: The Politics of Economical Reform in Britain, 1779–1846* (Oxford, 1996).

of his ministry, the cultivated image of disinterested government emerged as a potent political force.

Moreover, whether true or apocryphal, Pitt's lauded combination of administrative devotion and personal disinterestedness, and his ability to rise above the normal fray of political life, had a very real consequence. For it enabled the traditional, patrician system of government to survive in the closing decades of the eighteenth century by associating itself with a new professionalism and moral probity.<sup>31</sup> In part due to his patriotic ancestry (he was, after all, the beneficiary of "the name and recollections which attached to the great Earl of Chatham's son"),<sup>32</sup> in part due to his youth and the aura of innocence which he brought to office, in part due to his remarkable fiscal and political skills, in part due to his willingness to open government service to some new "men of talent," and in part due to his desire to keep insiders and favor seekers at bay as he began breaking down some of the old alliances between vested interests and the state<sup>33</sup>—for all these reasons, Pitt's early ministry projected the image of one dedicated to increasing the efficiency of government, a welcome message in the wake of the humiliating and expensive loss of the American colonies.

Yet in instituting some of its reform policies, the Pitt government ran head-on into knots of special interest groups. At the very moment that it sought to make the state more autonomous and responsible, to free it from interest politics, sectional groups demanded its ear. Clearly, the East India Company benefitted from the Commutation Act's attack on the trade in smuggled tea; that its merchants and accountants assisted the ministry in designing the new law came as no surprise. In other cases, however, the government's very reform proposals actually encouraged the creation of new lobbies and interests. Nowhere was this more pronounced than in industry, and in the new, capital-intensive industries in particular. So vociferous and ultimately disruptive did their lobbying efforts prove that Pitt and his associates came to recognize that a new system for the formulation of economic policy was also in order, one

<sup>31</sup> Colley, p. 191. This important point is also made by Harling.

<sup>32</sup> Henry B. Wheatley, ed., *The Historical and the Posthumous Memoirs of Sir Nathaniel William Wraxall, 1772–1784*, 5 vols. (New York, 1884), 4:100.

<sup>33</sup> This was certainly the case of those who had formerly floated government loans and managed government contracts. One of Pitt's first acts was to extend plans already afoot under North and Shelburne to free loans and contracts from government patronage and to open them to competitive bidding. In 1784, only sealed bids were accepted for a new loan, while Treasury clerks seeking advance information for their friends about an upcoming budget were, apparently for the first time, turned away empty-handed. See Ehrman (n. 1 above), pp. 257–58; Binney, p. 279; Henry Roseveare, *The Treasury: The Evolution of a British Institution* (New York, 1969), pp. 123, 128.

more in keeping with their own emphasis on disinterested, even virtuous, government. Indeed, through the government's often torturous dealings with the Scottish distilleries over questions of taxation, we can trace the gradual emergence of a bureaucratic commitment to a coherent theory of regulation. A program of fiscal rationalization which began with the conventional intentions of improving revenue returns and eradicating smuggling came to involve efforts to make the whole system less susceptible to special interest brokering. In other words, the state's agenda shifted from trying to reform the old system to trying to create a wholly new one; freer competition in the marketplace emerged as the ultimate goal, but for the least expected of reasons.

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The late eighteenth-century distillery industry defies simple characterizations. In the south of Scotland, or Lowlands, distilling was a relatively new enterprise. "For many Years previous to 1776," reported the Scottish Commissioners of Excise, "the Business of Distillation in Scotland does not appear to have been carried on to any great Extent."<sup>34</sup> By the early 1780s, however, a handful of Lowland producers were establishing new plants at an unprecedented pace. Not only were these distilleries Scotland's largest manufactories to date, but their operation proved both capital intensive and technologically sophisticated. That established by James Stein at Kilbagie in the parish of Clackmannan cost over £40,000 in buildings and equipment alone, employed three hundred workers, and fattened 7,000 heads of cattle and 2,000 pigs on spent grains. Goods flowed in and out of Kilbagie on a canal of the same name, dug in 1780 and connecting the distillery with the nearby wharf at Kennetpans on the Forth River. There Stein's brother John constructed a plant of his own, which compensated for its slightly smaller size with a Boulton and Watt steam engine, reportedly the first employed in Scotland.<sup>35</sup> The harmonious coexistence of livestock pens, canal terminus, and steam engine on one site serves as a graphic reminder of how enterprising

<sup>34</sup> "Return by the Commissioners of Excise in Scotland, respecting the general Mode of carrying on the Survey on Distillery, from 1776 to 1786," in *Report Respecting the Scotch Distillery Duties* (hereafter *Distillery Report*) (London, 1798), app. 25, p. 379.

<sup>35</sup> Isabel Ann Glen, "An Economic History of the Distilling Industry, Scotland: 1750–1914" (Ph.D. diss., University of Strathclyde, 1969), pp. 37–38; Sir John Sinclair, *The Statistical Account of Scotland*, 21 vols. (Edinburgh, 1791–99), 14:623–26; minutes of evidence taken before a committee of the whole House, examination of Alexander Fairly, February 5, 1788, *Distillery Report*, app. 21, pp. 368–69; Michael S. Moss and John R. Hume, *The Making of Scotch Whisky: A History of the Scotch Whisky Distilling Industry* (Edinburgh, 1981), pp. 38–39, 45. The following discussion, as the notes will indicate, is especially indebted to the work of Drs. Moss and Hume.

manufacturers, applying capital and new technology to an old, agricultural industry, transformed it overnight. Indeed, the “great distillers,” as the Steins and their intimate circle fondly referred to themselves,<sup>36</sup> producing with an eye to London where Scottish spirits were rectified into gin for sale in the English market, hoped to transform Lowland distilling into a thriving export industry. Only 2,034 gallons of Scottish spirits were legally landed in England in the revenue year ending July 5, 1777. Four years later, however, Scottish annual shipments to England had soared to just under 100,000 gallons. Growth continued at an extraordinary rate: by the eve of Pitt’s distillery reforms, annual exports had exceeded 400,000 gallons, and the great Lowland distillers had triggered a trade war, replete with price cutting, sabotage, and political intrigue, between themselves and a second elite corps of distillers, those based in London and formerly enjoying a monopoly of the English trade.<sup>37</sup>

Meanwhile, in the north of Scotland, or Highlands, distilling took place on a much smaller scale.<sup>38</sup> There whisky production was a secondary agricultural activity, pursued in the late autumn, winter, and early spring when there was no harvesting or sowing to be done and potentially employing the entire family. It was, in other words, the perfect cottage industry, one which had the additional advantage of providing a ready use for poor quality grain that could find no alternative markets and in which virtually all elements of this rural society were involved. “Gentlemen and reputable Farmers” kept stills under ten gallons in size for private use, their wholesome spirits bolstering “Health and Comfort” in

<sup>36</sup> It was, to a certain extent, a family business, with four of John Stein’s grandsons, James, John, Robert, and William Haig, all establishing businesses in Edinburgh and Fife. The Haig daughters, too, did not stray far from the fold, one marrying a prominent Scottish distiller and the other the founder of Jameson’s Irish Whisky. Establishments with no connections to the Steins were also constructed which, if not truly “great” (many were instead referred to as “middle-class”), nonetheless operated on impressive and relatively unprecedented scales. In 1797, when the Lowland distillers gathered for a meeting at the Royal Exchange Coffee-House in Edinburgh, the Steins and Haigs were joined by nineteen fellow producers or their representatives. See James Laver, *The House of Haig* (Markinch, 1958); Moss and Hume, pp. 38–39; minutes of a meeting of the Lowland distillers, August 9, 1797, *Distillery Report*, app. 44, p. 471.

<sup>37</sup> “Account of the Total Quantities of British Spirits, permitted from Scotland into England . . .,” *Distillery Report*, app. 35, p. 431; Moss and Hume, p. 41.

