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Customs and Excise: Trade, Production, and Consumption in England, 1640-1845

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Author:

William Ashworth

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S. D. Smith

Customs and Excise is the second major study to appear in as many years that investigates the impact of trade policy on the development of British industry. It is fascinating to read Ashworth's book alongside Joseph Inikori's *Africans and the Industrial Revolution*.⁽¹⁾ Inikori's study argues that tariffs and protected colonial markets stimulated import and re-export substitution and that these aspects of the economy were a distinctive and critical feature of Britain's early industrial revolution. Ashworth, in contrast, argues that the institutional apparatus developed by the English state to regulate internal commerce, particularly the extension and refinement of the excise tax, 'created an effective framework for the rise of industrial capitalism, while supplying . revenues necessary to protect and guide this development' (p.315). In other words, tariffs and the excise permitted lightly taxed new industries (for example, cotton, iron, and pottery) to grow to the point where Britain enjoyed a dominant international position in the manufacture and trade of these items. The cost was borne by consumables, such as beer and tea, which were subjected to heavy rates of duty.

In Ashworth's view, overseas trade and the customs made an important contribution to the development process, but for different reasons to those advanced by Inikori. Compared with the excise, Ashworth judges the customs service to have been characterised by waste, duplication, and unnecessary complexity. He

describes how tariffs and the intricate fee structure of the customs spawned a large illicit and parasitic black market in which smuggling was rampant. Subjected to the fiscal pressure of the Napoleonic Wars, however, the political consensus on trade and industrial policy finally collapsed. New manufacturers, he argues, articulated increasingly vocal demands for freer trade during the 1780s, confident that cotton and other modernising industries would carry all before them. Administrative reform of the customs followed, tariffs were slashed, and the smugglers' illicit economy routed. Customs and Excise presents historians with what Ashworth sees as a reciprocal relationship: increasing regulation and centralisation of fiscal administration, leading to the eventual deregulation and decentralisation of commercial controls.

Without a doubt, there is a great deal to admire in this book and the main ideas that Ashworth articulates provoke serious thought. The argument that the excise provided a model for general administrative reform, comparable to the consolidation of fiscal management in the hands of a single treasury department, is well made and convincing. The analysis of the excise department presented in the text, in many respects, complements Henry Roseveare's famous study of the Treasury. The book certainly eclipses the old authorities, Dowell and Leftwich, whose work has long needed updating.(2) Sir Robert Walpole looms large in Ashworth's study and rightly so: the book's emphasis on the long-term significance of Walpole's economic policies between 1721 and 1742 is admirable and will hopefully inspire a revision of Briscoe's monograph devoted to this subject.(3) Customs and Excise is also a worthy successor to Elizabeth Evelynola Hoon's famous study of the English customs administration. It is scarcely an exaggeration to state that every researcher of inland and external trade will profit from reading the volume and learn something new about the organisation of commerce and the levying of taxation.

Ashworth has much of value and importance to say on the evolution of the revenue-raising arm of the state. His work adds significantly to earlier studies, authored by Brewer and Braddick, that explore the impact of war and associated fiscal strains on the expansion of the state in early modern and eighteenth-century Britain.(4) There are also sections of the volume that contribute to the cultural history of London, including a brief but illuminating account of the ill-fated new London Customs House, erected after the old one was gutted by fire in 1814. No reviewer of this book, however, can duck the central question of whether Ashworth succeeds in demonstrating that administrative developments, centred on the excise, contributed significantly to economic re-structuring. Despite the impressive array of evidence presented, some doubt and reservation must be attached to this core hypothesis.

At the beginning of Customs and Excise, the reader is presented with Joseph Schumpeter's notorious thesis that the path of early modern state formation was influenced, to the point of determinism, by a general tax crisis rooted in the escalating costs of warfare, a phenomenon later to be christened the 'Military Revolution'.(5) Theories as broad as this ultimately explain everything and nothing. A few years ago, Douglass North took up Schumpeter's hypothesis and presented a story of divergent northern and southern European pathways of institutional development. The form of the pathway advocated by North varied (initially he placed the emphasis on patents, later the focus switched to constitutional monarchy), but always with a view to demonstrating the superiority of northern Europe, particularly Britain.(6) Various attempts have been made to construct a valid chronology and a consistent method of assessing institutional performance, without producing consensus.(7) Ashworth faces a similar problem. In this book he presents some grounds for linking administrative evolution with economic development, but he produces little in the way of verifiable propositions. Specific links between the fiscal system and economic processes, particularly in the areas of technological innovation and entrepreneurial motivation, would have been particularly welcome.

