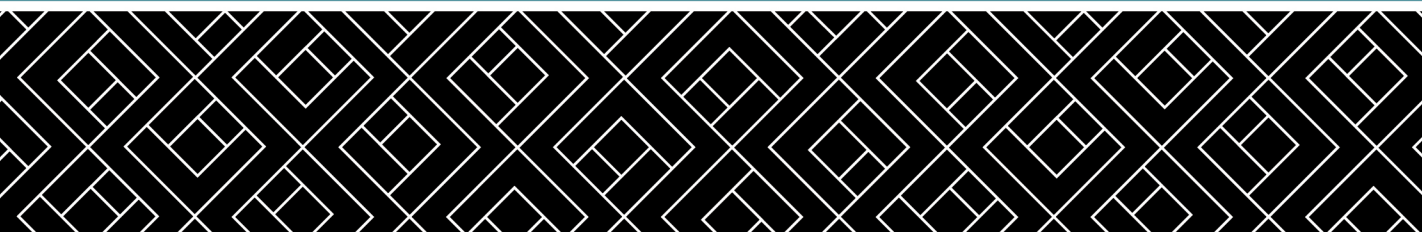


Economic History

W.D. and H.O. Wills and the Development of the UK Tobacco Industry, 1786–1965

B.W.E. Alford



ECONOMIC HISTORY

W.D. AND H.O. WILLS AND THE
DEVELOPMENT OF THE UK
TOBACCO INDUSTRY, 1786-1965

BUSINESS HISTORY

This page intentionally left blank

**W.D. AND H.O. WILLS AND THE
DEVELOPMENT OF THE UK
TOBACCO INDUSTRY, 1786-1965**

B.W.E. ALFORD

 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

First published in 1973

Reprinted in 2006 by
Routledge
2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

Routledge is an imprint of Taylor & Francis Group

Transferred to Digital Print 2010

© 1973 B.W.E. Alford

All rights reserved. No part of this book may be reprinted or reproduced or utilized in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

The publishers have made every effort to contact authors and copyright holders of the works reprinted in the *Economic History* series. This has not been possible in every case, however, and we would welcome correspondence from those individuals or organisations we have been unable to trace.

These reprints are taken from original copies of each book. In many cases the condition of these originals is not perfect. The publisher has gone to great lengths to ensure the quality of these reprints, but wishes to point out that certain characteristics of the original copies will, of necessity, be apparent in reprints thereof.

British Library Cataloguing in Publication Data
A CIP catalogue record for this book
is available from the British Library

W.D. and H.O. Wills and the Development of the UK Tobacco Industry,
1786-1965
ISBN 0-415-37799-4 (volume)
ISBN 0-415-37796-X (subset)
ISBN 0-415-28619-0 (set)

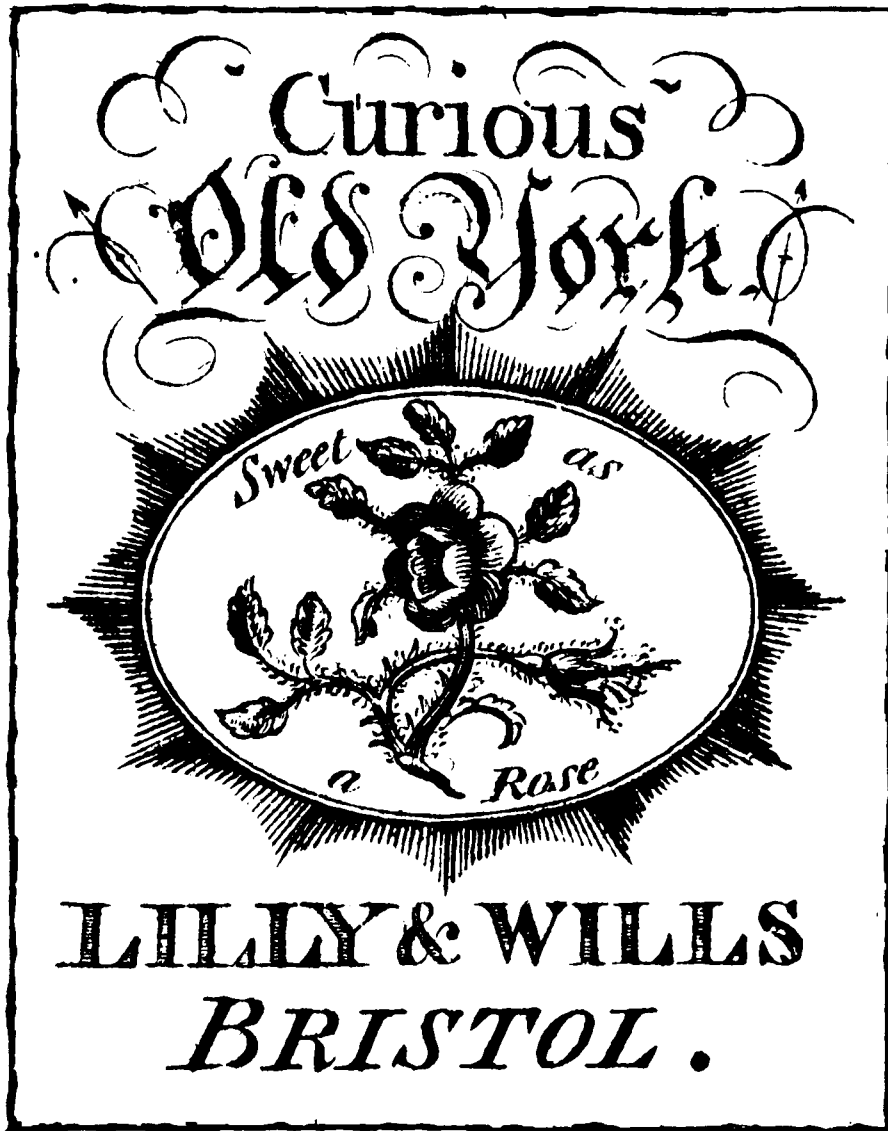
Routledge Library Editions: Economic History

W.D. & H.O. WILLS
AND THE DEVELOPMENT OF THE
U.K. TOBACCO INDUSTRY
1786-1965



This page intentionally left blank

This page intentionally left blank



One of Wills' earliest tobacco labels (late eighteenth century)

W.D.&H.O.WILLS

AND THE DEVELOPMENT OF THE
U.K. TOBACCO INDUSTRY
1786 – 1965

B.W.E. ALFORD

METHUEN & CO LTD
11 New Fetter Lane London EC4

First published 1973 by Methuen & Co. Ltd
© 1973 *W.D. & H.O. Wills*

SBN 416 76640 4

Distributed in the U.S.A. by
HARPER & ROW PUBLISHERS INC.
BARNES & NOBLE IMPORT DIVISION

CONTENTS

List of black and white plates	vi
List of colour plates	vii
List of figures	viii
List of tables	ix
Preface	xii
Notes on the text	xvi

PART I • 1786–1901

1	Origins and background	3
2	Growth and stagnation	25
3	A new generation and a new firm	55
4	Ricketts, Wills & Co.	79
5	New markets	101
6	Expansion	123
7	Invention, innovation and the Bonsack cigarette making machine	139
8	Penny cigarettes and market leadership	159
9	'Cutting' and competition	187
10	Wills dominant	213
11	War and peace	247
12	Employers, employees and welfare, 1860–1901	279
13	Business enterprise and business success	295

PART II • 1901–1965

14	Federal status	309
15	New competitors and the coupon war	327
16	Price leadership and technical innovation	357
17	Wills in Ireland	385
18	Wartime control and the return to a free market	399
19	Reorganization and the marketing revolution	429
	Statistical appendix	456
	Index	485

BLACK AND WHITE PLATES

One of Wills' earliest tobacco labels

frontispiece

between pages 112-13

- 1 Henry Overton Wills I (1761-1826)
William Day Wills (1797-1865)
Henry Overton Wills II (1800-71)
- 2 Redcliff Street premises
Maryleport Street premises
- 3 William Henry Wills (1830-1911)
Henry Overton Wills III (1828-1911)
Frederick Wills (1838-1909)
Edward Payson Wills (1834-1910)
- 4 Fraud warning of the early 1880s
- 5 Wills' Bedminster factory
- 6 George Alfred Wills (1854-1928)
Henry Herbert (Harry) Wills (1856-1922)
Walter Melville Wills (1861-1941)
- 7 Wills' first Bonsack cigarette-making machine (1883)
Cigarette making by hand (1919)
- 8 The Ogden litigation (1902-6)

between pages 368-9

- 9 Press advertisements - 1920s and 1930s
- 10 TOBACCO MANUFACTURE - THEN AND NOW
Leaf stripping (c. 1900-20) - Leaf conditioning (present day)
- 11 TOBACCO MANUFACTURE - THEN AND NOW
Leaf shredding for cigarettes
- 12 TOBACCO MANUFACTURE - THEN AND NOW
Cigarette making

- I3 TOBACCO MANUFACTURE – THEN AND NOW
Cigarette packing
- I4 TOBACCO MANUFACTURE – THEN AND NOW
Warehouse
- I5 TOBACCO MANUFACTURE – THEN AND NOW
Laboratory
- I6 Model of the new factory at Hartcliffe, Bristol

*The illustrations on plate 2 are reproduced by kind permission of the
City Art Gallery, Bristol*

COLOUR PLATES

between pages 240–1

- 1 Nineteenth century smoking tobacco labels
- 2 Nineteenth and early twentieth century cigarette packet-
fronts and labels
- 3 Nineteenth century cigar labels
- 4 & 5 Nineteenth and early twentieth century showcards
- 6 & 7 Cigarette cards
- 8 Current packaging of Wills' products

FIGURES

	<i>page</i>
1 Family tree of Ricketts, Wills & Co.	66
2 Ricketts, Wills & Co.: balance sheet to 30 June 1834	68-9
3 The Firm's overall financial performance, 1805-70	71
4 W. D. & H. O. Wills: balance sheet to 30 June 1847	92-3
5 Average real wages in the U.K., 1851-1900	96
6 Members of the Wills family active in the Firm between 1786 and 1901	119
7 Total domestic sales of tobacco goods, 1870-1901: U.K. and Wills compared	172
8 Domestic cigarette sales, 1883-1901: U.K. and Wills compared	173
9 Export sales of tobacco goods, 1883-1900: U.K. and Wills compared	174
10 A page from an 1898 price list	203
11 First public announcement of the formation of the I.T.Co. (2 December 1901)	265
12 Timetable of factory hours, 1892	289
13 U.K. tobacco sales weight and wage levels, 1901-14	315
14 U.K. tobacco sales by weight and type, 1915-39	325
15 Branch structure in the 1930s	367
16 U.K. cigarette market by sex and occupational group, 1955	423
17 U.K. tobacco sales by weight and type, 1940-65	430

