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The English and Scottish Tobacco Trades in the Seventeenth and Eighteenth Centuries: Legal and Illegal Trade

By ROBERT C. NASH

In a study published in 1958 Prof. Cole made a challenging statement about the dangers of using the eighteenth-century customs statistics without taking into account the distorting effects of smuggling:

it has generally been held that although smuggling was certainly widespread, the problem of its precise extent, or even its probable order of magnitude, defies solution. If this view is accepted, it is difficult to escape the conclusion that, for the purposes of measuring the level and trends of eighteenth-century foreign trade, the official statistics—at any rate of imports and re-exports—are virtually useless.¹

Prof. Cole then went on to make his point by providing estimates of tea smuggling in the eighteenth century: his main conclusion was that when smuggling was at its peak—in the early 1740s and in the years from about 1770 to the Commutation Act of 1784—it was likely that the volume of illegal trade was equal to, or greater than, the level of legal imports. This was obviously a conclusion that invalidated the official statistics as a guide to real trends in the tea trade.² Prof. Cole did not attempt to quantify the other contraband trades, but he argued that it was likely that there was a close correspondence between fluctuations in tea smuggling and the illegal trades in other highly taxed commodities, such as tobacco and brandy.³ In a later work he suggested that illicit commerce in these goods may, as in the case of tea, have been greater than the legal trades.⁴

This study takes up Prof. Cole's theme by providing an analysis of the volume and organization of tobacco smuggling into England and Scotland in the late seventeenth and eighteenth centuries. The importance of these

smuggling trades has been made clear in a number of studies, but no quantitative estimates have been made of their probable pattern and extent. This omission leaves the official figures of tobacco imports uncorrected. This is undesirable for two reasons: first, because these statistics make up a significant part of our total knowledge of eighteenth-century English and particularly Scottish commerce; and second, because the figures are widely used as the key indicator of the rate of growth of the Chesapeake economy in the colonial period.

The main conclusion is that while illegal imports were only modest in relation to the total English tobacco trade, they did hold a large share of the home market. This distinction occurs because the proportion of retained to total tobacco imports was small, conferring on illegal trade a much more powerful leverage effect on home consumption than on overall turnover. In the Scottish trade smuggling was more significant. Consequently, illegal imports made up a larger proportion of total trade and, because of the leverage effect, had a considerable distorting effect on the figures of Scottish home consumption. It is further suggested that this uneven regional impact of smuggling—one that favoured Scotland and the north-western outposts more than London and the southern outposts—made a significant contribution to the northward shift in the centre of gravity of the tobacco trade. This shift was the most remarkable organizational change the trade experienced in the eighteenth century.

I

The seventeenth-century expansion of the English tobacco trade reached a peak in the late 1680s, when imports averaged 36,350,000 lb. per year. In the next fifty years, until the early 1730s, legal imports stagnated, and then picked up once more, increasing at a moderate rate until mid-century. Nevertheless, though the rate of expansion was slow, there were important changes in the structure of the trade: specifically a nearly threefold increase in the volume of re-exports accompanied by a fall in both the absolute level and per capita rate of home consumption. Given that there was no increase in domestic tobacco prices, in this period, the fall in consumption suggests a change in demand, an increase in smuggling, or a combination of the two. The first of these explanations has attracted most attention. For example, Alfred Rive suggested in an early paper that the fall in consumption was the result of an increase in the popularity of snuff-taking over smoking, a view, however, which later

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7 See Table 1, p. 356. The statistics have not been expressed as moving averages, which would be preferable, because of the discontinuous nature of the population figures, which makes this method inappropriate for the important per capita consumption series.

8 For tobacco prices see below, pp. 368-9.
Table 1. Statistics of England’s Tobacco Trade and Per Capita Consumption of Tobacco, 1686-1752

(annual averages: '000s lb.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Re-exports</th>
<th>Retained Imports</th>
<th>Per Capita Retained Imports lb.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1686-8</td>
<td>36,352</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1689-92</td>
<td>25,863</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1693-7</td>
<td>26,922</td>
<td>14,220</td>
<td>12,702</td>
<td>2·45</td>
</tr>
<tr>
<td>1698-1702</td>
<td>32,309</td>
<td>21,185</td>
<td>11,124</td>
<td>2·10</td>
</tr>
<tr>
<td>1703-7</td>
<td>23,694</td>
<td>15,847</td>
<td>7,847</td>
<td>1·43</td>
</tr>
<tr>
<td>1708-12</td>
<td>29,313</td>
<td>17,442</td>
<td>11,691</td>
<td>2·12</td>
</tr>
<tr>
<td>1713-17</td>
<td>25,318</td>
<td>17,144</td>
<td>8,174</td>
<td>1·46</td>
</tr>
<tr>
<td>1718-22</td>
<td>33,117</td>
<td>21,889</td>
<td>11,228</td>
<td>1·98</td>
</tr>
<tr>
<td>1723-7</td>
<td>30,512</td>
<td>21,538</td>
<td>8,974</td>
<td>1·59</td>
</tr>
<tr>
<td>1728-32</td>
<td>38,021</td>
<td>29,425</td>
<td>8,596</td>
<td>1·53</td>
</tr>
<tr>
<td>1733-7</td>
<td>40,766</td>
<td>31,666</td>
<td>9,100</td>
<td>1·58</td>
</tr>
<tr>
<td>1738-42</td>
<td>45,152</td>
<td>39,320</td>
<td>5,833</td>
<td>0·98</td>
</tr>
<tr>
<td>1743-7</td>
<td>46,111</td>
<td>38,684</td>
<td>7,427</td>
<td>1·22</td>
</tr>
<tr>
<td>1748-52</td>
<td>49,982</td>
<td>41,714</td>
<td>8,268</td>
<td>1·33</td>
</tr>
</tbody>
</table>


Figures for 1686-98 for years ending September 28th. No figures for 1696.


N.B. The figures of tobacco imports for the years 1688-95 differ from those published in Historical Statistics, p. 1191. The latter show a lower level of imports for the years 1686-1688, i.e. 27,966,000 lb. per year. But the compiler of these statistics emphasizes that they are less satisfactory than those for the eighteenth century. The figures given here are based on the returns from the 1685 impost on tobacco. For the period after 1697 a comparison between these figures and those taken from Customs 3 shows a very close correspondence, and this suggests that the impost-based figures are at least as reliable as the eighteenth century statistics, and are therefore an improvement on those currently in use. They show, as indicated, that the levels of trade and output achieved in the late 1680s in the Chesapeake were considerably higher than has been appreciated previously.

commentators have found unsatisfactory. A rather more significant correlation has been put forward by Prof. Price. He has argued that the critical change in fashion was not from smoking to snuff-taking but involved an absolute shift from tobacco to gin. He has shown that in the period 1720-60 there was a very close inverse correlation between gin and tobacco consumption, with the period of the “gin mania” neatly coinciding with the lowest level of tobacco consumption. This is an important argument, but some doubts remain as to whether it completely explains the fall in the retained imports of tobacco. One of these doubts is expressed by Prof. Price himself, who points out that the correlation is an entirely statistical one and that there “is no other contemporary evidence of any kind yet come to light which would correlate consumer

preference for gin and tobacco”. But in fact there is evidence which suggests that gin and tobacco consumption were not closely related. The second quarter of the eighteenth century is regarded as a time when the real income of the labouring consumers was rising, and when their condition could be said to be at its most prosperous. Is it likely that the consumer in this period would have been forced to choose between gin and tobacco, a constraint which supposes stagnating rather than rising consumption? Furthermore, what we know of the “gin age” suggests that while gin was drunk in the rural areas its habitual consumers were to be found amongst the poorest classes in the larger towns, above all in London. The tobacco habit, on the other hand, was more widespread, touching all regions and classes. Would the increased, and mainly urban, demand for gin have had such a dramatic effect on the more dispersed and general use of tobacco?