<sup>38</sup> One famous exception to this rule existed at Ferintosh, where, in compensation for the devastation of his estate by Jacobite rebels, Duncan Forbes of Culloden had obtained an exemption from excise duties. In the early 1780s, Ferintosh sported a distillery capable of producing over five thousand gallons of spirits every six months and stocked a London warehouse. Pitt’s reform program abolished the Ferintosh exemption, but only after awarding the Forbes family £20,000 for its loss. M. Mowat, *Easter Ross, 1750–1850: The Double Frontier* (Edinburgh, 1981), pp. 58–59.

the harsh Highland climate. Tenants who paid their rents in cash were often compelled to turn their barley into whisky in order to meet their financial obligations, while a few, following an arrangement that dated back to the seventeenth century, simply paid their rents in aqua vitae, the water of life, as whisky was traditionally called.<sup>39</sup> So extensive was the activity that the parish of Tiry in the county of Argyll, which sported at least thirty stills in the 1780s, was less the exception than the rule. Indeed, Tiry's stills operated despite the efforts of that most zealous of improving landlords, the fifth duke of Argyll, who in 1771 had declared "crushing distillery" on his Tiry estates as a top priority in his instructions to his chamberlain.<sup>40</sup>

The last major player in the distillery story, save the ministers of state, was their bureaucratic arm in Edinburgh, the Scottish Excise Office. Seeking to improve their management of the distilleries long before Pitt took office, the Scottish Commissioners of Excise had convinced the North administration in 1779 and 1781 of the importance of new laws to meet both the expanding level of production and the temptation of fraudulent behavior.<sup>41</sup> The resulting increase in legal distillation necessitated better assessment procedures, and in 1780 excise officers were appointed with the specific and exclusive purpose of executing the new distillery statutes. Turning their reforming zeal inward, the commissioners next banned young and inexperienced officers from employment in the distillery divisions, while placing even those deemed capable of the complicated business under stricter scrutiny by supervisors and collectors.<sup>42</sup> Of course complaints about excise corruption remained common-

<sup>39</sup> Examination of the Rev. George Keith, April 23, 1798, *Distillery Report*, app. 1, p. 61; "Report of the Board of Excise in Scotland respecting distilling in the Highlands," March 31, 1781, *Distillery Report*, app. 22, pp. 372, 375; David Daiches, *Scotch Whisky: Its Past and Present* (London, 1969), p. 34; Eric R. Cregeen, ed., *Argyll Estate Instructions: Mull, Morvern, Tiree, 1771-1805* (Edinburgh, 1964), pp. 16, 32-33; T. M. Devine, "The Rise and Fall of Illicit Whisky-Making in Northern Scotland, c. 1780-1840," *Scottish Historical Review* 54, no. 158 (1975): 156.

<sup>40</sup> Sinclair, *Statistical Account*, 10:397-98; Cregeen, ed., p. 2. Although David Turnock argues that the Highland preoccupation with distilling as a "traditional" activity was an invention of the late eighteenth century and that, until this time, "distilling in the Highlands was not particularly widespread" (*The Historical Geography of Scotland since 1707: Geographical Aspects of Modernisation* [Cambridge, 1982], p. 98), those Highland regions that were to become "the important foci of production" were, as T. M. Devine suggests (p. 156), already well on their way by midcentury.

<sup>41</sup> Two statutes (19 Geo. III c. 50 and 21 Geo. III c. 55) resulted, the first limiting and the second abolishing the operation of unentered (or untaxed) "private stills."

<sup>42</sup> "Return by the Commissioners of Excise in Scotland, respecting the general Mode of carrying on the Survey on Distillery, from 1776 to 1786," *Distillery Report*, app. 25, pp. 379-82.

place, and the efficiency which characterized the English Excise Office was less marked in Scotland and other “peripheral” zones.<sup>43</sup> Yet clearly the Scottish commissioners recognized the distilleries as a trouble spot and demonstrated considerable initiative in addressing it.

These were the professionals to whom fell the responsibility for implementing successive pieces of legislation introduced by the Pitt government for the better regulation of the Scottish distilleries (see table 1). In the face of such tinkering, the excisemen could not help but conclude, as one commissioner complained in 1796, that these legislative “experiments” were proceeding too slowly and meeting with too little success.<sup>44</sup> They had long been of this opinion; for while they shared the government’s commitment to rationalizing the Excise, to bringing to it greater order and efficiency, these experts in the field believed that the politicians were going about it the wrong way. Indeed, the villains of Burns’s poem were to prove themselves rather accomplished political economists by the time the experiments were completed, some of them grasping the essence of *laissez-faire* long before the politicians whose laws they implemented.

On some levels, the Pitt administration’s interest in the distilleries was unremarkable if not predictable. Excise duties “will lie most justly upon wines, tobacco and strong waters” declared Sir Christopher Pack already in 1657.<sup>45</sup> In the late eighteenth century, alcohol, like tobacco, numbered among the few “eligible and widely approved objects of taxation,” possessing the dual advantages of extensive consumer markets and status as a luxury rather than a necessity.<sup>46</sup> Even whisky, although viewed by many to be “an article of almost necessary consumption in Scotland,” was deemed a legitimate object of taxation “for the sake of health, morals, and the industry of the people, as well as for the benefit

<sup>43</sup> So argued Walter Stanhope in the House of Commons on April 19, 1790, on “observing the small return of the Excise duties in Scotland.” Stanhope “had always understood, that in England the Excise was the best collected system of taxes in the country, and in Scotland, . . . he feared it was the worst.” This comparative indictment did not, however, take account of Scotland’s smaller population and industrial base, points which the Scottish excise officials made in their own defense. *The Parliamentary Register*, 27:466–67; Commissioners of Excise to Henry Dundas, May 4, 1790, National Library of Scotland, Melville Papers MSS 14, fols. 86–89. On the difficulties attending excise collection on the periphery, see Thomas P. Slaughter, *The Whiskey Rebellion: Frontier Epilogue to the American Revolution* (Oxford, 1986), pp. 12–13.

<sup>44</sup> James Stodart to [Henry Dundas], November 28, 1797, Public Record Office (PRO), Chatham Papers PRO 30/8/318, fols. 217–19.

<sup>45</sup> Quoted in Edward Hughes, *Studies in Administration and Finance, 1558–1825* (Manchester, 1934; reprint, Philadelphia, 1980), p. 124.

<sup>46</sup> O’Brien (n. 7 above), p. 13.

TABLE 1  
SCOTTISH DISTILLERY DUTY RATES

	Lowlands	Highlands
November 1784–July 1786	5 <i>d.</i> wash duty <sup>a</sup>	£1 license duty <sup>b</sup>
July 1786–July 1788	£1 10 <i>s.</i> license duty <sup>c</sup>	£1
July 1788–July 1793	£3	£1
July 1793–October 1795	£9	£1 10 <i>s.</i>
October 1795–December 1796 <sup>d</sup>	£18	£2 10 <i>s.</i>
December 1796–July 1797	£54	£2 10 <i>s.</i>
July 1797–July 1799	£54	£9; £6 10 <i>s.</i> <sup>e</sup>
July 1799–November 1800	£54+ <sup>f</sup>	£9; £6 10 <i>s.</i> + <sup>g</sup>
November 1800	£108+ <sup>h</sup>	£6 10 <i>s.</i> + <sup>i</sup>
	6 <i>d.</i> spirit duty	6 <i>d.</i> spirit duty
	2.5 <i>d.</i> wash duty	

SOURCES. — *The Statutes at Large of England and of Great Britain*, 20 vols. (London, 1811); and *Report Respecting the Scotch Distillery Duties* (London, 1798), app. 2, pp. 184–85; app. 6, p. 255.

NOTE. — Duty rates have not been adjusted for inflation.

<sup>a</sup>The Lowlands were assessed at a rate of 5*d.* per gallon of fermented wash.

<sup>b</sup>In lieu of the Lowland wash survey, Highland distillers paid an annual licence fee, assessed at £1 per gallon of cubic still capacity.

<sup>c</sup>The Lowlands switched to the license system (although at a higher rate).

<sup>d</sup>Due to the scarcity of grain, all distillation was prohibited in Scotland from September 7, 1795, to October 26, 1796.

<sup>e</sup>The Highlands were divided into two districts. An intermediate zone was established next to the Lowlands with a license fee of £9. Above this tract, the Highland rate was increased to £6 10*s.*

<sup>f</sup>To inhibit tax evasion by rapid distillation, a duty of 2*s.* 6*d.* was charged on each gallon of “surplus spirits” (i.e., those produced beyond a given still’s legitimate yield) and 2*s.* per gallon deficiency.

<sup>g</sup>Surplus and deficient spirit duties were imposed, as in the Lowlands.

<sup>h</sup>The surplus duty was raised to 3*s.* per gallon; the deficient spirit duty lowered to 6*d.* per gallon. Meanwhile, a new duty of 6*d.* was imposed on every gallon of spirits produced, and the Lowland wash duty was reintroduced at a rate of 2.5*d.*

<sup>i</sup>The intermediate zone was abolished. Like the Lowlands, the Highlands were now subject to a spirit duty and new rates for a given still’s surplus or shortfall. As in 1784, however, the Highlands were spared the new wash duty.

of the Revenue.”<sup>47</sup> Governments in search of additional revenue consequently turned almost by reflex to spirits. Yet high duties invited fraud, and “so excessive was the taxation to which spirits were subjected”

<sup>47</sup> “Report from the Select Committee on Petitions complaining of the additional Duty on Malt in Scotland,” evidence of Woodbine Parrish, May 1821, *Parliamentary Papers* (1821), 8:256; “Two Reports of Woodbine Parrish, Esquire, Chairman of the Board of Commissioners in Scotland, on the Subject of Illicit Distillation in Scotland,” April 25 and May 24, 1816, *Parliamentary Papers* (1816), 8:400. Beer of course was the quintessential taxable necessity, providing (with malt) one-quarter of national revenue returns in the mid-1730s and almost a half in the late 1780s and sparking considerable consumer and industrial protest over the years. Peter Mathias, *The Brewing Industry in England, 1700–1830* (London, 1959), pp. 355–61; William Kennedy, *English Taxation, 1640–1799: An Essay in Policy and Opinion* (London, 1913), pp. 53–54; Slaughter, *Whiskey Rebellion*, p. 12.