TABLES

	<i>page</i>
1 Typical plant costs in the late eighteenth century	20
2 Total net capital liability of Wills & Ditchett at June 1804	22
3 Wholesale prices of tobacco and snuff in 1790	27
4 Total net capital liability of Wills, Ditchett & Day at June 1820	49
5 The Firm's main tangible assets in 1820	51
6 Bristol tobacco manufacturers in 1820	52
7 Wills, Ditchett & Co.'s raw leaf input compared with that for the industry as a whole, 1822-33	56
8 Wholesale and retail prices of tobacco and snuff in 1844	83
9 Real income per head of U.K. population, 1855-1900	95
10 Wills' trade prices in 1859 (export and domestic)	103
11 The number of retailers and dealers in tobacco and snuff in the U.K., 1825-80	110
12 Index of U.K. tobacco consumption, 1860-1900	115
13 Wills' discount terms for overseas trade in 1886	164
14 Wills' cigarette sales by number, 1884-6	165
15 Wills' cigarette brand sales by number, 1884-6	165
16 Wills' cigarette sales by number and type, 1887-8	169
17 Wills' cigarette sales by number and type, 1888-91	169
18 Wills' cigarette sales compared with leading American firms in 1889	170
19 Wills' brand sales by number, 1891-3	171
20 Wills' cigar output by weight, 1887-1900	175
21 Wills' fixed capital as a percentage of total capital employed, 1887-96	181
22 Distribution of issued capital in W. D & H. O. Wills Ltd in 1893	185
23 Comparison of Wills' and Lambert & Butler's sales by value, 1887-97	206
24 Comparative return of the number of travellers employed by Wills and its competitors in 1897	215

25	Comparative analysis of Wills' journeys by sales value in 1897	216
26	Wills' sales by weight, 1883-1900	221
27	Wills' share of total U.K. export sales by weight, 1883-1900	221
28	Wills' share of total U.K. domestic sales by weight, 1871-1901	222
29	Comparative analysis of Wills' sales by weight, 1883-1901	223
30	Atlantic Roll - costs and prices per lb in 1900	243
31	Wild Woodbine - costs and prices of packets of five in 1896 and 1900	244
32	Gross profit per lb of all tobacco manufactured by Wills, 1891-9	245
33	Salmon & Gluckstein Ltd - capital and returns, 1895-1900	262
34	Capitalization of the Imperial Tobacco Company (of Great Britain & Ireland) Limited, 1901	263
35	Wills' profit returns, 1893-1901	272
36	Wills' wage rates for unskilled males, 1889	285
37	Wills' wage scale of 1894 for unskilled males and females	286
38	Wills' bonus rates per £1, 1889-1901	287
39	Quantities of tobacco and cigarettes produced directly by Wills for the War Office, 1916-19	321
40	Imperial's, Wills' and Player's shares of U.K. tobacco sales, 1905 and 1920	324
41	Retail prices of Wills' major cigarette brands, 1903-39	335
42	Estimated consumption of tobacco goods by women in the U.K., 1921-30	340
43	Wills' share of the U.K. tobacco market by weight, 1914-30	342
44	The number of U.K. tobacco dealers, 1901-39	344
45	Estimated consumption of tobacco goods by women in the U.K., 1930-9	362
46	Changes in Wills' minimum wages scales, 1901-19	377
47	Minimum wage scales for all branches of the I.T.Co. in 1920	377
48	Changes in Wills' productivity, 1923-38	383
49	Sales of smoking tobacco in Southern Ireland, 1924-39	389
50	Wills' cigarette brand sales as a share of total cigarette	

sales – U.K. and Southern Ireland compared, 1924–39 (by number)	392
51 Cigarette consumption per head – U.K. and Southern Ireland compared, 1920–40 (by number)	392
52 Comparative sizes of Wills' Bristol and Dublin branches	394
53 Retail prices of cigarettes in Southern Ireland, 1920–55	395
54 Cigarettes as a proportion of total tobacco sales in Southern Ireland, 1920–55 (by weight)	396
55 Wills' share of cigarette brand sales in Southern Ireland, 1939–55 (by number)	396
56 Major sources of U.K. imports of unmanufactured tobacco, 1935–50	406
57 Broad comparison of Wills' production costs, 1925, 1935 and 1955	415
58 Comparative changes in Branch balance and total capital employed, 1939–55	416
59 Changes in Wills' gross profits on sales, 1925–55	416
60 Analysis of the retail price of a packet of twenty cigarettes in 1938 and 1950	416
61 Profit returns for Wills, Player, Gallaher and Carreras, 1951–7	417
62 Profit returns of the I.T.Co., 1951–7	418
63 Retail prices of Wills' main cigarette brands, 1939–55	418
64 Growth of multiple retail tobacconists, 1901–50	426
65 Distribution of the I.T.Co's sales by type of retail outlet in the mid 1950s	426
66 Pricing and margins on Woodbine, 1960	427
67 Percentages of smokers in U.K. adult population, 1956–65	430
68 U.K. consumption of all tobacco products per smoker, 1956–65	430
69 Average U.K. weekly cigarette consumption per cigarette smoker, 1956–65	431
70 Brand class shares of total U.K. cigarette market, 1955–65	431
71 Total U.K. press and television cigarette advertising expenditure by type, and cigarette sales by number, 1955–67	433
72 Shares of total U.K. cigarette market held by leading filter brands in 1960	449

PREFACE

This history was commissioned by the Firm in 1965. From the outset, however, Wills agreed that it should be an objective study; and this implied acceptance of the principle that the Firm's shortcomings and failures should be treated as openly and as fully as its successes. Indeed, this is the only worthwhile approach to business history: and it is not infrequently the case that certain aspects of a firm's success can be given meaning only by reference to its past failures. In line with this precept, I was, in fact, given access to Wills' records covering the years from its foundation in 1786 up to 1955. To my knowledge no records of this period were withheld from me; in truth, such was the bulk of the material available that on occasions I was nearly overwhelmed by it. Moreover, no attempt was made to suppress the publication of any part of my analysis of this period or to censor any of its interpretations or conclusions. What follows, therefore, is a presentation of the facts as I see them, and it is in this light that the result should be judged. However, throughout the time I was engaged in this study I had the benefit of expert advice from a number of individuals at Wills and at the Tobacco Division of the Imperial Tobacco Group Ltd, and the frankness of their comments and criticisms saved me from a number of ambiguities and errors. I hope I have acknowledged all these individuals below.

The decision to carry the story from the mid 1950s up to the mid 1960s, even though for reasons of confidentiality not all records were made available to me, was determined by three main considerations. First, Wills was willing to provide a great deal of factual information on the main features of its development over that period. Secondly, these years were obviously ones in which important changes in the tobacco industry were taking place, since they witnessed the return to a free market after the period of restriction which had lasted from 1939 to 1955. And, thirdly, it gave me enough opportunity to round off certain themes I had already

touched upon. For all this, however, to have attempted more than a broad factual survey of the main developments since 1955 would have been unwise. Quite apart from issues of confidentiality, the period is far too recent to allow the historian to tread with confidence.

This history is probably unique in at least one respect – in that it follows the evolution of a single firm right through from its origin to the process and consequences of its transmutation into a constituent part of a larger company. At the same time, however, this has given rise to problems of analysis and presentation, and in order to overcome these difficulties the following approach has been adopted. Part I of the book deals with Wills over the years when it was an independent business; it traces Wills' development from its beginnings as a small tobacco firm operating in a converted dwelling house located in the heart of Bristol's eighteenth century dockland to its emergence by the end of the nineteenth century as the largest producer of tobacco goods in the U.K., a position from which it led the resistance to the invasion of the U.K. market by the American Tobacco Company in 1901, through the formation of the Imperial Tobacco Company (of Great Britain & Ireland) Limited.* Part II analyses the process of Wills' adjustment to, and development within, the new organization which was largely of its own creation; and while that process involved Wills in losing its dominant position within the industry, for the greater part of the period since 1901 it has remained the largest producer of tobacco goods in the U.K. And the manner in which it has achieved this explains a great deal about the development of Wills, the Imperial Tobacco Company (of Great Britain & Ireland) Limited, and the U.K. tobacco industry. Yet, unavoidably, I have not been able to deal with certain major questions that have arisen within the tobacco industry since 1901, because they are properly and exclusively the province of the parent organization. Thus, the two parts of the story involve somewhat different problems and correspondingly different sorts of evidence, and I can only hope that the reader will judge that I have coped with this fundamental change in business organization in a way that is both satisfactory and illuminating. Throughout the critical period of this change, however, one element of continuity was provided by the Wills family, who remained in control of the business for twenty years or so after the formation of Imperial.

The general framework of my study has been drawn from economic theory, though it has been modified substantially by the application of the more traditional approach of the historian. And, within a mainly time-

* The Company was renamed Imperial Tobacco Group Limited in 1969.

scale approach, I have endeavoured to examine certain aspects of the Firm's development in the light of more general questions of business history. Moreover, a business history is robbed of much of its potential value if its subject is not placed within the context of the industry of which it is a part. Here my task has been made easy by the fact that Wills has, for so long, played a leading role in the tobacco industry.

I should like to thank Mr W. S. J. Carter (former Deputy Chairman of the Imperial Tobacco Group Ltd) who, as Chairman of Wills, originally sanctioned this project and gave me every assistance in the initial stages of it. I also wish to thank Mr J. D. Pile who succeeded Mr Carter at Wills and later at Imperial as Deputy Chairman, and Mr J. B. H. Wilson the present Chairman of Wills. I owe a special debt to Mr K. A. Elson (a former member of the Tobacco Division Board of the Imperial Tobacco Group Ltd) who was Secretary to Wills during the greater part of the period during which I was engaged on this work. Without the help and advice of Mr D. F. Davies, Secretary to Wills, I could not have completed my account of the very recent period; and in this context I should also like to thank Mr S. E. Duckham, Wills' Research Director, and Mr A. F. MacMillan, Wills' former Divisional Production Manager. In addition, I have received help at various times on many aspects of the history of Wills and the tobacco industry from other past and present members of the Firm: Mr R. A. Barrett, who tracked down various items of information and material for illustrations, Mr P. J. Chadwick, Mr R. H. Cuff, Mr C. H. Dowson, Mr H. Overton, Mr H. G. Prior, Mr W. H. Rossiter, Mr P. M. Wagg and Mr R. B. Yates. I have also been able to draw on the assistance of various departments of the Tobacco Division at the Head Office of the Imperial Tobacco Group Ltd, and here I should like to thank Mr J. A. S. Burn, Mr D. A. Clark and Mr B. D. Freeman; and Mr T. Rees, former Head of the Tobacco Intelligence Department of Imperial, read the complete draft of the book and this saved me from a number of careless errors.

I have benefited from discussions with Sir Wilfrid Anson, a former Deputy Chairman of Imperial, Mr W. Sommerville, a former Director and Legal Adviser and Solicitor to the Imperial Tobacco Group Ltd, and the late Mr F. O. Wills, a former Chairman of Wills and Director of Imperial.

Mr G. Heywood, Mr A. E. Schur and Mr P. MacKinlay acted successively as my immediate contacts with the management and their efficiency in dealing with my requests and in making any arrangements that they entailed considerably eased my task. The later stages of the project, includ-

ing preparations for its publication, came under the direction of Mr D. H. A. Redway, Wills' Public Relations Manager, and his energetic support and buoyant humour made an ideal tonic for a flagging author.

From choice, this study has been produced without the help of regular research assistants, though I am grateful to Mrs S. J. Rophera and Mr F. E. C. Gregory for their help in the preparation of statistical and other data.

During the course of my work I have drawn on the help and advice of a number of people outside the Company and I should like to record my gratitude to them: Miss E. Ralph, Mrs G. Lang and Miss M. E. Williams, of the Bristol Record Office; Mr J. Lightbown, Mr M. J. Farrell, Mr J. Lovatt and Mr M. G. Edwards of the University of Bristol Library; the staff of the Customs and Excise Library, London; Mr D. A. Eggington of the University of Bristol; Mr F. W. Hacking of Molins Machine Co. Ltd; the staff of the Hampshire Record Office; Miss J. M. D. Harding, formerly of the Churchman Branch of Imperial; Dr R. C. Tress, Master of Birkbeck College, London.