It would therefore seem unwise to assert that the decline in the legal demand for tobacco entirely reflected changes in consumer fashion; and this raises the possibility that at least part of the decline was offset by a compensating rise in illegal imports into the home market. Accordingly, it is proposed to assess the extent of tobacco smuggling by identifying the different methods of illegal trade and estimating their respective contributions to home consumption.

II

In the period c. 1680 to c. 1730 the most important illegal trade in tobacco consisted of frauds committed in the ports, and involved the corrupt collusion of merchants and customs officers. These frauds were more common in the outports, where they were of two, related, kinds. First, there were abuses connected with the allowances for damaged tobacco. Under the system prevailing before 1713, tobacco declared unfit for consumption did not pay duty. But as no provision was made to destroy damaged tobacco it was retained, after being declared unfit, by the importer. Outport merchants therefore bribed customs officers to declare good tobacco as damaged, and by this fraud were able to import considerable quantities duty-free. After a number of false starts these frauds were eventually brought under control by the acts of 1699 and 1713: the former prohibited the importation of bulk tobacco; the latter enforced the destruction of damaged leaf.

Of greater significance and duration were those frauds which involved

11 Ibid. p. 92.
14 The incentive to smuggle tobacco lay of course in the high duties levied at import. These were decisively increased in 1685 from the effective rate of 1-6d to 4-15d per lb., which amounted to about half the wholesale price.
16 Price, thesis, 2, pp. 722, 744-7. Bulk tobacco was carried loose in rolls rather than securely packed in hogsheads. It was easier to smuggle such tobacco and more plausible to claim that it had been damaged in transit.
falsifying entries in the customs records of the weights of imported and re-exported tobacco hogsheds. The key nature of these conspiracies was expressed in the 1733 Commons’ report on customs frauds:

The principal fraud committed at importation is the setting down in the Landwaiters book, by which the duty is computed and paid, less weights than the hogsheds imported do really weigh . . . the advantages to the unfair traders by this fraud is so great, and they are enabled thereby to give such large gratuities of the officers . . . as several of the officers have not been able to resist, notwithstanding the hazard they run.17

These abuses were no doubt as old as the trade itself, but they were not exposed until surveys were made of the outport customs in the 1680s, which showed that there was a wide arc of frauds covering the south and southwestern ports.18

By 1700 it is possible to make more detailed estimates of the extent of underweighing frauds by comparing the weights of hogsheds recorded in the port books with their true weights given in English and colonial mercantile accounts.

Table 2. Weights of Tobacco Hogsheds Recorded in Outport Port Books and in Virginia and English Mercantile Accounts

<table>
<thead>
<tr>
<th></th>
<th>(a) Weight in port books (lb.)</th>
<th>(b) Weight in English mercantile accounts (lb.)</th>
<th>(c) Weight in Virginia (lb.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool</td>
<td>470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bristol</td>
<td>500</td>
<td>515</td>
<td>530</td>
</tr>
<tr>
<td>Lancaster</td>
<td>530</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source. (a) & (c) Clemens, ‘The Rise of Liverpool’, p. 215; P.R.O. E190/1360/7; E190/1374/13. (b) P.R.O. C107/161. ‘Nicholson v Loyd’; P.R.O. HCA15/33/Bundle U; Dorset Record Office, Burringh Papers, accounts rendered, B7/N2.

Dr. Clemens in his ‘The Rise of Liverpool’, gives two figures for the size of Liverpool-entered hogsheds. In Table 2, p. 215, he gives a figure of 470 lb., the one cited above. This was “calculated by dividing the total weight of tobacco on a ship by the number of hogsheds on the vessel”. But he considers this figure to be too high because much tobacco was carried in bulk between the hogsheds, which, by this method, wrongly enters into the calculation. He therefore gives a second figure of 400 lb. which represents the true weight of the unit in the period 1701-6. This lower weight indicates that hogsheds were under-weighed in Liverpool by 15 to 20 per cent. This is incorrect. It is true that c. 1700 Liverpool hogsheds were usually entered at around 400 lb. But this was merely the original and notional weight declared by the merchant when the vessel arrived. At a later stage the hogsheds were weighed and invariably found to be of a larger size than that notionally declared. The additional weights were then recorded in the port books as, in customs jargon, “post-entries”. Dr. Clemens has taken these “post-entries” to be bulk tobacco, but of course such shipments were prohibited in 1699. Dr. Clemens’ first figure quoted (470 lb.) is therefore the correct one, made up as it is of declared weight and “post-entries”.

These comparisons show that around 1700 the extent of under-weighing differed at the various outports: at Liverpool it was fairly large (9 per cent), at Bristol fairly slight (3 per cent), and at Lancaster hogsheds appear to have

18 P.R.O. T64/139, T64/140. These reports showed that hogsheds were under-weighed at various ports by between 4 and 12 per cent.
been over- rather than under-entered. This evidence suggests that the degree of fraud was modest in the outlets at this time, averaging about 5 per cent.

In the next twenty years or so, the extent to which hogheads were underweighed increased, most probably because the change in the regulations concerning bulk tobacco and damages allowances prevented more convenient methods of fraud. At Bristol (c. 1730) hogheads were underweighed by 15 per cent. At Liverpool a comparison of port books and mercantile accounts shows that c. 1720 under-weighing amounted to 14 per cent; and these frauds continued in the early 1730s, though at the lesser rate of 7-5 per cent. Finally, at Whitehaven imports were underweighed by about 14 per cent in the 1720s and by 7 per cent in the 1730s, a lessening rate of fraud in line with that observed for Liverpool. After 1740 the evidence on tobacco frauds at individual outlets becomes extremely slight. More generally it is also significant that the investigations preceding the 1751 Tobacco Act hardly mentioned port frauds; clearly, as far as contemporaries were concerned in the late 1740s, the re-landing trade accounted for the overwhelming bulk of illegal imports.

In estimating the total volume of outlet tobacco frauds it is proposed to view them as making up the following proportions of legal trade: 5 per cent in the period 1700-15 (see Table 2); 10 per cent from 1715-30, to take account of the evidence that fraud was increasing in these years; and respectively 5 and 0 per cent in the 1730s and 1740s, to reflect the apparent decline and then elimination of frauds. These figures are less than those indicated by the particular evidence reviewed; but it is necessary to make allowance for the fact that frauds were worse in Liverpool, Whitehaven, and Bristol than they were in the smaller south-coast ports, which remained of some significance in the trade until the 1720s. These estimates suggest a range of illegal imports of between 500,000 lb. and 1,500,000 lb. per year.

Frauds in London's tobacco trade were less extensive than those in the

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19 The Lancaster anomaly is not serious as the sample involved is small. Generally, the discrepancies indicated between recorded and true weights include any unwarranted damages allowances, as well as the results of underweighing. This is not significant as both frauds were of a collusive kind, producing the same statistical effect, and it is perhaps artificial to draw a distinction between them.

20 Hampshire Record Office, Accounts of Henry Wyndham, 8M 49 F/12. Wyndham's accounts show that he was importing into Bristol hogheads which weighed on average just over 700 lb., but which were entered into the customs at around 600 lb. This is an unfortunately very rare example of double-standard, as opposed to double-entry, bookkeeping.

21 P.R.O. E190/1397/9, T36/13/41-71. Dorset Record Office, Burridge Papers, Accounts Rendered, B7/N2. R. C. Jarvis ed. Customs Letter-Books of the Port of Liverpool, 1711-1813 (Manchester, 1943), p. 44. This volume provides an interesting view of the difficulties faced by senior officers in controlling their subordinates and in enforcing the tobacco duties in the early eighteenth century. See especially pp. 25, 33-5.


