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JANUARY 24. 1788.

A N S W E R S

F O R

The CORN DISTILLERS in SCOTLAND;

T O T H E

MEMORIAL of the CORN DISTILLERS in LONDON, presented to
the Lords Commissioners of His MAJESTY'S Treasury.

THE memorial is subscribed by the members of *six companies*, who say they have carried on the corn distillery for many years to an extent nearly equal to *four-fifths* of the whole distillery of Great Britain.

IT is only since the year 1750 that the corn distillery of Great Britain has been in this manner monopolised.—Before that time above forty houses were at work in different parts of England.

THE *six houses* having annihilated the rest, were, in the midst of their security, alarmed and incensed by finding spirits in the London market which had been manufactured and sent up from Scotland.—Loud complaints were instantly heard.

MEMORIALS to the Treasury were given in, charging the Board of Excise in Scotland with neglects and collusive practices, founded upon an assertion, That duties are not paid out of the limits of the General Office of Excise in London.

A PUBLIC remonstrance was made to the landed interest of England, written by a partner of one of the London houses, praying their assistance in Parliament, to have the Scotch trade prohibited by statute. This paper set forth, “That Scotland claims the benefit of the Union in her trade and commerce; but Scotland abuses that privilege. In all excisable commodities, the people of Scotland account it a sin to pay the duties charged by a British Parliament upon goods manufactured there*.”

* Memorials of the same import, and partly in the same words, have been annually presented by the London distillers to the Board of Treasury or Excise, for some years past.

(2)

AT this time the Scotch distillers were under a more rigid execution of the Excise than ever had been known in England, and by that means suffered various oppressions from the very cause which the distillers in London held forth as a local source of advantage.

Ker's Mem. Vol. I. AN opinion has long been entertained, that the country of Scotland was peculiarly favourable to the making of spirits; and, like the fishing, distillation was long talked of, but never attempted as a trade till of late. John Ker of Kerland, as far back as the year 1727, published at London proposals for establishing manufactures in North Britain. "What we shall (says he) make our first undertaking, is the setting up a work for distilling of spirits, in which we shall find "advantages surpassing what in any other parts of his Majesty's dominions are to "be met with. And it is to be hoped, from the largeness of our stocks, and a "discreet management, we may be able to make as great gain as the Dutch, who "by this article alone, make a greater profit, than, without a very nice calculation "is credible to believe. Hitherto they have been the only gainers from our produce; for, after they have distilled the malt, and gained vast profit by Geneva, "they sell us back the spirits.

"BESIDES the trade with our neighbours for this commodity, we shall find "other advantages from the several other branches; and by this, we shall not "only highly encourage the growth of the corn lands in North Britain, but save "that premium the government allows to the exporters of corn."—The cotton manufactures established of late, were proposed by the same gentleman at the same time.

SOON after the publication of this remonstrance for the corn distillers above mentioned, the draft of a bill was prepared to be presented to Parliament, for the avowed purpose of cutting off the Scotch trade, by loading the transit of their goods to London with such pains, penalties, forfeitures, and difficulties, as confessedly amounted to a prohibition; upon this preamble, "That his majesty's revenue "had been impaired, and the English manufacturers underfold in their own country, "to their great loss."

THIS bill, meeting with the opposition it deserved, was dropt; and another presented, which passed into a law. The use of the hydrometer was thereby introduced, and the credit of the distillers in their stocks limited to 20 gallons of spirits for every 100 of wash.

(3)

THESE regulations, particularly the nicety of, and danger arising from the hydrometer trials, would, it was hoped, form an effectual check against the Scotch trade. The trade, however, kept its ground and even made advances. Fresh complaints and representations were sent to the Treasury; and another act was in agitation for the next year, pregnant with additional restraints and bars to the importation from Scotland.

THE plan of levying the duties by Licence, upon stills, had not been devised or proposed by traders. The Scotch Board of Excise suggested it in their report to the Committee of Inquiry, in the following terms: "That an adequate duty in lieu "of all the duties, should be imposed by way of licence, to be paid annually for "every still according to its size, at a fixed rate per gallon, which could be certainly "ascertained, would be easily levied, and with difficulty evaded; while it would save "to the revenue the expence of many officers, and relieve the licensed traders of "every other restriction of which they complain." 1783

FROM that time the licence continued to be spoken of with general approbation. Some of the principal distillers from Scotland, then in London, proposed the same scheme, as a certain method of putting all the parts of Great Britain upon a level in point of duties. The proposal was unanimously rejected by the London manufacturers. The Scotch distillers next suggested, that one-half of the duties should be levied upon the wash, and the other half by licence, in order to diminish the temptation to evade the duties, by levying the one-half by a certain rule. This was also rejected.