I am grateful to Mrs G. Hopkinson for the loan of some private papers of H. H. (Harry) Wills.

Finally, my biggest debts are to three individuals: to my colleague, Professor William Ashworth, for his encouragement, and for his comments and criticisms on the complete draft which caused me to reconsider some of my conclusions and to make good some of my omissions; to Mr Alec G. G. Cunningham, formerly of Imperial, who also read and commented on the draft, and whose interest, generous help and sound advice were invaluable; to my wife, Valerie, for her patience and support.

B. W. E. Alford

Bristol
1971-2

NOTES ON THE TEXT

Statistics

Unless otherwise stated, up to 1901 all figures for U.K. production and consumption of tobacco goods are taken from the Statistical Appendix, pp. 456 ff, and detailed notes on sources can be consulted there. For the period after 1901, unless otherwise stated, the corresponding figures have been taken from G. F. Todd (ed.), *Statistics of Smoking in the United Kingdom* (London, Tobacco Research Council, 4th ed. 1966).

For sources of figures relating to Wills and certain other firms, see the note on sources below. Data relating to Wills for the whole period are collected in the Statistical Appendix, pp. 456 ff.

Sources

The main sources used in this study are the private business records of W. D. & H. O. Wills. Since they are private, voluminous and uncatalogued, it is impossible to provide references. Wills' archives contain, also, odd documents relating to various firms in the tobacco industry in the period before 1901, including Ogden's and Salmon & Gluckstein. In addition, I have used certain private records in the possession of the Tobacco Division of the Imperial Tobacco Group Limited which relate to firms that were formerly constituent branches of the Company: E. & W. Anstie; Edwards, Ringer & Bigg; W. & F. Faulkner; Lambert & Butler.

Imperial has also made available to me some statistical information which deals mainly with the industry in the nineteenth century. This is referred to in the Statistical Appendix, pp. 456 ff.

Molins Machine Co. Ltd gave me access to their private records relating to the technical history of tobacco manufacture.

In all other cases I have given full references, subject to the notes on statistics and abbreviations.

I have not given footnotes to general background material unless the issue raised is a controversial one.

Abbreviations

B.P.P.	British Parliamentary Papers
Cmd., Cd.	Parliamentary Command Paper
P.C.C.	Prerogative Court of Canterbury
T.L.B.	Treasury Letter Books, Customs and Excise Library

PART I
1786 – 1901



This page intentionally left blank

Chapter 1

ORIGINS AND BACKGROUND

In 1786 the name of Henry Overton Wills appeared, for the first time, in a Bristol trade directory as a partner in the tobacco business of Wills, Watkins & Co.; he was then only 25 years of age. Unfortunately, little is known of his early life. He was born on 2 March 1761 in Salisbury, Wiltshire, where his father, Edmund Wills, is believed to have been a jeweller and watchmaker. His mother, Rebecca, was a daughter of Henry Overton, a leading Congregationalist in Andover – just over the border in Hampshire – and she had married Edmund Wills in 1756. Edmund and Rebecca also had a daughter, a younger sister to Henry Overton Wills, named Sarah. Sarah Wills moved to Bristol some time after 1786 and she married John Choules, a grocer in Broad Street.¹

From these few fragments of information, and in the light of his subsequent career, there is every reason to suppose that Henry Overton Wills received some kind of formal education and rudimentary business training. It is not known exactly when he moved to Bristol though there is some slight evidence to suggest it was in 1786, the very year in which he became a partner in Wills, Watkins & Co. But it might have been earlier, for nothing would have been more natural than for an ambitious young man in Wiltshire at that time to be tempted to try his fortune in Bristol, then still at the height of its eighteenth century prosperity. It is just possible,

¹ This information has been drawn from the Firm's private records and from the following sources contained in the Hampshire Record Office, Winchester: *The Hampshire Directory* (Winchester, 1784); J. S. Pearsall, *Historical Memorials of a Christian Fellowship* (no date), p. 25; *Andover Parish – Banns Books*. John Choules died in 1810 and H. O. Wills became guardian to his nephew John Choules jun. After attending a private, nonconformist school at Devizes, John Choules jun. served an apprenticeship with a local Bristol draper; eventually, in 1825, he emigrated to the U.S.A. H. O. Wills had some cousins, on his father's side, who lived at Truro, Cornwall. They ran a small drapery business there which failed in 1816, and H. O. Wills lent his cousins a small amount of money to tide them over their difficulties. Rebecca Overton had two sisters, Anna and Henrietta, who ran 'a school for young ladies' in Romsey, at which Sarah Wills was educated. Subsequently Anna married Richard Sharp, a clothier in Romsey, and Henrietta married a Mr Fawconer, of Salisbury and Southampton.

however, that Wills did not altogether chance his luck in this way. For, like him, his early partners in Bristol were active Congregationalists; and through this connexion he might have arranged to enter into partnership with Watkins. And to date his arrival in Bristol as 1786 gains some circumstantial support from the fact that in 1786 he joined the famous Penn Street Tabernacle, which was then the centre of Congregationalism in Bristol, and not long afterwards he became one of its trustees.²

Wills, Watkins & Co. carried on business at 73 Castle Street, close to the other tobacco manufacturers in the city. The most direct clue to the terms on which H. O. Wills I³ entered this partnership is given by his will drawn up in 1826. In providing for the inheritance of his business he stated that he wished his son to be his successor, 'in a business at the head of which I have stood for above forty years and for which I have provided a very large proportion of the capital for a great part of that time'. This clearly implies Wills to have been the senior partner in Wills, Watkins & Co., and if so it is puzzling how he had acquired his knowledge of tobacco manufacture. A possible answer, of course, is that Watkins possessed the practical experience which he was prepared to pass on to Wills for some financial consideration. And although after three years Watkins retired from the partnership, this would have given him ample time to teach Wills the business; also, it would have given Wills long enough to make up the withdrawal of Watkins' capital.⁴ These suggestions appear a little less pure speculation when it is remembered that Wills' family was probably well off enough to offer him some direct financial help. Moreover, for a number of reasons it is not surprising that he should have chosen tobacco rather than some other industry. For one thing, to set up in it required relatively little capital, when compared with brewing, sugar refining, glass making and the metal trades, which were then the principal industries in Bristol.⁵

² Private records of Whitfields Tabernacle, Penn Street, now held at Whitfield Memorial Church, Muller Road, Bristol, and kindly shown to me by the Rev. W. H. Swann.

³ This form will be used henceforth, in order to avoid confusion with future generations of the family.

⁴ T. Thornton Wills, *Tobacco and Its Associations with Bristol* (Bristol, W. D. & H. O. Wills, 1952), pp. 24 ff., suggests that there were two other partners in the business – Collins and Northcote – but it has proved impossible to substantiate this.

⁵ See, for example: *Mathews's Bristol Directory* (Bristol, 1794), pp. 39–42; W. E. Minchinton, 'Bristol – metropolis of the west in the eighteenth century', *Trans. of the Royal Historical Society*, 5th ser., vol. 4 (1954), pp. 69–89; B. W. E. Alford, 'The flint and bottle glass industry in the early nineteenth century: a case study of a Bristol firm', *Business History*, vol. X (1968), pp. 12–21; A. C. Powell, 'Glassmaking in Bristol', *Trans. of the Bristol and Gloucester Archaeological Society*, vol. XLVII (1925), pp. 211–57; I. V. Hall, 'The Garlicks, two generations of a Bristol family', *Trans. of the Bristol and Gloucester Archaeological Society*, vol. LXXX–LXXXI (1961), pp. 132–59.

And, as will be seen, Wills' religious affiliations gave him wider personal contact with the industry than simply his connection with Watkins.

The industry in which H. O. Wills I had decided to seek his fortune had its origins in the late sixteenth century, and the manner in which tobacco was then introduced into this country is now part of English folklore. Despite James I's famous pamphlet of 1604, *A Counterblaste to Tobacco*, which among other things claimed that smoking was a sin, and despite his more practical attempt to impose a prohibitive duty on tobacco imports, the popularity of tobacco spread.⁶ According to Barnaby Rich, in *Honesty of this Age* (1614), 'tobacco is now as vendible in every tavern, inn and ale house, as either wine, ale, or beer', and it could be purchased as easily from 'apothecaries' shops, grocers' shops, chandlers' shops'.⁷ Indeed, in the early seventeenth century much of the trade in selling tobacco was done by apothecaries because it was regarded as a herb of considerable prophylactic and medicinal value. Soon, however, smoking and snuff-taking came to be appreciated as pleasures in themselves, and once the fashion caught on retailers of various kinds were quite willing to add tobacco to their wares.

Over the seventeenth century the duty on tobacco from English plantations was gradually increased so that by the beginning of the eighteenth century it had reached 1s. 8d. per lb,⁸ an indication that Parliament had quickly learned to appreciate the value of tobacco as a source of revenue. But for every increase in duty there was a corresponding increase in the incentive to avoid payment; and the exploits of smugglers and customs men have provided plots for many colourful and romantic tales of this period – though the truth usually involved such harsh realities as murder and the gibbet. It is evident, nevertheless, that smuggling cost the Exchequer a great deal, exactly how much it is impossible to say. The Isle of Man, in particular, was a thorn in the side of the Commissioners of Customs. In 1766, the value of smuggling conducted from this island was estimated to be at least £500,000 a year and, while this was probably a somewhat exaggerated figure, in order to deal more thoroughly with this illegal trade

⁶ There is a vast literature of very uneven quality on the early history of tobacco, but the most useful works are: F. W. Fairholt, *Tobacco, Its History and Associations* (London, 1859); A. E. Tanner, *The Tobacco Laws and Their Administration* (Stroud, Gill & Barrow, 1898); and A. E. Tanner, *Tobacco From the Grower to the Smoker* (revised by A. G. Barr; London, Pitman, 1951).

⁷ Barnaby Rich, *Honesty of this Age* (1614; Percy Society, vol. XI, 1844), pp. 38–9.

⁸ This duty was fixed by the Act of 1660, 12 Charles II, c. 4, which set the pattern for future duty changes.

Parliament purchased the lordship of the island from the Duke of Atholl for the sum of £70,000.⁹ Needless to say, smuggling through other channels continued unabated, and it was nearly another century before it had virtually disappeared. But in all likelihood a bigger problem than smuggling was adulteration, and the comprehensive nature of an act of 1715 illustrates the extent of this practice as well as the partiality of the law.¹⁰ It provided that no leaves, herbs, plants or materials whatsoever should be coloured as tobacco or mixed with tobacco; every such offence was to carry a fine of 5s; and lesser mortals, such as servants or labourers, who offended against this regulation were to be committed to prison and kept at hard labour for a term not exceeding six months. Furthermore, snuff was not to be mixed with ochres, umber or any other kind of colouring, except a water solution of ‘venetian red’; nor was it to be mixed with any fustic or yellow ebony, touchwood, ordinary wood, dirt, sand or tobacco dust. The continuing records of fraud, however, provide a sad commentary on the success with which these regulations were implemented.