23 Price, thesis, 2, p. 542. Jarvis, Customs Letter-Books, p. 74, where the Collector of Liverpool wrote to the Customs Board in September 1756, "that there has not been any discovery lately made here of any frauds committed in the tobacco trade, and we flatter ourselves that none are either practised or attempted".

24 Price, thesis, 2, p. 637; P.R.O. T1/326/23, 44; T1/334/22; T1/339/54; T1/341/53.

25 For example the accounts of the Lyme Regis merchant John Burridge show that he paid the full duties on his considerable tobacco imports into Lyme, excepting the occasional damages allowances he was granted before 1713. Dorset Record Office, Burridge Papers, Accounts Rendered, B7/N2.

26 For the complete estimates see below, p. 366, Table 6.
outports, and were largely confined to the 1720s.\textsuperscript{27} The major information for these years comes from the investigations which preceded the attempted excising of tobacco in 1733. These surveys, as the government intended, implicated a number of prominent merchants in blatantly corrupt practices, and threw intense suspicion on several others, including Micajah Perry, the acknowledged leader of the trade.\textsuperscript{28} These were well-documented examples of individual corruption, and good propaganda use was made of them both in Walpole's speeches on the Excise bill and in the accompanying Commons' report.\textsuperscript{29} But the government's more systematic enquiries into London frauds showed them to be exceptional. In particular a major survey of imports and re-exports in 1729 and 1731 indicated that incoming tobacco hogsheads were under-weighed by an average of slightly less than five per cent.\textsuperscript{30} This was a significant fraud, but it could not compare in dramatic effect with the customs crimes of particular merchants, and consequently no direct allusion was made to this enquiry either in the Excise debate or in the 1733 report. In the event the Excise bill was lost, but the investigations it inspired appear to have had a salutary effect on the future administration of the London customs.\textsuperscript{31} Certainly there is no evidence on collusive frauds in the metropolitan trade in the 1730s and 1740, a silence which includes the extensive reports made in preparation for the 1751 Tobacco Act.\textsuperscript{32}

Taken together with the lack of evidence on corruption before 1720, it would be reasonable to assume that London frauds were restricted to the 1720s, when they are likely to have been bringing in tobacco equivalent to about five per cent of legal imports—that is from 1,250,000 to 1,400,000 lb. per year.\textsuperscript{33} This suggested pattern is reinforced by the statistics of London tobacco seizures, which are available for 1728-48.\textsuperscript{34} These show that seizures were at their peak in 1724-8, after which they fell sharply, so that by the 1740s they stood at a level which was only one twentieth of that recorded for the mid-1720s.

The second main method by which tobacco was smuggled was via the re-landing trade. This was the practice by which merchants re-exported tobacco, thereby securing repayment of the duty, and then either re-landed the tobacco

\textsuperscript{27} For the isolated and minor nature of London tobacco frauds before 1720 see Price, thesis, 2, pp. 614-15; P.R.O. T64/141, T64/143.

\textsuperscript{28} Cambridge University Library, Cholmondeley (Houghton) Deposit (hereafter C.U.L. C(H)D), 29/1-2, 41/18/4, 44/44. L. Stock, Proceedings and Debates of the British Parliaments Respecting North America, 5 vols. (Washington D.C. 1921-44), IV, p. 198. For Perry see E. Donnan, 'Eighteenth-Century English Merchants: Micajah Perry', Journal of Economic and Business History, IV (1932), pp. 94-5. Perry was prosecuted for a tobacco fraud in 1728, although after some years he was released from the judgement against him. Significantly, a record of this case was kept amongst the Walpole papers. The government was right to consider Perry something of a nuisance, for in the Parliamentary debate on the Excise he made the major mercantile speech against the proposals, Stock, Proceedings, IV, pp. 198-9.

\textsuperscript{29} Ibid. p. 198. House of Commons Reports, I, pp. 605, 608-9.

\textsuperscript{30} C.U.L. C(H)D, 29/12, 14. The sample accounted for just over half of London's trade in these years. It is possible that part of the discrepancy was the result of false declarations of weights at re-export, rather than at import, although both frauds had the same statistical effect.

\textsuperscript{31} Evident in the sharp increase that occurred in the recorded weights of London hogsheads between 1729 and 1732/3. C.U.L. C(H)D, 29/12, 14, 23. House of Commons Reports, I, p. 627.

\textsuperscript{32} Cited above, see n. 24.

\textsuperscript{33} For summary see below p. 366, Table 6.

\textsuperscript{34} P.R.O. T64/145. T/1/341/48.
themselves or, more usually, resold it to others prepared to take the risk.\textsuperscript{35} This method did not become important until after 1713 and it probably did not gain a predominance over other methods until the late 1730s. This slow development reflected the high overheads of the re-landing trade, which is not likely to have become profitable until the 1685 duty increases put tobacco into a higher tax bracket.\textsuperscript{36} This created favourable conditions for further development, but in 1689 war broke out and lasted, with only a brief interruption, until 1713. War restricted smuggling, and it is therefore not surprising that there is little evidence concerning the re-landing trade before 1713, and that, for example, lists of contraband goods seized in 1697 and 1698 contain no mention of tobacco.\textsuperscript{37}

After 1713 the re-landing trade enjoyed rapid growth. There were four ports favoured as the centres of this trade, chosen because they lay anomalously outside the regulations of any national customs system—namely, Dunkirk, Ostend, the Channel Islands, and the Isle of Man.\textsuperscript{38} How much tobacco was re-landed from these destinations? The simplest case is that of the Isle of Man because the evidence suggests that Manx smuggling was predominantly directed toward Ireland.\textsuperscript{39} It is therefore possible safely to disregard the Isle of Man's limited role in the English re-landing trade.

Smuggling from the Channel Islands is a different matter. Prof. Price has made a detailed study of this trade and has concluded that while the islands smuggled tobacco into both England and France, their main business was with the latter.\textsuperscript{40} It is proposed here, given that there is evidence on both sides, to err on the side of caution, that is to take a compromise view and assume that half the tobacco available in the Channel Islands was relanded in England.\textsuperscript{41}

English tobacco exports to Dunkirk and Ostend, subsumed within the customs designation "Flanders", increased fivefold in the first half of the eighteenth century reaching a peak of 3,700,000 lb. in the 1740s.\textsuperscript{42} Prof. Price has convincingly argued that 75 per cent of exports to "Flanders" were bound for Dunkirk with the remainder consigned to Ostend.\textsuperscript{43} He has further shown

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\textsuperscript{35} It was not usual to run tobacco directly from America because the large size and value of the ships involved in transatlantic trade made this impractical; although seamen serving on tobacco ships often ran small quantities ashore when in port. Price, thesis, 1, pp. 248-50, 265; Marshall ed. \textit{Autobiography of William Stout}, p. 95.

\textsuperscript{36} For the high costs of the re-landing trades see Barker, 'Smuggling in the Eighteenth Century', p. 388; Cullen, 'The Smuggling Trade in Ireland', p. 161. For a similar contemporary view, see P.R.O. T1/339/51.

\textsuperscript{37} Price, thesis, p. 246.


\textsuperscript{39} \textit{House of Commons Reports}, 1, pp. 633-5; Cullen, 'Smuggling Trade in Ireland', pp. 152-4, 162; Price, thesis, 1, pp. 434, 473; Jarvis, \textit{Customs Letter-Books}, p. 41. This was especially true after 1716, when the Irish duties were substantially increased, bringing them into line with those levied in England.

\textsuperscript{40} Price, \textit{France and the Chesapeake}, 1, pp. 447-9.

\textsuperscript{41} This may overstate the volume of the re-landing trade from the Channel Islands, but to an unknown extent this will be compensated for by disregarding the small re-landing trade from the Isle of Man.

\textsuperscript{42} Price, \textit{France and the Chesapeake}, 2, pp. 845-6.