It cannot be disguised that, despite Ashworth's extraordinary industry and scholarship, the economic impact of the taxation system between the later seventeenth and early nineteenth centuries remains unclear. Indeed, the incidence of even a single tax is unknown during this period. The sugar duties can serve as a sample illustration. During the Wars of Jenkins' Ear and the Austrian Succession, an increase in the rate of sugar import duty was proposed to help pay for the conflict. The intended measure unleashed a storm of lobbying for and against the bill. One side argued that it was a regressive measure that would penalise consumers in the form of higher retail prices, the other that the producers (wealthy plantation owners) would foot the bill. Who was right? An early exploration of this problem was undertaken by David Ricardo, who appreciated that the transferors of a tax to the government are not necessarily the same persons within the economy

whose real incomes are reduced by the tax. The resolution of the sugar tax conundrum requires knowledge of the relevant demand or supply curves; in this case (since the tax was collected in the form of an import duty paid by commission merchants acting for the producers), the critical measure is the elasticity of supply from the sugar plantations. If monthly price and quantity data of sufficient quality were available, it would be possible to estimate the supply function by examining the response of sugar producers to temporary shocks, but it is unlikely that adequate information exists to permit such a calculation for this or any other taxable commodity.

Advances in the understanding of consumers' budgets, however, means that an alternative approach to this problem is possible in the case of commodities subject to excise.⁽⁸⁾ In a perfectly competitive market, indirect taxes levied on final sales will be shifted to consumers. A comparison of household budgets before and after changes to the tax regime can, in theory, yield useful insights into tax incidence. Studies of consumer expenditure have been devised to assess the impact of indirect taxation on developing economies and it is feasible that these could be adapted to the pre-industrial economy of Britain.⁽⁹⁾ Despite the formidable empirical obstacles, work of this nature is essential if the responses of producers and consumers to tax changes are ever to be accurately understood. In the absence of such evidence, the historian is left, essentially, with a mass of special pleading, generated by authors whose views on taxation often shifted considerably from issue to issue. Sources such as these can provide a contemporary perspective on events, but they do not reveal how a given tax cascaded down through the economy, or how the behavioural responses of firms re-shaped industrial structure.

Tariffs are another important aspect of the fiscal system that have yet to be investigated fully, notwithstanding the classic article by Davis on this subject.⁽¹⁰⁾ What was the effective rate of protection enjoyed by any branch of industry before 1800? To calculate effective protection, data is required for the rate of duty levied on imports of raw materials and finished product, plus the share of value-added in production. In comparison with the problem of tax incidence, the calculation of effective protection is more straightforward and solutions are probably readily obtainable from surviving sources. To date, however, it would seem that no comprehensive study of this subject has appeared. In the case of cotton, the impact of tariffs may appear clear cut, but in many other branches of manufacturing the significance of effective protection in building up domestic industry remains a matter of speculation.

Customs and Excise does not, for the most part, concern itself with problems of this kind. Some quantitative information is presented, but it is not a major feature of the book. Excellent use is made of data collected many years ago by S. E. Fine.⁽¹¹⁾ It is a great pity that Fine's 1937 thesis was never published and Ashworth deserves praise for giving this study the emphasis it deserves. Ashworth's book instead concerns itself with the administrative records of the excise and the extensive extant collection of contemporary printed works dealing with taxation issues. While such sources reveal a great deal about the effectiveness of revenue-collecting agencies, the administration of fiscal policy, and ideological or political responses to taxation, there are limits to the extent to which evidence of this kind can answer broader economic questions.

In the technological sphere, Ashworth provides a good account of the calico legislation of the early eighteenth century and the inadvertent stimulus it gave the domestic cotton industry. He also presents some extremely interesting descriptions of the detail with which some excise officials monitored industrial production. The conclusion that political economy contributed to the restructuring of the beer industry (beer providing the excise with a major portion of its receipts) is probably valid, although this hypothesis could plausibly be tested further by analysing brewing in other parts of the world, subject to different tax regimes, and comparing the resultant industrial organisation.