In 1733 a detailed inquiry into ‘Frauds and Abuses in Customs’ was made by a House of Commons committee.¹¹ After detailing a catalogue of crimes it concluded: ‘The advantage to unfair traders by this fraud [smuggling] is so great, and they are enabled thereby to give such large gratuities to the officers, who are their confederates, out of their unjust gains from the revenue, that several of the officers have not been able to resist, notwithstanding the hazard they run.’ In view of this report, Sir Robert Walpole proposed reform of the Customs system by providing that once tobacco had been landed at the ports it should be warehoused and controlled by the Excise under a system of licences. Such was the opposition to this proposal, which reflected the public’s general dislike of the Excise, that Walpole, characteristically sensitive to public opinion, dropped the scheme. As it was, therefore, smuggling and fraud continued to be major features of the tobacco industry. Consequently, it will be impossible to offer more than rough estimates of changes in consumption over the eighteenth and early nineteenth centuries.

According to a well-known trade guide of the mid-eighteenth century – *A Description of All the Trades* (1747) – snuff and tobacco manu-

⁹ A. W. Moore, *A History of the Isle of Man* (Fisher Unwin, 1900), vol. I, pp. 428–38, vol. II, pp. 597–601; A. W. Moore, *The Story of the Isle of Man* (Fisher Unwin, 1902), pp. 94–7; R. C. Jarvis, *Manx Smuggling in the Eighteenth Century* (1955–6), MS in Douglas Museum Library.

¹⁰ I Geo. I, st. ii, c. 46.

¹¹ *Report from the Select Committee Appointed to Inquire into the Frauds and Abuses of the Customs . . .* (1733), 1st ser., vol. I.

facture were clearly profitable lines of business. Snuff makers were described as follows:

It is but a few years since their trade made any figure in shops, which now appear almost everywhere, plainly showing that not only the practice of taking snuff is greatly increased, but that the making and selling it must be profitable.

And of tobacco manufacture it observed:

A tobacconist in the common acceptation is looked upon as a reputable, extensive, and profitable . . . business, some also importing their own goods.

More recent figures on the pattern of consumption over the century, notwithstanding their obvious imperfections, are convincing enough to show that this was a somewhat glowing account of the industry.¹² Consumption of tobacco leaf dropped from an average of just over 11,000,000 lb per year between 1699 and 1709 to an average of just under 7,000,000 lb by the late 1780s, which was equivalent to a reduction of up to 2 lb in *per capita* terms. Furthermore, the fairly well-documented upsurge in the popularity of snuff-taking in the mid-century was largely confined to the upper classes and, anyway, it helped to contribute to the downward trend in total consumption of tobacco leaf: the swing to snuff-taking represented a swing away from smoking, and as compared with smoking or chewing tobacco a given weight of snuff could be made from a smaller amount of raw leaf, by means of additives. Moreover, this pattern of consumption will be seen, shortly, to have been matched by the predominantly small-scale nature of production.

There were, in fact, three main products: cut tobacco, roll tobacco, and snuff. The varieties of leaf most used came from places closely associated with the early English settlements of North America – from York River, James River, and Carolina.¹³ The leaf was imported in hogsheads weighing approximately 1000 lb, and if it was in a very dry condition it was necessary to moisten it before handling. For cut tobacco, which was for smoking only, the first operation was the removal of the stem and rib from the leaf to obtain ‘strips’. This work was done by women using short, sharp knives, and it was estimated that a particularly skilled worker could earn what was

¹² See Alfred Rive, ‘The consumption of tobacco since 1660’, *Economic Journal*, Econ. Hist. Supp., vol. I (1929), pp. 57–75.

¹³ These details and the following account of techniques of production are based on *Minutes of Evidence Taken before a Committee of the House of Commons . . . on the Bill for Repealing the Duties on Tobacco and Snuff, etc.* (1789), and on the private business records used in this study.

then the relatively high wage of 12s. to 15s. a week. In some cases the tobacco was already stripped before it was imported. The next process was to fix the moisture content of the leaf, according to the flavour and type of tobacco required, and in order to preserve it. To do this strips were placed in heaps to which water was added, although other additives, such as sugar, glycerine, gum and starch, were in common use. The 'liquor' caused the tobacco to ferment and the piles were usually covered with cloths which helped to control the speed of the reaction, and they were inspected several times a day so that this control could be closely regulated. The fumes produced by fermentation were sometimes so pungent that workmen could not endure them even, 'with the aid of open doors, windows and chimneys, and all the assistance that could be given them'.¹⁴ Moreover, this was a specially tricky stage of manufacture because leaf reacted to changes in atmospheric humidity, and in very moist weather leaf waiting to be used often fermented spontaneously whereas in cold weather fires had to be kept burning to maintain suitable conditions. As a consequence of these difficulties it was quite possible for it to be necessary at the liquoring stage to decide that leaf originally intended for cut tobacco, which was the most superior type, was only fit for roll or snuff.

If it was to be used for cut tobacco, treated leaf was then sliced to one of a number of degrees of fineness. Originally this was a hand process done by women and girls, but in the 1780s a cutting machine was introduced. It was made mostly of wood, and consisted of a frame holding a box in which the leaf was placed and through which revolved, in a vertical motion, a wheel holding knives placed at different angles at the end of each spoke – the number of spokes varying between eighteen and twenty-five. The earliest models were described as hand engines, because they were operated by one man, known as a cutter, who ground the knives, fixed them at the required angles and operated the machine. They were soon superseded, however, by larger cutting machines made of iron and brass which were designed so that they could be driven by either horse, water or steam power. After cutting, in most cases the leaf was dried or 'stoved' in ovens or in pans over open fires, and sometimes it was lightly pressed. Cut tobacco was 'finished' by rubbing it through sieves to separate the shreds from dust and other impurities. This process, too, was improved in the 1780s by the invention of 'finishing machines' in which brushes (probably of fine wire) revolving inside a box containing the tobacco sifted the shreds. Most cut tobacco was produced as short-cut or shag.

Roll tobacco was usually made from whole leaf, although the better

¹⁴ *Ibid.* p. 7.

sorts were made from strips. It was liquored more heavily than 'cut' and a variety of substances, in particular olive oil, were added to give it stretch for spinning. Some sorts were laced with molasses and wine or rum, which helped to mask the harshness of the strong tobacco at that time and make it more palatable (most of the tobacco used in the eighteenth century had been cured in the open air in the country of origin, a process that removed the natural sugar from the leaf). The leaf was then spun into lengths of different thicknesses, depending on the type of roll required, which were made into coils of convenient weights. This was done on 'a spinning table' which consisted of little more than a bobbin revolved by a handle or treadle. The better sorts of roll were wound with a wrapper leaf and some rolls were dyed with a liquid simply for the sake of appearance, though this was thought by some to act as a preservative. Finally, most rolls were wrapped in cloths, or thick paper, tied with cord, and compressed in heavy standing presses, so as to give the correct texture and moisture; certain rolls were also baked. The main sorts were Thick Coil, Irish, Brown (which was spun but not pressed), Thin Coil Pigtail, Very Thin Coil or Black Twist, *Carrotte* (which was carrot-shaped and heavily sweetened), and rolls specially for chewing known by such names as Plug, Bogie, Nailrod and Target. The cheaper the roll the more moisture it contained, and generally for every 100 lb of leaf it was possible to manufacture between 115 lb and 120 lb of roll (including waste); and for *Carrotte*, the cheapest roll of all, the amount could be up to 150 lb.

Snuff was made from a mixture of stem and leaf, or just stem. The earliest snuff was made by the snuff-taker himself, who carried with him a supply of tobacco (often a piece of *Carrotte*) and a small rasp on which he ground it. In France this tobacco was known as *tabac râpée* which in English became Rappee. A vogue of snuff-taking spread among the upper classes in the eighteenth century and as a result many exquisite snuff boxes were made, which are nowadays sought after for their considerable antique value; indeed, lessons were given in the 'exercises of the snuff box according to the most fashionable airs and notions'. With the growing popularity of snuff and the introduction of different 'scents' and 'flavours', production gradually passed from the hands of the consumer and the retailer into those of specialist manufacturers, although practically all tobacco manufacturers made some snuff. A contemporary described snuff making as 'mostly hard, noisome work, to which they hardly ever take an apprentice, what help they want being done by labouring men, to whom they give 10s. or 12s. a week'.¹⁵ Leaf was fermented in heaps as for cut and roll, or more usually

¹⁵ Anon., *A Description of All the Trades* (1747).

in bins or large vats holding as much as 40 or 50 cwt, the larger the vat the faster and stronger the fermentation and the more pungent the final snuff. Following this the cure was ground to powder in a wind- or water-driven snuff mill – often at some distance from the main workshops – or, less commonly, between hand-operated millstones in the workshop itself. The final operation is best described in the words of an old snuff maker:

A large bowl containing a prescribed quantity of snuff was brought to the private office by the miller, who waited outside while the flavouring was added. Behind the closed door a hole was carefully scooped in the mixture and scent poured in, the whole being ceremoniously stirred. When all was mixed the door was opened and the bowl solemnly handed back to the miller. This scented snuff was then added to a further hundred pounds, the whole being well mixed until the fragrance was uniformly distributed.¹⁶

There were a number of popular sorts of snuff: Rappee, which was black, highly scented and very moist; Scotch, otherwise known as London Brown Rappee or Brown Scotch, which was light brown, unscented or lightly scented, and moist; High Dried, which was similar to Scotch although drier and more pungent. There were also two inferior sorts known as Spanish and Tobacco Snuff Flour, which were made from stalk, offal (waste) or returns (which was leaf left on the edge of cutting machines, including shreds too small for shag, sand and dust).

On average it took three to five days to manufacture tobacco and snuff, after which it was packed for storage or distribution. Cut tobacco was put into hogsheads or paper parcels whereas roll was usually wrapped and tied in oiled paper. Snuff was also packed in hogsheads or parcels, but more frequently it was put into elmwood boxes or in bullock, calf or pig bladders, usually in amounts of 7 lb, 14 lb or 21 lb. To pack snuff tightly in bladders without splitting them required considerable skill; moreover, bladders were more liable to damage in transit than casks or parcels. Many customers nevertheless expressed a strong preference for bladders, maintaining that only bladders could bring out the peculiar flavours of snuff.

On the face of it, therefore, H. O. Wills I did not have to master very complicated techniques of manufacture, nor did he have to provide a large amount of capital for investment in plant and machinery. An ordinary hand engine cost between £30 and £35, while a power-driven cutting machine cost £200, plus a further £50 or £60 for installation. A basic set of utensils, as they were called, including such items as presses, knives, grindstones and pans, could be purchased for about £100; a finishing machine

¹⁶ This description was written in the nineteenth century by one of the partners in the Devizes business of Anstie & Co.

could be acquired for between £50 and £75. There were miscellaneous items used for packaging, the most important being a stock of bladders. In 1785, for example, the Bristol firm of Franklyn, McCarthy & Ambrose carried a stock of 148 dozen bullock bladders and 278 dozen calf bladders, valued at just over £20. There was, of course, a steadily widening range of ancillary equipment used for minor operations, but this could be acquired cheaply. Yet to say that a tobacco business could be established with as little as £200 worth of plant, and that the stages of production were few in number, does not at the same time imply that the processes of manufacture were straightforward.