\textsuperscript{43} Ibid. 1, p. 497.
Table 3. Estimates of Tobacco Illegally Re-landed from the Channel Islands, Ostend, and Dunkirk 1698-1752

(annual averages ‘000s lb.)

<table>
<thead>
<tr>
<th></th>
<th>Channel Islands</th>
<th>Ostend</th>
<th>Dunkirk</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1698-1702</td>
<td>70</td>
<td>51</td>
<td>267</td>
<td>388</td>
</tr>
<tr>
<td>1703-7</td>
<td>0</td>
<td>3</td>
<td>17</td>
<td>20</td>
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<tr>
<td>1708-12</td>
<td>24</td>
<td>9</td>
<td>47</td>
<td>80</td>
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<td>1713-17</td>
<td>282</td>
<td>82</td>
<td>428</td>
<td>792</td>
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<td>1718-22</td>
<td>218</td>
<td>68</td>
<td>357</td>
<td>643</td>
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<tr>
<td>1723-7</td>
<td>204</td>
<td>56</td>
<td>296</td>
<td>556</td>
</tr>
<tr>
<td>1728-32</td>
<td>296</td>
<td>95</td>
<td>500</td>
<td>891</td>
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<td>1733-7</td>
<td>287</td>
<td>128</td>
<td>669</td>
<td>1,084</td>
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<td>454</td>
<td>265</td>
<td>1,401</td>
<td>2,130</td>
</tr>
<tr>
<td>1743-7</td>
<td>122</td>
<td>158</td>
<td>832</td>
<td>1,112</td>
</tr>
<tr>
<td>1748-52</td>
<td>371</td>
<td>392</td>
<td>2,070</td>
<td>2,833</td>
</tr>
</tbody>
</table>

Sources: Figures of tobacco exports from England are given in Price, France and the Chesapeake, 1, pp. 131, 448, II, pp. 845-6. Figures presented in this Table are derived from these as follows: Channel Islands—50 per cent of exports less an allowance of 50,000 lb. for local consumption; Ostend—25 per cent of English exports; Dunkirk—44 per cent of English exports.

that in the 1730s 56 per cent of Dunkirk’s imports of English tobacco were smuggled into the area of the French tobacco monopoly, a proportion I have assumed to hold true for the rest of the period under review. It is also assumed that the remaining tobacco in Dunkirk was re-landed in England, the most reasonable option for its disposal.44 The English tobacco entering Ostend found its way to a number of destinations: some was consumed in the Austrian Netherlands; some was sent on into the German market for which Ostend was an obvious port of transit; and the rest was either smuggled into the United Farms area or re-landed in England.45 It is assumed, given these multifarious demands on Ostend’s imports, that the English smuggling trade took up only 25 per cent of the tobacco passing through the port in this period.

The estimates of the total volume of re-landing suggest that the trade was at a low level in the Spanish Succession War, but that it then increased substantially, reaching 1,000,000 lb. by c. 1730 and 2,800,000 lb. by c. 1750. This would suggest that trends in tobacco re-landing were close to those observed by Prof. Cole for tea running; and moreover that the volume of the two illegal trades was roughly comparable, indicating the considerable significance of tobacco re-landing in the gamut of contraban activities.46 But it would be useful to strengthen these estimates, given that they rest precariously on a number of assumptions, by considering the evidence on tobacco seizures.47 Before 1733 nearly all tobacco seizures were made in London and the leading outports. As it would have been unwise for smugglers to have attempted to re-land tobacco in these major ports, it can be taken that these seizures were made, not in connection with relanding, but as a consequence of port frauds, re-inforcing the impression that these frauds predominated in illegal trade at this time. But after 1732 the pattern and location of tobacco seizures shifted.

44 Ibid. pp. 498-9. The other markets adjacent to Dunkirk—the Austrian Netherlands and French Flanders—were supplied from Ostend or from local cultivation.
In the years 1732-48 60 per cent of all seizures, which averaged 70,000 lb. per year, were made in Devon, Cornwall, and Dorset, in and around ports which had ceased to play any significant part in the legal tobacco trade, but which were well-placed for the "free trade" from Dunkirk, Ostend and the Channel Islands. This shift is likely to reflect the increase in the significance of the re-landing trade pointed to by other evidence for the period.

Aside from this, it might still be argued that tobacco seizures averaging 70,000 lb. per year were remarkably small in relation to a smuggling trade estimated at being between 1,000,000 and 2,800,000 lb. per year. While it is impossible to establish any relationship between the rate of seizures and the level of re-landing, it can be remarked that the rate of detection in tea smuggling appears to have been even lower. This makes it more plausible that the tobacco seizures recorded for the 1730s and 1740s do indeed represent the scarcely visible tip of the iceberg.48

Table 4. Estimates of Scotland's Tobacco Trade and Per Capita Consumption of Tobacco, 1698-1748

(annual averages: '000s lb.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>To England</th>
<th>To Other</th>
<th>Total Exports</th>
<th>Retained Imports</th>
<th>Per Capita Retained Imports lb.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1698-1707</td>
<td>1,523</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,523</td>
<td>1.45</td>
</tr>
<tr>
<td>1715-17</td>
<td>2,237</td>
<td>2,018</td>
<td>2,018</td>
<td>2,018</td>
<td>219</td>
<td>0.20</td>
</tr>
<tr>
<td>1720-21</td>
<td>4,335</td>
<td>1,204</td>
<td>n/a</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1722-23</td>
<td>5,629</td>
<td>258</td>
<td>5,175</td>
<td>5,423</td>
<td>196</td>
<td>0.17</td>
</tr>
<tr>
<td>1739-48</td>
<td>10,760</td>
<td>947</td>
<td>10,414</td>
<td>11,361</td>
<td>-601</td>
<td>-0.49</td>
</tr>
</tbody>
</table>

Sources: Tobacco Statistics:
1698-1707. P.R.O. Customs 3/1, 3-11. In addition it has been assumed that 250,000 lbs. of tobacco per annum were imported into Scotland directly from America, as was the case in the 1680s; see Smout, Scottish Trade, pp. 178, 201.
1715-17. C.U.L. CHLD, 29/3. Figures are for the years ending 28 Sept. Entries of damaged tobacco, on which duty was not paid, have been deducted from figures of total imports. As exports to England are not available, figures of retained imports for these years exaggerate Scottish legal consumption.
1720-21. P.R.O. T64/242/2-3. Figures for Glasgow only. These have been adjusted on the basis that Glasgow had 94% of Scotland's tobacco trade as in 1722-5 (for the latter years see T36/13/41-71).
1722-31. House of Lords Record Office, Main Collection, 12 April 1793. Figures are for years ending 28 Sept. Exports to England are averages of coastal shipments only for 1722-5 and 1729-31, from P.R.O. T36/13/41-71. As there was also an overland trade this again means that the figures of retained imports exaggerate Scottish legal consumption.
1739-48. P.R.O. TL/341/104, 110. Exports to England are made up of (a) coastal shipments of 466,000 lb. per year for the period and (b) overland exports for the period Sept. 1747 to Sept. 1750 of 481,000 lb. per year, which I have assumed to be the same as for the years 1739-48.

Population Statistics:
See T. C. Smout, A History of the Scottish People (2nd ed. 1970), pp. 258-9, which gives a population of 1,048,000 in 1707 and 1,265,000 in 1755. I have assumed that the population in 1698-1707 was the same as in 1707, and that it then increased at regular stages until mid-century.