THE next proposition between the parties, turned upon a licence for Scotland, under an equalizing duty upon the spirits carried to England.

TO this the gentlemen of London immediately listened, because, they clearly saw that a large equalizing duty in the Thames, with a certain payment upon the stills in Scotland, would fix the Scotch down upon both sides, and thereby effectually exclude the possibility of the presumed evasions.

THE proposition therefore went on, and it appeared that the object of the London traders was to keep the licence duty in Scotland as low as possible, on purpose to raise the equalizing duty at importation into the river Thames.

AT last an agreement was struck, and a minute of it subscribed in this form: "In presence of Sir William Cuninghame, Bart. Henry Beaufoy, Esq; Philip Mitalf, Esq;—Mess. Payne and Smith, on behalf of the London distillers, proposed

(4)

“ That the equalizing duties to be paid upon corn spirits distilled in Scotland, upon licensed stills at twenty shillings *per* gallon, *per annum*, on the contents, shall, upon their importation into England, not exceed the sum of 1s. 10d. at the strength of one to ten over hydrometer proof; and in proportion, if the strength is more or less.”

“ MR JAMES HAIG for himself, and Mr Aitchison on behalf of himself and several Scotch distillers, agree to pay 1s. 9d. *per* gallon.

“ THE difference of the penny to be referred to the House of Commons, in case the parties do not agree, with respect to this difference.” (Signed) Charles Smith. S. Payne. James Haig. John Aitchison.

THIS agreement was concluded too late in the session of Parliament 1785, to be at that time attempted to be carried into execution.

IN the interval, the trade from Scotland continued; the distillers of London appeared to have lost all patience; new complaints were made; and further prejudices attempted to be raised. The licence scheme therefore was renewed the next year with great keenness, upon the principles of the former agreement.

THE Scotch distillers appeal to every person who attended and had any opportunity of knowing what passed upon this occasion, that each circumstance relating to the business, and more particularly the number of times in which stills might be run, were considered and most particularly canvassed.

PARTIES came within one penny-halfpenny of each other, which penny-halfpenny was referred to Mr Pitt, and by him determined.

1786 UPON this footing the Licence Bill passed into a law.

So much satisfied were the distillers of London of the principles upon which they acted, and so hard a bargain did they think had been made for the Scotch, that they did not hesitate publicly to declare their opinion, that it must operate as a prohibition; and that they had now attained their *great object*, the exclusion of the Scotch distillers from the market of the capital.

FOR a considerable time after, the Scotch, whose attention was bent on a new plan for securing the home consumpt, sent very little spirits to London, while the

(5)

London distillers, to make certain of their point, and in order to annihilate the trade completely, sunk the price of spirits first L. 7, and then L. 3 *per* tun.

THIS circumstance is of capital moment in the present contest. For it is an *undeniable fact*, that the London distillers have the rate of the market in their own power. By the act passed for regulating the distillery of England at the same time with the Licence Bill, an additional duty of L. 5 : 5s. *per* tun was laid upon spirits. It was therefore natural to suppose that spirits should advance in proportion, but the reverse happened.—Immediately after that duty took place, and before the market was affected by Scotch spirits made upon licence, the prices, in place of being raised L. 5 : 5s. were sunk L. 10 *per* tun under the former selling price, by *private concert of the London distillers themselves*; and that without any *necessity or reason*, but to render it absolutely *impossible* (as they imagined) for the Scotch to continue the trade; it was never presumed that they could face the market under the double disadvantage of a hard *bargain* and such a great alteration of price, as L. 15 *per* tun.

AFTER all, the trade to London recommenced and went on by gradual advances.