In many ways tobacco manufacture was a mystery even to those who engaged in it for no one understood the chemistry of changes in the nature of leaf as it passed through different operations. A witness before a parliamentary committee of 1789 put the matter clearly. He explained that tobacco could not be considered to be finally manufactured until it had left the workshop, 'because tobacco [even] when cut and put by in hogs-heads and tins, as the convenience of the moment directs, is subject to frequent changes – going into different rates of fermentation, and by great heats, which tobacco is always subject to, will frequently turn grey and mouldy'.¹⁷ As well as this risk, the conundrums of chemistry usually caused the inexperienced manufacturer to obtain less than the largest possible return from a given weight of raw leaf. If too much or an unsuitable liquor was used the strips were either ruined, or had to be lifted, dried and reliquored, with an inevitable loss in quality and quantity. If too little liquor was added then there was a direct loss in sales weight. In short, while techniques of production were not in themselves expensive, nevertheless they could be very costly. In all successful tobacco business, therefore, there had to be at least one man with great practical experience.

Techniques in one respect could call for substantial capital. In an age in which a knowledge of different sorts of snuff was part of a gentleman's education, and when it was not uncommon for wealthy men to lay down 'cellars' of snuff, it is not surprising that recipes and certain processes of manufacture were of considerable value to their possessors. One manufacturer pointed out that generally 'the principal part of the revenue raised on the article [tobacco] is collected from those articles in which there is a mystery in the manufacture'.¹⁸ Naturally, great care was taken to conceal these secrets from employees, with the result that formal apprenticeship, providing instruction in the arts of manufacture, was a rarity in the

¹⁷ *Committee of the House of Commons*, p. 91.

¹⁸ *Ibid.* pp. 14, 38.

industry. It was quite common for the owner to perform the secret processes after the business of the day was over, he himself having inherited the knowledge from his father or former associate. The worth of such knowledge was described by another manufacturer in 1789:

There are secrets of infinite consequence to the possessors – it is upon philosophical principles and by a philosophical process that a snuff manufacturer works his snuff, and which process he has formed on great attention, industry, experience, and observation of the natural qualities of different sorts of tobacco – and by which means he has acquired a peculiarity of flavour known only to himself.¹⁹

Mr George Franklyn of Bristol put the matter more succinctly: 'I should not care to have any of my own [secrets] exposed for less than £1000'.²⁰ Some manufacturers claimed, perhaps extravagantly, that there were those whose trade secrets were worth as much as £20,000.

H. O. Wills I must, therefore, have received detailed instruction in the arts of tobacco manufacture and, as has been suggested earlier, the likeliest possibility is that he was taught by Watkins. But his need for special instruction could not have ended there. Tobacco was charged with a heavy duty and this presented additional problems and risks of financing taxation over the period of production and marketing. Duty was paid immediately tobacco was withdrawn from the bonded warehouse. In 1785 the rate charged on tobacco from the Colonies was 10*d.* per lb, or just over three times the average cost of raw leaf.²¹ Any waste, or unmanufactured leaf, could be returned to the Customs where drawback of the duty originally paid could be claimed. It has been described how such a procedure was difficult to administer efficiently and was inevitably open to abuse, and the manner in which this affected the market for tobacco will be seen later. For the moment, however, the existence of the duty meant that a manufacturer needed capital over and above that necessary for his 'normal' operations; how much more depended not only on the rate of duty but also on the time it took to manufacture the leaf, the period of credit he could obtain from his suppliers in relation to that he extended to his customers, and seasonal variations in demand. A further consequence was that if a manufacturer wished to reduce his costs and/or to expand his business, he might decide to buy more than his current needs of leaf when prices were low, or to give extended credit to his customers; but at the same time he always had to calculate whether he could meet the charges

¹⁹ *Ibid.* p. 119. ²⁰ *Ibid.* p. 103.

²¹ For full details of duty rates and leaf prices for the period covered by this study, see Statistical Appendix, pp. 456 ff.

of financing the additional duty. Another corollary was that if it proved possible to introduce methods of production or marketing that reduced costs as the scale of operations was increased, those manufacturers with ample capital, or with easy access to credit, would be placed in a strong position. As yet, however, there were no significant opportunities in this direction.

Much more evident than large-scale concentration of production was the geographical concentration of tobacco manufacture. London, Bristol, Liverpool, Glasgow – and to a lesser extent Chester, Newcastle and Hull – were the leading centres.²² This was due to their established importance as ports, which in turn depended on their suitability as centres for major economic regions of the country. For a tobacco manufacturer in any one of these places raw materials were easily available and ready-made markets were near at hand. And there was the added advantage to the manufacturer on the spot, as larger quantities and more varieties of leaf came to be imported, of being able to select leaf directly; unlike his counterparts inland, he did not have to rely on brokers' samples which, apart from anything else, meant being subject to well-known hazards of internal transport.

The existence of the duty was another factor that influenced location. For one thing, since leaf could not be transported inland under bond, the duty multiplied the costs and risks associated with inland manufacture. And since finished tobacco deteriorated less easily than raw leaf, firms at the ports were not necessarily precluded from competing inland simply because they were subject to the same difficulties of transportation. Indeed, as the raw weight of a given consignment of tobacco was on average less than its manufactured weight, in per lb terms the amount of money tied up in duty in manufactured leaf was by comparison less than that in raw leaf, which clearly placed the inland manufacturer at a cost disadvantage. Also, because of distance, it took him some time to return waste to the Customs in order to obtain drawback. Lastly, specialist snuff makers had a particular reason for being established near the ports – namely that they could be near Customs warehouses, which were the main sources of supply of tobacco waste and returns, the basic ingredients of snuff.

The distinction between tobacconists – who were primarily retailers – and tobacco manufacturers was blurred because, as will be seen, tobacconists

²² G. D. Ramsay, *English Overseas Trade* (London, Macmillan, 1957), pp. 132–65; and for numerous references on this count, see *Committee of the House of Commons, and Report of the Commissioners of Inquiry into the Excise Establishment: Tobacco and Foreign Spirits*, B.P.P. (1834), XXIV.

performed operations that were strictly part of the manufacturing process. Nevertheless, there was a fairly high degree of specialization and, so far as can be discovered, in 1786 there were eight tobacco manufacturers in Bristol: Franklyn, McCarthy & Ambrose, 12 Welsh Back; Tozer, Leonard & Co., 34 Maryleport Street; Wilson & Lilly, 111-12 Redcliff Street; Load, Crispin & Co., North Street; Williams, Evans & Co., 33 Maryleport Street; Ricketts & Evans, 31 Maryleport Street; Ricketts & Davis, Dolphin Street; Wills, Watkins & Co., 73 Castle Street – all of which were within a quarter of a mile of the quays and warehouses of Bristol docks. Undoubtedly, the leading family in the industry was the Ricketts family. The father, Jacob Ricketts, was a partner in the business of Williams, Evans & Co. and his son, who on his death in 1781 was described in the local paper (*Felix Farley's Bristol Journal*) as Mr Ricketts jun., was joint owner with a Mr Davis of the business in Dolphin Street; Jacob jun. was succeeded by his brother, Jacob Willcox Ricketts, who had an interest with John Evans in what was described as a snuff and tobacco shop in Old Market Street, and in 1781 he inherited his father's interest in Williams, Evans & Co. It will be shown later how the Ricketts brothers, Jacob Willcox and Richard, and Jacob Willcox's sons, came to control a large part of the tobacco industry in Bristol. For all this there is nothing to suggest that the local industry was organized as a tightly knit group.

Tobacco manufacture was not among the leading industries in the city that together allowed Bristol to claim itself as a major manufacturing centre in the country at large. In the metal trades in particular Bristol was noted for the production of brass of exceptional quality, for its large iron foundries which cast 'all kinds of utensils and artillery' including large cannon, and for its near monopoly of the production of lead shot.²³ As a direct consequence of the port's West Indian trade there were twenty sugar refineries located there and the local boast was that 'loaf sugar is made here and sold on better terms than it can be anywhere else';²⁴ and closely allied to this industry was that of distilling. Twelve glass houses, producing every conceivable type of glass for domestic and overseas markets, made Bristol one of the leading centres of the industry in the country. Among other less important industries were those of soap, leather, wool, porter brewing and a variety of finishing trades, which linked the industries of the

²³ William Watts, a Bristol plumber, invented a process for making perfectly round lead shot, and he was granted a patent in 1782. Molten lead was dropped from inside a tower and it assumed regular spherical shapes in falling through the air. His 'shot-tower' was constructed on Redcliff Hill, close to Wills' tobacco works; see John Latimer, *Annals of Bristol in the Eighteenth Century* (Bristol, 1893), pp. 453-4.

²⁴ *Mathews's Bristol Directory* (Bristol, 1794), pp. 40-1.

port's hinterland to its own large urban market and to its major trading areas of the West Indies, Ireland and north-west Europe. Furthermore, as a leading port it contained a whole range of trades and services associated with ships and shipbuilding. Against all this, tobacco was considered to be hardly worth a mention in local trade directories. The industry's local standing, however, was no less than a reflection of its national position. Great Britain's annual output of manufactured tobacco at wholesale prices, excluding duty, probably amounted to no more than £250,000 at this time;²⁵ and this put it among the smallest industries in the country.

After Watkins' retirement in 1789 Wills, Watkins & Co. became H. O. Wills & Co. and it was as the principal of this business that, in June of the following year, H. O. Wills I married Anne Day, the daughter of a linen-draper in the City.²⁶ Not long after his marriage, in the autumn of 1791, Wills entered into a new partnership with Peter Lilly, a fellow Congregationalist; and with this begins the first detailed record of the Firm's business activities. The Castle Street premises were given up in favour of Lilly's works at 111-12 Redcliff Street, which backed directly on to the busy quays of the Avon. Tobacco had been manufactured on this site since 1722 but, for some years before 1773 when Lilly entered the business, it had been carried on in conjunction with brewing and distilling – a not uncommon practice in the eighteenth century. In 1773, however, a partnership was drawn up between Josiah Thomas, Joseph Wilson jun. and Peter Lilly, exclusively for the purpose of tobacco manufacture. For the next twelve years there were no changes, but in 1785 Josiah Thomas sold his share to the other two partners; and in 1790 Joseph Wilson jun. died, allowing Peter Lilly to become sole proprietor.

There is, unfortunately, some small doubt surrounding the new partnership which was known as Lilly, Wills & Co. Lilly gave up active participation in the business and ownership passed to H. O. Wills I, Richard Bowsher and Henry Cooke. But whether Bowsher and Cooke had been originally in partnership with Wills, or whether they entered into it for the first time in 1791, is not known. Nevertheless, the new association was shortlived for on 6 April 1793 the *London Gazette* contained an announcement of the dissolution of the partnership. Richard Bowsher wished to

²⁵ This estimate is based on the quantity of raw leaf entered for home consumption (see Alfred Rive, *op. cit.*) and a wholesale price of 2s. per lb. This price is a little on the high side (see Table 3, p. 27) but this roughly compensates for the increase in raw weight during the course of manufacture.

²⁶ William Day's warehouse was in Bridge Street (see *Mathews's Bristol Directory* (Bristol, 1794), p. 29); Bristol Archives Office, Marriage Bonds for St Peter's Church, 24 June 1790.

retire from the business altogether and Henry Cooke had been declared a bankrupt shortly before his death in the same year. After certain legal formalities had been completed, in 1794 ownership of the partnership was divided equally between Peter Lilly and H. O. Wills I, and together they paid the executors of Cooke's estate £603 18s. 3d. in settlement of the net value of his share in the former partnership. Lilly returned to give some help in the business, but the major part of the responsibility for the success of Lilly & Wills (as the partnership became known) now rested with H. O. Wills I.