Less space is given to entrepreneurial motivation, though it is a characteristic attributed to Britain's 'owlers' and other coastal smuggling gangs. The study of taxation, however, reveals the extraordinary ability of British businessmen to innovate around regulation. Examples at home and the colonies that spring to mind include the use made of the Bridgetown customs collectorship by Henry Lascelles and Gedney Clarke between 1714 and 1777, in constructing a vast commercial enterprise that was transatlantic in scope. On a lesser, but undoubtedly more widespread scale, domestic merchants like Whitehaven's Peter How used their role as receiver general of the land tax and excise to gain a dominant position in the town's bill of exchange

market. Likewise, Joseph Symson of Kendal exploited the fact that he received specie in exchange for bills drawn on London to draw liquidity from the leather industry, which paid excise, into the textile trades which did not.⁽¹²⁾ It is clear that these examples could be multiplied greatly. How are they to be evaluated? Such activities can be dismissed as examples of inefficiency and corruption prior to a reformist drive that placed in post officials subject to closer central control. Viewed from another perspective, however, the examples illustrate how an emerging mercantile elite grasped the fiscal instruments of state and used them to create new markets. Ashworth provides a tantalising glimpse into excise personnel circa 1820 (p. 123), but the crossover between public officials and the private business community could be explored further.

Customs and Excise devotes much space to the practical operation of a fiscal regime based on indirect taxation. The detailed analysis generates a great deal of useful information that historians will be able to mine, including discussion of weights, measures and technical devices, such as the hydrometer devised to assess the proof standard of spirits. In addition to these insights, however, there were also, perhaps, opportunities to embrace a wider comparative perspective. One virtue of Inikori's book is his willingness to draw relevant comparisons between eighteenth-century Britain and the post-war developing world. Ashworth could likewise have supplemented his enquiry with some modern comparisons of states financed by similar fiscal regimes. Indeed, such a formal exercise may be necessary in order to guard against subconscious value judgements. To be sure, taxation was regressive and income unequally distributed during the early modern period. By the standard of post-war re-distributive and welfare-driven tax regimes, based on the taxation of income, the fiscal systems in operation between 1640 and 1840 appear unjust. One inevitably has a natural sympathy for participants in the 'informal/illicit' economy described by Ashworth and the authorities he cites, such as Linebaugh and Rediker. Yet many aspects of life two centuries ago seem illiberal when judged by the perspective of the present and the knowledge of what would soon replace them. A more telling comparison would be to contrast conditions in England during this period with fiscal administration in developing countries dependent upon indirect taxes and debt issues for revenue, or to examine the role of such tax regimes in more advanced economies. The potential of fiscal systems that are based on indirect taxation, property taxes, and the issue of bonds is revealed by the financial histories of many of the United States.

The chronological range of *Customs and Excise* is so impressive, however, that it is hardly reasonable to demand more. Undoubtedly, the book's contents justify the title's claim to cover the two centuries from 1640 to 1845. Particular credit must be given to Ashworth for his decision to begin surveying political economy in the Civil War period, rather than opting to start in 1688. Extending the book into the 1840s was another brave decision. Among other issues, the author discusses the relationship between taxation and adulteration. For reasons that have been stated elsewhere in print, this reviewer remains sceptical of Frederick Accum and Arthur Hill Hassall's reliability as commentators, but other material unearthed by Ashworth is original and of interest.⁽¹³⁾ Finally, the acknowledgements and credits of the book deserve special mention. There can be few monographs that have been jointly sponsored by a university department, a national museum, a technology institute, and HM Customs and Excise. The resulting publication reflects great credit on all of its stakeholders.

Notes

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4. John Brewer, *The Sinews of Power: War, Money and the English State, 1688-1783* (London: Unwin

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 12. Pedro L. V. Welsh, 'The Lascelles and their contemporaries: fraud in little England, 1700-1820', *Journal of the Barbados Museum and Historical Society*, 48 (2002), 87-99; *An Exact and Industrious Tradesman': the Letter Book of Joseph Symson of Kendal, 1711-20*, ed. S. D. Smith (Oxford: Oxford University Press, 2002), pp. lxxviii-lxxix.[Back to \(12\)](#)
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