

**DEVELOPMENT OF THE FISCAL RELATIONSHIP
BETWEEN THE ISLE OF MAN AND BRITAIN
Revestment Act to Common Purse Arrangement
1765-1895**

**Thesis submitted in accordance with the requirements
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CONTENTS

| | |
|--|-----|
| Acknowledgements | v |
| Abbreviations | vi |
| Map of the Isle of Man, 1845 | vii |
| Chapter 1 | |
| Introduction | |
| 1.1 Thesis | 1 |
| 1.2 Primary sources | 4 |
| 1.3 Previous studies | 6 |
| Chapter 2 | |
| The Isle of Man. Its situation and economy | |
| 2.1 Introduction: A separate identity | 9 |
| 2.2 History | 11 |
| 2.3 Trade and the 'Trade' | 13 |
| 2.4 Progressive problems | 15 |
| 2.5 Island passes from Derby to Atholl | 20 |
| 2.6 Smuggling increases | 21 |
| Chapter 3 | |
| Revestment. Purchase by Britain from the feudal Lords of Man | |
| 3.1 Introduction: 'To treat with you for the purchase of the Isle of Man' | 25 |
| 3.2 Revestment and Mischief Acts | 28 |
| 3.3 Isle of Man under Britain after 1765 | 34 |
| 3.4 Customs Act, 1767, and the significance of the new fiscal relationship | 37 |
| 3.5 Persistence of the new Duke | 41 |
| 3.6 Commissioners' Report, 1792 | 45 |
| 3.7 Duke of Atholl becomes Governor and receives 'one-fourth part of the gross annual revenue arising from the duties' | 48 |
| 3.8 Bitter end to the Atholls' association with the Isle of Man | 53 |
| Chapter 4 | |
| Resistance to customs duties assimilation. Reasons for political reform | |
| 4.1 Introduction: Calls for reform | 61 |
| 4.1.1 Constitutional concerns | 62 |
| 4.1.2 Fiscal concerns | 63 |
| 4.2 Poulett Thomson and regulation of the Island's trade | 64 |
| 4.3 Blame and opposition | 67 |
| 4.4 The inconveniences | 69 |
| 4.5 Tynwald Report | 71 |
| 4.6 Press opinions, public meetings and petitions | 73 |

| | | |
|------|--|----|
| 4.7 | Further delegates | 76 |
| 4.8 | Bluett's London contacts, including 'the managing man' | 78 |
| 4.9 | More meetings, more delegates | 80 |
| 4.10 | United deputation meets with Poulett Thomson | 82 |
| 4.11 | The King's death and the various processes | 86 |
| 4.12 | The 'clique', the 'squib' and the 'bogey' | 87 |

Chapter 5

Alterations to customs duties and licence system. Resistance to Manx fiscal control

| | | |
|------|---|-----|
| 5.1 | Introduction: The beginnings of change | 92 |
| 5.2 | Licence system and charges of corruption | 94 |
| 5.3 | The willing Dr Bowring and the unwilling House of Keys | 98 |
| 5.4 | Opinions on reform | 101 |
| 5.5 | Proposals | 102 |
| 5.6 | Debates and deputations | 104 |
| 5.7 | An Act to amend the Laws relating to the Customs in the Isle of Man | 106 |
| 5.8 | Celebrations | 109 |
| 5.9 | Significance of the changes | 111 |
| 5.10 | Further demands for constitutional reform | 114 |

Chapter 6

'If the House of Keys had been a representative body'. Abolition of the licence system

| | | |
|------|--|-----|
| 6.1 | Introduction: Reform needs and the power of the Treasury | 119 |
| 6.2 | Governor's suggestions and Treasury's proposals | 121 |
| 6.3 | Resistance | 123 |
| 6.4 | Inclusion of the Isle of Man in a General Customs Consolidation Bill | 127 |
| 6.5 | Draft Bill and Tynwald's reaction | 129 |
| 6.6 | 'If the House of Keys had been a representative body' | 131 |
| 6.7 | Governor Hope still resists change to the House of Keys, but . . . | 135 |
| 6.8 | The one-ninth fraction | 136 |
| 6.9 | Two Customs Acts and the end of the licence system | 138 |
| 6.10 | Wilson's 'palpable breach of faith' | 140 |
| 6.11 | The authority of Tynwald and its potential change | 144 |

Chapter 7

Major resolutions of financial and constitutional controversies

| | | |
|-----|---|-----|
| 7.1 | Introduction: Governor Loch and the state of the Island | 146 |
| 7.2 | Need for further reforms | 148 |
| | 7.2.1 Breakwater and harbour | 149 |
| | 7.2.2 Opposition to the self-elected Keys | 152 |
| 7.3 | Governor Loch's two proposals | 156 |
| | 7.3.1 Public finances and possible assimilation of duties | 157 |
| | 7.3.2 Constitution of the House of Keys | 159 |
| 7.4 | Rethink on partial assimilation | 160 |

| | | |
|-----|--|-----|
| 7.5 | Important 21 December 1865 Treasury minute | 164 |
| 7.6 | Tynwald considers fiscal and constitutional reforms | 167 |
| 7.7 | Double dilemma resolved | 172 |
| | 7.7.1 Isle of Man Customs, Harbours and Public Purposes Act, 1866 | 172 |
| | 7.7.2 House of Keys Election Act, 1866 - misunderstandings and 'moonshine' | 175 |
| 7.8 | Loch's further ambitions for the Isle of Man | 179 |
| 7.9 | Significance of the changes in the fiscal relationship | 182 |

Chapter 8

The Common Purse Arrangement

| | | |
|------|--|-----|
| 8.1 | Introduction: Governor Loch's successors and moves towards further financial freedom | 186 |
| 8.2 | Tea duty proposal - Britain: 4.88 pounds, Isle of Man: 6 pounds | 189 |
| 8.3 | The Treasury and the whereabouts of the Manx surplus revenue | 195 |
| 8.4 | Average consumption calculation - the birth of the Common Purse Arrangement | 197 |
| 8.5 | 'I am glad you like my revenue plan, I am rather proud of it myself' | 199 |
| 8.6 | Report | 202 |
| 8.7 | The missing surpluses | 204 |
| 8.8 | Further changes | 206 |
| 8.9 | Tobacco duties to fund free education | 209 |
| 8.10 | Governor explains funding to Tynwald | 213 |
| 8.11 | Necessary formalities and complicated negotiations | 217 |
| 8.12 | Continuation of the Arrangement and a fairer 'fiscal population' | 224 |
| 8.13 | Governor West Ridgeway progresses Arrangement | 226 |
| 8.14 | Revenue Returns Act, 1894, but continuing Treasury and Customs concerns | 229 |
| 8.15 | Extension of Arrangement and revised 'fiscal population' basis | 236 |
| 8.16 | Successes and plans for the future | 241 |

Chapter 9

| | |
|--------------------|-----|
| Conclusions | 243 |
|--------------------|-----|

Appendices

| | | |
|-------------|---|-----|
| Appendix 1 | Customs statistics, 1736-1900 | 256 |
| Appendix 2 | Robert Fargher | 265 |
| Appendix 3 | John Courtney Bluett | 267 |
| Appendix 4 | Sir William Hillary | 269 |
| Appendix 5 | Sir John Bowring | 271 |
| Appendix 6 | Henry Brougham Loch, first Baron Loch of Drylaw | 272 |
| Appendix 7 | James Brown | 274 |
| Appendix 8 | Election of the House of Keys, 1867 | 276 |
| Appendix 9 | Sir Spencer Walpole | 278 |
| Appendix 10 | Sir West Ridgeway | 279 |
| Appendix 11 | Summer Visitor's letter, 1895 | 280 |

Bibliography

Primary sources 282
Secondary sources 286

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ABBREVIATIONS

| | |
|------------|--|
| AP | Atholl Papers |
| BP | Bluett Papers |
| GOCB | Government Office Correspondence Books |
| GOP | Government Office Papers |
| HKJ | House of Keys Journals |
| HO | Home Office Papers |
| IOMNHAS | Proceedings of the Isle of Man Natural History and Antiquarian Society |
| LCJ | Legislative Council Journals |
| MB | Manx Books |
| MHK | Member of the House of Keys |
| MNHL | Manx National Heritage Library and Archives |
| MP | Member of Parliament |
| NA | British National Archives |
| PC | Privy Council Papers |
| PP | Parliamentary Papers |
| T | Treasury Papers |
| £ s d | pounds, shillings and pence |
| £1 | = 20 shillings = 240 (old) pence |
| 1 shilling | = 1/- or 1s = 12 (old) pence or 12d = 5 (new) pence or 5p |

ISLE OF MAN, 1845



Drawn by R. Creighton
Engraved by John and Charles Walker
From Samuel Lewis
Topographical Dictionary of England, (four volumes, London, 1845)
(Manx National Heritage)

Chapter 1

INTRODUCTION

1.1 Thesis

This thesis is first and foremost an investigation into the issues surrounding the development of the fiscal relationship between the Isle of Man and Britain during the eighteenth and nineteenth centuries. Throughout this time, the Island experienced a period of remarkable evolution, a period which saw the ending of feudalism, the beginnings of constitutional and fiscal reforms and the transformation of the Manx economy.

The main means of raising public finances for funding the costs of government and improving the infrastructure of the Island was through taxation by way of customs tariffs applied to a range of goods. Whilst there were variously other forms of imposts - including the numerous beneficial rights of the Lord of Man, the British Crown and the church, as well as harbour dues and certain other minor rates and licences - the income from customs duties was the principal fiscal resource. Income tax was only introduced into the Island in 1918. In determining policies for public finances certain elementary decisions have to be made, including what amount of revenue is required, how much to raise through indirect taxes such as customs duties, how much to raise through direct taxes, what levels to set taxation at, how much to allocate to current expenditure and how much to allocate to capital expenditure.

The study concentrates principally on the concerns surrounding the Manx customs revenue. It also seeks to identify how the amounts of expenditure were decided, how the issue of the surplus revenue was handled and how the levels of customs duties were determined. It investigates what the roles of the British authorities, the British appointed Governors and the Island's ancient parliament, Tynwald, were. It evinces how the Isle of Man's circumstances progressed, why Britain came to take control of the Manx customs for its own purposes, the different effects the economic changes had on the fortunes of the many groups of people living there, where the pressure

came from to alter the Island's relationship with Britain, how the periodic difficulties were handled and who benefited from the circumstances and at whose expense. The study considers the status of Tynwald and how Britain's imposed sovereignty over the Island had major consequences on limiting and controlling the financial prerogative of the Manx parliament.

The subsequent chapters trace and reveal the significance of the varying changes in the fiscal relationship between the Isle of Man and Britain as a result of the following events:

- The reigns of the Lords of Man.
- The legal and illegal trade of the Island.
- Britain's reclamation of its sovereign rights by the introduction of the Revestment Act in 1765.
- The concerns and aims of the protectionists and reformers.
- The attempts by Britain to assimilate the Island's customs duties to its own.
- The Island's acquisition of some control of its principal public revenue.
- The democratising of the House of Keys.
- The establishment between the two countries of the Common Purse Arrangement during the period from 1890 to 1895.

The Isle of Man's development has been greatly influenced by the nature of the association it has with Britain. Whilst the Island's physical insularity in the centre of the Irish Sea has never totally isolated it from the influence of its near neighbour, it has undoubtedly assisted in the retention of its political separateness. The British Crown has claimed sovereignty over the Island since the fourteenth century, but the Island has never been incorporated into Britain, remaining constitutionally responsible through its own legislative assembly, Tynwald. It is Tynwald which gives authority to the Isle of Man, and in any debate about its parliamentary competency and fiscal independence it needs to be borne in mind that Tynwald owes its legitimacy to an earlier tradition than that of Westminster.

The legality of the imprecise relationship between the two countries has long exercised the minds of academics and historians. The issues associated with the constitutional standing between the two countries and the legitimacy or otherwise for Britain to assume financial authority for the Isle of Man's customs arrangements feature in each relevant context in this study - politics and money always being intertwined. The research bears out that it was at times an acrimonious story and featured many uneasy negotiations and mutual uncertainties at political and officer level. The bargaining carried out by the Governors with the British authorities in the latter part of the nineteenth century was more cordial. But it must be pointed out that on occasions during their dealings with the Island, even up to most recent times, Westminster and Whitehall, either ignorantly or deliberately, have frequently overlooked the fact that there has been another parliament concerned, Tynwald.

However, any considerations regarding the extent of Tynwald's powers and the relationship the two countries shared during the period from the imposition of the Revestment Act in 1765 to the firm establishment of the Common Purse Arrangement in 1895 must take into account that, whilst it was not part of the United Kingdom of Great Britain and Northern Ireland, the Isle of Man was part of the British Empire and a dependency of the British Crown. Britain's imperial policy of securing beneficial rights for itself in the overseas colonies it settled and appropriated had at its heart the concept of parliamentary sovereignty. Indeed, it considered it was the supreme authority and could pass legislation for enactment throughout all the territories of the empire; an authority that was assumed to be absolute and unlimited. This meant that Tynwald Court and the Island's common law and customary rights were seen by Britain as offering no protection against the might of parliamentary sovereignty. There was never any Manx representation in the British Parliament or its policy forming institutions that, if there had been, could have directly influenced the landmark economic and political decision-making on the Island's future. The various departments of the British Government and the externally appointed Governors exercised an overwhelming dominance over Tynwald. These imperial, sovereign and gubernatorial powers ensured that Tynwald's role in dealing with fiscal matters, though improved over time, was always weak. It had little input in the making or influencing of policies affecting customs revenue and determining the size

and shape of the public economy. Although significant reforms were gradually achieved, it was only in the latter half of the nineteenth century that the Island realised some limited control of its primary public finances and the tentative beginnings of democratic self-government. Even then, power was retained in the hands of the Governor with the aid of his Council, and, ultimately, the authorities in Westminster and Whitehall in London had the final say. It would only be in the latter part of the twentieth century that the Island was able to claim that it had a credible and properly functioning self-government - a situation that is still affected by the retention by the British Crown of certain residual and paramount powers.

Given the above imperial and sovereign situations, it is very important to emphasise that whilst relevant constitutional issues are addressed at all times throughout this thesis they are secondary to its primary focus: the history of the fiscal relationship between the two countries, particularly matters associated with the customs revenue. Some exposition of the decision-making behind these events demands certain interpretations of the constitutional relationship between the Isle of Man and Britain, but a detailed political history is beyond the scope of the study. It is an economic study with a strong empirical dimension.

1.2 Primary sources

The progress of Isle of Man's fiscal situation during the eighteenth and nineteenth centuries has been a somewhat neglected subject. This thesis seeks to rectify the situation by studying and analysing the evidence of the many primary source materials relative to the circumstances surrounding the development of the customs revenue system. Access to archives which were not previously available now allows for much more detailed research of what is a quite specialised subject.

The archives at the Manx National Heritage Library and Archives and the British National Archives are more accessible to the researcher than they ever have been, giving much better opportunities for informed and extended opinions. The research for this thesis has been enabled by the vast amount of archival records available at both these national repositories, and these records have been the principal sources of

study. Parliamentary proceedings, statutes, reports and papers were reasonably accessible at both centres.

Official and private papers kept at Manx National Heritage have been essential tools for research, and the continuing revelation of once inaccessible records augurs well for future studies. Hand-written records of both branches of Tynwald Court and the papers and letter books of the respective Governors were most informative. The various individual and family records gave a fascinating insight into the historical events and the personalities of those involved.

Online access to the National Archives was invaluable in preparing for actual visits. Treasury, Home Office, Customs and Privy Council files kept at the National Archives often linked up with the information found at the Manx National Heritage Library and Archives. The authentication of various historical documents by connected information discovered in several sources was most important in confirming and understanding the complex circumstances of the Isle of Man's history.

Early Manx newspapers carried little local information, mainly featuring accounts of British and world affairs which appealed to a fairly narrow section of the population. However, in the early part of the nineteenth century the newspapers became more concerned with Island news, and their editors and publishers became heavily involved in calls for economic and political reforms. Various directories have proved to be useful references.

There have been a number of essays in the publications of *The Manx Society* (1858-1907), the *Journals of the Manx Museum* (1924-80) and the *Proceedings of the Isle of Man Natural History and Antiquarian Society* (1879 to date) which were invaluable starting points.

The Isle of Man Government Central Reference Library was able to provide access to copies of British Acts of Parliament. The Sydney Jones Library at the University of Liverpool was also a rewarding means of referring to official parliamentary records.

1.3 Previous studies

This thesis considers contemporary commentaries on the situation and explores the subsequent findings of academics and historians.

There are some notable accounts of events taking place in the Island which were recorded by a number of temporary residents who were writing from a variety of standpoints at or about the time of the pertinent historical happenings. Examples include the 1656 studies of William Blundell, a Royalist officer and topographer, who compiled *A History of the Isle of Man*, and James Chaloner, a parliamentarian and antiquarian, who wrote *A Short Treatise of the Isle of Man*. Chaloner had been appointed by Lord Fairfax (who had been given authority of the Island under the Commonwealth in the aftermath of the English Civil War) as one of three commissioners to look after the affairs of the Island and was subsequently appointed Governor after the restoration of the monarchy. Another commissioner, George Waldron, sent to the Island almost one hundred years later to keep watch on its trading situation, produced *The History and Description of the Isle of Man* in 1744. The entries relating to the Isle of Man in the journal kept by John Murray, the fourth Duke of Atholl, which feature in the *Chronicles of the Atholl and Tullibardine Families*, provide a most illuminating insight into the thinking of one of the principal characters in the Island's not too distant past. In 1845 Joseph Train, a Scottish antiquarian and correspondent of Sir Walter Scott, was resident in the Island writing his *An Historical and Statistical Account of the Isle of Man*. These and many other contemporary accounts are most informative and enlightening, but care must be taken to read them critically, bearing in mind at all times the particular interests and persuasions of the authors.

Various officials of Tynwald Court have produced useful studies of both their own and previous times which provide a means of not only comprehending the past but appreciating the thinking of those directly involved in the forming of Manx history. In 1767 Charles Searle, the Island's Attorney General, gave his account of the Island's condition in *A Short View of the Present State of the Isle of Man*. 'An Abstract of the Laws, Customs and Ordinances of the Isle of Man', originally

compiled by Deemster John Parr in 1690 and subsequently edited by Deemster Sir James Gell when he was Attorney General and produced in volume 12 of *The Manx Society* in 1867, is an invaluable reference work which was expanded on to give a detailed discourse on the Island's history. A most fascinating account is *Land of Home Rule: An Essay on the History and Constitution of the Isle of Man* of 1893 in which Spencer Walpole included a description of the Island's recent history and additionally wrote it from his perspective as a Governor. Walpole had been a Tory but, disillusioned by Disraeli's foreign policy, he became a Liberal well before he took up his appointment in the Island. The Speaker of the House of Keys, A. W. Moore, wrote his most informative *A History of the Isle of Man* in 1900, which stands to this day as the most comprehensive overview of Manx history. The personalities and leanings of each of these writers give interesting opinions and slants on the Island's changing affairs.