THIS happened against the inclination, the intention, and the interest of the Scotch distillers. By the recommendation of government, they had laid out a large capital and expended a great deal of their time, in establishing a manufacture of gin, and making experiments relative to it. They succeeded to a wish, and had taken the best measures for occupying the Scotch market, having manufactured a large quantity of that spirit to supply it, equal in quality to any that Holland produced.

THIS plan and the sale of the goods was frustrated by orders from the Board of Excise in Scotland. The works erected at a vast expence were, therefore, necessarily taken down, and the manufacture of raw spirits for the English market, was from the same necessity re-commenced.

HENCE the exportation to London increased, and consequently distressed the trade of the distillers there. *And thus the conduct of the Board of Excise, brought on the present application to the Lords of the Treasury from the corn distillers in London.*

THIS memorial prays, in effect, a prohibition of the importation of spirits from the North.

B

(6)

THE facts set forth, are, First, "That they, the corn distillers in London, have embarked large capitals in the business, and carried on the same for many years to an extent nearly equal to four-fifths of the whole distillery of Great Britain."

THE respondents, distillers in Scotland, do not controvert this to have been at one time the fact, but they know of no law or reason why the distillery of Great Britain should be engrossed or monopolized by six houses. In Holland, the same trade is divided amongst several hundreds. In Scotland, above two hundred great and small are now working under licence; and who, (it may be necessary to remark,) have paid upwards of one-third of the whole distillery duties of Great Britain for this last year. They have indeed encroached upon the trade of those six houses, who think fit to plead the possession of a monopoly, as an argument for retaining it.

THE next fact set forth by those gentlemen is, "That corn spirits from the distilleries in Scotland, are sold in London at such reduced prices, as to be considerably under the prime cost of manufacturing the same article in England, paying the duties conformable to law."

THIS has been an annual assertion upon the part of the London distillers, ever since spirits went first from Scotland, about the year 1780 and 1781. The distillers of the latter country always did avow, that they are possessed of local advantages which do enable them to manufacture under the prime cost of the same business in London; and by the law and constitution of the kingdom, the inhabitants of every corner of it are entitled to avail themselves of such benefits or conveniences. The distillers of London all along held these advantages in contempt, and wished to have them considered as mere pretences. Besides, if the distillers of Scotland be willing to work upon less profit than their neighbours in the capital, it is certainly lawful for them so to do.

THE memorialists mention in the next place, "That the reduction in price, occasioned by the Scotch interference, amounts to a prohibition of the continuance of the trade in England."

THE answer to this will arise from a repetition of the fact before stated, *viz.* That very soon after the commencement of the Licence Bill in Scotland, and before any quantity was sent sufficient to affect the general price, the very men whose names appear at this memorial, did, by concert, sink the price of spirits L. 10,

(7)

in place of raising it L. 5:5s. *per* tun, for the purpose of prohibiting the further continuance of the trade from Scotland; and therefore it is extremely unjust to impute the fall of the market to the Scotch. It may be true, That the London distillers have been caught in their own snare, but they have no right to make a complaint to government, or to the legislature upon that head.

THE memorial goes on to say, "That the memorialists have reason to imagine, that the distillery of Scotland, being enabled to supply the London market on such terms as to underfell the manufacturers of corn spirits in England, arises from an erroneous calculate of the duty payable on spirits made in Scotland, and sent to England, with respect to the equalizing duty, as the same is fixed by the late Act of Parliament."

THE Scottish manufactory stands now upon advantage ground which it did not formerly possess. Anterior to the late Act, the London traders asserted with the utmost confidence, that it was impossible for the Scotch to stand in competition with them, if they paid one-half of the duties of law; and declared, that they would undertake to beat them out of the London market, the moment they could make certain of their paying two-thirds; but it is now ascertained, that the Scotch are able to occupy and supply a great share of the London market, and to pay two shillings upon every gallon in the River, besides a licence duty of L. 1:10s. upon each gallon of their stills.

The memorial proceeds to state, "That the equalizing duty is, by the said Act, rated at two shillings *per* gallon on spirits sent to England: That the manufacturers in England pay after the rate of 2s. 10d. *per* gallon, making a difference of 10d. *per* gallon (about L. 10 *per* tun) on spirits from Scotland, as an equivalent for the supposed duty paid by the manufacturer in Scotland."