toward the end of the American War, as the preeminent nineteenth-century authority on British taxation explained, “that the effect was to increase enormously illicit distillation.”<sup>48</sup> This was especially true in Scotland, where technological advances had rendered outdated the assessment and collection system currently employed, a complicated set of surveys made at three different stages in the production process. A contemporary historian of Edinburgh reported in 1779 that the city sported eight legal distilleries and over four hundred illegal ones. The Commissioners of Excise confirmed the trend, albeit not the actual figures, adding that even “those Distillers who pay the largest Annual Amount of Duties” also regularly defrauded the revenue. Edinburgh’s problems proved minor, however, compared to those of the remote counties of the north where, as on the Island of Islay which had no excise officer, production flourished unregulated and untaxed. Although 1,121 illicit stills were confiscated in the Highlands in 1782, an estimated twenty thousand more remained in operation. A two-pronged reform program was clearly in order, one which both lowered distillery duties as a disincentive for fraud and altered assessment and collection procedures to better regulate production.<sup>49</sup>

The opportunity was not lost on distillers, especially the capitalist distillers, who rushed to advise the politicians about the “true” state of their trade, according, that is, to their particular perspectives. All legitimate producers naturally embraced the notion of lowering duties,<sup>50</sup> but there the unanimity of opinion ended, for the London distillers strove to hamper the sale of Scottish spirits in England, while the Lowlanders sought equal access to the southern market.<sup>51</sup> Technically, the Lowlanders’ wish was granted; the Wash Act of 1784,<sup>52</sup> the first of Pitt’s efforts

<sup>48</sup> Stephen Dowell, *A History of Taxation and Taxes in England From the Earliest Times to the Present Day*, 3d ed., 4 vols. (London, 1884; reprint, New York, 1965), 4:180.

<sup>49</sup> H. Arnot, cited in Glen (n. 35 above), pp. 30–31, 68; *Second Report from the Committee Appointed to Enquire into the Illicit Practices Used in Defrauding the Revenue* (London, 1784), pp. 36–37; “Report, by the Commissioners of Excise in Scotland, to the Committee of the House of Commons, appointed in the Year 1783 . . .,” *Distillery Report* (n. 34 above), app. 28, p. 401; “Account of illegal Stills seized and condemned in Scotland . . .,” *Distillery Report*, app. 36, p. 432; Devine (n. 39 above), p. 155, n. 1.

<sup>50</sup> For petitions from the London and Lowland distillers, see *Journal of the House of Commons* (1784), 34:835–36, 974. The Lowland Distillers also sent their “Plan by the Scotch Distillers for Regulating the Distillery” directly to Pitt, PRO, Chatham Papers PRO 30/8/319, fols. 13–15.

<sup>51</sup> *The Corn Distillery Stated to the Consideration of the Landed Interest of England* (London, 1783), esp. pp. 11–13, 23; “Observations upon a Plan for the better Regulation of the Distillery, proposed by the Malt Distillers in London,” PRO, Chatham Papers PRO 30/8/296, fols. 155–59.

<sup>52</sup> Act 24 Geo. III c. 46.

to reform the Scottish distillery tax laws, simplified and standardized excise procedures between the Scottish Lowlands and England. Lowland distillers would now be taxed according to a regular survey of their wash, the fermented product of the first stage of distillation, the same method imposed on the London-based industry.<sup>53</sup> Indeed, the only legislative distinction remaining between the two areas was an obligation for Lowland distillers producing for the English market to notify the authorities before commencing operations.

The Lowland distillers were far from pleased, however, with the means by which this equality was achieved, the Wash Act extending to their factories the assessment procedures used in England and authorizing excisemen to enter distilleries at any time of day or night to check production levels. This inconvenience they considered particularly oppressive in light of their Highland neighbors' exemption from it, for wholly different provisions were made under the act for taxing distillation in the Highlands. Due to the impracticality of monitoring the thousands of small stills scattered throughout the far north, distillers there paid an annual license fee—a tax on the possession of the still—in lieu of duties on their wash. The Commissioners of Excise had toyed with the idea of prohibiting altogether the use of small Highland stills on the grounds that they were the source of most illicit production, but so central was whisky to the local economy and way of life—the commissioners deeming it “an Article which [the Highlanders] cannot want, and must have in one Way or another”<sup>54</sup>—that a plan was devised instead to encourage legal production on a limited scale.<sup>55</sup>

The Highland-Lowland divide thus became a statutory reality with the passage of the Wash Act, with distilling in Scotland, long recognized as two distinct processes, now officially treated as such. The Highlands' unique circumstances, both agricultural and cultural, were taken into account, while the large-scale, industrial producers in the south were subjected to more vigilant assessment practices. In fact, however, the situa-

<sup>53</sup> Assuming that one hundred gallons of wash would yield twenty gallons of spirit (of a particular proof), the government estimated that an excise duty of 5*d.* per gallon on fermented wash would generate the revenue equivalent of 2*s.* 1*d.* per gallon of whisky produced.

<sup>54</sup> “Report by the Commissioners of Excise in Scotland, to the Committee of the House of Commons, appointed in the Year 1783 . . .,” *Distillery Report*, app. 28, p. 402.

<sup>55</sup> In the Highlands (Orkney, Caithness, Sutherland, Ross, Inverness, Argyll, Bute, Stirling, Lanark, Perth, Dumbarton, Aberdeen, Forfar, Kincardine, Banff, Nairn, and Moray) licenses were paid at a rate of £1 per gallon of a still's cubic capacity, and distillers were exempt from payment of the malt tax. Meanwhile, to prevent abuses of this special arrangement, the Wash Act prohibited Highland stills larger than twenty gallons, limited their number, required they use only local grain, and instituted heavy fines for all violations.

tion proved to be not quite so simple, for the government's reforms significantly altered the relationships between various sectors of the distillery industry, between the Lowland and London distillers, on the one hand, and the Lowland and Highland distillers, on the other.

Complaints and demands for additional changes soon came pouring in. Highlanders demanded more generous terms for their exemption.<sup>56</sup> Meanwhile, Lowlanders, fearing competition from enterprising Highlanders who might distill beyond local needs and flood the southern market with spirits, marshalled arguments of high political principle, claiming that an exemption for one region of the country was not only unjust but even a violation of the Act of Union.<sup>57</sup> The Scottish Excise Office, whose duty it was to oversee both licensing in the Highlands and surveying in the Lowlands, agreed. The excisemen showed, from this early date on, an inclination toward legislative consistency among all parties involved—the Highlanders, the Lowlanders, and also the English producers. Their early reports suggested that a license system might suffice, if uniformly applied; so too might a survey of still contents under similar conditions. But never did they propose different methods for different geographical regions. In fact, in 1789 the Scottish Commissioners of Excise reminded the Treasury somewhat testily “that We have formerly on several occasions expressed, what is still our opinion, that there appear to us material Objections against, and bad consequences likely to arise from the introduction of a partial and local law relative to any Branch of the Revenue under our management.”<sup>58</sup>

Yet despite the similarity of their arguments, the goals of the Lowland distillers and the Commissioners of Excise proved, as we shall see, quite different, and in the end the government responded to the Lowlanders' narrow, practical objections rather than the excisemen's broader, theoretical and systemic ones. Trying to balance competing demands, to accommodate all interests involved, Pitt and his associates lost sight of their larger reform agenda. Thus, in the spring of 1785, an amend-

<sup>56</sup> No one was more upset than the Highland heritors who, while not opposed to a license system or Highland-Lowland divide per se, objected to details of the Wash Act, especially their personal liability for any distillery fines their tenants failed to pay. For expressions of the heritors' position, see the resolutions of the Justices of the Peace and Commissioners of Supply for the county of Perth in PRO, Chatham Papers PRO 30/8/319, fols. 2–6; *The Defence of the Perthshire Resolutions* (Edinburgh, 1784); and Sir James Grant to James McGregor (copy), October 25, 1784, Letter Book of Sir James Grant of Grant, Scottish Record Office (SRO) GD 248/2083, pp. 20–22. Their critics found a voice in *A Letter Upon the Distillery to the Framers of the Perth-shire Resolutions* [n.p., 1784].

<sup>57</sup> Moss and Hume (n. 35 above), pp. 44–45.