More recent historians and academics have added to the knowledge of the Island's fiscal and constitutional situations. Thomas Grindley, in his early twentieth-century works, provides a most useful study of Britain's determination to regain control of the Island from its feudal Lords and re-vest the sovereign rights to the British Crown. Robert Forster, the Manx born schoolteacher and historian, researched the constitutional, fiscal and social reform movements of the nineteenth century whilst at university at the beginning of the 1950s and continued this interest through his membership of the Isle of Man Antiquarian and Natural History Society. Forster's writings have been a crucial early reference point for this study. Ann Harrison, a previous Manx National Heritage archivist and librarian, was also interested in these aspects of Manx history and produced a number of related papers in the *Proceedings of the Isle of Man Natural History and Antiquarian Society*. It was not until 1964, when J. W. Birch's useful piece of specialist work *The Isle of Man: A Study in Economic Geography* was published, that the Island's economic history received some extensive formal academic attention. Since then there have been a number of further authoritative studies undertaken which are most enlightening. Roger Dickinson gives a detailed account of the earlier times in his *The Lordship of Man Under the Stanleys: Government and Economy in the Isle of Man, 1580-1704*. Studies by David Kermode in his *Devolution at Work: A Case Study of the Isle of*

Man and the chapters by John Belchem and Derek Winterbottom in *A New History of the Isle of Man, volume 5: The Modern Period, 1830-1999* are works of importance which consider the Island's relevant history during this time of great progress. David Kermodé's *Offshore Island Politics: The Constitutional and Political Development of the Isle of Man in the Twentieth Century* gives a fascinating in-depth insight into the major changes in the relationship between the Isle of Man and Britain in more recent times.

Whilst some of the opinions of modern authorities on the Island's constitutional situation are at times interestingly at variance one with another, their considerations of the complicated ramifications concerning the fiscal situation, in particular the customs arrangements which took place in the Island throughout the eighteenth and nineteenth centuries, have been somewhat limited, caused mainly by the extent of the breadth and particular focus of their studies. This thesis rectifies the situation by providing a comprehensive account of the far reaching effects on the Isle of Man as a direct result of its controversial development, the consequences of which have been in a major way responsible for the Island's fiscal situation as it is today.

John Belchem, editor of volume five of *A New History of the Isle of Man* produced in 2000, wrote in his introduction that 'the purpose of this volume is to encourage further research in modern Manx history'. This thesis seeks to advance this aim by exploring and revealing the Isle of Man's unfamiliar fiscal history.

Chapter 2

THE ISLE OF MAN ITS SITUATION AND ECONOMY

2.1 Introduction: A separate identity

The Isle of Man geographically occupies a central position both in the Irish Sea and the British Isles. It is situated thirty miles from England, seventeen from Scotland and thirty-three from Ireland. The Island is some thirty-two miles in length along its main axis, eleven miles wide at right angles to this axis and 227 square miles in area.¹ A range of hills stretches obliquely across it, the highest of which is Snaefell (2,036 feet).² Between these hills lie well-defined valleys. Around the flat northern plain are long sandy beaches which contrast markedly with the rocky cliffs and sheltered bays around the rest of the coastline. The principal urban areas are Douglas, Castletown, Port St Mary, Port Erin, Peel, Ramsey and Onchan. The resident population at the 2001 census was 76,315.

The Isle of Man is a self-governing territory, subject to certain residual and paramount powers vested in the British Crown. It is responsible for its own laws, taxes, public expenditure, civil administration and social policies, all legislated for through its ancient parliament, Tynwald.³ Tynwald is reputed to be the world's longest continuous parliament. The date of its establishment is uncertain, though its millennium was celebrated in 1979. Tynwald Court comprises two branches: the House of Keys and the Legislative Council. The twenty-four Members of the House of Keys are elected by the people every five years.⁴ They select a Speaker from amongst their number who chairs their debates. The Legislative Council consists of eight members elected by the Keys. It also has three ex officio members: the

¹ Throughout this thesis, the terms 'Isle of Man' and 'Island' are deemed synonymous.

² *Isle of Man*, Isle of Man Government Treasury, (Douglas, 1995).

³ The derivation of the term 'Tynwald' is from the Scandinavian *thing-völlr* (assembly field).

⁴ *Statutes of the Isle of Man*, 'Customary Laws', 1422. The Keys were twenty-four freeholders who represented the people. The derivation of the term 'Keys' is uncertain, variously thought to be from the Scandinavian *keise* (chosen), part of the Manx Gaelic *kiare-as-feed* (twenty-four) or from the figurative meaning of the English 'key' (providing an explanation or interpretation).

President of Tynwald, the Attorney General and the Lord Bishop of Sodor and Man, of whom only the Bishop has a vote.⁵ The Island's legal system is headed by two Deemsters who are the senior judges for civil and criminal cases in the superior courts of law.⁶ The Deemsters promulgate new Acts, the titles of which they read in Manx, one of the Goidelic group of Celtic languages, and English at an open-air ceremony on the ancient site of Tynwald Hill in St John's as part of the official proceedings which take place at the Island's Tynwald Day national celebrations each 5 July, old midsummer's day.

The Isle of Man's anomalous relationship with Britain is certainly something of a curiosity.⁷ Whilst its people have British nationality, it is 'not part of the realm' of the United Kingdom of Great Britain and Northern Ireland.⁸ It is a dependency of the British Crown. Guernsey and Jersey are similar dependencies, though with different constitutional backgrounds and structures to that of the Isle of Man. Through its relationship with Britain, the Island is part of the British Commonwealth of Nations. The reigning British monarch is also its monarch. The Crown's resident representative is the Lieutenant-Governor, charged to protect the Crown's interests but whose powers and functions have diminished considerably in recent years.⁹ The Crown maintains the right to have ultimate responsibility for overseeing the Island's 'good government' - presently through the Department for Constitutional Affairs and previously through the Home Office - and in this respect acts on the advice of ministers of the British Government in their capacity as Privy Councillors. The Crown appoints the Island's Governor, Deemsters, Attorney General and Bishop, exercises the power of Royal Assent over all its primary legislation, guarantees its defence and assumes, with due consultation, responsibility in law for its international

⁵ The derivation of the term 'Sodor' is from the Scandinavian *Suðreyjar* (the Sudreys or Southern Isles, which include the Hebrides, the smaller western islands of Scotland and the Isle of Man). The diocese of Sodor and Man now only consists of the Isle of Man.

⁶ The derivation of the term 'Deemster' is thought to be from the Scandinavian *dómr* (opinion, judgment).

⁷ Throughout this thesis, the terms 'the United Kingdom of Great Britain and Northern Ireland', 'the United Kingdom' and 'Britain' are deemed synonymous. To maintain continuity, 'Britain' and 'British' are used throughout except when other terms are featured in direct quotes.

⁸ Alan Milner, editor-in-chief, *The Manx Law Reports, 1522-1920*, (Oxford, 2004), 'The Estate of the Earl of Derby, 1522', pp. 1-2, 'The Isle of Man Case (Derby Succession), 1598', pp. 2-4, and 'Bishop of Sodor and Man v Derby, 1751', pp. 11-27.

⁹ Throughout this thesis, the term 'Governor' refers to the positions of the Governor and Commander-in-Chief (1736-65), Governor-in-Chief and Captain General (1765-1830) and Lieutenant-Governor (1830 onwards). From 1773 to 1830 there was both a Governor-in-Chief and Captain General (Governor) and a Lieutenant-Governor (second-in-command).

relations. The Isle of Man is not represented in the British Parliament, and Acts of Parliament do not automatically extend to it.

The Island has a high degree of autonomy, enjoying domestic political and legislative competence and has a range of extended world-wide contacts. It currently has a special relationship with the European Union by virtue of 'Protocol 3 of the Act of Accession of the United Kingdom' of 1972 whereby it is neither a member state nor an associate member, though it is part of the customs territory and there is free trade in industrial and agricultural products. It neither contributes to nor receives any direct funding from the finances of the Union.

2.2 History

The present fiscal and constitutional situation of the Isle of Man has a long and interesting history. For centuries people have been attracted to this tiny but strategically sited landmass, pivotal to the important sea trade and communication routes from Scandinavia in the north and continental Europe in the south. Throughout most of its chequered history it has had some degree of internal self-government, whether it was under the authority of Norway, Scotland, England or Britain. The extent of that self-government has varied over the years, but at no time has the Island been wholly integrated into any other state. The system of government in the Island, which has lasted down the centuries, has its origins in Norse settlements between the ninth and thirteenth centuries. It was ceded by Norway to Scotland in 1266, from when its possession was fought over by Scotland and England. Since 1333 the English, and subsequently the British, Crown has claimed sovereignty over the Island, with a brief period (1651-60) under the Commonwealth government established by Parliament as a result of the English Civil War.

The period from 1405 until 1765, and then to a lesser extent to 1829, was principally dominated by two essentially hereditary feudal lordships: the Earls of Derby (the House of Stanley, from the north-west of England) and the Dukes of Atholl (the House of Murray, from the central Highlands of Scotland).

As a reward for his services to the Crown, the Island was given for life to Sir John Stanley by King Henry IV in 1405.¹⁰ The Atholl family's Isle of Man related papers - which are kept in the archives of Manx National Heritage and are a most important source of information - show that the following year the Island was granted in perpetuity to Sir John, his heirs and assigns in return for simply 'yielding to our heirs Kings of England two falcons upon the Coronation days of the s[ai]d heirs'.¹¹ The Stanleys were again rewarded when Sir Thomas Stanley was created as the first Baron Stanley in 1456.¹² His son, Thomas Stanley, second Baron Stanley, was appointed as the first Earl of Derby in 1485 by his stepson Henry VII for allegiance in the struggle against Richard III.¹³

The Stanleys assumed the title of King of Man, but then changed the regal title to that of Lord of Man, probably considering it politically prudent to do so in homage to the English Crown. James Stanley, the seventh Earl of Derby, later put it that 'to be a great lord is a more honourable title than a petty king'.¹⁴ A. W. Moore, the historian and Speaker of the House of Keys, considered that the Lords of Man were 'feudatory princes with sovereign powers'.¹⁵ Sir James Gell, Clerk of the Rolls and Deputy Governor, however, considered that the title 'Lord of Man' was incorrect and that the British monarch should be referred to as 'King or Queen of Man and the Isles' as the Island was acquired by the King of England as a kingdom, albeit a kingdom feudatory to the Crown of England.¹⁶

The Earls of Derby were succeeded as Lords of Man by the Dukes of Atholl in 1736. The detrimental effect on the British revenue by the smuggling of foreign goods into Britain from the Isle of Man led the British Government to treat with the Atholls to

¹⁰ Sir John Stanley (c. 1340-1414).

¹¹ Letters Patent, Latin text with translation, undated, Manx National Heritage Library and Archives (MNHL), Atholl Papers (AP) 09707/X40-4.

¹² Thomas Stanley, first Baron Stanley (c. 1405-59).

¹³ Thomas Stanley, first Earl of Derby (c. 1433-1504).

¹⁴ James Stanley, seventh Earl of Derby, 'History and Antiquities of the Isle of Man', in Rev William Mackenzie, editor, *The Manx Society*, volume 3, (Douglas, 1860), p. 20.

¹⁵ Arthur William Moore (1853-1909), Member of the House of Keys (MHK) 1881, Speaker of the House of Keys 1898-1909, antiquarian and historian. A. W. Moore, *A History of the Isle of Man*, (two volumes, London, 1900, reprinted Douglas, 1977), volume 2, pp. 738-9.

¹⁶ Correspondence from Sir James Gell to Governor Henniker, 1901, MNHL, 01058C.

purchase back the Crown's sovereign rights. The Island was consequently revested by Britain in 1765. The Atholl family's interests were finally severed in 1829.

2.3 Trade and the 'Trade'

During the latter part of the sixteenth century and the early part of the seventeenth the Isle of Man's economic situation was at a low ebb. Land tenure, trade regulations and social issues were causing hardship amongst the local farming and fishing communities. The policies of the Lords of Man contributed in no small part to these circumstances. Insecurity was felt by tenant farmers due to the basis of the ancient system of straw tenure (property held indefinitely from father to son) now being restricted to leasehold for three generations only.¹⁷ Agricultural holdings were consequently neglected. Fishermen not only had to deal with the vagaries of uncertain catches but also had to pay a significant herring customs of one in five to the Lord.¹⁸ Trade in and out of the Island was insignificant, with only low levels of ingates and outgates (revenue from the import and export customs duties) being recorded.¹⁹ Increased taxes led to great discontent amongst those affected.

The situation was summed up by James Stanley, the seventh Earl of Derby (known in Manx as *Yn Stanlagh Mooar*: 'The Great Stanley'), when he wrote in 1648 to his son, Charles, Lord Strange, that 'this Isle will never flourish until some trading be'.²⁰ James Chaloner, one of the commissioners looking after the Island for Lord Fairfax who was temporarily in possession of it on behalf of Parliament, included in his 1653 report a short chapter entitled 'Concerning the Trade of the Isle' in which he stated that 'the trade of this Island . . . hardly deserveth a chapter by itself'.²¹ The problem of poor commerce meant that the 'trade' the Island would eventually turn to was smuggling.

¹⁷ *Statutes of the Isle of Man*, 'Customary Laws, Tenure of Straw', 1577.

¹⁸ William Blundell, 'A History of the Isle of Man, (1648-56)', in William Harrison, editor, *The Manx Society*, volume 25 (Douglas, 1876), p. 86.

¹⁹ Moore, *A History*, pp. 311-14. J. R. Dickinson, *The Lordship of Man Under the Stanleys: Government and Economy in the Isle of Man, 1580-1704*, (Preston, 1997), pp. 367-70.

²⁰ James Stanley, seventh Earl of Derby (1607-51). James Stanley, 'History and Antiquities', p. 23.

²¹ James Chaloner, 'A Short Treatise of the Isle of Man', in Daniel King, *The Vale-Royal of England*, (London, 1656), p. 30.

It is critical in considering this particular aspect of history to examine the imperial ambitions of Britain and the extent of the Manx smuggling. Both these circumstances impacted on the relationship between the two countries. From the middle of the seventeenth century various navigation and trade Acts were brought into force by Britain to encourage its commerce, establish its supremacy in the world's maritime trade, finance its international endeavours and defend its shores.²² The costly wars with its European neighbours led to it forbidding any trade with its enemies, imposing high tariffs on imported goods, prohibiting or restricting the importation of foreign goods likely to be competitive and allowing merchandise to be carried only in British ships. British customs duties on certain foreign goods were practically prohibitive. This provided a temptation to smuggle such goods in large ships into Britain's shores, but direct access was often difficult and dangerous due to the preventive measures of the customs and excise service. The Isle of Man was considered to be 'beyond the seas' and was therefore not permitted to be part of the free trading system which operated between the British ports, the so-called 'coasting trade'. As a consequence, any legitimate trading of products between the two countries was made virtually impossible, placing the Island in a dire situation. The new navigation and trade Acts resulted in an unforeseen repercussion which gave indirect encouragement to smuggling from the Island with its less restrictive customs laws. Its position, constitutionally and physically, made it a prime entrepôt for smuggling. British Acts did not apply to it. It was ideally centred in the British Isles for use as a base for receiving and dispatching foreign goods. Bulk cargoes brought into the Island in large ships were required to pay only the nominal Manx customs duties, and the volumes of imports were such that the Island could well afford to undercut the British and Irish tariffs. A host of smaller vessels could then run parcels of contraband out of the Island, past the revenue cutters, to be smuggled into secluded British and Irish harbours. The local merchants and entrepreneurs, with the connivance of the various Earls of Derby, made the most of the situation. None was better or worse than the other, each was trying to make the most of an opportunity which was always at risk of foreclosure. They excused their actions by claiming that what happened to the goods after they had been legally brought into the Island, paid

²² *Acts of Parliament*, 3 Charles II (1651), 12 Charles II (1660), chapter 18, 15 Charles II (1663), chapters 7 and 22, 22 and 23 Charles II (1670), chapter 26, and 25 Charles II (1672), chapter 7.

the proper duties and then legally left the Island, was not their concern. At this stage they were certainly acting within Manx law. The final action, however, of running the same goods into Britain, when trade turned to 'trade', was against British law.

This was the reality of the situation, and, call it what you will, the 'trade' or smuggling became a very lucrative way of life for many of the Island's inhabitants and ultimately reached such proportions that it was inevitable that Britain would act against it. The term 'smuggling' is defined in *The Oxford English Dictionary* as the 'clandestine importation of goods, the offence of importing goods without paying the duties imposed thereon by the laws of customs and excise'. This is precisely what was happening in Britain as a direct result of the Manx 'trade', and, after suffering its consequences for a hundred years, Britain eventually resolved to bring it to an end, first by negotiation, then by legislation and eventually by determination to physically stop it at source.²³

2.4 Progressive problems

There was a rapid increase in smuggling during the last twenty years of the seventeenth century and the early part of the eighteenth.²⁴ This period marks the beginnings of a new era in Manx history. Many local merchants who were legally trading with the West Indies and Africa were also involved in smuggling, but a lot of the illicit dealers were new residents, known as 'merchant strangers'.²⁵ In about 1680:

a band of adventurers came from Liverpool and settled themselves in Douglas, for the avowed purpose of carrying on an illicit trade; and by the advantages they held out, they soon induced ships to and from the East and West Indies, as well as those engaged in the Guinea [slave] trade, to touch at the Island, where they found a ready market for part of their cargoes, which were afterwards conveyed

²³ For more detailed accounts of the smuggling situation in the Isle of Man, see Frances Wilkins, series of books, (1992, 1994 and 2004), and Dickinson, *Lordship of Man*.

²⁴ Moore, *A History*, pp. 428-9.

²⁵ J. K. Qualtrough and W. J. Scatchard, *That Island*, (Douglas, 1965), p. 8.

in Manx vessels (and by those means, eluding the customs duties) into other countries, as well as Great Britain and Ireland.²⁶

One of the earliest contemporary references to the situation is contained in a letter written in 1682 from the Isle of Man by Edward Tildesley to the Commissioners of Customs in England.²⁷ Tildesley informed them that the Island ‘was become a magazine of all sorts of foreign goods . . . as might from thence clandestinely be imported into any of the three Kingdomes’. Whilst William Stanley, the ninth Earl of Derby, disputed this claim and the Island considered itself to be outside Britain’s jurisdiction, officers from the English Board of Customs were sent over to watch and report back on anything which might be adversely affecting Britain’s own revenue.²⁸ These officers were able to confirm that not only were foreign goods being brought directly to the Island from abroad, but that certain articles were also being legally shipped from Britain to the Island and legally claiming drawback (refund) of the higher British customs duties. Both types of imports were legally paying the lower Manx duties, legally leaving the Island but then illegally being smuggled into Britain and Ireland. The Earl was most indignant over the customs officers’ reports, later protesting that they were groundless.²⁹ However, he promised to be more diligent in the future in watching for smuggling activities. Much stricter regulations were introduced, and, to assist with this, orders were given that from 1692 a customs office should be based in Castletown, the ancient capital of the Island, at Castle Rushen.³⁰ Castle Rushen was the residence of the Lord and his Governor, as well as being the seat of government, courthouse, prison and garrison. The Earl wrote to his Governor, Colonel Nicholas Sankey, urging him to direct the laws against the practice of smugglers openly discharging their cargoes in the Manx ports.³¹ However, ‘it is not improbable that there was a distinct understanding as to how far these instructions

²⁶ H. A. Bullock, *History of the Isle of Man*, (London, 1816), pp. 190-1.

²⁷ Earl of Derby’s case, 12 April 1692, MNHL, Derby Papers 01719/3/1-2. The Earl referred to Tildesley as ‘an inveterate papist who had been disoblged in the Isle of Man and had an inventing plausible pen’.

²⁸ William Stanley, ninth Earl of Derby (1654-1702).

²⁹ Earl of Derby’s case, 12 April 1692, MNHL, Derby Papers 01719/3/1-2.

³⁰ Order from Governor Sacheverell, retrospectively authorising a Customs Office under Deemster Parr at Castle Rushen, 5 April 1694, MNHL, Civil Records, *Libri Irrotulamentorum* 09864.