The Firm occupied all of 112 Redcliff Street and 'the backward part of 111' – the front part of which was tenanted by Joseph Watters, comb maker. Wills himself lived in part of one of the houses but it is not clear which. Both houses were owned by Lilly, 111 by leasehold from the Corporation and 112 by leasehold from St Mary Redcliffe Church, and the Firm paid him a total rent of £55 per year. The partners employed at most ten workpeople, and, although the workshops were small, by comparison many tobacco firms operated in single rooms or cellars. Moreover, the premises would have been large enough to allow the separation of the major processes into different parts of the buildings. At the front of 112 Redcliff Street was a shop from which goods were sold to traders and to the general public. It would have contained jars and bins of cut, shag and rag tobacco, large coils of roll, and bladders and boxes of snuff. Purchases would have been weighed on beam scales, then made up into paper parcels and the transactions recorded in a day book. Also at the front of 112, probably as part of the shop, was the office from which the partners directed their business.

Just at the point when Wills had been preparing to shift his operations from Castle Street to Redcliff Street, new government regulations concerning tobacco manufacture came into force which interfered directly with the internal organization of production; and since these regulations remained in force for over fifty years it is necessary to look at them in a little more detail.²⁷ They stemmed from Pitt the Younger's wider efforts to bring greater efficiency and effectiveness to the Customs and Excise. After having considered the evidence of a parliamentary committee, petitions from manufacturers, Customs and Excise officials and other interested groups, he decided to adopt for tobacco – and certain other commodities – the Excise scheme that Walpole had failed to introduce in 1733. Under this Act of 1789 the Customs Department remained in control of tobacco

²⁷ All subsequent details are drawn from *Report of the Commissioners of Inquiry into the Excise Establishment*, which contains a comprehensive survey of all this previous legislation.

trade at the ports, but tobacco manufacture was brought under strict inspection by the Excise. In future, a manufacturer had to obtain a permit from a Customs officer when leaf, on which duty had been paid, was removed from a bonded warehouse. Tobacco factories had to be registered by their owners making 'an entry in writing of all warehouses, rooms, and other places and utensils intended to be made use of for the manufacturing or keeping tobacco etc. with the officer of Excise, and therein describe and distinguish every such warehouse etc, by a particular letter or number'. Twelve hours before commencing production notice had to be submitted to an Excise officer. This amounted to giving a complete account of operations from beginning to end, including such small details as the number of casks or bins to be used. Once under way there were restrictions on the manner in which certain processes could be performed; and just to make sure, the maximum weights of different sorts of tobacco and snuff which were allowed to be manufactured from a given quantity of raw material, were carefully prescribed. Adulteration with specified materials was made illegal, 'and the mixture of any heavy substance exceeding two per cent of tobacco or tobacco stalk flour, and four per cent in snuff, [was] to be deemed conclusive evidence of fraud'. Furthermore, daily sales of tobacco and snuff had to be recorded in specially kept books. As a final reserve sanction an officer was empowered to order a manufacturer to provide 'a sufficient number of his servants' to assist him in weighing the stock to check whether it tallied with his records. Apart from these detailed regulations, manufacturers and retailers had to hold a licence which was renewable annually at a scale fee determined by the previous year's turnover, a requirement which, incidentally, amounted to official definitions of manufacturer and retailer; the former was not allowed to sell in quantities of less than 4 lb of tobacco and 2 lb of snuff and the latter only in quantities up to those amounts, though in practice this distinction broke down because a number of firms took out both forms of licence. As if this were not enough, in the following year the regulations were tightened up in a few more details.

Spokesmen for the industry had made their objections known as soon as the changes had first been proposed.²⁸ Most agreed with the view of one who declared that for twenty years he had tried, without success, to keep an account which would enable him to determine accurately the weight of his stock at different stages of manufacture, and he could not see how an Excise man would be endowed with greater skill at this than he himself. One major difficulty in this respect arose from the need to make a variety

²⁸ See *Committee of the House of Commons* for detailed evidence.

of tobaccos and snuffs at the same time; only in this way could different workers be kept fully employed and the demands of customers be met. Similarly, the better quality tobaccos and snuffs were blended from a careful selection of leaf, which meant that it sometimes took as long as three months to use up a given consignment. Under the new regulations, however, methods of this kind were easily open to misinterpretation by an officer. Some manufacturers feared, also, that the export trade would be seriously damaged. In the first place, they argued that during his inspection an Excise official would discover secret processes which he could then betray to foreign competitors and, secondly, with new limitations on the moisture content of snuff and tobacco, drawback allowances at current rates would be inadequate. Of course, fear about possible disclosure of secrets applied equally to domestic trade. According to George Franklyn of Bristol, for example, 'an excise officer could not be prevented by any means the manufacturer could devise from coming into a knowledge of all the mysteries of his manufacture'.²⁹ There were dire forecasts of a large number of firms being forced out of business, or being driven to set up in ports on the opposite side of the Channel. This latter fear, in particular, was supported by a tobacco engine and press maker, who claimed that 'nineteen out of twenty of all the engines that are made' came from his factory.³⁰ As evidence of preparations being made across the Channel, he stated that in the previous years he had exported engines to Alderney, Guernsey, Ostend, Flanders, Rotterdam, Middleburgh and Stetin, and that he had more such orders on hand. There were certain English manufacturers, he added, who were waiting for engines but had threatened to cancel their orders if the proposed legislation was passed.

Yet, in face of well-organized opposition, the permit and survey system was introduced; and whatever its long-term success it almost certainly had immediate consequences. Small manufacturers were most affected, for without moving into larger premises it was practically impossible for them to meet Excise requirements to separate the main processes of production. Although there is no evidence as to what extent small manufacturers were forced out of business, it would be surprising if they did not suffer from the initial enthusiasm of Excise officers. All tobacco manufacturers, moreover, met with additional costs resulting from the need to provide closer supervision of work and more detailed records of operations. Naturally, the incentive to evasions of all kinds was raised. So far as smuggling was concerned, no direct records are available, for by definition successful

²⁹ *Ibid.* p. 103.

³⁰ *Ibid.* p. 70.

smugglers were not detected.³¹ At the same time, it seems reasonable to assume that most channels for smuggling were fairly fully exploited before 1789; or, in other words, the volume of smuggling did not increase very significantly after that date. This is not to deny that heavier restrictions might have encouraged smugglers to take greater risks, which were, in part, rewarded. But, for what they are worth, records show that contraband tobacco was mostly handled in small quantities.³² One reason for this was that the eventual customers were often among the smallest – but licensed – manufacturers or retailers who attempted to conceal such leaf or manufactured tobacco by mixing it with supplies purchased legally. Moreover, in view of the nature of production processes, it would have been extremely difficult for an unlicensed manufacturer to have engaged in trade on any significant scale without being detected. It seems unlikely, therefore, that control by the Excise caused a marked increase in the amount of tobacco entering the country illegally. Indeed, the steady rise in the total weight of tobacco entered for home consumption, which corresponded with the rise in population, would suggest the contrary view.³³ Much more probable was that the new system was no more efficient than the old in checking adulteration.

One result of the permit and survey inspection was that manufacturers had to keep more accurate records. In this respect, no doubt, Lilly & Wills was typical. It was not its practice to draw up a balance sheet at the end of each year or half year; instead it kept a number of income and expenditure accounts which very roughly corresponded to different aspects of the business – production, sales, finance. It now became necessary, however, to keep more detailed records of stocks, and since stocks, in the form of leaf, work in progress, and goods in the warehouses, accounted for the major proportion of assets, regular stocktaking and valuation provided, for the first time, a close check on costs, current trading position and, what was in effect otherwise unheard of in accounting practice until the end of the nineteenth century, a built-in form of depreciation.

³¹ See, for example: Henry N. Shore, *Smuggling Days and Smuggling Ways* (Allan, 1929 ed.); G. D. Ramsay, 'The smuggler's trade: a neglected aspect of English commercial development', *Trans. of the Royal Historical Society*, 5th ser., vol. 2 (1952), pp. 131–57; T. C. Barker, 'Smuggling in the eighteenth century: the evidence of the Scottish tobacco trade', *Virginia Mag. History and Biography*, vol. LXII (1954), pp. 387–99; Alfred Rive, 'A short history of tobacco smuggling', *Economic Journal*, Econ. Hist. Supp., vol. I (1929), pp. 544–69; W. A. Cole, 'Trends in eighteenth century smuggling', *Economic History Review*, 2nd ser., vol. X (1958), pp. 395–410; *Report of the Commissioners of Inquiry into the Excise Establishment*, pp. 14–36.

³² See Chapter 3, pp. 74–6, Chapter 4, p. 84.

³³ See Statistical Appendix, pp. 456 ff.

The primary aim of the permit and survey system, of course, was to protect the revenue, not the consumer; for, as the Excise Commissioners were quick to point out, it was not their function 'to protect individuals from the consequences of their own improvidence'.³⁴ And it was in the form of taxation that tobacco firms felt the full weight of government control. Customs and Excise duties on tobaccos were gradually increased, until by 1805 they stood at twice the 1785 level; while, over the period as a whole, the duty averaged four times the prime cost of leaf. This made tobacco the most highly taxed item of common consumption, and since the great bulk of tobacco and snuff was consumed by the poorest section of the community, it was a particularly regressive form of taxation. To the firm it represented a heavy capital charge to be carried, the amount of which was obviously not equivalent to the total amount of duty paid in a given year, but depended on the length of credit given to customers and on seasonal fluctuations in demand. Even so, because of the duty, at any one time a large part of a manufacturer's capital lay on the floor of his wetting-down room, in his warehouse, in carriers' carts, on barges, on coastal vessels, and on the counters and shelves of his customers' shops.

According to an estimate made by George Franklyn in 1789, owing to the high rate of duty at any one time he could have as much as £1500 invested in snuff cures alone;³⁵ and for comparison he indicated that there were several firms in Bristol whose sales were considerably larger than his own. The first detailed records for the Wills business show that in 1804-5 between 40 per cent and 50 per cent of total capital employed in the business was needed to finance the duty. From this it follows that the bulk

TABLE I *Typical plant costs in the late eighteenth century*

	£	s.	d.
Cutting engine and wheels	60	0	0
3 Large presses	42	6	0
3 Jack presses	34	18	6
2 Spinning tables and wheels	7	0	0
1 Chop engine	7	0	0
2 Saddle horses	30	0	0
1 Black cart horse	8	0	0
1 Snuff cart	8	8	0
	197	12	6

³⁴ *Report of the Commissioners of Inquiry into the Excise Establishment*, p. 39.

³⁵ *Committee of the House of Commons*, p. 106.

of capital employed was represented by work in progress, stock, and debts; and for Lilly & Wills this amounted, on average, to roughly 90 per cent of the total at the turn of the century. By contrast, plant and equipment represented relatively small investment; for Franklyn, McCarthy & Ambrose, a firm of equivalent size to Lilly & Wills in the 1790s, the total was £390. The more important items are listed in Table 1.