<sup>58</sup> Treasury Papers, April 9, 1789, PRO T1/667/689, p. 4.

ment was added to the Wash Act which, answering both Highland and Lowland complaints, complicated matters considerably for the Excise. Slightly larger stills were permitted in the north, but, in deference to the Lowlanders, only two were allowed per parish, and their produce was restricted to local consumption; indeed, the exportation of Highland whisky to other parts of the kingdom, where by virtue of its exemption it might undersell the local produce, was subjected to strict penalties.<sup>59</sup> Insufficiently impressed, however, a group of Lowland distillers met in Edinburgh just four days after the amendment won royal assent to launch a campaign for the extension of the Highland license system to all of Scotland. The present duties and the nature of their collection, their spokesman informed Pitt, were “tantamount to a prohibition” on Lowland distillation.<sup>60</sup>

The government responded to their cries of despair with the Lowland Licensing Act,<sup>61</sup> which established in 1786 a common assessment procedure within Scotland (eliminating the wash survey and subjecting Lowland distillers to an annual license fee) at the expense of the one only recently established between the Lowland and English distillers. In fact, the new license duty conveniently freed the Lowlanders from daily excise visits and now gave them an edge over their English rivals, still burdened by such surveys. It was with this advantage in mind that the Lowland lobbyists had manipulated the argument of the Act of Union, all the while obscuring their desire to preserve the principle of the act vis-à-vis their fellow Scots but to violate it anew vis-à-vis their English rivals.<sup>62</sup> But here the government quite literally drew (or re-drew) the line. Still recognizing that distilling in the Highlands bore little resemblance to that in the Lowlands, it preserved the Highland-Lowland divide and the Highlanders’ exemption by setting the Lowland license fee at a higher rate (£1 10s. per gallon of cubic capacity) than that levied in the north (£1 per gallon).

In just two years, three separate assessment systems were thus established, with unique collection procedures and duty rates operating in each. Scotland’s highest-ranking excise officials claimed to have “had no opportunity of being officially acquainted” with the “principles and

<sup>59</sup> Act 25 Geo. III c. 22.

<sup>60</sup> Robert Dalryell to Pitt, July 7, September 3, and December 31, 1785, PRO, Chatham Papers PRO 30/8/318, fols. 51–55, 59–63.

<sup>61</sup> Act 26 Geo. III c. 64.

<sup>62</sup> The Lowlanders, however, did not hold a monopoly on dishonorable dealings. For an account of the London distillers’ efforts to undersell Scottish spirits in the English market, to bribe port officials to harass their competitors, and to seek legislative relief on the grounds that the Lowland exporters must be engaging in illicit production, see Sinclair (n. 35 above), 14:624; Glen (n. 35 above), p. 135; Moss and Hume, pp. 45–46.

calculations” on which the latest legislation was devised. To the contrary, the working details of the Lowland Licensing Act were “settled by the Capital Distillers in England and in Scotland,”<sup>63</sup> while the government, acting as a special interest broker, dismantled some of its recent, impressive standardizing reforms, reforms which, in terms of revenue returns, appeared to have been working.<sup>64</sup>

This curious scenario raises a number of questions. Why, for example, did the politicians ignore the opinion of the Commissioners of Excise and embrace a system more idiosyncratic than the one with which they had started? Why did they listen to manufacturers who, in the words of one excise report, “finding themselves cramped in carrying on their *illegal* trade, began, by publications, meetings, memorials, and otherwise, to raise a loud, and general cry of hardship and oppression thro’ the Country, complaining that they could not carry on their business with advantage if they were so strictly looked after, and obliged to pay the full legal Duties?”<sup>65</sup> After all, as an observer scathingly remarked, “the House I believe has at present under Consideration a law for regulating the Police of London and Westminster, but I very much doubt if it would be wise in them to frame the law agreeable to the advices of the footpads and Pickpockets.”<sup>66</sup> It was an apt analogy: James Stein twice attempted to pass money to the unappreciative Solicitor of Excise, John Bonar, the second time slipping a parcel containing £500 in bank notes (which the distiller subsequently identified as “a pair of gloves”) into Bonar’s pocket at the end of a breakfast meeting; insisting it was gift and not a bribe, Stein was acquitted of charges of attempting “to corrupt, and seduce” Bonar by a jury which chose to ignore the judge’s instructions.<sup>67</sup> Moreover, Stein was not unique. The Scottish Commissioners of Excise reported that “many, if not most of these Traders” (i.e., the great Lowland distillers) had engaged in “improper Conduct, and corrupt practices.”<sup>68</sup> How, therefore, did such men, with such motives, come to play

<sup>63</sup> Treasury Papers, January 5, 1788, PRO T1/653/50, p. 3.

<sup>64</sup> Figures in Pitt’s papers reveal a marked increase in the revenue generated from the Scottish distillery duties under the Wash Act, with £60,222 returned in 1785 and £102,874 in 1786, as opposed to only £36,124 in 1783. The official statistics confirm the trend, although they are slightly higher for 1785 and lower for 1786. PRO, Chatham Papers PRO 30/8/319, fol. 29; “An Account of the Quantities of British Spirits Charged with Duty,” PRO CUST 44/5, p. 6.

<sup>65</sup> Treasury Papers, April 9, 1789, PRO T1/667/689, p. 2 (emphasis added).

<sup>66</sup> George Home to Patrick Home, June 30, 1785, SRO GD 267/1/10/73. I thank David Brown for introducing me to the Home correspondence and, more generally, for his generous assistance at the Scottish Record Office concerning the distilleries.

<sup>67</sup> *Scots Magazine* 48 (1786): 615–17.

<sup>68</sup> Treasury Papers, February 7, 1787, PRO T1/642/339, p. 3.

so prominent a role in policy formulation in a political administration so ostentatiously committed to public and private virtue?

The answers to these questions lie beyond the particular incidents and must be seen as part of several broader, political patterns. For when it came to excise taxes on industrial products, Pitt had cause to be wary of the organized resistance of industrial producers. Perhaps manufacturers' greatest complaint in the early 1780s was about the existing system of taxation which, in their opinion, was burdening (or, as they might say, oppressing) manufacturing. This was a concern cutting across otherwise seemingly insuperable regional and industrial divisions. Indeed, the desire to find "proper" modes of taxation—they favored direct taxes on land or wealth—proved the one rallying cry which could unite manufacturers throughout Britain.<sup>69</sup> Such union had already occurred in 1784, when opposition to Pitt's new excise on fustians (bleached or dyed stuffs of cotton or mixed cotton and linen) helped spawn the first national and exclusively manufacturing lobbying organization, the General Chamber of Manufacturers, and encouraged a more radical critique of the entire excise system.<sup>70</sup> Pitt repealed the much-hated fustian tax in the spring of 1785 but learned from the experience to abhor the prospect of future dealings with a united manufacturing interest. Much as he was trying to free himself and the state from the hold of older, broad-based interests, in particular the monied interest, he now sought to forestall the creation of a new united manufacturing interest, or at least to curb its admission as a full player in the game.<sup>71</sup> Clearly this involved defusing potentially inflammatory issues, such as a particular excise tax which one industrial group might try to transform into a manufacturing cause célèbre.

<sup>69</sup> For examples from the pamphlet literature, see *Manufactures Improper Subjects of Taxation* (London, 1785); John Wright, *An Address to the Members of Both Houses of Parliament on the Late Tax Laid on Fustian, and other Cotton Goods* (Warrington, 1785). For accounts of manufacturers' efforts to unite in 1784–86 against the threat of the Excise, see John Alfred Langford, *A Century of Birmingham Life*, 2 vols. (Birmingham, 1868), 1:320–22; *The Parliamentary Register*, 17:428–29; Josiah Wedgwood to Richard Lovell Edgeworth, October 3, 1785, *The Selected Letters of Josiah Wedgwood*, eds. A. Finer and G. Savage (London, 1965), p. 286; Samuel Garbett to James Watt, December 6, 1784, Birmingham Reference Library, Garbett Papers (photostat copies of original Mss.), vol. 1, fol. 122. See also Vivien E. Dietz, "Before the Age of Capital: Manufacturing Interests and the British State, 1780–1800" (Ph.D. diss., Princeton University, 1991), chap. 2, for a discussion of the movement.

<sup>70</sup> This is the subject of my unpublished paper, "Manufacturing Interest: The Fustian Industry, Taxes and the Eighteenth-Century British State," presented at the Shelby Cullom Davis Center for Historical Studies, Princeton University, November 1995.

<sup>71</sup> See his letter to William Eden on the occasion of planning a commercial treaty with France, in *The Journal and Correspondence of William, Lord Auckland*, ed. the Bishop of Bath and Wells, 4 vols. (London, 1861), 1:90–91.

The Lowland distillers stood poised to effect such a transformation and to champion such a cause. Under the Wash Act, they complained, gaugers of “indifferent character” were sent to survey them, watchmen were stationed in their distilleries around the clock, and exchequer prosecutions were threatened as a matter of course, the combined effects of which were forcing them out of business.<sup>72</sup> In agitating for an extension of the license system, they sought to simplify their daily operations and remove excisemen as much as possible from their premises. As one sympathetic pamphleteer proclaimed, “the Scottish manufacture was to be put upon the general footing of a *license-duty*, and that duty being paid, the distillery was to have no more concern with the Excise, but every man left to his own industry and his own method, which is the true way to improvement in manufactures.”<sup>73</sup> Of course whisky distillers, unlike cotton manufacturers, could not go so far as to declare their products unfit subjects for taxation—such a moral claim on behalf of spirits, they recognized, was not likely to receive favorable attention—but they could join in the manufacturing chorus against the way in which particular excise duties were assessed and collected.