³¹ Earl of Derby to Governor Sankey, 3 February 1700, MNHL, Civil Records, *Libri Scaccarii* 10071.

were to be carried out, and, indeed, it is clear that very little was done to check the practice'.³²

Also in 1692 a book of rates of customs duties had been drawn up on the authority of the Earl and enacted illegally without any consultation being made with or any consent being received from Tynwald as a whole.³³ The rates applied to 98 types of exported articles and 230 types of imported articles and imposed a 2½% ad valorem duty on all other imports.³⁴ The first official record of customs duties, a reference to the Lord of Man's entitlement to dues from visiting ships, features in the 1422 statutes, and the earliest records of customs tariffs are in the 1577 statutes.³⁵

In addition to the situation relating to the customs revenue, the Derbys were experiencing problems with the tenancy of some agricultural holdings. Many farmers were surrendering their land and properties as they could no longer afford the rents.³⁶ James Stanley, the tenth Earl, in consultation with Thomas Wilson, Bishop of Sodor and Man, arranged for an 'Act for the perfect settleing and confirmation of the estates, tenures, fines, rents, suits and services of the tenants' to be passed by Tynwald in 1704 to restore the ancient customary estates of inheritance from father to son, thereby resolving a long-standing grievance of the people and ensuring the Lord continued to get his rents for the tenancies.³⁷

The economic policies of Britain during this period were imbued with the imperative of conducting overseas trade for the benefit of its Exchequer.³⁸ The mercantilist framework which underpinned these policies meant that Britain needed to be competitive with other western European powers to protect its own commerce and further its imperial desires. Merchants needed government help through naval and military support and protection in the opening up and expansion of world markets.

³² Moore, *A History*, pp. 431-2.

³³ *Statutes of the Isle of Man*, 'Statute Laws', 1737. *The Report of the Commissioners of Inquiry for the Isle of Man, 1792*, (London, 1805), appendix A, number 3.

³⁴ Ad valorem: value added in proportion to the value of the goods taxed.

³⁵ *Statutes of the Isle of Man*, 'Customary Laws', 1422, and 'Customs Duties', 1577.

³⁶ Moore, *A History*, pp. 887-91.

³⁷ *Statutes of the Isle of Man*, 'Act of Settlement', 1704.

³⁸ Kenneth Morgan, 'Mercantilism and the British empire, 1688-1815', in Donald Winch and Patrick K. O'Brien, editors, *The Political Economy of British Historical Experience, 1688-1914*, (Oxford, 2002), pp. 165-72.

To assist in these ambitions, further navigation and trade Acts were needed. One such Act, 'An Act for better securing the duties of East India goods', was introduced in 1706 restricting the landing of goods from the East Indies only into Britain, thereby prohibiting their importation into any British possessions.³⁹ This legislation would have assisted in the prevention of smuggling from the Isle of Man. In a further and more specific attempt to address the situation, and shortly after the political union between England and Scotland in 1707, a proposal was made in Parliament to assimilate the Manx customs laws with those of Britain.⁴⁰ Worried that these two events could threaten the Island's rights, Tynwald addressed the situation in 1711 by introducing 'An Act for preventing frauds in Her Majesty's Customes by the exportation of forraigne goods from this Island'.⁴¹ This Act was also passed in the expectation that - with Tynwald introducing heavy penalties, restricting by bond the exportation of foreign goods out of the Island to Britain and not allowing ships taking goods abroad to stop at British ports - Britain in return would permit the Manx farmers, fishermen, traders and manufacturers to export local cattle, crops, produce and articles into Britain free of duty. Britain, however, did not reciprocate the attempt by the Island in discouraging smuggling whilst at the same time encouraging trade, so Tynwald promulgated another Act in 1714 suspending the earlier one.⁴² Although the British Parliament did not support the efforts of Tynwald in attempting to control smuggling and assist legitimate Manx interests, it did make various proposals to protect its own interests. Commissioners and agents were sent over to the Island to investigate and report on matters, and revenue cutters were stationed off its coasts to watch for smugglers.

There was concern over any loss to Britain's revenue as a result of the importation of foreign goods into the Island, particularly from France, at the expense of the British Exchequer. The Island's Lord Bishop, Thomas Wilson, in a letter to his son stated that:

³⁹ *Act of Parliament*, 6 Anne, chapter 3.

⁴⁰ Joseph Train, *An Historical and Statistical Account of the Isle of Man*, (two volumes, Douglas, 1845), volume 2, p. 308.

⁴¹ *Statutes of the Isle of Man*, 'An Act for preventing frauds in Her Majesty's Customes by the exportation of forraigne goods from this Island', 1711.

⁴² *Statutes of the Isle of Man*, 'Customs Act', 1714.

The loss to Great Britain and the gains to the French are inexpressly great. As all the sums drained from us are employed by them, in time of war, to hire troops and pay armies to fight against us, it will be no exaggeration of truth to say, that since the peace of Utrecht [1713-15], they have drawn money from us, by means of their trade with the small Isle of Man, than was sufficient to maintain thirty thousand men with a train of artillery, during the late war in Flanders.⁴³

Smuggling continued, and it greatly increased from about 1720 when two merchant strangers, Richard Maguire from Dublin and Josiah Poole from Liverpool, farmed (leased) the Manx customs from James Stanley, the tenth Earl of Derby, at a cost to them of 1,000 guineas (£1,050) a year.⁴⁴ On their own behalf they also imported commodities, stored them in warehouses leased from the Earl and then clandestinely ran them into the neighbouring countries. Robert Walpole, first Lord of the Treasury and Chancellor of the Exchequer, had set about early on in his premiership to secure a sound and prosperous industrial and commercial Britain.⁴⁵ His economic policies would have been irritated by the losses to the Exchequer as a consequence of the Manx smuggling. Two trade protection Acts were introduced by the British Parliament. ‘An Act for the further preventing His Majesty’s subjects from trading to the East Indies under Foreign Commissions’ in 1721 once again endeavoured to restrict any goods from the East Indies being imported anywhere other than into Britain.⁴⁶ ‘An Act for the Improvement of His Majesty’s Revenues of Customs, Excise and Inland Duties’ in 1726 disallowed any goods other than those produced in the Island to be brought from there into Britain.⁴⁷ These restrictions were influential in the two merchant strangers surrendering their lease back to the Earl. Very importantly, the 1726 Act also authorised the British Treasury to negotiate with the Earl and his immediate heirs with the intention of purchasing back the full sovereign rights of the Isle of Man. The Treasury, the ‘department of departments’, was responsible for the collection and custody of public revenue, the initiation of

⁴³ Train, *Historical and Statistical Account*, p. 307.

⁴⁴ James Stanley, tenth Earl of Derby (1664-1736). Governor Murray to the second Duke of Atholl, 5 May 1736, MNHL, AP 09707/X9-12. Moore, *A History*, pp. 434-5.

⁴⁵ Sir Robert Walpole, first Earl of Orford (1676-1745), Member of Parliament (MP) 1701, Prime Minister 1721-42.

⁴⁶ *Act of Parliament*, 7 George I, statute 1, chapter 21.

⁴⁷ *Act of Parliament*, 12 George I, chapter 28.

financial legislation and the control of public expenditure.⁴⁸ The two Acts of 1721 and 1726 were not fully enforced at the time, the flow of goods in and out of the Island continued, though at a temporarily reduced scale, and the Earl of Derby remained Lord of Man. He and many others were profiting from the vast flow of wealth pouring into the Manx shores, and they were in no particular hurry to lose this valuable source of income.

2.5 Island passes from Derby to Atholl

On 1 February 1736 James Stanley, the tenth Earl of Derby, died childless. He was the last male heir in direct descent. The title of the earldom reverted to a distant cousin, Sir Edward Stanley. By separate rules of inheritance the suzerainty of the Isle of Man passed to James Murray, the second Duke of Atholl, a Scottish nobleman and heir as great-grandson through the female line of the seventh Earl of Derby.⁴⁹ The Duke appointed his kinsman and a former Receiver General of Scotland, another James Murray, to the office of Governor and Commander-in-Chief of the Island, whose principal responsibility was to look after the family's newly acquired feudal asset. Governor Murray and the Duke must soon have realised that the moderate Manx customs duties and the various advantages they provided for profiting from the 'trade' could be turned to the advantage of the ducal coffers.

The Governor, who was also chancellor and judge, presided over Tynwald Court where he was assisted by the Lord's (later, Legislative) Council to administer the Island. The second branch of Tynwald, the House of Keys, had legislative and judicial powers, interpreting the common law and assisting the Deemsters. The House of Keys was virtually a self-elected body, 'recruited solely from a few of the principal insular families, and, though they called themselves the representatives of the people, they really represented no one but themselves'.⁵⁰ When a vacancy occurred in the House, which only happened upon death, resignation or promotion to a position in the Council, the Keys nominated two persons to the Governor for his

⁴⁸ Maurice Wright, *Treasury Control of the Civil Service*, (London, 1969), p. 1.

⁴⁹ James Murray, second Duke of Atholl (1690-1764).

⁵⁰ Moore, *A History*, p. 816.

decision as to which one should then be appointed.⁵¹ This selection process gave the Keys the opportunity to propose further members of their tight knit establishment to positions of authority and gave the Governor virtually total control of Tynwald.

2.6 Smuggling increases

By Tynwald's Statute Laws Act, section 14 (1-6), of 24 June 1737, the 1692 book of customs rates, which had been set by the Governor and Council and agreed by the Lord but without reference to the Keys, was legitimised, and:

no order, precept, or command, prohibiting the importation or exportation of any foreign goods, or any other goods of the growth, product, or manufacture of the Isle, shall be granted or made without the consent of the Governor, Council, Deemster and Keys of the said Isle.⁵²

This section of the Act emphasised a crucial and very important part of the Island's constitution, that, although the customs duties belonged to the Lord of Man, they could only be amended by agreement between the Lord and Tynwald Court, a point which had been ignored by the Earl of Derby in 1692 and would be ignored by Britain in the future. Customs duties on exports ceased in 1737.

Apart from smuggling, another important measure which directly affected the Manx community was brought about by this Act. Section 4 (3) states:

That any person prosecuted in this Isle for a foreign debt, by any accon of arreast [action of arrest] in the said Court of Chancery, shall for the future be held to bail only for his personal appearance to such accon, and for the forthcoming of what effects he hath within this Island to answer the judgement upon the same.

This enabled debtors to come to the Island with little fear of arrest for their debt, and, in consequence of this, the Island became 'the sanctuary of the unfortunate and

⁵¹ *Statutes of the Isle of Man*, 'Customary Laws', 1422.

⁵² *Statutes of the Isle of Man*, 'Statute Laws' and 'Book of Rates 1692', 1737.

profligate of the surrounding nations'.⁵³ To supply these new residents and to continue the 'trade', huge quantities of goods were being openly brought in. George Waldron, one of the British customs agents stationed in the Island, noted that 'a master of a ship has no more to do than watch his opportunity of coming within the piles, and he is secure from any danger from the King's officers. I myself had once notice of a stately pirate that was steering her course into this harbour'.⁵⁴ It was the King's officers who were responsible, by virtue of the 1726 Act, for checking the legality of goods landed and sent out again, but their powers were limited and their presence was often vehemently opposed, and open hostility was occasionally shown to visiting English customs cruisers. One such serious and well recorded incident occurred when Captain George Dow brought the revenue cruiser '*Sincerity*' into Douglas bay in midsummer 1750.⁵⁵ The following morning the large Dutch ship '*Hope*' laden with East India goods anchored off Douglas Head. Dow ordered his mate to search her, but there was fierce resistance from locals. '*Hope*' hoisted her sails and, with the '*Sincerity*' in pursuit, headed north, where the Dutch skipper deliberately ran his ship aground in Ramsey bay. Captain Dow sent his mate and ten armed men to board the vessel, but when the hatch covers were opened they found themselves surrounded by a much larger party of locals led by Matthew Christian, Captain of Ramsey. Christian ordered the boarding party from the '*Sincerity*' to be taken to the Island's prison at Castle Rushen, where some of the customs personnel languished for several weeks.

The Island had been for 'many years a common storehouse for all manner of goods and merchandises', including tobacco, tea, East India goods and Dutch goods from Holland, tobacco from Dunkirk, Ostend, Norway and Britain, tea and India goods from Gottenberg and Denmark, brandy and wines from France and rum from

⁵³ Train, *Historical and Statistical Account*, p. 239.

⁵⁴ G. Waldron, *The History and Description of the Isle of Man*, (London, 1744), p. 16.

⁵⁵ Reports, 28 and 30 June and 14 and 18 July 1750, British National Archives (NA), Treasury Papers (T) 1/342/96-8. N. Mathieson, 'The Governors during the Atholl Lordship', in J. I. West, editor, *Proceedings of the Isle of Man Natural History and Antiquarian Society (IOMNHAS)*, volume 6, number 1, (Kendal, 1959), p. 57. Terry Cringle, in Gordon N. Kniveton, editor, *Here is the News: An Illustrated Manx History*, (Douglas, 1992), pp. 44-5.

America.⁵⁶ These goods were warehoused, repackaged and then transported out of the Island in clippers and large wherries. The town of Peel supplied the east and north of Ireland and the Highlands and west of Scotland. Douglas and Castletown supplied Wales, Cheshire and Lancashire. Ramsey supplied Cumberland, the Solway Firth and into the Scottish border near Annan.

It was becoming clear that the British Government would eventually be compelled to take appropriate action. The expensive wars with its European neighbours during the middle part of the century meant that Britain needed to have access to and control of as much money as it could and cut off any funds which could enrich the coffers of its enemies.⁵⁷ The smuggling activities emanating from the Isle of Man were compounding both these problems and needed to be stopped. Towards this end, throughout the 1740s, 1750s and into the early 1760s, the Treasury was involved in negotiations with the second Duke of Atholl for the sale of the Island.⁵⁸ It was held as a feudatory dominion of the Crown of England 'so ever since from a long time past granted' and 'from time immemorial'.⁵⁹ In 1751 a proposal was made in Parliament to purchase the Isle of Man from the Duke of Atholl in order to annex it to the Crown, and the Treasury was anxious to receive from the Duke details of his conditions for the sale, but nothing came to fruition.⁶⁰ The gross customs revenue increased from a total of £23,123 (£26,978 Manx) for the decade 1740-49 to £44,650 (£52,093 Manx) for the decade 1750-59.⁶¹ £44,650 is now equivalent to almost £6 million.⁶² The Duke kept even his most senior officials in the Island in the dark whilst all the negotiations were going on. In 1752 he assured Governor Basil

⁵⁶ Malachy Postlethwayt, *The Universal Dictionary of Trade and Commerce*, (two volumes, London, 1751 and 55), volume 2, p. 126. Malachy Postlethwayt (c.1707-67), economic theorist and writer, is described in the *Dictionary of National Biography*, volume 46, p. 205, as having 'freely plagiarised other writers and presented his results without method or conciseness'.

⁵⁷ William J. Ashworth, *Customs and Excise: Trade, protection and consumption in England, 1640-1845*, (Oxford, 2003), p. 319.

⁵⁸ Exchange of correspondence between the second Duke and Treasury, 22 and 27 November 1754, 23 March 1759, 30 April 1859 and 21 November 1761, MNHL, AP 09707/X73-11, X73-8, X8-18, X8-28 and book 105. The third Duke to Treasury, 20 August 1764, MNHL, AP 09707/book 91, in which he Duke refers to his father's earlier negotiations for the sale of the Island with Sir Robert Walpole, Henry Pelham and the Duke of Newcastle at various times during their terms as Chancellor of the Exchequer.

⁵⁹ *The Manx Law Reports, 1522-1920*, 'Bishop of Sodor and Man v Derby, 1751', pp. 11-27.

⁶⁰ *Gentlemen's Magazine*, March 1751, p. 136.

⁶¹ Throughout this thesis, customs statistics are abstracted from appendix 1 other than when quoted from primary sources. £6 British being £7 Manx.

⁶² Throughout this thesis, comparative valuation figures are abstracted from *Composite Price Index, 1750-2003*, Office for National Statistics, (London, 2004).

Cochrane that rumours of the sale of the Island were groundless, and he repeated this denial three years later.⁶³ However, the Duke had already recognised the inevitability of the situation and was making long-term plans. By various deeds of conveyance in November 1737 and May 1748, and again in April 1756, November 1761 and July 1762, he gave his trustees the power to sell the Island after his death.⁶⁴ The legality of these transactions is very questionable, but the Duke obviously considered the Island as negotiable real estate.

⁶³ The Duke to Governor Cochrane, 8 February 1752 and 1 February 1755, MNHL, AP 09707/X7-3 and X27-17.

⁶⁴ *Act of Parliament*, 5 George III, chapter 26.

Chapter 3

REVESTMENT

PURCHASE BY BRITAIN FROM THE FEUDAL LORDS OF MAN

3.1 Introduction: 'To treat with you for the purchase of the Isle of Man'

James Murray, the second Duke of Atholl, died on 8 January 1764. His only surviving child, Lady Charlotte, Baroness Strange, succeeded him.⁶⁵ She was married to her cousin, John Murray, who now became the third Duke of Atholl as the male heir to the dukedom and also became Lord of Man through his wife's succession.⁶⁶ The importance of the Isle of Man to the Atholls is shown when on the very day the Duke and Duchess succeeded to their titles they sent a petition to the British Parliament demanding the retention of their privileges in the Island.⁶⁷

But smuggling was still rife, and the Treasury wanted to know its extent, so requested various reports, follow-ups to ones commissioned in the 1750s.⁶⁸ A 1755 report had estimated that the annual revenue losses were £200,000 to Ireland, £300,000 to England, Wales and Scotland and £200,000 to the East India company and the 'fair trader'. The total of £700,000 is now equivalent to in excess of £100 million. The new reports received throughout 1764 detailed the current situation and showed continuing losses.⁶⁹ The Attorney General and the Surveyor General presented a lengthy appraisal on the means to prevent smuggling. The Commissioners of Customs for Scotland estimated that smuggling out of the Island caused a loss of £350,000 a year to the British revenue. From Dublin it was reported that the value of goods seized off the Irish coast amounted to £10,000 a year; much more would have been successfully smuggled past the customs officers. The response from Carlisle was that their officers had observed large gangs of armed smugglers moving through

⁶⁵ Lady Charlotte, Baroness Strange, third Duchess of Atholl (1731-1805).

⁶⁶ John Murray, third Duke of Atholl (1729-74).

⁶⁷ Petition from the Duke and Duchess, 8 January 1764, NA, T 1/430/95.

⁶⁸ Customs reports, 5 July 1758 and February to March 1759, NA, T 1/388/104 and 1/392/16-20. Postlethwayt, *Universal Dictionary*, volume 2, p. 126.

⁶⁹ Charles Lutwidge to Treasury, 1 July 1764, NA, T 1/434/67. Attorney General and Surveyor General's report, 6 August 1764, NA, Privy Council Papers (PC) 1/7/105. Customs reports, February to December 1764, MNHL, AP 09707/40(B)/1-25.

their area. There were other reports from Liverpool, Whitehaven, Edinburgh and London. Charles Lutwidge, Surveyor General for Cumberland, Westmoreland and Lancaster, sent a lengthy report to the Treasury. He estimated that the net ducal revenue from all sources in the Island was £7,500 a year, of which £6,500 was from duties on goods intended for smuggling. The actual total customs receipts for 1763 and 1764 were £6,025 and £5,475. Lutwidge estimated that smuggling from the Island was costing the British Exchequer in excess of £200,000 a year. Whilst the accuracy of some of the above figures may be questionable, what is certain is that the 'trade' out of the Island was causing a great financial loss to Britain. The £350,000 annual loss estimated to the British revenue represents an amount in excess of 15% of Britain's £2.282 million customs income raised in 1764, a considerably high percentage.⁷⁰ The receipts from customs (22%) and excise (49%) made up the bulk of Britain's £10.221 million general revenue.