The earliest inventory of the Wills partnership is for 1804. It shows the total value of machinery and equipment – utensils as they were called – as £676 19s. 5d.; this included a steam engine, though it is not clear when the Firm first used this form of power. Of course, the amount of fixed capital was increased if a business owned its own premises and, for example, in the case of Franklyn, McCarthy & Co. this added £2000 to its fixed assets. On the other hand, if necessary it was an easy matter to lease premises as H. O. Wills I had always done; and, anyway, even if allowance is made for investment in buildings, fixed capital was still only a minor proportion of the total.

As in most industries, tobacco manufacturers seem to have raised their capital from a wide variety of sources. In Bristol there was, in fact, some general connexion between the tobacco industry and brewing and distilling; Wilson, Thomas & Lilly, Williams, Evans & Co., and Ricketts & Evans all had strong associations of this kind. Part of the explanation of this is probably that as large porter brewers strengthened their hold on their industry, small brewers were forced to look for other opportunities, and their experience in financing the production of an excised good would have been a factor tending to lead them into the tobacco industry. While glass making and sugar refining were also excised industries well established in Bristol, in these the scale of investment was already very large; a glass business, for example, could be capitalized at as much as £60,000 by the end of the century.³⁶ Moreover, it was, no doubt, somewhat easier to borrow money for tobacco manufacture than for many other branches of industry, as such a large part of capital was invested in stocks which in manufactured form could always be sold at a price.

At the end of 1803 Lilly had retired from Lilly & Wills and by that time H. O. Wills I had been joined in partnership by his brother-in-law and fellow Congregationalist, Samuel Ditchett;³⁷ the Firm then became known as Wills & Ditchett. Under the terms of the agreement, Wills owned two thirds of the business and Ditchett the remaining one third, and total capital liabilities are listed in Table 2.

³⁶ See B. W. E. Alford, *op. cit.*

³⁷ Samuel Ditchett had married a sister of Anne Day, H. O. Wills I's wife.

TABLE 2 *Total net capital liability of Wills & Ditchett at June 1804*

	£
Henry Overton Wills I } <i>Partners</i>	4234
Samuel Ditchett }	1672
Peter Lilly	7124
William Day	2000
Rev. Wm Day	173
Elizabeth Day	100
Sarah Mackreth	100
Grace Wheeler	32
	15,435

All, including the partners, received 5 per cent on their balances as shown in the private ledger at the end of every six months. Net profits were arrived at by deducting all charges, including all production charges, interest, and some allowance – known as abatements – for bad debts and unforeseen charges, from total sales and receipts (including debts outstanding). This was done in the form of straightforward trading account. There was no specific provision for depreciation, nor was there any concept of goodwill. On this basis profits were counted as the rewards to management alone and similarly on this principle ownership was determined by a combination of managerial responsibility and capital investment, and for this reason the partners did not maintain anything like a strict two-to-one relationship in their capital balances. All investors' money was held at call, and they were permitted to pass credits and debits through their accounts in the form of either cash or inland bills, provided they did not allow their balances to fluctuate erratically. In modern banking terms these accounts could be described as hybrid current and deposit accounts. After profits and interest had been distributed to individual accounts a 'journal', or list, of capital liabilities was drawn up under the Firm's name and capital expenditure was charged to this total. The various assets – stock, debts outstanding, machinery, etc. – were recorded under separate heads and only very occasionally was any sort of general balance struck. This consisted of making a rough total check-balance of the net balances of assets and liabilities as they stood in the ledger, and, of course, it was on the basis of the fairly rudimentary accounting principles that have been described. Nevertheless, the regular trading account, the large proportion of capital invested in stocks which were valued every six months, and the correspondingly small amount of investment in fixed form enabled the

partners to maintain a reasonably close watch on the Firm's performance.

To some extent, however, such arrangements exposed the partners to serious risk, though in order to reduce this Lilly arranged to place £7000 of his credit into a special 'bond' account, and he undertook not to withdraw any of this money without six months prior warning. More generally, the partners were safe to assume that, as quasi-savings deposits, individuals' balances would be higher at the end of the year than at the beginning and, moreover, by skilful management, they could balance incoming and outgoing bills in such a way as to provide themselves with a source of short-term credit at a favourable rate of interest. They cashed bills at a discount (which was equivalent to an interest charge) before they were due in the fairly sure knowledge that, during the meantime, the individual who had deposited the bill with them would not attempt to draw on it.

With so much capital in circulating form and with so much dependence on credit it was essential to have reliable banking facilities. Bristol was ideally placed in this respect, because over the eighteenth century a soundly based banking system had been established in the city.³⁸ By 1800 there were seven private banks serving an area that stretched as far as Cornwall, Dorset, the south Midlands and south Wales. And these banks had gained considerable experience in dealing with the special problem of financing industries like tobacco, which drew their raw materials from abroad and were subject to taxation and control by the government. Lilly & Wills banked with Miles, Vaughan & Co., probably the largest bank in the city.³⁹ Furthermore, well-developed banking services of this kind not only enabled the Firm to discount bills and to obtain a measure of short-term credit, they provided also a ready network for marketing; the fact that Miles, Vaughan & Co. operated over such a wide region indirectly helped to underwrite Lilly & Wills' extension of credit to customers over the same area.

In 1805 Wills & Ditchett was employing a total capital of approximately £15,000. But on the face of it the partners carried heavy liabilities, for their own share amounted to about one third of the total; and it must be remembered that it was to be over fifty years before the law recognized limited liability – until then a partner's responsibility for debts incurred by his firm was not limited to the amount of his investment; it could be extended to include practically everything he possessed. But apart from

³⁸ For details on Bristol banking, see: Charles Henry Cave, *A History of Banking in Bristol from 1750 to 1899* (Bristol, 1899); Philip T. Saunders, *Stuckey's Bank* (Taunton, Barnicott & Pearce, 1928).

³⁹ Charles Henry Cave, *op. cit.* pp. 65–84.

the fact that such a large proportion of capital was invested in leaf and stock, Wills & Ditchett's ultimate safeguard was provided by the individuals from whom it borrowed. Peter Lilly, the largest creditor, was Wills' friend and former partner. For the rest the partners relied on their own families. Anne Day was their widowed mother-in-law and the Rev. William Day and Elizabeth Day were brother- and sister-in-law respectively.⁴⁰ Indeed, the dependence of the business on the Day family lends support to the suggestion that H. O. Wills I's father-in-law might have given him financial help when he formed the partnership with Lilly in 1791. How successful their first and subsequent partnerships proved to be can now be examined in more detail.

⁴⁰ In addition to information contained in private records there are some interesting details on the Day family contained in W. T. Sanigar, *Leaves from a Barton Hill Notebook* (Bristol, J. W. Arrowsmith for University Settlement, 1954), pp. 24-5.

Chapter 2

GROWTH AND STAGNATION

Bristol tobacco manufacturers benefited directly from the city's importance as the commercial and industrial capital of a large region. Through the Avon, the Bristol Channel, the Severn and the Wye, Bristol possessed, by eighteenth century standards, good communications with Cornwall, south Wales, the south Midlands, and the West Country. The city stood at the head of five main roads which ran to the east as far as London, and to the north-east as far as Leeds. The population of the urban area at the turn of the century was of the order of 60,000, and the region of which it could claim to be the centre accounted for over a quarter of the total population of Great Britain. It was not surprising, therefore, that tobacco manufacturers serving this market should have been provided with ample opportunity for expansion; and, as some measure of this opportunity, the consumption of tobacco for Great Britain as a whole almost doubled between 1786 and 1806.¹

Until 1814 Wills & Ditchett bought most of its leaf requirements in Bristol itself. Although the port of Bristol was beginning to experience if not an absolute then certainly a relative decline against the expansion of Liverpool and London, it still retained advantages associated with the commercial network which had been built up in the tobacco trade over the previous 150 years or so. Originally merchants handling tobacco leaf dealt directly with manufacturers but towards the end of the century it is evident that the specialist brokers were acting as intermediaries between the two. Nevertheless, with increasing imports of leaf, manufacturers had to become more skilful in judging its price and quality, and each rise in the duty made the risk of mistakes more costly. It is not possible to determine exactly how many brokers the Wills partnership dealt with, but the usual procedure was to purchase leaf by bills payable within six months.

Because supplies of leaf imported through Bristol fell short of local

¹ For full details, see Statistical Appendix, pp. 456 ff.

manufacturers' needs in terms of quantity or quality or both, local brokers were led to establish contacts with brokers in London and Liverpool and were thus able to arrange for the coastwise shipment of tobacco. Such shipments could not, however, be made under bond, so that the additional period for which the duty had to be financed and the consequently higher premiums for insuring cargo added significantly to costs. A calculation made in 1810 showed that to transport a hogshead of tobacco worth £17 10s. from Liverpool to Bristol by sea, under bond, would have cost £1 13s., as compared with £7 13s. 2d. by the least costly means – by canal and river – when duty had to be paid.² Moreover, as it was wartime, it is probably safe to assume that freight and insurance rates for coastal shipping were comparatively high anyway.

At first Wills, Watkins & Co. had concentrated almost entirely on the market within the city itself. Many sales were made direct from its shop although H. O. Wills I also travelled around the city collecting orders, which were later delivered by horse and cart. Some Bristol tobacco manufacturers journeyed much further afield. George Franklyn & Co., for example, built up a thriving trade in south Wales, where the rapidly expanding mining communities provided a good market, especially for strong snuff. In fact, Bristol firms sold their snuff and tobacco in all parts of the region, and when in 1789 Falmouth was added to the list of 'enumerated ports' Bristol manufacturers were very concerned lest 'it will have a tendency to invite manufacturers to embark in trade in that town and neighbourhood, and will have a further tendency of diverting the trade of Bristol in the western counties into another channel'.³

It was not long before the competitive spirit of Lilly & Wills induced it to extend its trade into Somerset, Devon, Cornwall and H. O. Wills I's home county of Wiltshire. H. O. Wills I himself travelled on horseback, or where possible by horse and dog cart, to the surrounding market towns and villages. He carried with him samples of tobacco and snuff, and with these he secured orders from local shopkeepers and publicans. His salesmanship and the quality of his goods were evidently so successful that soon two, or possibly three, full-time travellers were engaged. At Redcliff Street orders were made up into parcels and despatched by local carriers, canal barges or coastal vessels. Indeed, distribution will be seen to have given the partners many headaches and, as one manufacturer wrote, they had to suffer 'the negligence of carriers, floods, or deep snow; and as a

² Customs & Excise (T.L.B.) 48/50 (338-40).

³ *Minutes of Evidence Taken before a Committee of the House of Commons . . . [on] the Bill for Repealing the Duties on Tobacco and Snuff, etc.* (1789), p. 106.

considerable part of manufactured tobacco for home trade passes by boats through the canals, and is frequently transhipped, sometimes, for want of boats so to tranship it, it is put into warehouses at the respective wharves and there sometimes detained a long time – in the winter season it has been no uncommon thing to have unmanufactured tobacco in boats which had been frozen up for a month together.⁴

In terms of weight Lilly & Wills probably sold roughly equal amounts of tobacco and snuff; and it is possible to obtain some fairly clear idea of the prices of leading brands of tobacco and snuff around 1790 (see Table 3).

TABLE 3 *Wholesale prices of tobacco and snuff in 1790 (per lb)*⁵

Common snuff	1s. 10d.
Other snuffs (according to quality)	2s. 9d. to 2s. 10d.
Rag tobacco } Common roll }	1s. 9d.
Best roll	2s. 2d.
Short cut (according to quality)	1s. 9d. to 2s. 3d.
Shag (according to quality)	1s. 9d. to 2s. 4d.