The message, moreover, had considerable resonance beyond the manufacturing community. Addressing a meeting of landed gentlemen on January 11, 1786, Sir George Buchan Hepburn (a baron of the Scottish Exchequer and close associate of Henry Dundas, who also assisted the defense in James Stein’s bribery trial) declared that if the landed elite did not “make a bold Stand upon the present occasion” in support of the Lowland distillers’ cause, Scotland’s other manufactures would be similarly “cramped . . . contrary to the express words of the treaty of union” and “we would in a short time have the same Complaints from our Soap Boilers, our Starch Makers, our Candlemakers &ca &ca.”<sup>74</sup> As the guardians of the social and political order, landlords thus took the distillers’ particular complaints about the wash survey and helped to transform them into a broader argument about the pernicious effects of excise legislation on vital industries. Indeed, five years later the Scottish Excise Board remarked on the “Odium in the Country” directed against it “not only by traders immediately under Survey by our Officers, such as Brewers, Distillers &c. but some times from the landed Interest.”<sup>75</sup>

<sup>72</sup> *Scots Magazine* 48 (1786): 47–49.

<sup>73</sup> Walter Ross, *The Present State of the Distillery in Scotland* (Edinburgh, 1786), pp. 89–90.

<sup>74</sup> George Home to Patrick Home, January 11, 1786, SRO GD 267/1/4/14–16.

<sup>75</sup> Commissioners of Excise to Henry Dundas, May 4, 1790, National Library of Scotland, Melville Papers MSS 14, fols. 86–89. Perhaps the most public outcry came from brewers, who complained in the late 1780s and early 1790s that the Scottish Excise Office was not only plagued by corruption but, as result, responsible for making Scottish

Such odium was of course to be expected; from the days of the Protectorate, when excisemen were denounced as “tyrannical oppressors and *Monopolizers* of our Freedom” whose “insolent vileness, and exhausting oppressions, transcends all former ages,” to the midst of the Enlightenment, when Dr. Johnson dubbed them “wretches” responsible for “a hateful tax,” excisemen suffered the slings and arrows of popular abuse.<sup>76</sup> And nowhere was this more true than in Scotland, where the Act of Union was welcomed with a seven-year excise strike. If being British meant being taxed according to the English system, many North Britons wanted nothing to do with it, a sentiment which successive administrations indulged with special Scottish excise provisions designed, ostensibly, to protect Scotland’s weaker agricultural and industrial base.<sup>77</sup>

In seeking to reform the distillery laws, Pitt thus roused a political force far more powerful than the Lowland distillery interest or even the united manufacturing interest; in the hands of the local landed elite, the distillers’ alleged plight became a rallying cry for the Scottish interest as well. Hepburn’s invocation of the Act of Union is here instructive, for he used it, not as the distillers did to argue for legislative consistency, but to remind his audience of Britain’s commitment to encouraging Scottish industry. Of course Scottish agriculture was also at stake: it was out of fear of losing an important market for local grain, a fear which the Lowland producers masterfully exploited, that many of Hepburn’s associates resolved “that the distillers are entitled to the protection of the landed interest.” To that end, they instructed Scottish MPs to consult the Excise Office and “attend to the Lords of the Treasury in a Body,” while they applied directly to Henry Dundas themselves.<sup>78</sup>

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beer uncompetitive against English imports. See Hugh Bell, *An Impartial Account of the Conduct of the Excise towards the Breweries of Scotland* (Edinburgh, 1791).

<sup>76</sup> [Sir John Glanville], *Excise Anotomized, and Trade Epitomized* (London, 1659), pp. 5–6; Samuel Johnson, *A Dictionary of the English Language* (London, 1755; reprint, New York, 1979), s.v. “excise.”

<sup>77</sup> The malt tax offers a case in point. Because of local opposition, England’s malt tax was not extended to Scotland until seven years after union (1714), and then little attempt was made at enforcing it for another eleven years until, in 1725, the Scottish duty was reduced by half on account of local hardships. Even under such lenient conditions, opposition to the tax proved intense, especially in Glasgow, where maltsters resisted excise inspection and the provost and magistrates were subsequently arrested for their sympathetic response to the rioters. See Mathias (n. 47 above), p. 355; Henry Hamilton, *An Economic History of Scotland in the Eighteenth Century* (Oxford, 1963), p. 105.

<sup>78</sup> Moss and Hume (n. 35 above), p. 46; *Resolutions of the Landed Interest of Scotland Respecting the Distillery* (Edinburgh, 1786); George Home to Patrick Home, January 11, 1786, SRO GD 267/1/4/14–16. Home, however, maintained that “the landed Gentlemen are blind to their own Interest in this matter.” The fact that the great distillers imported some of their grain from England, while simultaneously striving to convince the landed gentlemen that their futures were inextricably linked, only sharpened Home’s conviction that they were a disreputable, cheating lot.



Such political force was not easily ignored. Indeed, contemporaries had already noted the ascendancy of the Scottish interest under Pitt, the backbencher Daniel Pulteney warning in 1784 that “another jealousy may break out if Dundas is not a little checked relative to the Scotch, for whom everything is claimed and granted without debate.” Although more reserved in his appraisal, the duke of Argyll nonetheless derived satisfaction from the fact that “the affairs of Scotland have at this period a little better chance of being attended to, than ever was the case before, or perhaps will be again, from the peculiar influence of one of our countrymen [Dundas] with the minister.”<sup>79</sup> Two elements were here at work. First, the success of the new Pitt government in the 1780s depended on the creation of a loyal political base. It was in response to this fact that Pitt, in a bid for the support of disgruntled backbenchers and Association reformers, had embraced the politics of virtue; it was also in response to this fact that he wooed the Scots, whose influence at Westminster and Whitehall had grown appreciably in the decades since the Jacobite rebellion of 1745. As Linda Colley has noted, over half of Scotland’s forty-five MPs held paying state offices by 1780, while the absolute number of Scots in Parliament had also increased, with many now sitting for English or Welsh constituencies as well.<sup>80</sup> Second, and as Pulteney and Argyll’s comments suggest, more importantly, Henry Dundas emerged not only as the man who could deliver the Scottish interest but as one of Pitt’s ablest and closest lieutenants. Convinced early on “that his future lay with the young man,” Dundas made himself indispensable—as an administrator, advisor, parliamentary debater, patronage manager, and political agent.<sup>81</sup> His recommendations, especially concerning things Scottish, carried great weight with Pitt, so much so that his influence was often satirized, as in the following “Political Creed,” irreverently modeled after “The Apostles’ Creed”: “I Believe in *Billy Pitt*, the Chancellor of the Exchequer, Master of Laws, Lords and Commons, and of all Court Intreagues, made visible and invisible; and in one *Henry Dundas*, the only beloved of *Billy Pitt*, beloved before all Women, Men of Men, Head of Heads, Minister of Ministers, beloved, not hated, being of one Opinion with the Patron by whom all Ministers are made . . .”<sup>82</sup>

<sup>79</sup> Daniel Pulteney to the duke of Rutland, August 13, 1784, *Historical Manuscript Commission, Fourteenth Report, Rutland*, 4 vols. (London, 1888–1905), 3:131; Argyll’s comment, made in 1787, is quoted in Alexander Murdoch, *The People Above: Politics and Administration in Mid-Eighteenth Century Scotland* (Edinburgh, 1980), p. 11.

<sup>80</sup> Colley (n. 23 above), pp. 125–26.

<sup>81</sup> Ehrman (n. 1 above), pp. 131–32.

<sup>82</sup> *Political Creed* [London, 1797].

To the extent that the distillers could mobilize Dundas and the Scottish political elite, they stood a fair chance of success.<sup>83</sup>

Yet the Lowlanders' apparent triumph unleashed the formidable lobbying abilities of their rivals, the London distillers, and the administration soon found itself buffeted by the demands of competing industrial interests. If English and Lowland spirits were no longer to be subject to identical assessment procedures, the Londoners naturally demanded safeguards to insure that Scottish spirits sold in England bore a tax burden equal to that levied in England. The Londoners' consent for the Lowland license duty was eventually won with promises of the imposition of an "equalizing duty," an additional duty payable per gallon of Scottish spirits shipped to England, and representatives from both industries figured prominently in the discussions to set the actual rate. Indeed, the government turned much of the negotiation process over to the manufacturers themselves, with James Stein, James Haig, and one of their associates, John Aitchison, all travelling to London to meet with members of the English trade.<sup>84</sup>

According to the Scottish Commissioners of Excise, the arrangements could not have been worse. The Londoners, their loud protestations aside, were privately thrilled by the prospect of not only a Lowland license fee, but a "moderate" one at that. The lighter the license duty, after all, the heavier the corresponding equalizing duty, and it was by means of the equalizing duty that they hoped to curb, even stop, the impressive flow of Scottish spirits into English ports.<sup>85</sup> By manipulating the politics of interest, the London distillers thus snatched victory from the jaws of defeat. The new act decreed that all Scottish spirits exported to England must pay on landing a duty of 2s. per gallon, a sum which, when added to the Lowland license fee, was presumed to equal the duties paid on English spirits. In fact, it drove most of the Lowland distillers temporarily out of the English market, their export business contracting by roughly 96 percent in the Lowland Licensing Act's first year.<sup>86</sup> This

<sup>83</sup> In this regard, the campaign for the Lowland license act resembled that launched in 1763 for the repeal of that year's cider tax. Not only was elite participation crucial in the cider counties' well-orchestrated endeavor, but its leaders sought to replicate the political unity already associated with the "Scottish Members" and the Scottish interest. See Patrick Woodland, "Extra-parliamentary Political Organization in the Making: Benjamin Heath and the Opposition to the 1763 Cider Excise," *Parliamentary History* 4 (1985): 119, 124–26.