At this time Britain was financially and militarily stretched due to its involvement in the seven years war, a worldwide series of conflicts fought from 1756 to 1763 which involved most of the major powers of Europe. A significant cause of ministerial instability throughout the early 1760s was as a result of senior government ministers bickering amongst themselves over the economic consequences of these conflicts. The ministers also had a new monarch, George III, to deal with. George Grenville, who had been the First Lord of the Treasury and Chancellor of the Exchequer for less than a year when the reports on Manx smuggling were being considered in 1764, was trying to resolve the financial repercussions of war by introducing a range of economies to reduce the burdening national debt, boost the Exchequer income and avoid introducing any unpopular new taxes.⁷¹ His policies included ensuring that Britain gained control of all possible revenues. The losses to the Exchequer through the situation created by the Island would now be addressed.

Scarcely had John Murray an opportunity to consider his situation, when negotiations were opened in earnest by the Treasury for the revestment of the sovereign rights of the Island to the British Crown. The accession of the new Lord probably provided

⁷⁰ B. R. Mitchell, *Abstract of British Historical Statistics*, (London, 1962), p. 388.

⁷¹ George Grenville (1712-70), MP 1741, Prime Minister 1763-65.

this long awaited opportunity. In April 1764 the Treasury complained that, despite many requests, nothing had yet been received from the Duke regarding his terms to sell the Island to Britain.⁷² Meanwhile, with rumour rife in the Island, the Duke was reassuring the local merchants that he and the Duchess had no intention to sell, claiming that ‘no application whatever has been made to us from the Government about it’.⁷³ Procrastination and dubious denial did not put off the inevitable. On 25 July 1764 a proposal under the terms of the 1726 Act was made to the Duke by the Lords of the Treasury led by Grenville:

to treat with you for the purchase of the Isle of Man, or of such part of the rights claimed by your Grace in the said Island, as it shall be found expedient to vest in the Crown for preventing that pernicious and illicit trade, which is at present carried on between the said Island and the other parts of his Majesty’s dominions, in violation of the laws, and to the great diminution and detriment of the revenues of this Kingdom.⁷⁴

The Lords of the Treasury repeated to the Duke that they were willing to receive proposals from him as to what portions of his Isle of Man property and rights he was prepared to sell and what total value he placed upon them. Frustrated with his lack of response, they threatened him that, if he would not enter into a treaty, ‘we beg to be informed of it, that we may then pursue such other measures as we shall think our duty to the public requires us’. In the meanwhile, in order to emphasise their threat still further, the Lords of the Treasury had ‘proceeded from strong words to strong deeds’.⁷⁵ An Order in Council had been issued specifying that the laws against smuggling from the Isle of Man would be strictly enforced by Britain stationing revenue cruisers around the coasts and in the harbours of the Island, thereby treating Manx territorial waters and ports as if they were part of Britain.⁷⁶ Having received advice from his relative, friend and trustee, Lord Mansfield (William Murray, a

⁷² Treasury to House of Commons, 18 April 1764, MNHL, AP 09707/42(B)-1.

⁷³ Duke to John Quayle for transmission to merchants, papers relating to the sale of the Isle of Man, 18 July and 1 August 1764, MNHL, MD 00576C.

⁷⁴ Treasury to the Duke, 25 July 1764, NA, T 1/434/69.

⁷⁵ Spencer Walpole, *Land of Home Rule: An Essay on the History and Constitution of the Isle of Man*, (London, 1893), p. 215.

⁷⁶ Order in Council, 17 August 1764, MNHL, AP 09707/book 91.

former Solicitor General, Attorney General, Lord Chief Justice and Privy Councillor), the Duke replied to the Treasury, accepting that he was ready to negotiate for the sale of the Island, but pointing out that, as he had only been in possession of it for a few months, it was impossible for him to fix an adequate value on his property and rights, but stating his readiness to receive an estimate from the Treasury.⁷⁷ The Lords of the Treasury replied that they were unable to arrive at a value as they had no statistical information which would enable them to determine a price.⁷⁸ Yet again they asked him for full information on the value of every branch of the Manx finances. However, before the Duke could reply, and whilst in London to discuss the matter, he was informed that the British Government, no doubt totally exasperated with his lack of action, did not intend to go any further with the treaty but proposed to purchase his lucrative rights in the Island by an Act of Parliament.⁷⁹ All of this must have convinced the Duke that his short term as Lord of Man was coming to an end.

3.2 Revestment and Mischief Acts

On the 21 January 1765, barely one year from the accession of John Murray to the Lordship of Man, George Grenville introduced a Bill into the House of Commons to progress matters for ‘more effectually preventing the mischief arising to the revenue and commerce of Great Britain and Ireland from the illicit and clandestine trade to and from the Isle of Man’.⁸⁰ The Bill empowered English customs officers to search all ships in Manx harbours and off the coast for any suspect goods, allowed for the licensing of certain goods and restricted the importation and exportation of others. But it would have been difficult for the Mischief Bill to be legally progressed to an Act whilst the Island was still under the lordship of the Atholls. So, Britain considered that, in order to resolve this matter, the title and regalities of the Lord of Man should be transferred to the Crown. It determined to revest the sovereign rights,

⁷⁷ The Duke to Treasury, 20 August 1764, MNHL, AP 09707/32-25, (42B)-11 and book 91.

⁷⁸ Treasury to the Duke, 12 September 1764, NA, T 1/434/71.

⁷⁹ Proceedings of Privy Council on petition of the Duke of Atholl, Parliamentary Papers (PP) 1805 (79), p. 16. Report on petition of the Duke of Atholl, PP 1805 (139), pp. 6-7.

⁸⁰ Ibid.

using force if necessary. Annoyance had turned to threats, and threats were now to become reality through the Revestment Act.

Meanwhile, the Duke of Atholl was again under pressure, and there was a great deal of action during that February. He presented a petition to the House of Commons against the Bill.⁸¹ He belatedly supplied the statistical information which the Treasury had demanded.⁸² This showed that the revenue derived from the Isle of Man by the Atholls for the decade 1754 to 1763 totalled £72,930 (£85,085 Manx), made up of an amount of £55,043 from the customs duties, £1,078 from the herring customs and £16,809 from other revenue.

Two valuations of the Duke's full rights in the Island feature in documents in the Atholl Papers:

| | | |
|--|------------|------------------------|
| 1 | | |
| Customs duties, landed property and manorial rights | | 249,373 |
| Bishopric and other ecclesiastical benefices | | 8,400 |
| Regalities | | <u>42,000</u> |
| | | <u>£299,773</u> |
| 2 | | |
| Present customs duties, per annum | 6,387 | |
| Land revenue | 1,375 | |
| Tithes | 317 | |
| Abbey lands | <u>121</u> | |
| | 8,200 | |
| Less | | |
| Government expenses | 777 | |
| Perpetual quit rent | <u>101</u> | (878) |
| | | <u>£7,322</u> |
| Customs duties, landed property and manorial rights, | | |
| £7,322 at 40 years purchase | | 292,880 |

⁸¹ Case of the Duke of Atholl, undated but probably 13 February 1765, MNHL, AP 09707/ 42C.

⁸² The Duke to Treasury, undated, MNHL, AP 09707/31-9.

| | |
|--|------------------------------|
| Bishopric and other ecclesiastical benefices, | |
| £3,000 at 14 years purchase | 42,000 |
| Regalities | 30,000 |
| Estimate for doubling of customs income in future, | |
| £6,387 at 40 years purchase | <u>255,480</u> |
| | <u>£620,360⁸³</u> |

The Treasury informed the Duke that, despite the earlier proposal not to negotiate any longer, a treaty for the purchase of his rights might yet be entered into.⁸⁴ Whilst the Duke was involved in this bargaining in London, the Members of the House of Keys had no knowledge of the proposals. When rumour of what was going on reached the Island, the Keys met in March 1765.⁸⁵ Fearing that the interests of the Island, and, no doubt, their own, would be overlooked in the course of these negotiations, they appointed two of their members, Hugh Cosnahan and Thomas Moore, to go to London to protect the Island's constitutional rights. However, a bargain between the British Government and the Duke had already been sealed, which the Duke declared to be, 'as matters stand, a mighty good bargain'.⁸⁶ He had originally proposed that he should be paid the value of his rights in the Island, totalling £299,773 (see document 1 above), but, concerned that his family may be stripped of the whole of its rights in the Island without any remuneration whatsoever and with the possibility of other dire repercussions, the Duke eventually agreed to surrender all his regalities and customs rights for £70,000, an amount proposed by the Treasury.⁸⁷ The figure was made up of £46,000 for the regalities and £24,000 for the customs. Confused, depressed and unsure as to whether he was making the right decision, the Duke informed the Treasury that his hope was that 'neither your Lordships nor the public will think the clear sum of £70,000 too great a price to be paid us in full compensation' for the

⁸³ Valuations of the Island, undated, MNHL, AP 09707/42(B)-24 and 26.

⁸⁴ Proceedings of Privy Council on petition of the Duke of Atholl, 19 February 1765, PP 1805 (79), p. 17.

⁸⁵ Minutes of meetings, 12 to 21 March 1765, MNHL, House of Keys Journals (HKJ) 09191/2/2, ff. 12-17. Case of the Keys, undated, MNHL, AP 09707/44(B)-6 and 27.

⁸⁶ The Duke to J. Mackenzie, 26 February 1765, MNHL, AP 09707/32(2)-6.

⁸⁷ Third Duke's memorandum, undated, MNHL, AP 09707/book 91. The Duke to Treasury, 27 February 1765, MNHL, AP 09707/31-10. Also in the Atholl Papers is a document, 09707/42(B)-20, again dated 27 February 1765 (though in pencil), which seems to be an optional letter offering a contrary opinion on the sale of the Island and still holding out for the sale of all of the Duke's rights, 'that our treaty may not be for a partial purchase, that, if I must part with my possessions, it may be the entirety'. Case of the Duke of Atholl, 1788, MNHL, Manx Books (MB), Atholl Family F70/2x/2, pp. 12-13.

rights to the regalities and customs. The Atholls were to retain possession of the remaining privileges, including the ecclesiastical patronage, manorial and mineral rights, rents and various other benefits.

A deal was struck and a contract executed on 7 March 1765.⁸⁸ This was followed up by a proclamation issued by George III on 21 June which was then translated into Manx to be read out by John Quillin, the Attorney General, to the public at the Castletown cross on 11 July.⁸⁹

The £70,000 (now the equivalent of £7.8 million) was 'entailed by his Grace the Duke of Atholl on the heirs of the investitures of the Isle of Man' to the family's Scottish estates of Nairne (£34,982), Blairingone (£6,405), Balquhidder (£3,903), Falkland (£14,399) and Tullibardine (£10,339).⁹⁰

£70,000 was a small amount to pay as a one-off settlement when compared to the vast amounts which had been lost annually to the British and Irish revenues over many years (see pages 25 and 26). The question as to whether the £70,000 represented a bargain or not to both parties was considered by Sir Spencer Walpole, Governor of the Isle of Man from 1882 to 1893:

If this income was certain and assured, it was difficult to see how any answer but one could be returned to this question; and the Duke contended that it was not only assured, but that with careful collection it could have been made much larger, while it was capable of almost indefinite increase by the action of the insular Legislature [Tynwald]. The [British] Government, however, replied that it was in the highest degree unlikely that the court of Tynwald would have agreed to additional taxation for the purpose of increasing the private revenues of the Duke, and that his income such as it was had been swelled by the illicit practices which had prevailed. . . . It was absurd, so it was argued, to vest an income

⁸⁸ Contract for sale of Isle of Man, 7 March 1765, MNHL, AP 09707/31-6.

⁸⁹ Royal proclamation and seal, 21 June 1765, and Manx translation, MNHL, Castle Rushen Papers 09782. Michael Dolley, 'Procurator Extraordinary - Sir Wadsworth Busk (1730-1811)', in R. A. Curphey, editor, *IOMNHAS*, volume 8, number 3, (Douglas, 1976-78), p. 208.

⁹⁰ Statement of estates in Scotland, 24 May 1765, MNHL, AP 09707/book 114.

obviously derived from illicit practices with the sanctity attaching to private property, and the compensation actually given was an ample price for the legitimate revenues of the Island.⁹¹

The Bill for giving effect to revesting the Isle of Man speedily went through all the stages of the two Houses of Parliament from 23 April to 7 May, barely a fortnight. The resultant Revestment Act of 10 May 1765 returned the sovereignty of the Isle of Man to the British Crown.⁹² The Mischief Act, legalised by the Revestment Act, became effective five days later.⁹³ On 22 August, by order of George III to the Lord Lieutenant of Ireland, a settlement out of the Irish revenue of £2,000 a year pension was additionally granted to the Duke and Duchess for their joint lives.⁹⁴ It was considered that this compensation should be made by Ireland as it too would benefit by the stamping out of the smuggling trade.

The suzerainty of the hereditary Lords of Man now came to an end. The sovereignty of the Island was vested inalienably in George III and his successors to the British Crown.⁹⁵ The two main parties to the agreement, the British Parliament and the Atholl family, carefully restricted themselves to safeguard their own immediate interests and ignored those of the Manx altogether. It is immediately striking that neither in the negotiations leading up to the Revestment and Mischief Acts nor in the drafting of the Acts themselves were the rights of the people taken into account. Little of the Island's surplus customs revenue was intended to come back for its benefit. The action of Britain and the consequences on the Isle of Man have raised much comment since. Some thirty years after revestment John Feltham recorded part of a popular contemporary refrain:

⁹¹ Walpole, *Land of Home Rule*, pp. 222-3.

⁹² *Act of Parliament*, 5 George III, chapter 26, 'An Act for carrying into execution a contract made, pursuant to the Act of Parliament of the twelfth of His late Majesty King George the First, between the Commissioners of His Majesty's Treasury and the Duke and Duchess of Atholl, the proprietors of the Isle of Man, and their trustees, for the purchase of the said Island and its dependencies, under certain exceptions therein particularly mentioned'.

⁹³ *Act of Parliament*, 5 George III, chapter 39, 'An Act for more effectually preventing the mischiefs arising to the revenue and commerce of Great Britain and Ireland from the illicit and clandestine trade to and from the Isle of Man'.

⁹⁴ Irish Annuity, MNHL, AP 09707/31-1 and 31-3.

⁹⁵ Attorney General James Gell, to Governor Loch, 20 July 1881, MNHL, Government Office Papers (GOP) 09845/5/2.

All the babes unborn will rue the day
That the Isle of Man was sold away;
For there's ne'er an old wife that loves a dram,
But what will lament for the Isle of Man.⁹⁶

Spencer Walpole put it simply that the British Parliament technically had 'the right to legislate for any portion of the British Empire, and its exercise of this right does not depend upon questions of supremacy, but on questions of expediency'.⁹⁷ A. W. Moore considered that, whilst the laws and tenures of the Isle of Man were not altered as a result of the Revestment and Mischief Acts, the:

Imperial Parliament legislated with respect to customs, harbours and merchant shipping, and, in measure of a general character having reference to the Empire at large, it occasionally inserted clauses, without the consent of Tynwald, by which penalties in contravention of those Acts might be enforced in the Island. It also assumed the control of the insular customs duties. These actions could only be justified on the ground that Parliament is supreme in all the Crown's dominions, a principle which it had proved impossible to enforce with regard to the American colonies, but which the Isle of Man was powerless to contest.⁹⁸

Thomas Grindley considered that the Revestment Act gave Britain no new rights in addition to those of the ancient Lords:

It merely transferred the existing rights and prerogatives of the Lord of Man from the Duke of Atholl to the King of England. Just that, nothing more. Everything else - the independence of the legislature, the liberties of the people, the details of the administration - was left untouched, and, of right, was as before. But that one event - the passing of the sovereign authority to the Crown of England - was enough.⁹⁹

⁹⁶ John Feltham, 'A Tour through the Isle of Man in 1797 and 1798', in Rev Robert Airey, editor, *The Manx Society*, volume 6, (Douglas, 1861), p. 136.

⁹⁷ Walpole, *Land of Home Rule*, p. 221.

⁹⁸ Moore, *A History*, pp. 804-5.

⁹⁹ Thomas Grindley, *The Story of Revestment: A Sketch of Manx History in the eighteenth century*, (Douglas, 1903), p. 25.

The 1911 committee of enquiry, appointed directly by the Home Secretary, Winston Churchill, and under the chairmanship of Lord MacDonnell, in its important *Report of the Departmental Committee on the Constitution, etc., of the Isle of Man*, considered that revestment had subjected the Island to ‘the harassing commercial restrictions which the short-sighted policy of that time imposed on English dependencies’.¹⁰⁰

3.3 Isle of Man under Britain after 1765

There is little doubt that, on the basis of contemporary private and official documents, the Island was adversely affected directly after the Revestment and Mischief Acts, with a significant proportion of the population of the principal towns, who had grown used to the smuggling way of life, having to quickly adjust to the consequences of change. Initially the Acts dealt a blow not only to smuggling but to legitimate trade in general. Merchants, manufacturers and agriculturists, who had been blatantly misled by the assurance that there was no intention to sell the Island, were all affected. The direct importation of foreign goods was prohibited and the exportation of goods likely to compete with British products was not allowed, causing Manx trade to be burdened ‘with all the restrictions and regulations usually imposed upon foreign countries’.¹⁰¹ The bustle of commerce ceased, and ‘the merchants, imagining that the treasures of their warehouses would be immediately confiscated, disposed of them greatly beneath their original value, and retired to other countries’.¹⁰² The restrictive measures certainly temporarily curtailed the Island’s commerce. The trading towns became almost deserted, the rents of houses and lands fell to one-third of their former value, and many Manx people were obliged to emigrate, whilst others who stayed became poverty stricken.¹⁰³

The businessmen of Douglas were devastated. ‘The sale of the Island’, one of the trustees of St George’s chapel wrote later, ‘which put a period to our opulence, put a

¹⁰⁰ *Report of the Departmental Committee on the constitution, etc. of the Isle of Man*, Cd. 5950, (London, 1911), p. 4.

¹⁰¹ J. W. Birch, *The Isle of Man: A Study in Economic Geography*, (Cambridge, 1964), pp. 20-1, referring to Moore, *A History*, p. 583.

¹⁰² David Robertson, *A Tour through the Isle of Man*, (London, 1794), pp. 139-40.

¹⁰³ Case of the inhabitants of the Isle of Man, undated, MNHL, AP 09707/42-26.

period to everything that depended upon it'.¹⁰⁴ Indeed, an example of the parlous situation of the main trading town of Douglas was the cessation of the building of St George's which had commenced in 1761. Concern about their businesses resulted in many of the people who had pledged financial support for the new chapel withdrawing their offers. The building work was brought to a stop in 1765 with outstanding debts and was not recommenced until ten years later. It seems unlikely that the Manx domestic economy of 1765 can be viewed as being healthy unless the important economic indicators of mortgage lending and property transaction activity were themselves healthy. They were not. During that year not one mortgage or property transaction was recorded.¹⁰⁵ Improvements would only come during the summer months of 1766 when land and property were again bought and sold, albeit at prices below those of the early 1760s. The public economy also suffered a major decline. Indeed, the total annual revenue from customs duties during the thirty years after revestment was less than that for the previous thirty years under the Dukes of Atholl.¹⁰⁶ This extended dip would have been affected by the lost volume of duties previously paid by the merchants involved in the 'trade'. Any continuation of smuggling after revestment, with the smugglers now paying no duties at all, would also have contributed to the situation. Britain accepted low returns from the Manx customs revenue for many years in order to protect its own Exchequer.