The final source of illegal supply to the English tobacco market that needs to be considered is that of Scottish smuggling. Scotland's tobacco trade with the English colonies had begun at least as early as the 1660s. By the 1680s

48 For levels of tea seizures and of the probable size of the smuggling trade see House of Lords Record Office, Main Papers, 3rd April 1733; House of Commons Reports, xi, p. 240; Cole, 'Eighteenth-Century Smuggling', pp. 450-6; idem. 'The Arithmetic of Eighteenth-Century Smuggling', Econ. Hist. Rev. 2nd ser. xxviii (1975), pp. 45-8. In the early eighteenth century it would appear that the ratio of smuggled to seized tea was in excess of 50:1.
Glasgow merchants were openly, and as far as the English were concerned illegally, declaring imports from the Chesapeake of about 250,000 lb. per year. This trade was much resented and even feared in England but it by no means made the Scots self-sufficient in tobacco; around 1700 85 per cent of Scotland's tobacco imports came from England, at which time her consumption amounted to 1,500,000 lb., or just under 1.5 lb. per head. After the Union, Scotland established a direct legal trade with the colonies and this brought in about 5,000,000 lb. per year in the 1720s and about 10,000,000 lb. per year in the 1750s. Although Scotland's domestic needs were supplied by these imports, this is not apparent from the official trade statistics which, even though they exaggerate Scottish consumption, show a persistently low or negative level of retained imports. This anomaly points to smuggling as making up the difference between observed and expected consumption; and it is a simple matter, if a constant per capita consumption is assumed, to estimate the level of illegal trade that prevailed.

<table>
<thead>
<tr>
<th></th>
<th>(a) Legal Imports</th>
<th>(b) Retained Imports</th>
<th>(c) Expected Retained</th>
<th>(d) Smuggled</th>
<th>(e) Smuggled as % of Legal Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1715-17</td>
<td>2,233</td>
<td>219</td>
<td>1,595</td>
<td>1,376</td>
<td>62</td>
</tr>
<tr>
<td>1720-1</td>
<td>4,333</td>
<td>—</td>
<td>—</td>
<td>2,018</td>
<td>47</td>
</tr>
<tr>
<td>1722-31</td>
<td>5,629</td>
<td>196</td>
<td>1,672</td>
<td>1,476</td>
<td>26</td>
</tr>
<tr>
<td>1739-48</td>
<td>10,760</td>
<td>-601</td>
<td>1,779</td>
<td>2,380</td>
<td>22</td>
</tr>
</tbody>
</table>

Sources: (a) and (b) see Table 4. (c) is derived by multiplying Scottish population by the level of per capita imports achieved in 1668-1707, see Table 4. (d) is derived by subtracting (b) from (c)—except for 1720-21. In these two years the level of smuggling has been estimated by comparing the recorded legal weight of hogsheads (which averaged 442 lb.) with their true weight (which averaged 661 lb.). For data see T64/240/2-5; T36/13/21-55.

These estimates indicate a very high level of fraud, especially in the years before 1722. Their plausibility is farther strengthened by other evidence, notably from investigations made into the Scottish Customs in the early 1720s. These showed that the principal abuse in the Scottish trade involved conspira-

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50 See Table 4, p. 363.

51 For the overstatement of Scottish consumption see notes to Table 4.

52 It might be argued that Scottish consumption declined in the eighteenth century as English consumption apparently did. But against this one could comment that: (a) it might be expected that there would have been an increase in consumption after 1707, given unrestricted access to American supplies; (b) the figures of retained imports in Table 4 overstate Scottish consumption; and (c) a per capita consumption of 1.5 lb. is comparable with that for England and Ireland in the first half of the eighteenth century. It should be noted that Prof. Price has cautioned against attempts to adjust the figures on Scottish retained imports on the grounds that the "proportion retained for consumption in Scotland was so small that even the slightest inaccuracy in the official import and export data would render consumption estimates radically distorted and useless . . . .". Price, thesis, 1, p. 112. However, it might also be said that the "inaccuracies" were far from slight, and always acted to depress the level of legal Scottish consumption. It therefore seems important to make every attempt to estimate their probable extent.
cies between merchants and officers to under-weigh incoming cargoes on a very large scale.\textsuperscript{53}

These revealing investigations changed the pattern of Scottish smuggling. Henceforth the Scottish customs service came under the direct supervision of London, and this appears to have greatly reduced the incidence of port frauds.\textsuperscript{54} Even so, Table 5 indicates that the level of illegal trade remained substantial. The persistence of smuggling in the face of reform reflected a change in the methods used; the suppression of port frauds—as in the English case—diverted illegal energies into the re-landing trade, which became active in Scotland immediately after 1723, and remained the dominant illegal source of tobacco in the following thirty years.\textsuperscript{55}

The significance of Scottish smuggling for the organization of the British tobacco trade will be discussed in Section III, but in the meantime attention needs to be drawn to the part played by Scotland in supplying the English domestic market. The information available is imperfect, but it would suggest that Scottish exports to England began soon after the Union, were greatly stepped up from 1718, and by 1722 had reached a level of about 1,200,000 lbs. per year.\textsuperscript{56} After 1722 Scottish exports dropped to about a quarter of this figure, possibly because of the campaign against fraud, but then recovered after 1731, and reached the 1,000,000 lb. mark once more in the 1740s. Scottish imports therefore made a substantial, though not overwhelming, contribution to English domestic consumption.

It is now possible to bring together the estimates of tobacco brought into England from Scotland and \textit{via} port frauds and the re-landing trade.\textsuperscript{57} Certain conclusions, it need hardly be said of a very tentative nature, can be suggested. To begin with, the estimates indicate that illegal imports were modest in relation to total trade: at their peak in 1718-32 they were equal to perhaps 10 per cent of legal imports. The existence of smuggling therefore does not appear to invalidate the official tobacco statistics as it probably does with other contraband trades. But smuggling, because of the low proportion of retained imports, had a much more pronounced effect on home consumption; consequently it is in the domestic markets where illegal tobacco imports are found to hold a large and growing share of trade.\textsuperscript{58} In the 1730s and 1740s it is likely that about one pound in three sold in the English home market paid no duty compared with one pound in fifteen sold \textit{c.} 1700. This increasing contribution made by extra-legal imports alters our view of the trend in English \textit{per capita} consumption. While the official series registers a decline from 1713, the

\textsuperscript{53} For these investigations, which were inspired by the complaints of the English tobacco merchants, see Stock, \textit{Proceedings}, iii, pp. 456-8, 460-4; C.U.L. C.H/D, 40/15/3-9; P.R.O. T/1/250/9, T/36/13/21-71, T/64/240. The reports showed that incoming hogheads were under-weighed by an average of between 40 and 50 per cent.

\textsuperscript{54} Price, \textit{The Rise of Glasgow}, p. 186 for the English takeover. The average recorded weights of hogheads entered at Glasgow in May 1722 to June 1725 increased by 50 per cent over weights recorded in the previous three years, P.R.O. T/36/13/41-71. A survey of all Scottish trade in the period Sept. 1751 to Oct. 1756 showed that there was no significant discrepancy between the legally recorded, and the true weights of imported and re-exported hogheads; P.R.O. T/38/239, T/36/13/239.


\textsuperscript{56} See Table 4.

\textsuperscript{57} See Tables 6 and 7, pp. 366, 367.

\textsuperscript{58} For a demonstration of the distorting effects of different levels of the under-recording of imports, see Price, thesis, i, pp. 80-4.
adjusted series does not show a definite fall until the late 1730s, and then only for a decade before consumption begins to recover; the greater part of the fall in consumption is reversed when illegal trade is taken into account. What remains can only be explained by the changes in consumer fashion posited by Prof. Price and Alfred Rive—if it can be explained at all.