<sup>84</sup> Ross (n. 73 above), pp. 78–80, 85–88; Message to Pitt, May 2, 1786, PRO, Chatham Papers PRO 30/8/318, fol. 111.

<sup>85</sup> Treasury Papers, April 9, 1789, PRO T1/667/689, p. 2.

<sup>86</sup> "Account of the Total Quantities of British Spirits, permitted from Scotland into England . . .," *Distillery Report* (n. 34 above), app. 35, p. 431. For an account of the

advantageous situation, however, did not prevent the English distillers from renewing their complaints about the inherent injustice of the Lowland license system, an arrangement which they maintained the Scottish distillers were soon exploiting to recapture the English market.<sup>87</sup> And in this they were right; Lowland export figures began to rally by late 1787.

Parliamentary and executive inquiries followed, after which Pitt concluded that “it had been fully proved that the Scotch distillers had ever since the passing of the act in the session of 1786, enjoyed a very considerable superiority over the English distillers.” The Lowland License Act, he maintained, represented a concession to the Scottish industry, encouraging it to produce for local consumption and to challenge the smuggling trade. In granting Scotland its own assessment procedures, however, neither the government nor the legislature had intended to give her spirits an advantage in the English market. Pitt therefore proposed an additional equalizing duty for those Scottish spirits exported to England as a stopgap measure, and “a more full revision of the subject” in the months to come.<sup>88</sup> That revision, which went into effect on July 5, 1788, required all Scottish distillers producing for the English market to take out licenses (now doubled to £3 per gallon capacity) as before and to notify the Excise twelve months in advance of any plans to export. Then, prior to landing their cargoes at English ports, they were to pay excise officers there the equivalent of an English wash survey assessment. In compensation for such double indemnity, the Lowland distillers were to receive a pro-rated abatement on their license duties for the time they spent working for the English market.<sup>89</sup> Under such conditions, they ceased exporting altogether. No legal shipments of Scottish spirits arrived in England between July 5, 1789, and July 5, 1794.<sup>90</sup>

The Lowland Licensing Act thus undermined the Pittite reform agenda. Not only did the act establish an idiosyncratic web of regional excise systems, but, in the course of its passage, the state ceded considerable policy initiative to industrial lobbies, mirroring itself in the undesirable position of special interest broker. The politicians who endorsed the Low-

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resulting troubles of the Lowland distillers, some of whom declared bankruptcy or went out of business, see Moss and Hume, pp. 46–48.

<sup>87</sup> Richard Bush & Co. to Pitt, September 13, October 25, and November 23, 1787, PRO, Chatham Papers PRO 30/8/296, fols. 172–73, 176–79; Nehemiah Bartley to Pitt, December 31, 1787, and January 2, 1788, PRO, Chatham Papers PRO 30/8/296, fols. 189–92.

<sup>88</sup> *The Parliamentary Register*, 23:139–41.

<sup>89</sup> The first, temporary measure was enacted under 28 Geo. III c. 4; its “revision,” under 28 Geo. III c. 46.

<sup>90</sup> “Account of the Total Quantities of British Spirits, permitted from Scotland into England . . .,” *Distillery Report*, app. 35, p. 431; Moss and Hume, pp. 48–49.

land license fee and corresponding equalizing duty may have sought a form of equity in the regulation of the rival distillery industries, trying to maintain comparable tax rates in the two regions in order to foster a climate of free competition. Seen in this light, the Lowlanders' subsequent withdrawal from the English market would only confirm accusations that their earlier presence there derived from unfair advantages. But by tinkering with the system in an ad hoc fashion, the politicians also complicated things enormously. The requirement, for example, that Scottish distillers alert the Excise of their plans to export a year in advance effectively barred them from the export trade for the coming year and placed them at a distinct disadvantage thereafter.<sup>91</sup> It was arrangements such as these which had encouraged the Scottish Commissioners of Excise, overwhelmed by the daily frustration of coping with a morass of regional exemptions and exceptions, to embrace as their motto "one Law, and one Duty, and one mode of levying that Duty, for both Countries."<sup>92</sup> While the politicians were concerned about ends, the revenue officers worried about means; for them, uniformity in assessment and collection loomed just as large as uniformity in the overall level of taxation.

Even the more immediate goal of raising revenue soon proved difficult. Although the Lowland license duty grew steadily throughout the 1790s, significant rate hikes had consistently failed to generate the anticipated improvement in tax yields. Indeed, a sixfold increase in the license fee from £9 in October 1795 to £54 in December 1796 only doubled the Scottish distillery revenue returns. With each attempt proving more feeble than the last,<sup>93</sup> the politicians finally began to take the spirit of the commissioners' recommendations to heart.

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The government's reluctant enlightenment had to do with much more than the fiscal and administrative confusion of the new assessment system; its roots lay in the unforeseen material effects of this long legislative experiment on the distillery industry itself. For just as distillers' behavior influenced government policy, government policy changed the nature of industrial growth and innovation; it changed, in fact, the very structure of the industry. The most visible example of this was the devel-

<sup>91</sup> Moss and Hume (n. 35 above), p. 48.

<sup>92</sup> Treasury Papers, January 5, 1788, PRO T1/653/50, p. 15.

<sup>93</sup> "An Account of the Quantities of British Spirits Charged with Duty," PRO CUST 44/5, p. 6; Moss and Hume, pp. 50–51. See table 1 for the various rate increases, the most successful (in revenue terms) being that of 1793.

opment in the Scottish Lowlands of a production technique known as “rapid distillation.”

Under the license system which prevailed there from 1786 on, distillers were assessed according to the size of their still rather than the amount of whisky they produced. The duty was, in other words, calculated on the basis of how much spirit a given still might be expected to generate, but there was nothing legally barring a distiller from making more if able. Some rather ingenious innovations resulted. Lowland distillers were able to increase their yields astronomically by redesigning their stills, making them smaller, broader and flatter, and by working them around the clock, the most enterprising of these Presbyterian industrialists ignoring even the sabbath and fast days. Whereas most English distillers operated their stills six times a week, Scottish distillers suddenly discharged theirs as many as six times per day. Within a year of the introduction of the Lowland Licensing Act, its beneficiaries thus paid less than one-third of the duty which the government had expected a gallon of spirits to generate.<sup>94</sup> As we have seen, the license fee was promptly raised, in 1788 and again in 1793, 1795, and 1796,<sup>95</sup> but with each hike in the tax rate, the Lowland producers conveniently outdid their previous feats of engineering wizardry, the most proficient of them working their stills twenty-five times a day by 1793 and, in the case of John Stein at Canonmills, as many as ninety-six times by 1798. So capital intensive was the task of constructing ever-faster stills, that only the largest Lowland distillers remained in business; by the end of the century, 70 percent of all legal Scottish whisky was produced by a mere dozen distilleries, half of them Stein and Haig concerns.<sup>96</sup>

It was claimed by a Scottish excise solicitor in 1798 that the distillery in Scotland “is the only Manufacture, subject to Excise Duties, where the Manufacturer of the same Commodity, of equal Quality and Value, pays a different Rate of Duty from another Manufacturer.”<sup>97</sup> In fact, however, while rapid distillation allowed Lowland distillers to sell their spirits at incredibly low prices, it also made for whisky vastly inferior to that distilled in the slower, traditional manner in small Highland stills.

<sup>94</sup> Minutes of evidence taken before a committee of the whole House in the year 1788, respecting the Scotch Distillery, *Distillery Report*, app. 21, pp. 351–71; Treasury Papers, January 5, 1788, PRO T1/653/50, pp. 9–11.

<sup>95</sup> Act 33 Geo. III c. 61 increased the Lowland license fee to £9 per gallon of still capacity; Act 35 Geo. III c. 59 to £18; and Act 37 Geo. III c. 17 to £54.

<sup>96</sup> Moss and Hume, pp. 50–51; John Leven to Pitt, PRO, Chatham Papers PRO 30/8/318, fols. 127–28; Examination of Solicitor John Bonar, March 30, April 2, 1798, *Distillery Report*, app. 1, pp. 32, 36.