Despite the immediate setback, it appears that the Island soon came to terms with the financial consequences of revestment. It was not permanently damaged. Internal trade was now the primary source of income generation. 'The sums brought in by strangers . . . increased the circulation and gave the necessary stimulus to commerce and agriculture'.¹⁰⁷ Douglas recovered rapidly due to the arrival of a variety of these 'strangers' (lawyers, doctors, shopkeepers, artisans, impoverished gentlefolk escaping their creditors and, later, retired half-pay officers), all of whom flocked to the Island because of its still low customs duties, comparatively low local district taxes, cheaper cost of living and less stringent laws on debtors. The popularity and

¹⁰⁴ Letter from Richard Betham to Rev Dr Wilson, undated, MNHL, papers relating to St George's church 01989/26C. Betham was the Collector of Customs in the Isle of Man, father-in-law of William Bligh of 'Bounty' fame and trustee of St George's chapel.

¹⁰⁵ 1765-66 mortgages and deeds, MNHL, Mortgage and Deeds series 09494.

¹⁰⁶ See appendix 1.

¹⁰⁷ Bullock, *History*, p. 328.

prosperity of the town was also assisted by it being served by an ideal bay, harbour and quayside to receive many large ships. It was increasingly becoming the Island's principal commercial and population centre:

To the society of English, Douglas is considerably indebted. They have given life and gaiety to the town, and have contributed to polish the manners of the natives. Convivial societies, assemblies and card parties are now frequent among the higher circles of Douglas. Whist is their favourite game and they seldom play high. Cards are introduced on every occasion, and generally accompanied with a plentitude of excellent wines. . . . Among the inferior classes gaming is far more pernicious. Inebriation is here its constant attendant.¹⁰⁸

The other major trading towns took somewhat longer to revive:

Castletown, though dignified with the residence of the Governor of the Isle, is in wealth and mercantile importance greatly inferior to Douglas. . . . Previous to 1765, Peel had a considerable traffick with the Irish and Scotch smugglers, but since then, its trade has almost disappeared. . . . What I observed of Peel may with little variation be extended to this town [Ramsey]. Both places before the sale of the Island flourished by the gains of illicit commerce.¹⁰⁹

Life outside the trading towns appears not to have suffered to the same extent through the closing down of the 'trade', indeed some of it prospered in part as a direct result:

The far greater number of people who inhabited villages, the mountains and the valleys, were strangers to the trade and its advantages. . . . The merchants who have enriched themselves by trade are now purchasing large tracts of uncultivated land and improving them at great expense.¹¹⁰

¹⁰⁸ Robertson, *Tour*, p. 22.

¹⁰⁹ *Ibid.*, pp. 63, 88 and 115.

¹¹⁰ Charles Searle ('An Impartial Hand'), *A Short View of the Present State of the Isle of Man*, (1767), pp. 5-6. Searle was the Island's Attorney General, 1768-74.

Despite the immediate setback caused by revestment, many prominent entrepreneurs remained in the Island and prospered, developing their local estates and carrying on their businesses by concentrating on the legal side of the world-wide trading networks they had established.¹¹¹ Others still continued to illegally supply the 'trade', which had been curtailed but certainly not stopped. Yet others left the Island to carry on their business elsewhere. The great smuggling storehouse of the Isle of Man was now succeeded by other places, including Guernsey, North Faro and certain Dutch and French ports.¹¹²

The archives of the Manx National Heritage Library and Archives contain a fascinating range of documents which give a remarkable insight into the extensive business transactions of a number of merchants operating out of the Island during this period. The important Taubman, Quayle and Moore manuscripts (Goldie-Taubman Papers and Bridge House Papers) show the vast extent of the trading and business interests, including slavery, of many notable Manx families before and after revestment. Members of many of these families intermarried, thereby creating an elite establishment, a 'clique', which dominated the Isle of Man in terms of trade and politics for many generations.

3.4 Customs Act, 1767, and the significance of the new fiscal relationship

Whilst the Isle of Man did not become part of the realm of Britain after revestment, it was subjected to its general authority. In its role as the imperial parliament, Westminster legislated for the Manx customs, harbours and shipping, and, with reference to the British Empire at large and without the consent of Tynwald, it now set about introducing Parliamentary Acts directly affecting the Island. Whilst the modalities of control varied widely throughout its empire, Britain considered that the will of Parliament was supreme in all the Crown's territories. It assumed complete responsibility for the government of the Island, exercised through the offices of the Governor. The Island's surplus customs revenue accrued in the British Exchequer.

¹¹¹ Petition of the House of Keys, February 1769, MNHL, AP 09707/33B(2nd)-24. This includes a list of the names of members, many of whom were wealthy businessmen who had remained in the Island.

¹¹² Frances Wilkins, *The Smuggling Trade Revisited*, (Kidderminster, 2004), pp. 149-68.

Britain ignored the fact that it did not have the lawful right to assume any greater power than the previous feudal Lords of Man to levy any form of taxation without the consent of the Manx people through Tynwald. A. W. Moore claimed that the whole direction of the Island's affairs:

was handed over to British officials, for the most part connected with the Treasury, who regarded the Island as a pestilent nest of smugglers, from which it was their duty to extract as much revenue as possible, but for which they were under no obligation to do anything.¹¹³

This forthright opinion appears to somewhat overstate the situation. Certainly, Charles Lutwidge, onetime British Surveyor General, had been transferred to the Island directly after revestment as Receiver General and Collector of Revenue along with sufficient officers to oversee the collection of customs duties.¹¹⁴ Nevertheless, all the other existing resident officials (many of whom were Manxmen) appointed by the Duke of Atholl retained their posts, including John Wood who was re-appointed Governor.¹¹⁵

What was certain was that customs duties were now imposed by Acts of Parliament with little or no reference to Tynwald, whose previously supposed share of control of the principal insular finances was now ignored. The first of these Acts, 'An Act for encouraging and regulating the trade and manufactures of the Isle of Man', was passed in 1767.¹¹⁶ It allowed the British Parliament to repeal the duties previously set by Tynwald Court and assume the power to impose taxes on the people of the Island by enacting new customs duties. The Act levied heavier customs duties on imported goods. A limit was placed on the amounts of certain goods allowed to be imported by licence, and such goods were only to be brought into Douglas, further improving its commercial prominence:

¹¹³ Moore, *A History*, pp. 527-8.

¹¹⁴ Instruction issued to Lutwidge, 15 May 1765, NA, T 1/437169-73.

¹¹⁵ Appointment document, 21 June 1765, NA, PC 1/7/157.

¹¹⁶ *Act of Parliament*, 7 George III, chapter 45.

| | Customs Duties | Quantities allowed |
|------------------------------------|-----------------------|---------------------------|
| | £ . s . d | |
| British spirits, a gallon | 1. 0 | 50,000 gallons a year |
| Rum, a gallon | 1. 6 | 30,000 ” |
| Bohea (black) tea, a pound | 1. 0 | 20,000 pounds a year |
| Green tea, a pound | 1. 6 | 5,000 ” |
| Coffee, a pound | 0. 9 | 5,000 ” |
| Tobacco, a pound | 0. 2 | 120,000 ” |
| French wine, a tun (252 gallons) | 4. 0. 0 | |
| Other wine, a tun | 2. 0. 0 | |
| Coal, a chaldron (36 bushels) | 0. 3 | |
| Corn and grain | 10% | Ad valorem |
| Hemp, iron, deal boards and timber | | |
| from foreign countries | 5% | Ad valorem |
| All other foreign goods | 15% | Ad valorem |
| All other goods, wares or | | |
| merchandise entitled to drawback, | | |
| imported from Britain or Ireland | 5% | Ad valorem |
| All goods, wares or merchandise | | |
| not previously specified, imported | | |
| from Britain or Ireland | 2½% | Ad valorem |

The duties were in future to be set and collected under the authority of the Treasury. The first clause of the Act stated that ‘it is expedient that provision be made for encouraging, improving and regulating the trade and manufactures of the said Island and the fisheries on the coasts thereof; and whereas it is necessary that a revenue should be raised’. The revenue was to pay bounties to encourage, improve and regulate the local herring fisheries and linen manufactories and to defray the expenses of government and the administration of justice. Another clause stated that any surplus remaining after this was to be paid directly into the British Exchequer, ‘distinctly and apart from all other branches of the public revenue’. The House of Keys maintained that these clauses meant that the surplus should form the basis of a definite insular income which would then be spent in the Island. But the Treasury

did not view the matter in that light and claimed the right to use it in any way it pleased as the surplus was 'reserved for the disposition of Parliament'. For quite a number of years following the Act there were occasions when the annual surplus was very small or the income was less than the expenditure, resulting in the Island being run at a loss.¹¹⁷ This was the price Britain was prepared to pay in order to do away with smuggling and protect its own revenue. Any proposals for general or capital schemes needed to be put by the Governor to the Treasury for consideration, but there is little recorded evidence to show that the Island's wellbeing was being budgeted for or that much in the way of benefits, other than those referred to above, ever returned to the Island. As a consequence, harbours and public buildings were neglected and fell into disrepair.¹¹⁸

The British Government, no doubt, considered its policy as justifiable as its recent disastrous treatment of the American colonies, when, to meet the cost of military defence in North America, it had asserted its right to place direct taxes against the colonists, without their consent, by introducing George Grenville's disastrous Act in 1765 which applied stamp duties on official transactions and another in 1767 which imposed customs duties on certain colonial merchandise.¹¹⁹ The cry of 'no taxation without representation' was understandably raised against this policy. No greater, and probably a lesser, right existed for Britain to tax the people of the Isle of Man who were members of a country with an ancient parliament.¹²⁰ However, in this respect, size and distance were very important. The policies of Britain were unlikely to offer much in the way of sympathy for the small and near Isle of Man. Whilst an adjacent island could quite easily be controlled, the distant American colonies presented a more formidable problem. Edmund Burke, the political philosopher and Whig Member of Parliament, referred to the matter in a lengthy speech during a parliamentary debate on the 'granting certain duties in the British Colonies and Plantations in America' in April 1774:

¹¹⁷ See Appendix 1.

¹¹⁸ Moore, *A History*, pp. 602 and 626.

¹¹⁹ *Acts of Parliament*, 5 George III, chapter 12, and 7 George III, chapter 46.

¹²⁰ John Parr, 'An Abstract of the Laws, Customs and Ordinances of the Isle of Man', in James Gell, editor, *The Manx Society*, volume 12, (Douglas, 1867), p. 142. Deemster John Parr (1651-1713) originally compiled this abstract, but it was substantially edited and expanded by Attorney General Sir James Gell (1823-1905).

The American Revenue Act is the forty-fifth chapter [in the Statute Book of 1767]; the other to which I refer is the forty-fourth of the same session. These two Acts are both to the same purpose, both Revenue Acts; both taxing out of the Kingdom; and both taxing British manufactures exported. As the 45th is an Act for raising a revenue in America, the 44th is an Act for raising a revenue in the Isle of Man. . . . Now will the noble Lord [Grenville] condescend to tell me why he repealed the taxes on manufactures sent out to America and not the taxes on manufactures exported to the Isle of Man? The principle was exactly the same, the objects charged infinitely more extensive, the duties without comparison higher. Why? Why, notwithstanding all his childish pretexts, because the taxes were quietly submitted to in the Isle of Man, and because they raised a flame in America.¹²¹

3.5 Persistence of the new Duke

The third Duke of Atholl died in tragic circumstances on 5 November 1774 aged only forty-five. Having suffered an apoplectic fit, he swallowed hartshorn (sulphate of ammonia) which was being used to bathe his forehead and then drowned himself in the river Tay near his ducal seat of Dunkeld in the Scottish Highlands.¹²² The Duchess Charlotte relinquished all her rights in the Island by deed to their nineteen-year-old son, John Murray, the fourth Duke of Atholl.¹²³ He would later blame his father's mental state at the time of his unfortunate death directly on the pressure put on him by the British Government, George Grenville in particular, to sell the family's regalities and customs in the Isle of Man, writing that 'while I live I shall ever consider a noble heart was broken by that lamentable transaction'.¹²⁴

There is much evidence that smuggling was still active into and out of the Island for some time after revestment. One example is shown in a letter written by John

¹²¹ E. J. Payne, editor, *Select Works of Edmund Burke, and Miscellaneous Writings*, (three volumes, Oxford, 1874-78), pp. 113-14, reproduced at <http://www.econlib.org/library/LFBooks/Burke/bkrSWv1c2.html>, Library of Economics and Liberty, accessed on 20 July 2004. The American and the Isle of Man Revenue Acts were in fact the forty-sixth and forty-fifth chapters in the Statute Book of 1767.

¹²² Leah Leneman, *Living in Athol: A Social History of the Estates, 1685-1785*, (Edinburgh, 1986), pp. 7-8.

¹²³ John Murray, fourth Duke of Atholl (1755-1830).

¹²⁴ John, seventh Duke of Atholl, editor, *Chronicles of the Atholl and Tullibardine Families*, volume 4, (Edinburgh, 1908), p. 364.

Crosse, a merchant of Islay in Scotland, to John Taubman, Speaker of the House of Keys from 1780 to 1799, offering to sell Highland whisky to him, stating that ‘I could send a boat from here with little risque from the revenue officers and land the goods I want in a corner with a little risque’.¹²⁵ Another example, referring to the seizure in England of a vessel ostensibly carrying Manx red herrings, features in a letter from Thomas Quayle, a member of one of the most politically influential and wealthy trading families, to his father in the Isle of Man informing him that ‘This ev[en]ing so great a disaster has happened that the Custom House officers have discov[er]ed either one or two tuns of claret on board her. . . . The officer went to the place at once where the wine was concealed so must have had an informant’.¹²⁶

In 1780 ‘An Act for granting to His Majesty several additional duties upon certain goods imported into the Isle of Man; and for the better regulating the trade and securing the revenue of the said Island’ had been introduced by the British Parliament in an attempt to deal with these continuing problems.¹²⁷ The goods affected by the revised duties and allowances were:

| | Customs Duties | Quantities allowed |
|------------------------------------|-----------------------|---------------------------|
| | £ s d | |
| British spirits, a gallon | 1. 0 | 40,000 gallons a year |
| Rum, a gallon | 2. 0 | 40,000 ” |
| Black tea, a pound | 0. 6 | 20,000 pounds a year |
| Green tea, a pound | 1. 0 | 5,000 ” |
| Coffee, a pound | 0. 4 | 5,000 ” |
| Tobacco, a pound | 0. 3 | 120,000 ” |
| French wine, a tun | 8. 0. 0 | |
| Other wine, a tun | 4. 0. 0 | |
| Hemp, iron, deal boards and timber | | |
| from foreign countries | 10% | Ad valorem |

¹²⁵ Crosse to Taubman, 18 July 1780, MNHL, Goldie-Taubman Papers 09591.

¹²⁶ Thomas Quayle to John Quayle, 6 October 1781, MNHL, Bridge House Papers 904/21C.

¹²⁷ *Act of Parliament*, 20 George III, chapter 42.

Seizing on an opportunity these changes presented, the fourth Duke petitioned the British Parliament in 1780 and again in 1781, asking leave to introduce Bills to protect his land and property in the Island and to amend the Revestment Act.¹²⁸ He alleged that the customs revenue had not been properly or fairly collected and that the annual amount of customs revenue used in calculating the figures for the purchase of the Island had consequently been too small. The Duke's petitions were opposed by the House of Keys, whose retiring Chairman (the position from then on would become termed as 'Speaker'), George Moore, and representative, John Cosnahan, gave evidence against them at the House of Lords, fearing that any increased payment to the Duke would be at the expense of the Island and claiming that it should have the surplus revenue for its own purposes. The petitions were also opposed by Charles Lutwidge, onetime British Surveyor General and now the Manx Receiver General, and Wadsworth Busk, the Manx Attorney General. The 'rather improbable alliance' of Keys members and Manx officials argued the case for the Island.¹²⁹ That George Moore and Wadsworth Busk were both knighted later in 1781 suggests that Britain might have considered that it also benefited from their efforts. The Duke's petitions were considered and reported on by the British Attorney General and Solicitor General, and his claims eventually passed the House of Commons, but were opposed in the House of Lords.¹³⁰

The two Manx officials were heavily involved in the whole situation at this time. It appears that Receiver General Lutwidge was not averse to using his status for his own profit. A letter to the Marquis of Rockingham, the First Lord of the Treasury, accused Lutwidge of conniving with the smugglers, being 'an egregious smuggler' himself, bringing in ships with his own contraband on board and being 'in too violent a hurry to amass a fortune' since taking up his position in the Island.¹³¹ Wadsworth Busk, the Attorney General, had been a long term critic of the Atholls and did not get

¹²⁸ Case of the Duke of Atholl, 1780, MNHL, AP 09707/X1-1. Evidence of George Moore, 1780, MNHL, AP 09707/43(3rd)-2. 1780 and 1781 petitions from House of Keys, MNHL, AP 09707/X43(2nd)-19 and 155-13. Minutes and correspondence, MNHL, HKJ 09191/2/2, ff. 79, 82-3, 87-92, and 101-2. Attorney General and Solicitor General's report, 30 April 1781, MNHL, Melville collection of manuscripts 01798/3C.

¹²⁹ Dolley, 'Procurator Extraordinary', p. 218.

¹³⁰ Attorney General and Solicitor General's report, 30 April 1781, MNHL, Melville collection of manuscripts 01798/3C. *Morning Chronicle and London Advertiser*, 19 and 26 May and 19 June 1781. Walpole, *Land of Home Rule*, pp. 223-4.

¹³¹ Unknown to the Marquis of Rockingham, undated but probably 1782, MNHL, MD58.

on with the Duke, and the feeling was mutual; the Duke described Busk as ‘that rascal’.¹³² When the Duke became the Island’s Governor in 1793, Busk would retire to England. Amongst the Duke’s many other local antagonists during and beyond this period were the influential Taubman and Quayle families, ‘scoundrels and smugglers’ who ‘will not leave the Duke a bird’s nest in the Island by the time they have done with him’, and John Lace (a future Deemster), ‘a noisy bully’.¹³³ These adversaries were seemingly led by Richard Dawson (Lieutenant-Governor from 1775 to 1790), ‘an adulterous rascal who connived at the prostitution of his own wife’, and who held together the various antagonists, ‘though they all hate each other’. The Duke even fell out with his mother who he once wrote was at work with the ‘cursed crew of Taubmans and Quayles’.

In 1789 the Duke renewed his claims. He argued that his parents had not had the power to ‘make the settlements or invest the trustees, under the authority of which or by the concurrence of whom the sale of the Island was made and the lawful heirs of entail became disinherited’.¹³⁴ This point is an important and contentious legal factor when considering the history of the revestment of the Island. Each Lord stood in temporary possession of the Isle of Man for his lifetime only, after which it passed on to his heir, as laid down by the 1406 settlement which had granted it to Sir John Stanley, ‘his heirs and assigns in perpetuity’. The Duke’s relative, General James Murray, a Member of Parliament, sought to bring in a Bill to appoint a commission to enquire into the extent and value of certain rights, revenues and possessions in the Isle of Man. The British Government supported the claim. Amongst those opposing it was John Christian Curwen, a Whig Member of Parliament and, later, a Member of the House of Keys.¹³⁵ The Keys themselves opposed it, with John Cosnahan again appearing on their behalf. With a weight of opinion against the Duke’s claims, the British Government withdrew the Bill in 1790, but William Pitt the Younger, the

¹³² Busk to Rev E. Radcliffe, 23 March 1780, MNHL, Sir Wadsworth Busk’s correspondence 10362.

¹³³ Robert Heywood to his brother Peter Heywood, 16 July 1781, MNHL, AP 09707/122(2nd)-25. Lieutenant-Governor Shaw to the Duke, 2 March 1792, MNHL, AP 09707/X21-10. The Duke to Henry Dundas, 13 November 1791, MNHL, collection of letters of the Duke of Atholl 01996/7C.