Table 6. Estimates of Tobacco Imported into England from Scotland and by Port Frauds and the Re-landing Trade, 1698-1752

<table>
<thead>
<tr>
<th></th>
<th>(a) Port Frauds</th>
<th>(b) Re-landed</th>
<th>(c) From Scotland</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1698-702</td>
<td>642</td>
<td>388</td>
<td>—</td>
<td>1,030</td>
</tr>
<tr>
<td>1703-7</td>
<td>553</td>
<td>20</td>
<td>—</td>
<td>573</td>
</tr>
<tr>
<td>1708-12</td>
<td>535</td>
<td>80</td>
<td>—</td>
<td>613</td>
</tr>
<tr>
<td>1713-17</td>
<td>483</td>
<td>792</td>
<td>600</td>
<td>1,875</td>
</tr>
<tr>
<td>1718-22</td>
<td>1,682</td>
<td>643</td>
<td>1,200</td>
<td>3,525</td>
</tr>
<tr>
<td>1723-27</td>
<td>2,178</td>
<td>556</td>
<td>258</td>
<td>2,992</td>
</tr>
<tr>
<td>1728-32</td>
<td>2,721</td>
<td>891</td>
<td>258</td>
<td>3,870</td>
</tr>
<tr>
<td>1733-7</td>
<td>747</td>
<td>1,084</td>
<td>603</td>
<td>2,434</td>
</tr>
<tr>
<td>1738-42</td>
<td>905</td>
<td>2,130</td>
<td>947</td>
<td>3,982</td>
</tr>
<tr>
<td>1743-7</td>
<td>—</td>
<td>1,112</td>
<td>947</td>
<td>2,059</td>
</tr>
<tr>
<td>1748-52</td>
<td>—</td>
<td>2,833</td>
<td>947</td>
<td>3,780</td>
</tr>
</tbody>
</table>

Sources: (a) Derived from estimates of the percentage of legal trade brought in by frauds; for these see above pp. 359-60. (b) See Table 3. (c) Scottish exports to England estimated on the following bases: 1708-12, assumed none at this early stage, although in fact there was probably a small trade at this time. 1713-17, assumed half of 1720-1 level, in line with imports for the two periods; 1718-21, assumed same as 1720-1; 1723-32; see Table 4; 1733-7, assumed to be at a level midway between that for the preceding and following periods; 1738-52, assumed same as 1739-48, for latter see Table 4.

Before turning to the effects of smuggling on the development of the tobacco trade, it is necessary to review briefly trends in illegal trade in the second half of the eighteenth century, a period not covered in such detail in this study because of the shortage of evidence. In England, in the years before the American Revolution, the trend of per capita consumption fluctuated—increasing from c. 1740 to the mid-1760s, and then falling sharply, so that by the early 1770s legal consumption was virtually back to the low level that had prevailed c. 1740. This suggests that illegal trade also fluctuated, although of course in the opposite direction, that is declining until the mid-1760s, and then increasing in the next decade. These proposed trends in tobacco smuggling for the period from c. 1740 to c. 1770 are again similar to those suggested by Prof. Cole for the illegal trade in tea. After 1776, however, the experience of the two smuggling trades diverged. First, in the American War, tobacco re-landing—unlike tea running—appears to have declined, judging at least by the evidence of tobacco seizures, which fell to very low levels in the war years. Then, after 1782, the re-landing trade revived; its chief centre, as before, being Dunkirk, where tobacco was once more imported and manufactured on a large scale for the English market. By 1789 1,500,000 lbs. of

59 Figures of English per capita consumption were as follows: 1740 (an average of 1738-42), 0.98 lb; 1745, 1.22 lb; 1750, 1.33 lb; 1755, 1.70 lb; 1760, 1.56 lb; 1765, 1.39 lb; 1770, 1.11 lb. For sources see the notes to Table 1.


61 House of Commons Reports, xi, p. 240. For the view that tea smuggling continued at a high level in the war see Cole, 'Eighteenth-Century Smuggling', p. 405.

62 For the detailed Parliamentary investigations of tobacco smuggling in the late 1780s see S. Lambert ed. House of Commons Sessional Papers of the Eighteenth Century (Wilmington, Del. 1975), vol. 75, pp. 67-86. Many of the Dunkirk dealers in tobacco were expatriate English manufacturers.
tobacco a year was smuggled from Dunkirk to Great Britain, the great bulk of it into England. It was the revival of illegal trade of this order that stimulated a new crop of regulative Acts in the 1780s, culminating in the excising of tobacco in 1789. It is difficult, however, to assess the effectiveness of these measures. It is true that the low level of legal consumption persisted in the 1790s, which strongly suggests that the illegal trade continued to flourish. On the other hand, one would have expected the Excise, and more particularly the French War, to have had some effect on smuggling. It therefore remains possible that there was a decline in illegal imports in the 1790s but that this was disguised by a fall in overall consumption; a reduction in demand which, if it occurred, would be linked most plausibly to the high price of tobacco in the 1790s.

In the Scottish trade it seems certain that the significance of smuggling declined in the period from 1750 to the American Revolution. It is true that there was a similar pattern of fluctuations in Scottish retained imports, which rose to the mid-1760s and then fell away, but there was a marked difference in the trend in overall trade. While English imports stagnated, Scottish imports boomed, more than trebling between c. 1750 and c. 1775. Consequently, if Scottish smuggling had recovered its former levels by the mid-1770s, and this is by no means certain, its relative share of total trade must have declined substantially.

Table 7. Estimates of Imports from Scotland and Illegal Imports as a Percentage of Legal Trade: Estimates of Per Capita Consumption, 1698-1752

(annual averages: '000s lb.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Imports</th>
<th>Retained Imports</th>
<th>Scottish and Illegal</th>
<th>% of Imports</th>
<th>% of Retained Imports</th>
<th>Retained per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(i)</td>
<td>(ii)</td>
<td></td>
</tr>
<tr>
<td>1698-1702</td>
<td>32,309</td>
<td>11,124</td>
<td>1,030</td>
<td>3</td>
<td>7</td>
<td>2.10</td>
</tr>
<tr>
<td>1702-7</td>
<td>23,044</td>
<td>7,847</td>
<td>573</td>
<td>2</td>
<td>7</td>
<td>1.53</td>
</tr>
<tr>
<td>1708-12</td>
<td>29,313</td>
<td>11,691</td>
<td>613</td>
<td>2</td>
<td>5</td>
<td>1.43</td>
</tr>
<tr>
<td>1713-17</td>
<td>25,318</td>
<td>8,174</td>
<td>1,875</td>
<td>7</td>
<td>22</td>
<td>1.46</td>
</tr>
<tr>
<td>1718-22</td>
<td>33,117</td>
<td>11,288</td>
<td>3,525</td>
<td>11</td>
<td>31</td>
<td>1.98</td>
</tr>
<tr>
<td>1723-7</td>
<td>30,512</td>
<td>8,974</td>
<td>2,992</td>
<td>10</td>
<td>33</td>
<td>1.59</td>
</tr>
<tr>
<td>1728-32</td>
<td>38,021</td>
<td>8,596</td>
<td>3,870</td>
<td>7</td>
<td>45</td>
<td>1.53</td>
</tr>
<tr>
<td>1733-7</td>
<td>40,776</td>
<td>9,100</td>
<td>2,434</td>
<td>6</td>
<td>27</td>
<td>1.58</td>
</tr>
<tr>
<td>1738-42</td>
<td>45,152</td>
<td>5,833</td>
<td>3,982</td>
<td>9</td>
<td>68</td>
<td>0.98</td>
</tr>
<tr>
<td>1743-7</td>
<td>46,111</td>
<td>7,427</td>
<td>2,059</td>
<td>4</td>
<td>28</td>
<td>1.22</td>
</tr>
<tr>
<td>1748-52</td>
<td>49,982</td>
<td>8,268</td>
<td>3,780</td>
<td>8</td>
<td>46</td>
<td>1.33</td>
</tr>
</tbody>
</table>

*Sources:* (a) Table 1. (b) Table 6. (c) Table 1; adjusted figures obtained by dividing population into totals of legal retained imports plus Scottish and illegal imports.