<sup>97</sup> Evidence of Solicitor John Bonar, May 2, 1798, *Distillery Report* (n. 34 above), app. 1, p. 90.

“Slow Distillation,” explained the General Supervisor of Excise in Scotland, “is *much* in favour of making good Spirits,” whereas the product of rapid distillation, others admitted, was known to “give an Head Ach, and make any Persons sick that drink but a moderate Quantity.”<sup>98</sup> Yet the latter, owing to its cheapness, soon replaced healthier beer as the drink of the Lowland working class. Thus in 1790, the town of Stranraer, with a population of only 1,600, reportedly consumed over 24,000 gallons and spent almost £5,000 on whisky. The minister of Kiltearn told a familiar tale the following year when he noted the existence in his parish of several “blind whisky houses, situated in obscure corners, at a distance from the road,” to which “it is not uncommon to see two mechanics, or day labourers, repairing once or twice a-day . . . and drinking a choppin bottle of unmixed whisky at each time.” In urban centers, workers were spared the trek to such “ensnaring haunts” by vendors who, like the woman stationed outside a Carlisle manufactory, sold whisky at a halfpenny per glass to the employees, “even Boys and Girls not ten years of age.”<sup>99</sup> Lord Advocate Robert Dundas summarized the situation succinctly in 1795: “The Cheapness of *Whisky* in Scotland, is truly a public Grievance.” Many of his neighbors agreed and, in a move reminiscent of the Gin Acts of 1736, 1743, and 1751, advocated higher whisky duties on sumptuary grounds.<sup>100</sup> Committed to “rais[ing] the price of Spirits so high as to prevent them from being the common drink of the People,” the Lowland landed elite severed its alliance with the Lowland distillers, revealing a fundamental clash of interests between socially conservative, paternalist landowners and profit-maximizing industrialists.<sup>101</sup> Henceforth, the great distillers would be hard-pressed to present their cause, as they had in 1786, as that of the Scottish interest.

Meanwhile, among those consumers who favored quality over quan-

<sup>98</sup> Sinclair (n. 35 above), 11:404; Report of General Supervisor John Leven, 1798, *Distillery Report*, app. 5, p. 246; evidence of John Stewart, David Ritchie, and Rev. William Johnston, April 18, 20, and 25, 1798, app. 1, pp. 49–50, 55, 68.

<sup>99</sup> Sinclair, 1:286–87, 361; Edgar Corrie to Pitt, March 20, 1795, PRO, Chatham Papers PRO 30/8/125, fols. 287–91.

<sup>100</sup> Pitt received numerous communications on the subject. In addition to that from Dundas (March 14, 1795), see those of David Steuart (September 28, 1794), J. Fife (March 15, 1793), and the Edinburgh brewers (March 10, 1795). See PRO, Chatham Papers PRO 30/8/135, fols. 105–6; PRO 30/8/318, fols. 207–10; and PRO 30/8/319, fols. 78–80, 81. On the campaign against “Mother Gin,” see M. Dorothy George, *London Life in the Eighteenth Century*, 2d ed. (London, 1985), pp. 47–51; Peter Clark, “The ‘Mother Gin’ Controversy in the Early Eighteenth Century,” *Transactions of the Royal Historical Society*, 5th ser., 38 (1988): 63–84.

<sup>101</sup> Memorial to the Lord Commissioners of the Treasury from the Heritors and JPs of the County of Edinburgh, November 1796, Chatham Papers PRO 30/8/319, fols. 97–103.

tity, however cheap, rapid distillation increased demand for the “home-made” whisky produced in small Highland stills. Such spirits were technically restricted to Highland use; that, after all, was one of the purposes of the Highland-Lowland divide. But supply and demand being what they are, illicit whisky flowed from the Highlands to the Lowlands, concealed in barrels of herring, under loads of hay, in the hearses of funeral processions, and, most commonly, on pack ponies or carts travelling in convoy and accompanied by “Men armed with Pistols, Bludgeons, &c.” By the time it reached the southern market, illicit whisky could fetch a price twice that at which it was sold at the Highland still, but discerning middle- and upper-class consumers, including “most of the private families in Edinburgh,” were undeterred; indeed, the added cost enhanced its appeal, contributing to what one Lowland distiller called “the Prejudice in favour of Highland Spirits, and particularly of an Article that is smuggled.” Smuggling thus became a lucrative enterprise, handled by professionals (often Lowlanders or Irishmen), while production for the black market, though never a way to get rich, emerged in the Highlands as a way at least to make ends meet.<sup>102</sup> For this reason, the number of licensed stills in the relatively unpopulated Highlands vastly exceeded those in the Lowlands;<sup>103</sup> the single Highland parish of Dunkeld, Robert Dundas figured in 1795, “contains within it Stills to the amount of 1500 Gallons, sufficient without any Exertion to supply on a fair calculation the whole Highlands.”<sup>104</sup> And those were just the legal ones! No wonder a brisk secondary (and equally illegal) trade developed for the transportation of Lowland grain to the Highlands to stoke all these stills.<sup>105</sup>

The government’s introduction of the license system thus reconfig-

<sup>102</sup> Devine (n. 39 above), pp. 170–72; Hamilton (n. 77 above), pp. 105–6; Moss and Hume (n. 35 above), p. 55; John Stein to John Maitland, August 19, 1797, *Distillery Report*, app. 44, pp. 466–67; minutes of a meeting of the Lowland Distillers, August 9, 1797, *Distillery Report*, app. 44, pp. 472–44.

<sup>103</sup> According to Commissioner of Excise James Stodart, 9,500 gallons of still capacity were licensed in 1795 in the Lowlands, while over 12,500 gallons were licensed in the Highlands. Stodart to [the Lords of the Treasury], November 30, 1796, PRO, Chatham Papers PRO 30/8/318, fols. 213–14.

<sup>104</sup> Robert Dundas to Henry Dundas, November 26, 1796, PRO, Chatham Papers PRO 30/8/131, fols. 56–60. By comparison, not a single licensed still was to be found in 1798 in the Lowland counties of Air and Wigtown, or in the stewartry of Kirkcudbright. Evidence of Solicitor John Bonar, March 28, 1798, *Distillery Report*, app. 1, p. 23.

<sup>105</sup> James Stodart to [Pitt], November 22, 1796, PRO, Chatham Papers PRO 30/8/319, fols. 280–83. For more on the illegal grain market, see examination of James Millar, *Distillery Report*, app. 1, p. 39; minutes of meeting of Lowland Distillers, *Distillery Report*, app. 44, pp. 472–74. T. M. Devine (pp. 165–71) also demonstrates how this grain trade became especially important to farmers when beer and barley prices fell after the French Wars, for illegal distillers apparently paid more than the ordinary market price.

ured the Scottish distillery industry along several axes. First, it brought in its wake technological innovation and new production techniques. Second, it effected changes in both the quality of a manufactured good and patterns of consumer demand. And, finally, it encouraged the extension of an illicit market—the very thing Pitt had set out in 1784 to smash—which, if the Lowland distillers are to be believed, accounted thirteen years later for over half of all whisky drunk in Scotland.<sup>106</sup>

It was the development of rapid distillation that forced politicians to see the wisdom of the Excise's demands for sweeping reform. They saw at last what the excisemen in the field already knew: that even the most seemingly innocuous policy could have profound effects on industrial development. With the nature of production changing so quickly, and with manufacturers increasingly capable of revamping their processes to take advantage of the law, the tax system clearly had to be insulated from the sort of special interest brokering that encouraged such behavior. In other words, it had to be rationalized, protected from manufacturers' attempts to solicit exceptions and exemptions which they could then manipulate, much to the politicians' dismay, to their own advantage; if not, the state's revenue generating potential, and the whole project of national recovery, would be seriously undermined.

Mounting pressure for a new reform initiative was interrupted in 1795 by a crippling grain shortage which necessitated a prohibition on distilling, but when legal production resumed in the winter of 1796, so too did concern over the Scottish distilleries. Never reticent on the subject, high-ranking excise officials were now more outspoken than ever. In private letters to Pitt, one exasperated Scottish commissioner, James Stodart, finally threw up his hands, declaring that in the absence of comprehensive reforms, "I can see no remedy unless a wall could be drawn across the Country as of old, with stations for an Army of Excisemen to guard it."<sup>107</sup> Lord Advocate Robert Dundas agreed, recommending to his influential father-in-law, Henry, that all distinctions be removed between the Highlands, Lowlands, and England. Not only did Henry forward the suggestion to Pitt, but a year later notified the prime minister that he, too, had "formed an opinion on that subject" (after receiving some letters of his own from Stodart and others) and urged Pitt to con-

<sup>106</sup> Cited in Devine, p. 155. The Lowland distillers had good reason, of course, to exaggerate such figures.