¹³⁴ The Duke’s memorial, 1789, and Duke to Treasury, 4 March 1789, MNHL, AP 09707/X70-7. Select Committee’s report 1790, MNHL, AP 09707/43-14. *Debrett’s Parliamentary Register*, volume 28, March 1789, pp. 307-17, and April 1789, pp. 385-95.

¹³⁵ John Christian Curwen (1756-1828), MP 1786, MHK 1791, married Margaret Taubman 1776, son became Deemster John Christian, widowed, married first cousin Isabella Curwen 1782, took the additional name of Curwen 1791.

First Lord of the Treasury and Chancellor of the Exchequer, was reported as saying that:

notwithstanding his full conviction of the propriety, and even necessity of proceeding with such a measure, yet, after the unfavourable impression which had gained ground upon the subject, he should think it in no degree prudent to attempt to push the Bill further at present.¹³⁶

3.6 Commissioners' Report, 1792

With the government on his side but Parliament against him, the Duke, still unwilling to relinquish his objective, took a further course of action in 1791. He consulted with Henry Dundas, later Lord Melville, a neighbour of his in Scotland and Home Secretary in Pitt's administration. As a result, Dundas recommended that the Crown should appoint commissioners to visit the Island to make a thorough investigation and look into the general state of its revenue and commerce.¹³⁷ Consequently, in September 1791 John Spranger and William Osgoode (English barristers), William Roe (commissioner of the English Board of Customs), David Reid (commissioner of the Scottish Board of Customs) and William Grant (Member of Parliament) were appointed as commissioners to examine matters. They were to be assisted in the Island by a committee of the House of Keys. The commissioners took evidence from many witnesses, including the Duke of Atholl, the Governor-in-Chief and Captain General, the Lieutenant-Governor, Members of the House of Keys, civil officials, revenue officers, traders, merchants and various other local people. The commissioners collected a mass of details before closing their investigations at the end of November. On 21 April 1792 they produced *The Report of the Commissioners of Inquiry for the Isle of Man* (a mine of information for the academic and historian) for the Home Office.¹³⁸ The Home Office, founded ten years

¹³⁶ William Pitt (1759-1806), MP 1781, Chancellor of the Exchequer 1782-83, First Lord of the Treasury and Chancellor of the Exchequer 1783-1801 and 1804-06. *Debrett's Parliamentary Register*, volume 44, May 1790, pp. 561-2.

¹³⁷ Dundas to the Duke, 16 July 1791, MNHL, AP 09707/X29-3. Dundas to commissioners, 8 September 1791, MNHL, AP 09707/X29-2.

¹³⁸ *The Report of the Commissioners of Inquiry for the Isle of Man, 1792*, was not formally made public until 1805.

earlier in order to reorganise the duties previously undertaken by two Secretaries of State who shared domestic business, had amongst its responsibilities the requirement to take account of the interests of the Isle of Man. The commissioners reported that the Duke's allegations had been that:

- The ducal revenues had not been fairly collected prior to revestment.
- The Dukes of Atholl had had the power to increase the customs duties, with the consent of Tynwald, which would not have been refused.
- Some rights had been incorrectly vested in the Crown.

The commissioners agreed that the Lord's revenues had not been fairly collected or paid prior to revestment owing to the mismanagement of the system.¹³⁹ Whilst the commissioners agreed that there was no doubt that the Lord had had the power of increasing customs duties with the consent of Tynwald Court, they pointed out that it was improbable that Tynwald would have consented to this 'without an equivalent'. They agreed with the Duke's claim that certain rights had been unnecessarily vested in the Crown, and they declared that the continuation of these rights with the Atholls would not have encouraged smuggling.

The report also dealt with the Island's revenues, trading situation, constitution and possible future benefits. The total customs receipts at the trading ports during 1790 had been £3,016, whilst the total expenditure had been £3,322 for herring bounties and salaries of the civil and revenue officers.¹⁴⁰ Other smaller receipts used for harbour improvements came from harbour dues and herring customs. The figures featured in this and other reports again confirm that Britain was prepared to run the Island at an occasional loss for a number of years in order to protect its own revenue.

The commissioners came to the conclusion that the management system of the customs revenue in the Island was 'ill digested, incomplete and unfit' and that 'nothing short of a radical change can reach the evil and communicate order, regularity and energy'. They considered that the best method of producing such

¹³⁹ *Report of the Commissioners of Inquiry*, p. 7.

¹⁴⁰ *Ibid.*, pp. 23-35.

change was to place the administration of the Manx customs system under the management of the Commissioners of Customs for England or Scotland. From the testimony of the officials, the commissioners found that the weakness of the present system supported ‘the truth of the representation alluded to in our instructions, “that illicit practices do still prevail in the Isle of Man”’.¹⁴¹ The commissioners found that the principal ‘illicit practices’ involved French brandy, Geneva (gin), tea and tobacco. Large amounts of brandy and gin, which were only allowed to be imported on payment of the British duties, were being smuggled into and out of the Island. Richard Townley, whilst resident in the Isle of Man in 1791, wrote in his journal:

The *Swift*, of Port Glasgow, a fine cutter-built rig, is come into the harbour, in her return from Scotland to the French coast, for another cargo of brandy, and other articles, in the illicit trade. We were taught to expect a total suppression of the smuggling business; but, I fear, the shameful traffick is reviving very much upon the coasts of Scotland and Ireland, as well as upon the east coast of England.¹⁴²

At the same time, British spirits and rum, which were allowed in by licence but none had been legally imported since 1784, were in open use in the Island, further proof of the continued existence of smuggling.¹⁴³ The commissioners considered that the existing allowance for licensed rum was too small. They offered a wide variety of suggestions to deal with the various problems. These included allowing (by licences issued to certain individuals) the importation of a limited quantity of brandy and gin at the lower Manx tariffs, altering various duties, tightening up the valuation method for obtaining duties raised on the ad valorem basis, additionally rewarding the members of the resident military force for their efforts in preventing smuggling and stationing armed revenue cruisers off the Island’s coast.

¹⁴¹ Ibid., pp. 44-6 and 112-20 and appendix B, numbers 77 and 79.

¹⁴² Richard Townley, *A Journal kept in the Isle of Man*, (two volumes, Whitehaven, 1791), volume 1, p. 82.

¹⁴³ *Report of the Commissioners of Inquiry*, pp. 44-6 and 112-20 and appendix B, numbers 77 and 79.

3.7 Duke of Atholl becomes Governor and receives 'one-fourth part of the gross annual revenue arising from the duties'

Directly after the commissioners' report was made known, determined and dissatisfied as ever with events, John Murray, the fourth Duke of Atholl, defined in a memorandum the 'Preliminaries which will satisfy me and render an arrangement and final settlement under the authority of the British Parliament much more simply and easy'.¹⁴⁴ The principal requirement he made was to be appointed as the next Governor-in-Chief and Captain General of the Isle of Man. The Duke met with Henry Dundas and William Pitt early in 1793 when he reiterated his requirements.¹⁴⁵ These were agreed with in part, but he would only accept the terms with the caveat that they were simply 'primary steps to that final arrangement which is intended to follow'. When the Governor, Major-General Edward Smith, died later that year, the Duke was appointed Governor, a position which gave him the advantage of continuing to promote and protect his remaining family interests in the Island.¹⁴⁶ He was generally an absentee Governor, so he appointed various relatives to offices in the Island to keep an eye on his rights, and he relied on his Lieutenant-Governor to administer the government. Even with these arrangements, the Duke continued to be in disagreement with a variety of opponents. If the British Government had hoped that appointing him as Governor would result in the conclusion to his petitions and also heal the bad feelings that had arisen between him and a variety of people - a problem which had existed throughout his long association with the Island and would continue up until his death - then it was mistaken.

It was not until 1798 that most of the recommendations of the report prepared by the commissioners were eventually carried out through 'An Act for the further encouragement of the trade and manufactures of the Isle of Man; for improving the revenue thereof; and for the more effectual prevention of smuggling to and from the said Island'.¹⁴⁷ By this Act the licence system was amended, limiting the importation of certain goods to specific merchants and further restricting the amounts imported.

¹⁴⁴ Memorandum from the Duke, 21 May 1792, MNHL, collection of letters of the Duke of Atholl 01996/11C.

¹⁴⁵ Letter from the Duke to Dundas, 14 January 1793, MNHL, collection of letters of the Duke of Atholl 09979.

¹⁴⁶ Minutes of meeting, 12 March 1793, MNHL, HKJ 09191/2/2, ff. 220-1.

¹⁴⁷ *Act of Parliament*, 38 George III, chapter 63.

The importation of British spirits was prohibited, but foreign spirits were allowed in instead, revenue cutters were again stationed off the Island and all boats in the Manx herring fleet were to be registered. The goods on which the new customs duties and allowances were imposed were:

| | Customs Duties | Quantities allowed |
|--------------------|-----------------------|---------------------------|
| | £ s d | |
| Brandy, a gallon | 3. 0 | 10,000 gallons a year |
| Gin, a gallon | 3. 0 | 10,000 " |
| Tobacco, a pound | 0. 6 | 60,000 pounds a year |
| French wine, a tun | 16. 0. 0 } | 70 tuns a year |
| Other wine, a tun | 12. 0. 0 } | |

As a consequence of the changes, the Island's gross customs revenue increased from an average of approximately £4,700 a year for the decade 1790-99 to £7,973 a year in 1800, and would now generally continue on an upward trend. This substantial increase in revenue motivated the Duke to present another petition to the King in Council in 1801 seeking additional compensation and claiming that his parents had been 'forced to submit to the measure [revestment] . . . by dread of a greater calamity which they had too much reason to apprehend might take place if they did not'.¹⁴⁸ The petition was prepared whilst William Pitt was still in office but reached the King in Council during the crisis which led to Pitt's resignation from power. It was referred to a committee of the Privy Council in June 1801 during the early part of the administration of Henry Addington, Viscount Sidmouth. A counter petition was presented by the House of Keys which was also referred to the committee in March 1802.¹⁴⁹ The committee passed matters on once again to the Attorney General and the Solicitor General to investigate and report on the relevant evidence laid before the House of Commons and the Treasury at the time of the Revestment Act.¹⁵⁰ The two law officers made their report in November 1802. They found that there were no

¹⁴⁸ The Duke's compensation claim, 27 June 1801, NA, PC 1/3537. Case of the Duke of Atholl, November 1801, MNHL, AP 09707/X43-7. Order from Privy Council, 25 January 1802, MNHL, AP 09707/155-3. Walpole, *Land of Home Rule*, pp. 227-32.

¹⁴⁹ Petition of House of Keys, 17 March 1802, NA, PC 1/3537.

¹⁵⁰ Report of Attorney General and Surveyor General, 12 November 1802, NA, PC 1/3537.

grounds for claiming that the previous compensation had been inadequate. The report was referred back to the committee, but it was nearly two years before a decision was made. In March 1804 the committee rejected the Duke's petition. Before the report could be confirmed, the Duke asked that it should be suspended until he had prepared a supplementary petition.¹⁵¹ This was probably a delaying tactic, knowing that political change was in the offing:

The Duke had by now maintained the struggle for the best part of twenty-five years. He had been defeated in the House of Lords, he had been defeated in the House of Commons, and he had been defeated, it might have been thought, finally, in the Privy Council; yet he was on the very eve of securing a long deferred victory. The whirligig of politics, which had disappointed his expectations by replacing Pitt with Addington in 1801, now replaced Addington with Pitt in 1804.¹⁵²

In June 1804 the Duke presented yet another of his many petitions to the House of Commons for relief in respect of what he considered had been inadequate compensation paid to his family in 1765.¹⁵³ The Keys, at their own expense, promptly sent three of their members to London to yet again attempt to protect the interests of the Manx people.¹⁵⁴ Pitt allowed the petition to go before another committee of the Privy Council, but this time, without taking the opinion of the Attorney General and Solicitor General, it reversed the previous decision and recommended that further compensation should be given, reporting that it appeared to be reasonable that a proportion of the increased customs revenue should be allowed to the Atholl family and that a suitable Bill should be introduced.¹⁵⁵ This report was approved by the King in Council in August 1804.

The Duke consequently presented a petition to the House of Commons in March 1805 requesting that provision should be made in a Bill which was before the House

¹⁵¹ Suspension request from the Duke, 17 April 1804, NA, PC 1/3537.

¹⁵² Walpole, *Land of Home Rule*, p. 229.

¹⁵³ Petition from the Duke, 26 June 1804, NA, PC 1/3537.

¹⁵⁴ Minutes of meeting, 26 January 1805, MNHL, HKJ 09191/2/2, f. 46.

¹⁵⁵ Report of Privy Council on petition of Duke of Atholl, PP 1805 (64), pp. 1-5. Parr and Gell, 'Laws, Customs and of Ordinances', p. 146.

for the improvement of the revenues of the Island to also give him this extra compensation. He was supported by some of the principal merchants in the Island who backed his claims, 'deeply connected as they are with the advancement of the prosperity of the Island'.¹⁵⁶ The merchants referred to the Duke as 'the warm, the active and the only powerful friend of the Island' whose claims should not be opposed. Another petition from the 'landholders, merchants and other inhabitants' of the Island also supported him. This praise from the various commercial classes was, no doubt, fuelled by self-interest. A counter petition was presented by the House of Keys.¹⁵⁷ All these petitions were referred to a select committee which reported that the Duke had fully established the claims in his petition, that he should be granted further compensation and that such compensation should be charged on the customs revenue of the Island.¹⁵⁸ The adoption of this report was opposed in both Houses of Parliament, led by John Christian Curwen in the Commons and Lord Ellenborough in the Lords, but was supported by the government.

In face of all-round opposition, 'An Act for settling and securing a certain Annuity on John, now Duke of Atholl, and the heirs general of the seventh Earl of Derby' was forcibly passed on 12 July 1805, providing that the Duke and his heirs should be paid an annuity of 'one-fourth part of the gross annual revenue arising from the duties of Customs now payable and arising within the said Island'.¹⁵⁹ By this time, with the customs system operating more efficiently, the gross customs revenue of the Island for the previous five years had increased to an average in excess of £10,000 a year.

The Lord Chief Justice, Lord Ellenborough, declared that the transaction was 'one of the most corrupt jobs ever witnessed in Parliament', and that the manner in which the claim was pressed was 'a proceeding which would only be sanctioned by Parliament in the worst and most corrupt times'.¹⁶⁰ Spencer Walpole considered that the influence of Pitt on the outcome of the issue was all-important:

¹⁵⁶ Bridson and Stowell opposing Keys' actions, case of the Duke of Atholl, 21 May 1805, MNHL, MB, Atholl Family F70/10/1. Landowners' memorial, undated, MNHL, AP 09707/36(A)-13.

¹⁵⁷ *Manks Advertiser*, 27 April 1805.

¹⁵⁸ Committee report on the petition of the Duke of Atholl, PP 1805 (139), pp. 1-9.

¹⁵⁹ *Act of Parliament*, 45 George III, chapter 123.

¹⁶⁰ Walpole, *Land of Home Rule*, pp. 230-2.

Whether private friendship or the desire to secure political support, may have actuated his conduct, there seems no justification for the Act itself or for the manner in which it was done. . . . It was the influence of Pitt which secured the Duke the compensation he sought; it was Pitt's authority which persuaded a reluctant Legislature; and Pitt, and Pitt alone, must be held responsible for what was done, and for the manner of doing it.¹⁶¹

At the same time as the Act for settling the one-fourth annuity was reaching completion, 'An Act for regulating and encouraging the trade, for the improvement of the revenue, and prevention of smuggling to and from the Isle of Man' was introduced by the British Parliament on 10 July 1805.¹⁶² The allowance on rum was increased to 60,000 gallons a year, black tea to 50,000 pounds, coffee to 6,000 pounds and wine to 110 tuns. But the major change brought about by this Act affected the placement of the Manx customs revenue. By the Act of 1767 the surplus Manx customs revenue was to be kept 'distinctly and apart from all other branches of the public revenue'. This provision had been omitted from the Act of 1798, but the Act of 1805 took a much more formidable and worrying step and directed that the surplus 'shall go to and make part of the Consolidated Fund of Great Britain'.¹⁶³ The Consolidated Fund had been set up in 1787 to gather together the various taxes and other branches of the revenue into one central fund, 'a fund into which shall flow every stream of the revenue, and from which shall issue the supply for every public service'.¹⁶⁴ The Manx customs revenue was no longer to be set aside specifically. It was taken further away from its source, the Manx people. This would cause further long-standing problems in the relationship between the two countries.

Britain's involvement in a series of wars with France since 1793 would only succeed through the determined use of national economic resources, which, without any innovative change, would result in a great increase to the national debt.¹⁶⁵ In order to avoid this, Pitt had set about improving Britain's revenue by the introduction of

¹⁶¹ Ibid.

¹⁶² *Act of Parliament*, 45 George III, chapter 99.

¹⁶³ Walpole, *Land of Home Rule*, p. 231.

¹⁶⁴ *Act of Parliament*, 27 George III, chapter 13, section 47. The Rt Hon Lord Bridges, *The Treasury*, (London, 1964), p. 25, referring to the thirteenth Report of the Commissioners of Public Accounts, 8 March 1785.

¹⁶⁵ J. Steven Watson, *The Reign of George III, 1760-1815*, (Oxford, 1960), pp. 374-5.

income tax in 1799. Britain needed as much money as it could gather from any source to further advance its imperial ambitions. It was now in its interest 'to extract as much revenue as possible from the Island, keep administrative costs and expenditure on improvements to a minimum, and retain the surplus for the British Treasury'.¹⁶⁶ It was equally in the Duke of Atholl's interest to use his position as Governor to promote Manx trade, as one-fourth of any increased revenue from customs duties belonged to him.

The one-fourth annuity granted to the Duke of Atholl was assigned by indenture to a definitive sum of £3,000 a year in May 1810.¹⁶⁷

3.8 Bitter end to the Atholls' association with the Isle of Man

The foreign debt law of 1737 was eventually repealed in 1814 by 'An Act for affording relief to insolvent debtors in the Isle of Man', which resulted in the Island no longer being the safe sanctuary it once was, so many people moved away.¹⁶⁸ This was at first a great loss to the Island generally and Douglas in particular. But within a few years the population was considerably swelled, due in no small part to the immigration of numerous half-pay officers who had been retired from service due to the cessation of the Napoleonic wars and the American and Canadian frontier conflicts and who were attracted by the comparatively low cost of living and freedom from taxation the Island offered. The influx of these strangers would give an important impetus to the prosperity of the country. A growing number of summer visitors, principally from the thriving cotton mills and wool producing counties of Lancashire and Yorkshire, were also beginning to come over on holiday. Douglas, with its harbour 'accounted the best dry one in the Irish Sea', was fast becoming a popular seaside destination due to its healthy environment and extensive entertainment amenities:

¹⁶⁶ From the script of a talk given by Derek Winterbottom to Castletown Heritage Society in 2003.

¹⁶⁷ Parr and Gell, 'Laws, Customs and Ordinances', p. 150.

¹⁶⁸ *Statutes of the Isle of Man*, 'Insolvent Debtors Act', 1814. Train, *Historical and Statistical Account*, pp. 252-3.