63 Archives Nationales, Paris, F12, 1666. Part of the Dunkirk exports went to Ireland, a trade which increased after 1755, when the smuggling trade of the Isle of Man was brought to an end. See Cullen, 'Smuggling Trade in Ireland', p. 159. For the 1780s legislation see Rive, 'Short History of Tobacco Smuggling', pp. 566-8.

64 For the strong impact of the French war on Irish tobacco smuggling see Cullen, 'Smuggling trade in Ireland', pp. 171-2.

65 For prices see Rive, 'Consumption of Tobacco', pp. 72-3.


67 The uncertainty follows from the fact that we do not have figures of Scottish tobacco exports to England, and cannot therefore be certain of Scottish retained imports.
III

What was the effect of smuggling on the development of the tobacco trade? Prof. Barker has argued that duty-evasion did not lower prices and that smuggled tobacco was sold at the same price as if legally imported. Its chief effect was therefore to create excess profits for fraudulent importers, additional earnings which may well have made an important contribution to merchant capital formation in Scotland, and indeed in all sections of the British tobacco trade where fraud was practised. 68 Prof. Cullen, however, has advanced a different conclusion. He has argued that smuggling did reduce prices and in this way increased the demand for contraband commodities because, in a period when incomes were low, "the elasticity of demand for these commodities was high at all levels of price". 69 These differing views direct attention towards two crucial questions: first, to what extent was the demand for tobacco price-elastic; second, to what extent, if any, did smuggling reduce tobacco prices in the British domestic market?

In the eighteenth century it would appear that the demand for tobacco was, as it remains, highly inelastic within a broad range of prices and incomes. 70 This inelasticity is demonstrated by the speed with which the demand for its mild narcotic pleasures spread, once the commodity became known, and by the fact that it quickly became an article of mass consumption even in poor countries where there was little or no demand for other imported luxuries. 71 Correspondingly, although rapidly adopted as an everyday habit, consumption soon reached a point where popular craving was satisfied and in this saturated state further growth tended to be slow. 72 Given this inelastic demand it would be anticipated that the greater part of the burden of any increase in duties would be borne by the consumer in the form of higher prices, rather than by the supplier, and that such an increase would have only a slight effect on total consumption. Conversely, it would be expected that a reduction in duties, even one achieved unofficially through fraud and smuggling, would be passed on to the consumer by way of lower prices, and not retained by the supplier in the form of excess profits; again one would not expect total consumption to be much affected. In these respects it has to be remembered that merchants practising fraud brought in their tobacco in composite lots consisting of legally imported leaf and a substantial admixture of tobacco on which no duty had been paid. This tobacco was sold at a uniform price which presumably was determined by the real costs of its supply—costs which had been substantially

69 Cullen, 'The Smuggling Trade in Ireland', p. 150.
70 For a strong argument for inelasticity see Price, France and the Chesapeake, 2, p. 840. However, it remains possible, as noted above, that the exceptional prices of the 1790s led to some reduction in demand.
71 For example, in Ireland and Scotland, as already noted, and in the Baltic countries. For the latter see the substantial eighteenth-century imports into Sweden, Norway and Denmark in J. M. Price, 'The Tobacco Adventure to Russia: Enterprise, Politics and Diplomacy in the Quest for a Northern Market for English Colonial Tobacco, 1676-1722', Transactions of the American Philosophical Society, new ser. 51 (1961), pp. 89, 96-7, 103. The demand for the other major colonial product, sugar, was much more price- and income-elastic. See R. B. Sheridan, Sugar and Slavery (Baltimore, 1973), pp. 21-7.
72 For examples of slow growth see Irish and Swedish imports of tobacco in the eighteenth century; Stock, Proceedings, 11, p. 525; House of Commons Reports, 1, p. 633; Price, 'Tobacco Adventure', p. 103.
reduced by the avoidance of duty on part of the import. On the market side it also has to be remembered that demand was elastic as far as the individual merchant was concerned. Furthermore, the merchant would perceive a reduction in his costs as a shift of the demand curve to the right. The fraudulent importer was therefore placed in a position where he could sell more tobacco at a lower price, and he would do so because he could maximize receipts and because he faced a high degree of competition. It is true that the resulting reduction in price was not as great as the reduction in duty, i.e. the merchant retained a small part of the decrease in costs as additional profits in the form of the suppliers’ surplus. But, as aggregate demand in the trade was highly inelastic, the larger sales and profits enjoyed by some merchants were offset by the lower sales and profits of other suppliers, those who were not so successful in avoiding duty. The latter would have to sell at a lower price, though this was not justified in their case by lower costs, and in this indirect way the bulk of the benefits from illegal trade would be passed on to the consumer. In the long run the more scrupulous merchants would have to adopt fraudulent practices in order to compete. If they were unwilling or, more likely, unable to do so, their share of business would shrink.

The empirical evidence bears out the assumption of inelastic demand and the observations that follow from it. In this period in the English trade the major increase in duties took place in 1685, when they were rather more than doubled from 1-6d. to 4-15d. per lb. The market response was immediate. The wholesale price of tobacco, which had averaged 5½d. per lb. in 1683 and 1684, increased to 8½d. per lb. in the next two years; i.e. the merchant importers had succeeded in passing on the whole increase. During the next thirty years the influence of heavy duties on prices is obscured by the effects of war, which pushed up supply costs and created artificially high prices. But slightly after the end of the wars, from 1717, prices began to drift downwards and by the early 1720s, in conditions of normal supply, tobacco was being sold in a number of domestic markets at prices below a level that would have been profitable if the full duty had been paid. Prices were then temporarily raised by the inadequate harvests of 1724 and 1725, but fell back once more to “unprofitable” levels in the late 1720s and early 1730s. Contemporaries, both

73 Of course re-landed tobacco was imported in an operation quite separate from that of legal trade but eventually such tobacco passed into the normal channels of distribution, reducing the overall costs of supply. See Marshall, William Stout, p. 95; House of Commons Reports, 1, p. 609. The Müüsis suggest that the same “blending” took place with smuggled and legally imported tea; Müüs, “Trends in Eighteenth-Century Smuggling”, p. 49.

74 For the open nature of the tobacco trade see J. Price, Capital and Credit in British Overseas Trade: The View from the Chesapeake, 1700-1776 (Cambridge, Mass. 1980), pp. 124, 198-9.


77 A minimum profitable price for the ordinary grades of tobacco, including duty and yielding a return of 7-5 per cent, would be 7-9d. per lb. Stripped tobacco, i.e. without stalks, or sweet-scented, sold for a td. or so more. For evidence of prices in London and Bristol being frequently below these levels in the early and late 1720s, and in the 1730s (and for data on prime costs and handling charges) see Dorset R.O., Burridge Papers, Accounts Rendered, B7/N2; Hampshire R.O., Wyndham Accounts, 8M 49 F/12. C.U.L.
those involved in the trade and those merely commenting on it, were aware of this price decline and attributed it to smuggling.\textsuperscript{78} The rising trend of illegal imports after 1718 depressed prices in the home market; there seems to be no other adequate explanation for the fact that prices were generally low in the 1720s and 1730s, at a time when the legal supply of tobacco was very restricted in comparison with former peace years.\textsuperscript{79}

Although illegal trade depressed prices, domestic consumption appears not to have expanded.\textsuperscript{80} Its effect was rather to reinforce changes that were occurring in the distribution of trade.