To this it is answered, That the duty here mentioned to be 2s. 10d. is only 2s. 6d. and that the memorialists assume, without proof, the very foundation of their complaint, *viz.* That, contrary to the practice of their predecessors—to that of the melass distillers, and to that of all distillers from every other substance but *corn*; and amidst every opportunity of fraud and evasion which the vicinity of the consumer and the ease of conveyance admit—They, the distillers of spirits from corn, conscientiously and most scrupulously pay to government the full duties of law for every drop made and sent out from their works.

WITH regard to the legal *quantums* of the duty, the respondents appeal to the late Acts of Parliament for England, whereby the trader is allowed a credit in his

(8)

stock, of 20 gallons of spirits for every 100 gallons of wash upon which the duties have been charged.—If 20 gallons be drawn from the 100 of wash, then the duty by the statute is only 2s. 6d. *per* gallon. If no more than 18 gallons be drawn, the duty paid would be more than the Act prescribes, or supposes; it would be 2s. 9¼d. But if 22 gallons be drawn, then the duty paid by them will be less than the Act requires, that is, 2s. 3¾d.—The distillers of London say, That though they are allowed 20 by law, yet they draw at an average for the year only 18 gallons; and the pretext for taking the allowance of *twenty*, is, That at particular seasons of the year, and in favourable seasons, the spirits obtained from each 100 gallons of wash, run to 20 gallons; and, therefore, the utmost latitude of the best time is taken, on purpose to prevent seizures of spirits fairly got. And for the same reason, (as they say) it is, that their stocks are ordered to be surveyed *only once in three months, and that they have twelve hours previous notice to prepare for that ceremony.*

THE respondents on the other hand assert, That 20 gallons and upwards are drawn from 100 of wash; and that the *quantum of the duty* is to be ascertained by the Act of Parliament, which, according to the legal allowance of 20 gallons, *strikes it at 2s. 6d.* and not from the interested denial of the parties, against the evidence of law. If one man shall only be capable to draw 18 gallons, the ingenuity of his neighbour may enable him to draw twenty, and the law secures it to him. If it be pretended that this can only be done at particular seasons, then the distillers are at liberty to work at these seasons, and to stop when the influence of them fails. If a man chuses to continue working at disadvantage to himself, the duties of the law cannot be rated by the rule of his deficiency.—The reasoning of the London trade upon this point, is demonstratively fallacious. If (as they say) the average produce of 100 gallons of wash be no more than eighteen for any given time, then they ought to have credit from the Excise *for eighteen and no more*; nor does the reason they give apply to the officers' survey only once in three months, because, whatever be the increase or decrease, the distiller is always to have credit for the 20 gallons. On the other hand, this reason applies to the fact, which is, that 20 gallons is the average, and that these distant surveys are intended to secure the surplus above twenty, and thereby to make up, or balance the decreases happening in the intervals of time. The memorial, therefore, of the distillers, states against the Act of Parliament, that the duty in England is 2s. 10d. *per* gallon, whereas, *it is no more than 2s. 6d.*

In the next place, Before a comparison can be instituted between 2s. 6d. paid by the London distiller, and the licence and equalizing duty paid by the distiller in Scot-

(9)

land, it is incumbent on the traders first mentioned to prove that they pay the 2s. 6d. upon each gallon of their spirits, with the same certainty as the latter pay their licence and equalizing duty. *But this remains to be demonstrated.*

THE distillers in the North are perfectly confident, that if the duties in England were levied upon the same unerring principles as they are in Scotland, the *revenue* would very soon bear *substantial evidence* to the *improvement.*

THE London distillers, in their memorial, enter into a detail of the business.—They set forth, “ That the Licence duty of L. 1: 10s. being deemed equivalent to “ 10d. *per* gallon, was founded upon a computation of a given quantity of spirits, “ from a given quantity of wash; and the working of such stills only six or seven “ times a week, on an average. Whereas, it is found by experience, that stills in “ Scotland paying only L. 1: 10s. *per* gallon, *per annum*, as licence duty, have been, “ and actually are worked off nearly to that extent in 24 hours; and from 36 to “ 40 times, and upwards, in one week.”