The goodness of the sands and the unmixed purity of the water, render it one of the most agreeable bathing places in this part of the world. Bathing machines are provided by Mr Thomas Dixon of the British Hotel and others, and hot and cold and shower and vapour baths are fitted in a neat and comfortable manner by Mr Geneste. The inns are good and sufficiently numerous for the accommodation of their various visitors. Douglas contains public libraries, news-rooms and billiards-rooms; dancing assemblies, card assemblies and other convivial meetings are not infrequent. Boats for aquatic excursions, horses, gigs and post-chaises may be had at several inns at the shortest notice.¹⁶⁹

Despite the upturn in the Island's economy, the financial position of the general inhabitants was put at risk by the needs of the Murray family. In 1817 Manx landowners and tenant farmers were outraged when the Bishop of Sodor and Man, George Murray, with the support of his uncle, Governor John Murray, the fourth Duke of Atholl, attempted to collect certain green crop tithes which had not been demanded since revestment:

Dear Uncle, he cried, I have found out a way,
Whereby I can make more of corn tithe and hay;
To the field we must go, with our spade and shovel,
And there find potatoes and turnips without trouble.¹⁷⁰

The land-owning interest, 'which was all powerful in the Legislature', was also aggrieved during this time over the allowance for the free importation of foreign grain.¹⁷¹ In order to overcome this problem, Britain introduced 'An Act to repeal certain Acts regulating the importation and exportation of corn, grain, meal and flour' in 1821 to stop such imports.¹⁷² This resulted in an increase in the cost of flour and bread to the general public and led to public riots throughout the Island. The Manx Yeoman Cavalry and the police struggled to maintain order, so much so that

¹⁶⁹ *Pigot and Co.'s Directory*, (London, 1824), p. 196.

¹⁷⁰ Account by Canon Kissack of his interview with Mr Moore, 22 September 1894, MNHL, Canon Edward William Kissack's diary, historical notes and matters of antiquarian interest 10907/1. Mr Moore, aged 91, of Lhergy Dhoo remembered an amusing contemporary rhyme on the tithe problems.

¹⁷¹ Moore, *A History*, pp. 558-60 and 661-2.

¹⁷² *Act of Parliament*, 1 and 2 George IV, chapter 87, section 27.

Lieutenant-Governor Colonel Cornelius Smelt arranged with the Home Secretary, Viscount Sidmouth, for two companies of infantry to be sent over to assist in the matter.¹⁷³ Tynwald quickly petitioned the Crown to lift the embargo. As the protests were going on, the rights of the Bishop's green crop tithes proposal were brought before the local exchequer court and, to the dismay of the landowners and farmers, the rights were adjudged to be lawful a few years later. This decision resulted in further riots.¹⁷⁴

The Duke of Atholl was still at odds with the House of Keys. Many of the members took on their positions to protect their own vested interests. The principal members during this period came from a few interrelated local families. The Atholl Papers contain a document which includes a list of the twenty-four Members of the House of Keys, of whom twelve were relatives of Speaker John Taubman and at least another four were directly linked with him through business.¹⁷⁵ The Duke had no respect for the members. He dismissed a memorial from fifteen of them to the Home Secretary, Robert Peel, in 1821 which complained about the Duke appointing officials to the Legislative Council and it requested that officials 'should be fixed by proper authority'.¹⁷⁶ Their memorial also claimed that the Duke's 'interests as a subject are often in opposition to those of the Crown, and generally at variance with those of the people of the Island'. The Duke counterclaimed 'that each of the Keys who had signed the memorial . . . should be prosecuted for the offence'. In 1822 he derisively referred to them as 'no more representative of the people of Man, than of the people of Peru'.¹⁷⁷ Consequently, the Keys sent another memorial of complaint to the Home Secretary.¹⁷⁸ Early in 1823 the Duke, in turn, informed Robert Peel that the Keys were having secret meetings and should not have increased powers and privileges because, 'if the Keys desire that they should have the same powers as similar

¹⁷³ Colonel Cornelius Smelt (1748-1832), Lieutenant-Governor of the Isle of Man 1805-1832. Smelt to Sidmouth, 5 October 1821, MNHL, GOP 3/39. Smelt to Sidmouth and reply, 7 and 8 October 1821, MNHL, Government Office Correspondence Books (GOCB) 09845/1/3, ff. 127-9.

¹⁷⁴ Following support for this decision from the Privy Council in June 1825, the farmers rioted in October and marched on Bishop's Court armed with bludgeons and pitchforks and persuaded the bishop to abandon his claim.

¹⁷⁵ *The 24 Keys of the Isle of Man*, undated, MNHL, AP 09707/X43-11.

¹⁷⁶ Memorial of the House of Keys sent to Governor Smelt, 4 September 1821, MNHL, Colonel Mark Wilks Papers MD 332/10. Minutes of meeting, 26 March 1822, relating to meeting of 26 November 1821, MNHL, HKJ 09191/2/2, ff. 102-3.

¹⁷⁷ *Rising Sun*, 18 March 1823.

¹⁷⁸ Memorial to the Secretary of State at the Home Office, 2 September 1822, MNHL, Bridge House Papers 2483/1C.

assemblies elsewhere in the Kingdom, they should not be a self-elected body, but one which really represents the people and is elected by them'.¹⁷⁹ Indeed, the Duke was even considering dissolving the House.¹⁸⁰ However, Peel was not supportive. He thought that the Duke's behaviour towards the Keys had added to the ill feeling between the parties.¹⁸¹

As well as the Keys, the Duke was also having difficulties with certain of the Crown officials, including temporarily suspending Deemster Edward Gawne following a secret inquiry. This resulted in the Keys complaining yet again, this time to the King in Council.¹⁸² In March 1824 the Duke was in London, once more speaking with Robert Peel on his family rights but still not getting the support he hoped for. He recorded that 'Mr Peel's reception of me at this interview was formal and constrained, in my opinion. He scarcely deigned to rise from his chair'.¹⁸³ At the same time, Deemster Gawne, supposedly ill in bed but also in London, was opposing the Duke.¹⁸⁴

Later in the year the Duke and Duchess together with their party arrived in the Island on board the steamer '*Majestic*'.¹⁸⁵ Over Christmas and New Year they stayed at the 'Castle Mona', their Island home which was situated near the shore at Douglas. They left in early February 1825 on board the '*James Watt*' for Liverpool and thence yet again to London.¹⁸⁶ This, as it turned out, was their last visit to the Isle of Man.¹⁸⁷

All the disagreements had caused great discontent, which finally came to a head in the spring of 1825 when the House of Commons was considering a Bill which would

¹⁷⁹ Sir Robert Peel, second Baronet (1788-1850), MP 1809, Home Secretary 1822-27 and 1828-30, Prime Minister 1834-35 and 1841-46. The Duke to Robert Peel, 5 February 1823, MNHL, AP 09707/book 98.

¹⁸⁰ Various documents belonging to the Speaker, Sir George Moore, 1821-23, MNHL, Bridge House Papers 4410-23C.

¹⁸¹ Peel to the Duke, 28 February 1823, MNHL, AP 09707/X68-16.

¹⁸² Keys memorial to the King in Council, 5 July 1823, MNHL, HKJ 09191/2/2, ff. 114-16. *Rising Sun*, 25 March, 3, and 1 April 1823.

¹⁸³ Account by the Duke on his meetings with Peel, 29 March and 3 April 1824, MNHL, AP 09707/book 93 and 40(A)-5.

¹⁸⁴ James Ray to the Duke, 11 March 1824, MNHL, AP 09707/111-23.

¹⁸⁵ *Rising Sun*, 19 October 1824. *Manx Advertiser*, 21 October 1824.

¹⁸⁶ *Manx Advertiser*, 3 February 1825. *Rising Sun*, 5 February 1825.

¹⁸⁷ John, seventh Duke of Atholl, editor, *Chronicles*, p. 360. Moore, *A History*, p. 542, states, somewhat ambiguously, that the Duke 'did not visit the island after 1826'. A number of other writers have since incorrectly referred to 1826 as the last time the Duke was in the Island.

enable the Treasury to negotiate with the Duke for the outright purchase of the one-fourth annuity.¹⁸⁸ The House of Keys presented a petition to the Commons supporting this sale of the Duke's remaining rights in the Island to the Crown, which the Keys considered would result in 'the comfort and happiness of the people of the said Island'.¹⁸⁹ The Duke found himself more and more isolated. Bishop Murray informed him that 'From the moment it was known that you intended to dispose of your rights, every Manksman turned against us'.¹⁹⁰ Any lingering support was now to be lost. 'An Act to empower the Commissioners of His Majesty's Treasury to purchase a certain Annuity in respect of Duties of Customs levied in the Isle of Man, and any reserved Sovereign Rights in the said Island, belonging to John, Duke of Atholl' was passed on 10 June 1825 authorising the purchase to be financed from the Consolidated Fund (where the proceeds from the Manx customs revenue were placed) and allowing the Treasury and the Duke to appoint arbitrators.¹⁹¹ With the majority of the people and the local legislature against him, and with little support from the British Government, which was now eager to purchase his remaining rights, the Duke expressed his readiness to sell.¹⁹² William Courtenay, a Master of the Court of Chancery, on behalf of the Treasury, and William Harrison, King's Counsel, on behalf of the Duke, were appointed as arbitrators to ascertain and determine the value of the annuity granted in 1805 (the customs revenue had more than doubled from £9,516 in 1805 to £22,275 in 1825), any reserved suzerain rights which the Duke still claimed and possessed, and all his real property, manorial and other rights, ecclesiastical patronage and other hereditaments reserved by the Revestment Act of 1765.¹⁹³ In case the arbitrators were unable to come to an agreement within six calendar months, the two parties appointed John Bernard Bosanquet, a Sergeant-at-Law (senior barrister), as umpire.

¹⁸⁸ *Bill of Parliament*, 6 George IV.

¹⁸⁹ Petition from Keys to Commons, 3 May 1825, MNHL, AP 09707/18-9.

¹⁹⁰ Bishop Murray to the Duke, 28 November 1825, MNHL, AP 09707/46(2nd)-42.

¹⁹¹ *Act of Parliament*, 6 George IV, chapter 34.

¹⁹² Treasury to the Duke, 17 June 1825, and reply 18 June 1825, MNHL, AP 09707/book 93.

¹⁹³ Exchange of correspondence between Treasury and the Duke, 17-25 June 1825, MNHL, AP 09707/book 93. Contracts and agreements between Treasury and Duke of Atholl on the sale and conveyance of Isle of Man, PP 1829 (252), pp. 1-15.

On 5 July 1825 'An Act for regulating the trade of the Isle of Man' was introduced.¹⁹⁴ The customs duties were now to be set and collected under the authority of the Customs Department. The recording of the income and expenditure was to be more organised. Though part of the revenue continued to be used to pay bounties to the herring fisheries, the costs of government and administration of justice were the principal items of expenditure. The budgeted surplus continued to be paid directly into the Exchequer to become part of Britain's Consolidated Fund. Indeed, in the years since revestment, other than £24,000 spent on the Red Pier at Douglas, £10,000 on fortifications and minor amounts on other harbour works (expenditure which not only helped the Island but benefited Britain in its control there), little of the surplus returned to the Island.¹⁹⁵ The Act increased certain duties and annual allowances - the added cost the Manx people were expected to pay yet again to assist Britain with the expense of buying out the Atholls:

| | Customs Duties | Quantities allowed |
|---|-----------------------|---------------------------|
| | £ s d | |
| Brandy, a gallon | 4. 6 | 10,000 gallons a year |
| Gin, a gallon | 4. 6 | 10,000 " |
| Rum, a gallon | 3. 0 | 60,000 " |
| Coffee, a pound | 0. 4 | 8,000 pounds a year |
| Tobacco, a pound | 1. 6 | 60,000 " |
| Muscovado (raw) sugar, a hundred weight (cwt). | 1. 0 | 6,000 cwts. a year |
| Refined sugar | - | 400 " |
| French wine, a tun | 16. 0. 0} | 110 tuns a year |
| Other wine, a tun | 12. 0. 0} | |

Throughout the long time of his involvement with the Island, the fourth Duke of Atholl had put unstinting efforts into ensuring that his family was rewarded for its losses as a consequence of the Revestment Act. The dogged determination of the Duke would certainly have been motivated in order to raise funds to support the

¹⁹⁴ *Act of Parliament*, 6 George IV, chapter 115.

¹⁹⁵ Moore, *A History*, pp. 616, 626-7 and 648.

lifestyle of an important noble family which had estates in Scotland and property in London requiring expensive upkeep. Most certainly his efforts would additionally have been fuelled by the circumstances which he claimed contributed in a large way to the unfortunate death of his father. Towards the end of 1825 he recorded in his journal:

It is now fifty years since, on my father's death, I succeeded to the family honours and such estates as remained, after losing the Isle of Man. I have every reason to think that the illiberality and injustice with which he considered this princely inheritance was taken from him, without due comprehension, or sufficient knowledge on his part of the great value of an inheritance of which he knew nothing, save from the reports of dishonest servants, preyed severely on his spirits, and ultimately produced a brain fever.¹⁹⁶

On 9 January 1826 the fourth Duke attended the Treasury to sign a contract to progress the sale of his remaining rights.¹⁹⁷ In his journal he described it as 'the most memorable day of my life', evidence not only of the financial importance of the Isle of Man to his family but certainly satisfaction with the restitution of his family's lost rights and heartfelt relief that his demands were at last to be resolved. After an extended and deliberate inquiry, involving much bitter bargaining, the arbitrators arrived at the following valuation:

| | |
|---|--------------------------------|
| Customs revenue annuity under Act of 1805 | 150,000 (paid in 1826) |
| Lord's or quit rents and alienation fines | 34,200 (paid in 1827) |
| Ecclesiastical patronage, possessions of the religious houses, demesne lands, glebe lands, wastes, mines, quarries, services or works of tenants, rectories, tithes commons, forests and all other rights reserved by the Act of 1765 | <u>232,944</u> (paid in 1828) |
| | <u>£417,144</u> ¹⁹⁸ |

¹⁹⁶ John, seventh Duke of Atholl, editor, *Chronicles*, p. 363.

¹⁹⁷ *Ibid.*, p. 365.

¹⁹⁸ *Bill of Parliament*, 10 George IV.

Britain's purchase of these rights for a total of £417,144 (now equivalent to £27.7 million) was finally completed in 1828. A 'Bill for confirming the Sales and Conveyances made to His Majesty, of the Isle, Castle, Peel, and Lordship of Man, and other Estates in the said Island of Man, lately belonging to John, Duke of Atholl' was introduced into the Commons on 19 May 1829.¹⁹⁹ However, the Bill was never proceeded with, 'the British Government probably considering that it had power to complete the purchase without fresh legislation'.²⁰⁰

From first to last - 1765 to 1828 - the British Government awarded the Atholls a total of £317,315 (now equivalent to £24.5 million) in recompense for their lost revenue from Manx customs duties:

| | | | |
|-------------|--|----------|----------------|
| • 1765 | Revestment, customs | £24,000 | (£2.7 million) |
| • 1765-1804 | £2,000 a year from the Irish revenue | £80,000 | (£8.6 million) |
| • 1805-09 | One-fourth of customs duties | £15,315 | (£0.8 million) |
| • 1810-25 | £3,000 a year in lieu of the one-fourth annuity | £48,000 | (£3.0 million) |
| • 1826 | Final settlement in lieu of annuity | £150,000 | (£9.4 million) |

and £313,144 (£23.4 million) for their other rights:

| | | | |
|--------|------------------------------------|----------|-----------------|
| • 1765 | Revestment, regalities | £46,000 | (£5.1 million) |
| • 1827 | Rents etc. | £34,200 | (£2.3 million) |
| • 1828 | Patronage, properties, tithes etc. | £232,944 | (£16.0 million) |

John Murray, the fourth Duke of Atholl, directly associated with the Island for fifty-five years, died at his ducal seat in Dunkeld on 29 September 1830.

¹⁹⁹ Ibid.,

²⁰⁰ Walpole, *Land of Home Rule*, p. 245.

Chapter 4

RESISTANCE TO CUSTOMS DUTIES ASSIMILATION REASONS FOR POLITICAL REFORM

4.1 Introduction: Calls for reform

After the death of John Murray, the fourth Duke of Atholl, the Crown, through the Home Office, was responsible for the appointment of the Governor of the Isle of Man. The Governor's prime responsibilities were protecting the interest of Britain and at the same time dealing with the well-being and development of the Island. He had full executive control, presiding over Tynwald, generally receiving support from the officials of the Legislative Council and ultimately choosing the membership of the House of Keys. Notwithstanding all this power, the Governor was subject to control from the Home Office, with the Treasury always involved in policies pertaining to money.

During the 1830s, however, the Governor's authority was not the principal issue. The period immediately following the final severance of the Atholl family's interests was dominated by other matters. No sooner had the focus moved from the Duke of Atholl than it centred on two issues: the need to reform the self-elected House of Keys and, principally, the struggle to fight off attempts to revise the Manx customs duties by bringing them more in line with those of Britain. The efforts of the constitutional modernisers and the opposers to fiscal changes - at times unusual and reluctant allies - would have important influences on the Island's destiny. Through the well co-ordinated activities of these inhabitants, both locals and strangers, there were now the beginnings of radicalism.

In Britain Lord John Russell was playing a leading role in the passage of the 1832 Reform Bill which totally changed the House of Commons, disenfranchising many so-called rotten and pocket boroughs and adding 217,000 voters to an electorate of

435,000 in England and Wales.²⁰¹ The development of reform politics was followed by the ending of the old colonial system, overwhelmed by the beginnings of Britain's policy regarding the principles of free trade. But changes in Britain's imperial policies did not as yet extend to the Isle of Man. Russell's future involvement as Home Secretary in calls for a more elementary extension of parliamentary reform in the Island would not be as liberal as his part in bringing about the recent changes in Britain. Whilst transformation was happening to the Commons, the continuation of an almost feudal House of Keys left the Island's constitutional position open to major criticism. Constitutional problems inevitably went hand-in-hand with fiscal issues, and Britain was concerned that any change to the establishment of the Keys would lead to demands for local control of all public finances. Britain was additionally concerned that there still existed remnants of the Manx smuggling 'trade', and it set about bringing it to an end through the gradual assimilation of certain of the Island's customs duties to those of its own:

thus at one stroke prejudicing the economic fortunes of the Island by raising the cost of living and threatening all cherished pretensions to national identity and sovereignty and possibly pointing the way towards annexation and incorporation into Britain.²⁰²

This observation on the bleak possibilities of the consequence of Britain's policies for the Isle of Man spotlights a real worry at the time. Possible threats to their democracy and definite injury to their pockets galvanised the activists into action. They would now raise their voices in protest.

4.1.1 Constitutional concerns

The demand for constitutional reform in the Island did not come directly as a result of Lord Russell's Reform Bill. Instead it came about by the need to solve a much

²⁰¹ Lord John Russell, first Earl Russell (1792-1878), MP 1813, Home Secretary 1835-39, Prime Minister 1846-52 and 1865-66, Foreign Secretary 1859-65. Sir Llewellyn Woodward, *The Age of Reform, 1815-1870*, (Oxford, 1938), p. 88.

²⁰² Ann M. Harrison, 'Reform from the North, 1844-47', in R. A. Curphey, editor, *IOMNHAS*, volume 8, number 4, (Douglas, 1982), p. 403.

more basic anomaly, that of the people of the Island having no elected representatives in Tynwald. The 'Castletown clique', the disparaging contemporary term used to describe the House of Keys and their supporters, had ignored the progress of reform in Britain and had resisted demands to change their own establishment. The preponderantly land-owning members of the Keys were a self-perpetuating oligarchy and a powerful force, mainly concerned with furthering their own interests. Although there was some passive opposition to the Keys, the population as a whole was generally inactive in calling for reform.²⁰³ That 'the clique, the landowners and a few rich merchants exercised a powerful, if indirect, influence over many people' appears to have been enough to ensure that no organised movement for reform was undertaken.²⁰⁴ And the ultimate threat of annexation was always there to silence protest.