Table 8. Distribution of Legal Trade Between London, the English Outports, and Scotland, 1698-1750

<table>
<thead>
<tr>
<th></th>
<th>London</th>
<th>Other Outports</th>
<th>Liverpool/Whitehaven</th>
<th>Scotland</th>
<th>British Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1698-1702</td>
<td>19,612</td>
<td>9,227</td>
<td>3,470</td>
<td>—</td>
<td>32,309</td>
</tr>
<tr>
<td>1718-22</td>
<td>22,976</td>
<td>6,741</td>
<td>3,400</td>
<td>5,300</td>
<td>38,427</td>
</tr>
<tr>
<td>1738-42</td>
<td>27,245</td>
<td>8,157</td>
<td>9,750</td>
<td>7,030</td>
<td>52,182</td>
</tr>
<tr>
<td>1748-50</td>
<td>24,963</td>
<td>7,548</td>
<td>16,653</td>
<td>19,055</td>
<td>68,219</td>
</tr>
</tbody>
</table>

Sources: P.R.O. Customs 3/1-5, 20-2; T64/240. Eaglesham, thesis, p. 69; Clemens, ‘Rise of Liverpool’, p. 222; Price, France and the Chesapeake, i, 589-90, ii, 843-4. Figures are not available for following years: Liverpool (1720); Whitehaven (1718-20); Scotland (1718-19). Figures in Table are averages of years for which information is available. Figures in last row for three- rather than five-year period as information inadequate for 1750-1.

Table 8 shows that, while British tobacco imports more than doubled between 1700 and 1750, virtually all of this growth occurred in the trade of three ports—Liverpool, Whitehaven, and Glasgow. What part did illegal trade play in the expansion of the north-west?

Scotland’s share of legal imports increased from zero to 14 per cent of British trade between 1707 and 1722. In these years it is likely that Glasgow merchants were paying duty on only one half to two-thirds of their imports, while at the same time English merchants it would appear, were paying out on 85 to 100 per cent of their tobacco trade.\textsuperscript{81} This considerable cost-advantage must have played a large part in Scotland’s initial success in developing a tobacco trade and in taking a substantial share of the English domestic market. Significantly, Scotland’s progress in both respects was much slower in the

\textsuperscript{78} C.U.L. C(H)D, 29/4/7; Stock, Proceedings, iii, pp. 460-2.

\textsuperscript{79} However, declining freight rates—which fell by about 3d. between c. 1700 and c. 1730—probably made a minor contribution to lower prices. There is no information on colonial market prices for tobacco before 1720. The one continuous series, that supplied by Prof. Menard for Maryland farm prices, shows no clear downward trend in the late seventeenth and early eighteenth centuries. See his 'Economy and Society in Early Colonial Maryland' (unpublished Ph.D. thesis, University of Iowa, 1975), p. 478. This is consistent with Philadelphia market prices in the 1720s and 1730s (Historical Statistics of the U.S. p. 1176). Taken together, this evidence suggests that the fall in English prices was not the result of lower prime costs in America.

\textsuperscript{80} See Table 7.

\textsuperscript{81} See above pp. 359-60.
twenty years after the customs reorganization of 1723, in an era when Scottish port frauds were brought under tight control. In contrast, the trade of the English ports stagnated between 1700 and 1720, and then grew quite rapidly in the case of London in the 1720s, and extremely quickly at Liverpool and Whitehaven in the years 1720-40.82 This last flourish, as it turned out, for the London trade took place in the only period when London participated substantially in port frauds; while Liverpool’s and Whitehaven’s more extended and more rapid growth also occurred in the years when their (greater) frauds were likewise at a peak.

This is not of course to imply that differential rates of fraud provide the sole explanation of shifts in the distribution of trade. Clearly, other influences were at work which favoured the north-western ports.83 In particular, the changing policy of the French tobacco monopoly, which in the 1740s—when the total imports of the north-west more than doubled—abandoned the London market, first for Whitehaven and then for Glasgow.84 But to capture this extraordinary benefit these ports needed already to have established a substantial tobacco trade, and in this prior process fraud played an important part.

IV

This study has attempted to show that tobacco smuggling was of considerable significance both in the contribution it made to domestic consumption and in the influence it had on the organization of legal trade. It also of course deprived the state of considerable income, and this raises the question of why successive governments, ever-conscious of the loss of revenue, were unable to suppress the illegal trade in tobacco completely.

In dealing with this problem the state had two options. First, it could have sought to increase revenues by lowering duties, a policy that was successfully implemented for tea in the Commutation Act of 1784. But such a policy could have been undertaken for tobacco only on the assumption that a large fall in price would have had a similarly stimulating effect on legal consumption. Such an outcome was highly improbable, as can be simply illustrated. For example, in the period 1720-50, when the illegal trade in tobacco was at its peak, English retained imports averaged 8,489,000 lb. or 1·4 lb. per head.85 Had the state attempted to eliminate smuggling by lowering duties, from an effective rate of 5·28d. to, say, 2d. per pound, legal consumption would have had to rise to 22,400,000 lb. per year, merely to maintain existing revenue, and to a great deal more for income to have been substantially increased. Such an expectation would not have been fulfilled, given the inelastic nature of the demand for tobacco. Indeed, the level of per capita consumption implied by such a reduction in duty was not achieved in England until the 1950s.86 In practice,

82 Nearly all the growth registered for London in Table 8 between 1720 and 1740 occurred in the 1720s.
84 Ibid. pp. 599-609.
85 Ibid. pp. 599-609.
the state was more inclined to alter the tobacco duties either by replacing them with an excise at a lower but more enforceable rate, or by combining a reduction in the consumption duty with a tax on tobacco exports (the latter of course making up the bulk of trade at this time). In the event, the state was unable to implement the first remedy and unwilling to adopt the second. As for the excise, the government found, in 1733, that it could not overcome the powerful and heterogeneous opposition that was mounted against its proposal, a scheme that would probably have had at least partial success with the re-landing trade. Secondly, the state rejected arguments for the re-imposition of a levy on tobacco exports probably on the grounds that such a tax would have antagonized both merchants and producers, and, by possibly reducing the volume of exports, might have undermined Britain’s position as an entrepôt for colonial staples, the encouragement of which was one of the fundamental objectives of the Navigation System.

The second option available, and the one adopted, was to accept the inevitability of high consumption duties and to concentrate attention on securing their more perfect collection. Here, of course, the state found itself on the horns of a dilemma; high duties could not be abandoned, yet their existence made collusive frauds and the re-landing trade profitable and attractive. The state had its greatest success in dealing with port frauds, by closing loop-holes in the legislation and by curbing the cupidity of the customs service’s internal enemies, the junior officers. But, while these problems were being solved, other forms of illegal trade were adopted which the state found more difficult to control. In particular the re-landing trade grew in importance so that by 1750 the illegal trade in tobacco had come to approximate the popular stereotype of eighteenth-century smuggling—that is it employed as its chief method the clandestine landing of contraband on isolated stretches of coastline. In 1750 the total consumption of tobacco in England and Scotland is likely to have amounted to some 13,400,000 lb., of which only about 8,610,000 lb. had paid the full duty; the achievement in dealing with illegal trade, while considerable, was not total. But, to look at it another way, the state had succeeded in collecting a punitive duty on two-thirds of the tobacco consumed within its jurisdiction. Perhaps the final verdict should be that in doing so it did as much as was possible in eighteenth-century conditions.

University of Manchester

87 Langford, Excise Crisis, pp. 46-61, 66-86. A similar measure for tea in 1724 appears to have been effective in curbing tea re-landing. See Cole, ‘Eighteenth Century Smuggling’, p. 401; Langford, Excise Crisis, p. 32.
88 For proposals to re-impose the pre-1723 export tax of a ¼d. per lb. and for a discussion of their merits see P.R.O. T1/326/44; T1/334/7; Price, thesis, pp. 49-50.
89 The improvement in customs efficiency in the eighteenth century is one of the main themes of Professor Price’s doctoral thesis; see pp. 609, 696 for a summary. Dr. Jarvis has put forward a similar argument in Customs Letter-Books, p. xvii, and in his critical introduction to E. Hoon, The Organisation of the English Customs Systems, 1696-1786 (2nd ed. 1968), pp. xxi-xxv.