In fact, there was marked uniformity in prices which is suggestive of price fixing arrangements between manufacturers. This is not altogether surprising since in the tobacco trade, because of the high duty factor with the consequent tendency to small margins, it has always been easier to compete in terms of quality rather than price. This was achieved by altering the moisture content of tobacco or snuff, or by using more or less inferior leaf in blending, methods that were particularly easy to employ in the manufacture of the cheapest sorts of roll and snuff because they were made up of a relatively high proportion of water and cheap leaf, so that quite large variations made over a period of time could pass unnoticed. Branding provided another method of competition. And while it would be foolish to argue that this was widespread and anything like well developed, it did exist in elementary form; such branding was usually done by tobacconists, who used pictorial labels and billheads to promote a certain type of snuff or tobacco which was exclusive to them. Nor must it be

⁴ *Ibid.* p. 83.

⁵ This table is based on private records used in this study and on the considerable amount of information relating to prices contained in *Committee of the House of Commons*.

forgotten that some manufacturers – particularly snuff makers – evolved special scents and flavours which enabled them to distinguish their goods by name, and to charge correspondingly higher prices.

Competition was strongest in the sale of common shag and cut. As a consequence, in 1792 Lilly, Wills & Co., in common with other manufacturers in Bristol, Liverpool, and some adjoining counties, signed a formal agreement to make an increase in trade prices of lowest quality tobaccos.⁶ To our knowledge, this was the first of its kind in the tobacco industry, and in this form was probably one of the first in general in this country.

COPY OF CIRCULAR ISSUED BY LIVERPOOL AND
BRISTOL TOBACCO MANUFACTURERS IN 1792

We take the earliest Opportunity to inform you of the Advance of One Penny per Pound on Common Shag and Cut Tobacco; and at the same Time to present you with the names of the principal Manufacturers in the North and Western Parts of England, who have communicated to us their united Resolutions on this Subject. The present Price of Leaf and the late extreme low Price of Shag and Cut, when manufactured, we conceive, will justify this Measure in the opinion of those who may be interested therein.

<i>Credit</i>	<i>Money</i> [i.e. for cash]	
Common Shag and Cut 22d. 23d.	21d. loose 22d. in $\frac{1}{4}$ & $\frac{1}{2}$	} From and after the 21st January 1792.

LIVERPOOL

Thomas M. Tate
Thomas and William Nailor
Clay, Parry & Midgley
James Leigh & Co.
William Nicholls
John Cawley
John Samuel
Charles Alexander
Briggs and Hammond
T. Meadows
David Jack

BRISTOL

Williams, Ricketts, Leonard & Co.
James Stansfield & Co.
Ricketts and Load
John Woodhouse and Co.
Evans, Neale & Co.
John and B. Davies
George Franklyn and Co.
Easterbrook, Rees and Co.
Lilly, Wills & Co.
Francis Collins
Evans, Ambrose and Co.

⁶ Trade prices are taken to mean prices charged by the manufacturer to either wholesalers or retailers. Theoretically wholesale and retail prices were arrived at by successive mark-ups on trade prices, but in practice the state of competition which produced wide variations in wholesale and retail prices makes it impossible to provide very many satisfactory data on these prices over time.

Moulson and Edowes, Chester	And some others who could not
Richard Bennett, Bewdley	attend the respective Meetings
Benjamin Pearks, Worcester	but have given Assurance of
Powell Chandler, Gloucester	their coinciding therein.
B. W. Anstie, Devizes	
William Ludlow, Ditto.	

It is interesting to note how, by implication, the circular recognized the regional structure of the industry; and the willingness of manufacturers in the west and north-west to cooperate is probably explained by the growing intensity of competition in the rapidly expanding Midlands market.

This circular was probably the first of a number issued from time to time to regulate prices and competition, though there is no record of any formal local organization in this respect until 1796. On 26 February 1796, however, eleven leading tobacco manufacturers in Bristol met at the Talbot Inn and agreed to form the Bristol Society of the Manufacturers of Tobacco and Snuff. The firms represented were:

Wigginton, James & Morgan
 Ambrose, McCarthy & Co.
 Franklyn & Co.
 Neale & Co.
 Lilly & Wills (represented by H. O. Wills I)
 Easterbrook & Rees
 Stansfield & Co.
 Ricketts & Load
 Williams, Ricketts, Leonard & Co.
 Woodhouse & Co.⁷
 Truman & Stockwell

George Franklyn, of Franklyn & Co., was elected first chairman and under his direction the representatives set about drawing up a constitution.

The membership fee was fixed at 2s. 6d. per month, and up to 1s. 6d. of this amount was to be used to pay for a supper, which would precede the business part of the monthly meeting. If a member, or his representative, arrived later than 7 o'clock, or was absent, he forfeited 6d. The main object of the Society was to regulate prices and terms and, 'When any member has a charge to make against any House in the Trade for deviating from the prices and conditions of sale agreed to by this Society or which shall be agreed to at any future time, the same shall be openly investigated at the monthly meeting.' As a safeguard, however, the following rule stated:

⁷ This firm subsequently withdrew from the association.

No political question shall be introduced during the meetings of this Society and if any disputes arise which may have a tendency to affect the harmony and good understanding which ought to subsist between the Members of the Society, the Chairman be empowered to refer the matter in dispute to the determination of the Members and the Majority determine whether the dispute should not immediately be put a stop to and any attempt to renew the subject shall be considered disorderly.

The convivial activities of the Society were much enjoyed by its members, and once a year wives and other family members were invited to a special dinner.

The first trade issue to be discussed by the Society was pilfering of tobacco and snuff by employees. Three members undertook to prepare a report on possible ways of stopping this, while all firms agreed to subscribe to a fund which would be used for giving rewards to anyone who provided information leading to the conviction of an offender. But the continuing nature of the problem is illustrated by the fact that in 1810 the Society was still publicly announcing that it had £500 set aside for rewards.

The Society's main business, however, concerned prices and terms, and in April 1797 it announced rises of between 3*d.* and 6*d.* per lb on trade prices of most sorts of tobacco and snuffs. This was followed by another all-round rise of 2*d.* to 3*d.* per lb later in the same year, and in January 1798 yet another rise was agreed, though this was a far more ambitious undertaking since it had been negotiated in conjunction with firms in London, Liverpool, Manchester, Chester and surrounding areas. By September, however, northern firms were openly flouting the schedule, and George Franklyn and James Stansfield were deputed to go to Liverpool and meet those manufacturers who had 'deviated from the prices entered into on the 20th January last, and endeavour to prevail on them to adhere to the engagements entered into on that day'. Seemingly, the Bristol envoys prevailed and twenty-six firms in the Liverpool region agreed to abide by the schedule.

By early 1799, nevertheless, Liverpool firms were again cutting prices. When the Bristol Society heard this it declared its determination 'not to swerve from the prices fixed', only to discover in April that some of its own members were circumventing the schedule by paying carriage for customers; for example, tobacco and snuff was being sent, carriage paid, coastwise to Plymouth and then inland as far as Exeter. This practice was immediately stamped on, but there was little the Society could do about northern firms selling below the schedule in the Midlands and Welsh

markets, in which Bristol firms had a growing interest. But towards the end of the following month the Society received a letter from the Chairman of the Liverpool tobacco manufacturers trade association, in which he recommended 'a personal interference from Bristol Manufacturers as the only probable means of restoring peace and unanimity to the Trade at large'. Once again, it was decided to send a deputation to Liverpool, this time consisting of James Stansfield and H. O. Wills I. These two managed to persuade most Liverpool firms to come into line, though a few small ones refused to follow suit.

The Bristol Society continued its attempts to legislate on prices and terms, but as trading conditions became tighter it proved impossible to secure effective enforcement for any length of time. For one thing, successive increases in the rate of duty upset existing agreements and, moreover, it was not always advisable simply to make corresponding adjustments in trade prices, particularly if monetary units and customary amounts in which tobaccos and snuffs were sold to the public – in one or two ounce lots – did not allow the retailer to raise his prices in compensation; in order to play it safe, therefore, manufacturers frequently absorbed at least part of any duty increase by making alterations in quality, and it must be admitted that there was a natural willingness during these years to reduce quality whenever possible. But once this happened all prices and terms had to be negotiated again from scratch. More fundamentally, when a firm faced heavy losses, or even bankruptcy, it naturally acted in its own interests and grabbed at any competitive advantage that appeared. Some years later, as will be seen, Wills & Ditchett found itself in this situation and its actions then quickly brought the Firm into conflict with its long-time associates

By 1804–5, Wills & Ditchett's sales were averaging over £16,500 per year. Accounts were kept in such a manner, however, that it is not easy to provide an adequate record of profitability. Gross profits were equivalent to 15 per cent of turnover, but this calculation involves counting the amount of duty paid, not the cost of financing it. A better measure is given by the return on partners' capital, which can be taken to correspond to ordinary share capital. On this basis net profits plus the standard 5 per cent interest showed a return of 34 per cent. Although this figure includes no allowance for management charges, when the level and rate of return are considered together it is quite clear that the business was solidly profitable. To a degree, of course, this rate reflects Wills & Ditchett's ability to borrow two thirds of its capital at a fixed rate of 5 per cent. Nevertheless, the

corresponding return on *total* capital employed was 16 per cent. To some extent the high rate of profit was owing, no doubt, to the proportionately large amount of money needed to finance the duty which must have tended to act as a barrier to the entry of other firms into the industry, thus serving to reduce competition. And, as a corollary, the existence of a relatively high rate of duty was indirectly of more benefit to existing manufacturers than any direct increase in demand which might be expected to follow from reduction or abolition of the duty.

In 1805, therefore, H. O. Wills I could look back over twenty years of solid – if not spectacular – business achievement. Although practically no record of his first partnership has survived, it is clear from subsequent developments that Wills, Watkins & Co. was a very small concern, though not untypical of the tobacco industry in general. At the outset Wills probably received some financial assistance from his own family, and then his marriage into the Day family and his new partnership with Peter Lilly provided greater scope for his business ability. It was due largely to his energy and persistence that the trade of Lilly & Wills steadily expanded. At first he spent much of his time ‘on the road’, building up sales and goodwill, but by the turn of the century the larger scale of production required him to devote all his time to managing affairs at Redcliff Street. More generally, buoyant demand for tobacco goods represented widening opportunity for those firms that were able to increase their scale of operations. Wills himself responded to this challenge by continuing to live modestly at Redcliff Street on the 5 per cent interest on his capital, while reinvesting all his share of the profits. With what success this thrift was rewarded an attempt must now be made to discover.

In 1805 the partners decided to purchase a snuff mill at Stapleton in the suburbs for £850. Until then, from 1792 in fact, the Firm had leased the mill from the Corporation. But the pressing need was for more workshop space at Redcliff Street, and the easiest way of providing this was for the Wills family to give up their home there. The noisy activity of the workshops could not have made this an ideal residence, and by this time Henry and his wife no longer had only themselves to consider. By 1807 they had five children: Anne, born in November 1792, William Day in June 1797, Mary in January 1799, Henry Overton (II) in July 1800, and Frederick in June 1804. In 1808, therefore, H. O. Wills I withdrew £420 from the business and with this he bought a house on Redcliff Hill. Unfortunately, surviving records are not detailed enough to show exactly where the new house stood, but it was one of a terrace of small Georgian houses directly