IN their petition to Parliament, they say that this happened *by misrepresentation.*

THE respondents of the Scotch trade have already said, and they repeat it, That every circumstance that could attend upon the working by licence were in the view of the parties, and minutely canvassed by them; particularly the frequency and number of times in which a still might be worked off.—Upon this head principally, the objections of those who opposed the bill, turned, *viz.* the low price to which spirits must be reduced, and that a quantity sufficient would be made the first year to serve the next, whereby the licence duty of the last year would be lost. The London distillers on the contrary entertained no apprehensions of that kind. They declared themselves, from experience, to be satisfied, that the times of working stills with benefit, was limited to an extent by them perfectly known; and that whoever exceeded these limits, would run fast, but to no purpose; that he would infallibly lose upon his materials, and in the quality of the goods, what he gained in point of time.—These men never would allow the manufacturers of Scotland a knowledge in the business, any thing near to themselves; and they never failed to proclaim their superiority: “ The distillers of England (say they in the pamphlet before- “ mentioned) both makers of spirits and compounders, are the best masters in the “ world of their art at this day.” They have now dropt their pretensions, as a temporary sacrifice to their interest.—It is a truth, that stills cannot be overworked to advantage, and the respondents are convinced of it by experience.

C

(10)

It is well known that a considerable part of the first year of the Licence was spent in making trials. The act itself was experimental upon the part of government. The principle of it was liberty to try what could be done; and the Scotch, no doubt, when bound to work and to pay duties, rested their hopes upon their own skill, ingenuity, and industry; they were not bound either by private compact, or the law, to any mode of working.

THE memorial mentions, that by the practice in Scotland, the duty of *tenpence* is reduced to *twopence*, that is, calculating upon the number of times in which the stills are said to be worked by the respondents.—This mode of reckoning is not fair or just. In the first place, it is denied that the stills are worked as often as is stated in the complaint. In the next place, they knew, but have thought proper to suppress a material part of the informations, *viz.* that the wash worked by the Scotch is of a different quality from their own. With them, 100 gallons of wash produces 20 of spirits; whereas, the wash run off in the licenced stills is so thin, that it requires between 200 and 300 of one kind, and between 400 and 500 of another, to produce the same quantity of 20 gallons*. This overturns the calculation upon which the complaint is founded.—In the second place, the disadvantages attending the latter method are to be taken into the reckoning, *viz.* the payment of *fixed duties* through the whole year without *intermission*; the waste of stills and utensils; the time lost by refitting; and the damage on the quality of a great part of the spirits, particularly in the commencement of the trials. A proper allowance being made upon these several accounts, it is believed that it will come out in evidence, that no bounty arises from the Licence Act to the spirits in Scotland; but that the cost upon the whole is equal, if not superior even to the duties which the distillers of London pretend to be there paid.

In evidence of this, the respondents appeal to facts certain and well known. In place of enlarging the capacity of their stills, they lessened them considerably. In the month of November last, at the best season of working, some of them gave up one-half of the quantities licenced; and they are at present threatened with a prosecution at the instance of the Crown, by orders of the Commissioners of Excise in Scotland, for having *contracted their trade*.—The situation of the respondents is thus rendered peculiar. They are complained of to the Board of Treasury and to the House of Commons, by the London distillers, for having *worked too much*; and they are to be prosecuted in Exchequer by the Commissioners of Excise in Scotland,

* This method of making thin wash, was recommended to the respondents, by the memorialists themselves, after the Licence Bill passed. They were therefore well acquainted with the difference thence arising.

(11)

for *working too little*. The only inference they shall presume to draw from these premises, is, That the voluntary contraction of their trade in the more beneficial season for working, is proof sufficient that the representation of its advantages given by the London distillers, is ill-founded and fallacious.

IN the last place, the respondents humbly represent, that they have expended great sums upon experiments, and upon alterations of their works. They have, as it were, embarked a capital different from their former trade, relying upon the faith of the legislature, and the endurance of the Act of Parliament. By what has been already done by them, government will gain an exact knowledge of the advantages and disadvantages of the much talked of scheme of working by licences; but it would be unjust to abridge the time allowed contrary to precedent, or to load any particular set of traders with the expences. Not a hint was dropt that the term of the act was liable to be abridged; nor did Parliament, as in other cases, put the respondents upon their guard by reservation of any such power to themselves.

For all these reasons, the respondents hope, that the petitions presented by the corn distillers of London, will be refused.

0553