<sup>107</sup> Stodart to [Pitt], November 22, 1796, PRO, Chatham Papers PRO 30/8/319, fols. 280–83. See also his letters to Pitt and the Treasury, October 11 (PRO 30/317, fols. 41–44), October 28 (PRO 30/8/181, fols. 16–17), November 30 (PRO 30/8/318, fols. 213–14).



sider carefully the commissioners' arguments "whenever he takes under consideration the distilleries in Scotland."<sup>108</sup> Coming from the caretaker of the Scottish interest (not to mention Pitt's drinking companion and a man known to enjoy a bowl of hot whisky punch),<sup>109</sup> this proved compelling advice. A full-scale parliamentary investigation followed shortly, replete with fifteen months of hearings and two encyclopedic reports, in which the Scottish Excise Office set both the tone of the debate and the nature of its conclusions. "The Abolition of the Lines of Demarcation will probably be thought a necessary part of any permanent System," the committee finally announced in July 1799, and to that end advocated one assessment and collection system for all of Scotland; some areas might still occasionally require special treatment, but such temporary exemptions should be granted by application to the Treasury or Excise Office rather than by statute.<sup>110</sup> It was time, in other words, to delegate the fine-tuning of the system to those who understood and monitored it daily.

Ironically, however, just as the politicians embraced the Excise's chorus of "one Law, and one Duty, and one mode of levying that Duty," they found it an inopportune time to act. Hostilities had commenced against revolutionary France in 1793; a financial crisis, with soaring interest rates, resulted four years later. In order to finance the war while simultaneously protecting his cherished goal of debt reduction, Pitt thus turned in 1798 to a policy of taxing more and borrowing less. Most dramatically, he introduced his bold triple assessment scheme and, in light of its shortcomings, replaced it in 1799 with a graduated income tax.<sup>111</sup> Against such a backdrop, reconfiguring the Scottish distillery duties anew seemed almost self-indulgent. Exigency demanded instead that the would-be reformers shelve their comprehensive schemes and simply generate as much money as possible from the distillery system already in place. The committee's only suggestions to be enacted in the new legislation of 1799 were those which increased or safeguarded revenue returns;<sup>112</sup> those calling for the abolition of regional differences with an

<sup>108</sup> Robert to Henry Dundas, November 26, 1796, PRO, Chatham Papers PRO 30/8/131, fols. 56–60. Henry's thoughts are scrawled on the last page of a letter to him from Stodart, November 28, 1797, PRO 30/8/318, fols. 217–19. See also letters to Henry Dundas from Stodart and James Young, an excise officer stationed in the Highlands, July 8 and 10, 1797, SRO GD 51/5/239–40.

<sup>109</sup> See Henry Cockburn's description of a drinking party, at which Dundas was present, quoted in T. C. Smout and Sydney Wood, eds., *Scottish Voices* (London, 1990), p. 148.

<sup>110</sup> *Report Respecting the Distilleries in Scotland* (London, 1799), pp. 39–42.

<sup>111</sup> Richard Cooper, "William Pitt, Taxation, and the Needs of War," *Journal of British Studies* 22 (1982): 96, 99–102.

<sup>112</sup> Act 39 Geo. III c. 78; Acts 39 and 40 Geo. III c. 73. The Lowland license duty was doubled to £108 and the intermediate zone, which had proved an ineffectual deterrent

eye to a rational, national policy would have to await Napoleon's defeat. They would also have to await better harvests, for distillation was prohibited for many of the remaining war years due to grain shortages and high prices. Alas the combined effects of the bans, on the one hand, and high wartime taxes when distilling was permitted, on the other, encouraged further illicit production.<sup>113</sup>

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Reform recommenced with peace, and none too soon, for Scotland enjoyed in 1815 the services of only thirty-six legal, entered distillers.<sup>114</sup> Tentative steps were first made in 1814,<sup>115</sup> when the Scottish license system was abolished and English assessment practices extended to both the Lowlands and the Highlands. Yet despite the valiant efforts of the Scottish Excise Office, the new act prohibited the use of small stills (less than 500 gallons in the Highlands, and less than 2,000 gallons in the Lowlands), upheld the ban on Highland whisky in the Lowland market, and, as a result, had little effect on the illicit trade. Indeed, in a symbolic demonstration of the obstacles the Excise had faced over the past thirty years, the Scottish commissioners convinced the Treasury to accept smaller Highland stills and the sale of legally produced Highland spirits in the Lowlands, only to have their reform initiative barred in the courts by the great Lowland distillers, concerned as always about their competition.<sup>116</sup> Half-measures clearly would not suffice.

Thus "conceiving that illicit distillation was the bane of Scotland . . . and that the best mode of putting down this practice was the broad principle of universal and fair competition," the newly appointed chair of the Scottish Excise Board, Woodbine Parrish, set as his goal the systematic removal of all exemptions and exceptions. "One of the principal objects" of the resulting legislation, he explained, "was to throw down the Highland boundary-line," and from 1816 onward Scottish distillers,

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to smuggling, abolished. To remove the incentive for rapid distillation, additional duties were levied throughout Scotland on quantities of spirits produced either above or below a still's projected yield. Both the Highlands and Lowlands were also subjected to a general survey on all spirits produced, while a wash survey was reintroduced in the Lowlands. See table 1 for details.

<sup>113</sup> Bans were in effect in 1800–1801, 1804–8, 1809–10, and sporadically to 1813. Devine (n. 39 above), p. 160.

<sup>114</sup> "Copy of Report to the Lords Commissioners of the Treasury, by the Chairman of the Board of Excise in Scotland . . . respecting the existing Distillery Laws," *Parliamentary Papers* (1822), 21:176.

<sup>115</sup> Act 54 Geo. III c. 178.

<sup>116</sup> Moss and Hume (n. 35 above), p. 64.

regardless of region, could use whatever size stills they wished (above forty gallons) and, “working under the same regulations, and paying the same duty,” sell their whisky wherever it found a market.<sup>117</sup> Those who persisted in illegal production, moreover, were subjected to ever more vigilant policing and more punitive penalties. Seven years later the illicit market received its final blow when the Excise Act of 1823 reduced the duty on spirits by half and instituted a universal license fee of £10 for the right to distill.<sup>118</sup> Pitt’s original objective of lowering duties to eradicate fraud was thus revived and, at long last, coupled with the Excise’s commitment to uniformity in assessment and collection procedures. A simple, coherent system replaced the shattered remains of the Pittite experiment, and in Glenlivet, one of the most notorious centers of illicit Highland production, George Smith took out a license for his preexisting “business,” increased production, and founded Glenlivet Distillery.<sup>119</sup>

In the case of the Scottish distilleries, the Pitt government’s initial efforts to usher in a period of fiscal responsibility by reducing fraud and improving revenue returns clearly backfired. Competing industrial demands forced the politicians to tinker with their reform package until, in the end, they were left with a more complex and inefficient assessment program than the one with which they had started. Yet it was by living through this political and fiscal nightmare that the government came to recognize the need for guiding principles and uniform assessment procedures and the need for a tax policy designed simply to raise revenue and to encourage free competition. Trying to balance interests in order artificially to foster equality had clearly failed; it had in fact encouraged further special interest brokering and disastrous protectionist policies. The final lesson learned was that, from the perspective of a state committed to economical reform and freeing itself from interest politics, the best that can be done is to treat everyone equally. The Scottish distilleries ultimately demonstrated this within the microcosm of a single industry. And while the potential consequences of free competition were more disturbing, perhaps, than the theory had predicted, the distilleries also revealed that the alternative—the kind of selfish posturing that was associated with old-style interest politics and that had waylaid the process of distillery reform—was much worse.

<sup>117</sup> “Report from the Select Committee on Petitions complaining of the additional Duty on Malt in Scotland,” evidence of Woodbine Parrish, May 1821, *Parliamentary Papers* (1821), 8:256; Act 56 Geo. III c. 106.

<sup>118</sup> Improved enforcement procedures rendered intermediate blows in 1818 and 1822 (Acts 56 Geo. III c. 106 and 3 Geo. IV c. 52). But it was the Excise Act (4 Geo. IV c. 94) which ultimately encouraged legal distillation by removing the incentives for fraud.

<sup>119</sup> Devine, *Illicit Whisky-Making*, p. 171; Turnock (n. 40 above), p. 107.

Pitt himself never resolved the dilemma of the Scottish distilleries; it was another two decades after his death before these important lessons were actually put into practice. (Nor have more recent prime ministers been spared the wrath of whisky distillers. Consider the lobbying activities of the Scotch Whisky Association, which, in its bid to lower the excise duty in 1993, delivered bottles of whisky to fifty lucky MPs, the sides of which were “marked, in red pen, with levels of duty in France, Spain, Italy and [highest, naturally] Britain.”)<sup>120</sup> Yet during the many years of experimentation, Pitt and his followers were at least trying to formulate a rational industrial policy, the very thing which eighteenth-century British statesmen have been accused of neglecting. The state that emerged was by no means a state of the twentieth-century type, using sophisticated economic models to enact legislation to reach broader social objectives; but it was a state acquiring the understanding and experience through which such a transformation could someday be attempted.

<sup>120</sup> “Whisky on the Rocks,” *Economist* (March 6, 1993), p. 58.