So, the impetus for constitutional change did not come from a popular uprising. The agitation now emerging was the work of a minority, and that minority was led by Robert Fargher, a local printer with experience of London life and progressive political ideas.²⁰⁵ In 1833 Fargher launched the reforming and dissenting newspaper, the *Mona's Herald*, which was vitally important in the persistent and vigorous campaign for democratic government of the Island by its people. The reformers now had a vehicle to express their concerns.

4.1.2 Fiscal concerns

Calls for other reforms were also taking place at this time. The British Government was concerned that smuggling, though substantially reduced, was still active. To bring an end to this remnant of the Island's past, the eventual assimilation of the customs duties of the two countries was seen to be the answer. There was another related matter which brought the Island's fiscal status to the attention of the British authorities. Petitions were being raised complaining of the unfairness of the import

²⁰³ R. E. Forster, 'A Study of the Constitutional and Financial Movements in the Isle of Man, 1833-1866', (unpublished BA thesis, University of Birmingham, 1951), p. 5.

²⁰⁴ R. E. Forster, 'The Reformist Movements in 1837', in R. E. Forster, editor, *IOMNHAS*, volume 6, number 3, (Kendal, 1964), p. 380.

²⁰⁵ Robert Christian Fargher (1803-63), see appendix 2.

licence system (whereby the importation of certain goods was restricted in allocation and quantities), claiming it was being misused to the benefit of a minority of residents.

The Isle of Man had become the refuge of strangers who enjoyed an enhanced lifestyle as a consequence of the comparatively low cost of living. So, the consequences of possible customs duties assimilation and problems with the licence system instilled in many the fear that they would be unable to maintain their standards. There was further concern that, whilst customs duties had been increased over the years, very little of the surplus revenue, which went directly into the British Exchequer, came back to the Island for new public works schemes and social improvements. Amongst the strangers who had made the Isle of Man their home were John Courtney Bluett and Sir William Hillary, both of whom would feature prominently in forthcoming events.²⁰⁶

4.2 Poulett Thomson and regulation of the Island's trade

On 28 August 1833 'An Act for regulating the trade of the Isle of Man' was passed by Britain.²⁰⁷ There was little change in the customs arrangements. The exportation of any of the articles was strictly prohibited. Anyone who attempted to abuse the licence system could be fined £500 for every such event. The following is the complete list of the duties and quantities allowed:

| | Customs Duties | Quantities allowed |
|--------------------|-----------------------|---------------------------|
| | £ s d | |
| Brandy, a gallon | 4. 6 | 10,000 gallons a year |
| Gin, a gallon | 4. 6 | 10,000 " |
| Rum, a gallon | 3. 0 | 60,000 " |
| Black tea, a pound | 0. 6 | 70,000 pounds a year |
| Green tea, a pound | 1. 0 | 5,000 " |

²⁰⁶ John Courtney Bluett (1792-1855), see appendix 3. Sir William Hillary (1771-1847), see appendix 4.

²⁰⁷ *Act of Parliament*, 3 and 4 William IV, chapter 60. *Pigot and Slater's Directory*, (London, 1837), p. 823. Ready to Manners-Sutton, 22 April 1842, MNHL, GOCB 09845/1/4, f. 468.

| | | |
|--|------------|---------------------|
| Coffee, a pound | 0. 4 | 8,000 pounds a year |
| Tobacco, a pound | 1. 6 | 60,000 " |
| Muscovado sugar, a cwt. | 1. 0 | 10,000 cwts. a year |
| Refined sugar, a cwt. | - | 800 " |
| French wine, a tun | 16. 0. 0 } | 110 tuns a year |
| Other wine, a tun | 12. 0. 0 } | |
| Iron and timber from foreign countries | 10% | Ad valorem |
| All other foreign goods | 15% | Ad valorem |
| All other goods, wares or merchandise entitled to drawback, imported from Britain or Ireland | 5% | Ad valorem |
| All goods, wares or merchandise not previously specified, imported from Britain or Ireland | 2½% | Ad valorem |

The British customs duties which are able to be compared like-for-like to the Manx ones are shown below.²⁰⁸ There was great variation between the two sets of tariffs:

| Customs Duties | |
|-------------------------|--------------|
| | £ s d |
| Brandy, a gallon | 1. 10. 0 |
| Gin, a gallon | 1. 10. 0 |
| Rum, a gallon | 9. 0 |
| Coffee, a pound | 1. 3 |
| Tobacco, a pound | 3. 0 |
| Muscovado sugar, a cwt. | 3. 3. 0 |
| Refined sugar, a cwt. | 8. 8. 0 |
| French wine, a tun | 69. 6. 0 |
| Other wine, a tun | 34. 12. 0 |

²⁰⁸ *Act of Parliament*, 3 and 4 William IV, chapter 56.

At the annual Tynwald Day ceremony and proceedings held on 5 July 1836 at Castle Rushen, the Governor, Lieutenant-Colonel John Ready, informed Tynwald Court that he had learnt unofficially that the British Government was about to introduce a Bill into Parliament to further regulate the trade of the Island.²⁰⁹ Sir George Drinkwater, onetime mayor of Liverpool and who had a country house and estate in the Isle of Man, had received a letter on behalf of Lord Sandon, Member of Parliament for Tiverton, Cheshire:

for the information of such of his constituents who may be interested in the Isle of Man, that Mr Poulett Thomson, the President of the Board of Trade, told him last night that it is his intention to bring into the House of Commons, this session, a Bill having in view the gradual assimilation of the fiscal and commercial laws of England and that Island.²¹⁰

Governor Ready advised Tynwald that he understood that the object of the measure was to gradually assimilate the two countries' customs duties over a period of ten years. Ready explained that it was his intention to address the Home Secretary, Lord John Russell, on the matter, and he would request that a copy of any proposed Bill should be sent to the Island for consideration before it was finalised. Ready sent a resolution appertaining to the contemplated changes to the fiscal laws of the Island from the House of Keys to Fox Maule at the Home Office.²¹¹ Two days later Ready again called together Tynwald Court to consider an official communication he had received on the matter.²¹² Subsequently, a memorial of concern signed by all the members of Tynwald was sent to Lord Russell and to Poulett Thomson, President of the Board of Trade.²¹³

²⁰⁹ John Ready (1772-1845), Governor of Isle of Man 1832-45, rumoured to be illegitimate son of third Earl of Bathurst, army career, member of staff to Lord Lieutenant of Ireland 1807-13, secretary to Governors of Canada 1818-22, Lieutenant-Governor of Prince Edward Island 1824-31. Minutes of meeting, 5 July 1836, MNHL, Legislative Council Journals (LCJ) 09191/4/2, ff. 132-5.

²¹⁰ *Manx Sun*, 8 July 1836.

²¹¹ Fox Maule, second Baron Panmure and eleventh Earl of Dalhousie (1801-74), MP 1835, Under Secretary of State of the Home Office 1835-41, Vice-President of the Board of Trade 1841, Secretary of War 1846-52 and 1855-58. Ready to Maule, 6 July 1836, MNHL, GOCB 09845/1/4, f. 232.

²¹² Minutes of meeting, 8 July 1836, MNHL, LCJ 09191/4/2, f. 136.

²¹³ Charles Edward Poulett Thomson, Baron Sydenham (1799-1841), MP 1826, President of the Board of Trade 1835-39, advocated free trade and financial reform. Ready to Russell and Thompson, 8 July 1836, MNHL, GOCB 09845/1/4, ff. 233-4.

Joseph Train, who was staying in the Island preparing his *Historical and Statistical Account of the Isle of Man* when the news of the proposed assimilation of customs duties first reached it, witnessed that ‘every class of the community seemed to indulge in the most gloomy forebodings of the disasters which would inevitably result from such a radical change in their fiscal regulations’.²¹⁴

4.3 Blame and opposition

The owner and editor of the *Manx Sun* newspaper, James Grellier, wrote that ‘petitions for reform, and libels on the local government and House of Keys have at length produced a political cloud from which it will require the utmost ingenuity to escape’.²¹⁵ The *Manx Sun* - the organ of those, including Members of the House of Keys, favouring the preservation of the fiscal and constitutional status quo - claimed that, during the long peace since the Napoleonic Wars, when every other part of the British Empire was being progressively relieved from taxation, the Isle of Man alone was being selected to be oppressed and deprived of the existing privileges which were enabling the Island to overcome the ‘poverty and barrenness of her mountainous soil’.

The *Manx Sun* also unleashed a tirade against those who had corresponded with the British Government complaining about the Island’s laws and the licence system. It was especially outspoken against its rival newspaper, the *Mona’s Herald*. It went on to remind its readers of the hue and cry made by some of the Members of the House of Commons when ‘rats and other vermin were defrauded of their spoil’ due to provisions in the 1765 Revestment Act and the 1767 Customs Act which had allowed Liverpool traders to remove poor quality grain from their warehouses and send it to the Island, where it was crushed and returned to Liverpool as meal. ‘An Act to amend laws relating to the importation of corn’ had been introduced in 1828 to rectify the problem.²¹⁶ In 1835 more legislation had been brought into being by ‘An Act to regulate the importation of corn into the Isle of Man’ which laid down that ‘it shall not be lawful to import into the Isle of Man any foreign corn, grain, meal or

²¹⁴ Train, *Historical and Statistical Account*, pp. 320-1.

²¹⁵ James Grellier (c.1777-1860). *Manx Sun*, 8, 15 and 22 July 1836.

²¹⁶ *Act of Parliament*, 9 George IV, chapter 60.

flour, except upon payment of the same duties as are by the said Act made payable on the importation into the United Kingdom of corn, grain, meal or flour'.²¹⁷ The *Manx Sun* considered that the Bill now in question derived from the same 'scarecrow' source as these two Acts. It also reported that a number of Liverpool traders had taken advantage of another Act - which permitted the timberless Island to import balk timber virtually duty free for its own use - to establish shipbuilding yards in the Island which had caused much concern to the shipbuilders of Liverpool and Cumberland.

The *Manx Sun* claimed that the only possible article that could pay for smuggling was brandy, of which 10,000 gallons were allowed to be imported annually for the supply of the 40,000 inhabitants of the Island. 'Why', it stated in astonishment, 'it is scarcely a bottle per annum per head, and yet reports have been made of our smuggling it into England, because two or three females in the course of a year have been detected with a bottle concealed in their bustles'. The *Manx Sun* considered that the prime cause of the proposed Bill could probably be traced to the protests and jealousies of the contending licensed importers in the Island.

The editor of the radical *Mona's Herald*, Robert Fargher, was equally alarmed. He blamed the House of Keys for the situation, relating the possible assimilation in customs duties to the lack of reform by the Keys in becoming a democratically elected body:

For many years past have we been strenuous in recommending every class of society to open their eyes to the fact that the first duty they owed themselves and their country was to put their *House* in such order that it might manfully, justly and successfully resist the innovation. We have over and over again entreated the House of Keys to assume the natural position of a House of Representatives.²¹⁸

²¹⁷ *Act of Parliament*, 5 and 6 William IV, chapter 13.

²¹⁸ *Mona's Herald*, 9 July 1836.

The inhabitants of Douglas and its neighbourhood were called to a public meeting on 13 July 1836.²¹⁹ Sir William Hillary read a petition he had addressed to the House of Commons which pointed out that a surplus of more than £16,000 was handed over annually to the British Exchequer, little of which was subsequently returned for improving the situation of the Isle of Man. Hillary also claimed that any additional duty on imported timber would cause ruinous consequences to the present and future prosperity of the Island as it did not produce any suitable local timber for boat building and housing. John Courtney Bluett attributed the cause of the contemplated changes ‘to the vexatious memorials under which the table of the Home Secretary has groaned’.

4.4 The inconveniences

Some months passed without further news. The *Mona's Herald* lamented that nothing had been heard from the House of Keys or the public committee appointed earlier in the year, writing that ‘from the House we expected nothing, and are not, therefore, disappointed; but that gentlemen so honourably nominated, and from whom so much was hoped - we feel our pride a little taxed in holding them up as examples of patriotism’.²²⁰ It went on further to report that the House of Commons would be meeting shortly and that the delayed Bill affecting the Isle of Man would no doubt be brought in at the commencement of the session. Indeed, Fox Maule sent to Governor Ready a copy of a letter dated 3 January 1837 from Poulett Thomson which stated that the Privy Council for Trade had recently considered again ‘the inconveniences’ which arose from the commercial and fiscal regulations relative to Britain and the Isle of Man, and that it was intended in the ensuing session of Parliament to submit certain alterations in the existing laws of customs and navigation.²²¹ The Governor and Tynwald were asked for their opinions upon the following possibilities:

²¹⁹ *Manx Sun*, 15 July 1836. *Mona's Herald*, 16 July 1836.

²²⁰ *Mona's Herald*, 27 December 1836.

²²¹ Maule to Ready, 6 January 1837, NA, Home Office Papers (HO) 99/18, ff. 255-6.

- The commerce between the Isle of Man and all parts of Britain should be placed on the terms of the coasting trade.
- In lieu of the present customs duties on imported goods paid in the Island, the duties in force in Britain should, with certain exceptions, be equally in force in the Island.
- The exceptions would be spirits, sugar, tea, tobacco and wine. They would not be subjected to the full amount of the British duties until after the expiration of a term of about ten years, during which time the Manx tariffs would be increased by stated additions until the duties of the two countries were equal.
- The amount of allowance of duty on refined sugar exported from Britain into the Island would alter in relation to the increase in its tariff, this being the only article upon which any such allowance was due at present.
- The Laws of Navigation would now bring the Island under the operation of those regulations which applied to Britain.
- The set levels on the quantities of imported articles may need to continue until full assimilation of the customs duties was completed.

The following were to be the graduated duties:

| | 1837 | | 1840 | | 1843 | | 1847 | | |
|--------------------------|------|---|------|---|------|---|------|----|---|
| | s | d | s | d | s | d | £ | s | d |
| Brandy and gin, a gallon | 9. | 0 | 13. | 6 | 18. | 0 | 1. | 2. | 6 |
| Rum, a gallon | 4. | 6 | 6. | 0 | 7. | 6 | | 9. | 0 |
| Tea, a pound | 1. | 0 | 1. | 6 | 2. | 1 | | 2. | 1 |
| Tobacco, a pound | 1. | 0 | 2. | 0 | 2. | 6 | | 3. | 0 |
| Muscovado and British | | | | | | | | | |
| plantation sugar, a cwt. | 6. | 9 | 12. | 6 | 18. | 0 | 1. | 4. | 0 |
| Wine, except of the Cape | | | | | | | | | |
| of Good Hope, a gallon | 1. | 6 | 2. | 6 | 4. | 0 | | 5. | 6 |

Meanwhile, the public committee appointed the previous year moved into action and called a meeting.²²² The following resolutions were agreed:

- A deputation of George William Dumbell, Francis Matthews, Samuel Harris, John Duff and John Courtney Bluett should meet with the Governor, Council and Keys.
- The deputation should point out the unanimous opinion of the meeting was that every legal and constitutional means should be made to induce the British Government to abandon any intention of assimilation of customs duties.
- Instead of a graduated scale of increases at fixed periods, a full assimilation (with a few exceptions such as timber) should be introduced in twenty-five years time.
- A deputation of the Legislative Council, the House of Keys and members of the public representing the mercantile and trading interests of the Island should be appointed to go to London to communicate with the authorities there.
- The High Bailiffs and the Captains of the parishes should be requested to convene public meetings in the various districts of the Island for the purposes of ascertaining the opinion of the general public and electing local representatives who would meet at an all-Island meeting in a week's time.
- Residents in the Island should subscribe towards the necessary expenses likely to be incurred in protecting the interest of the Island's community at large.

Bluett wrote to the Governor requesting information on the proposed alterations to the Island's customs and navigation laws.²²³ Ready lost no time in forwarding copies of the above correspondence to him.

4.5 Tynwald Report

Bluett then wrote to a recently appointed Tynwald committee on the above points, and he advocated that the Island should resist the proposed graduated increase of customs duties, considering it would lead to speculators both on and off the Island buying up all affected articles in order to realise a profit at the next increase of duties

²²² *Mona's Herald*, 17 January 1837.

²²³ Bluett to Ready, 14 January 1837, MNHL, Bluett Papers (BP) 09566/1/2.

or to wait for the final assimilation.²²⁴ The Tynwald committee acted swiftly. It produced a report which was delivered to the Governor on 19 January 1837.²²⁵ The report considered with alarm the outcome to the Island should the proposed customs regulations be adopted. It pointed out that the present healthy state of the public finances was shown by the gross customs revenue for the previous year approaching £25,000 (now the equivalent of £1.8 million), which, after deduction of the expenses of the collection of the revenue and administration of justice, left a surplus of £16,000 (£1.2 million) which went to the Consolidated Fund of Britain. Despite an accumulating surplus, the Island received little benefit in return to deal with its public works and social issues. The report then went on to state that whilst the herring fishery formed the largest part of the trade of the Island, not one herring fishing boat could be built of locally grown timber. The lack of suitable local timber also affected house building and farming. Any increase in imported timber duty would therefore have a devastating effect. The report pointed out that the whole rental of the Island was estimated at no more than £100,000. The mortgages, chiefly held by people living in Britain, amounted to £800,000, a great portion of which had been expended in building houses for the accommodation of new residents. The committee considered that the assimilation of the customs duties would compel these new residents to move to foreign countries, withdrawing an estimated annual income of £100,000.

The people's deputation of advocates, George William Dumbell, Samuel Harris and John Courtney Bluett, and merchants, John Duff and Francis Matthews, then addressed the Court on the resolutions agreed at their meeting three days earlier.²²⁶ The Governor said he was happy to hear that the people were taking action on their own behalf. He handed the Tynwald committee's report to them to study. This they did and informed the Court that the report reflected the people's wishes and sentiments.

²²⁴ Bluett to Tynwald Committee, 16 January 1837, MNHL, BP 09566/2/2. *Manx Sun*, 13 January 1837.

²²⁵ Draft report, undated, MNHL, GOCB 09845/4/2, ff. 257-61. *Manx Sun*, 20 January 1837. *Mona's Herald*, 24 January 1837.

²²⁶ George William Dumbell (1804-87), member of Manx Bar 1826, MHK 1840, partner in Isle of Man Joint Stock Bank, arrested for forgery 1848 but acquitted, chairman of Laxey Mining Company, landowner. *Mona's Herald*, 24 January 1837.

Ready forwarded the Tynwald report to Fox Maule.²²⁷ In his accompanying letter he pointed out that 'it is not saying too much that the greatest alarm is felt by all classes in this Island'. Ready could not see how the Island would benefit by the proposed changes. He reminded Maule that, as the residents had little local trade other than farming and fishing, it was necessary to import the remaining essential items. This meant that there were many complaints locally of the 2½% ad valorem payable on the importation of British manufactured goods into the Island. The amount received from this duty was about £2,000 a year, which he argued could be raised instead by an additional duty on brandy, gin, wine and tobacco. He did not want the low duties on ordinary tea and raw sugar amending as these commodities were essential to the poorer classes. He considered that any change to the timber duty would most deeply affect the interests and prosperity of the Island.

4.6 Press opinions, public meetings and petitions

The *Manx Sun* again referred to its contention that Britain's interest in the Isle of Man had been precipitated by 'the incessant and galling petitions to the Treasury'.²²⁸ These petitions, it claimed, had arisen partly as a result of insular Customs House seizures:

Every trifling article of the most common mill work has been seized by the Customs House. The ordinary articles of dress from the modists, tailors and hatters of Liverpool, even the monthly magazines and periodicals have all undergone the same ordeal. . . . We will give an example: A young English lad, at an insular academy, had a parcel sent to him from his friends containing a pair or two of worn, mended pantaloons and other trifles, including a schoolboy's plum cake from his indulgent mother. This formidable bagatelle was seized. The master interfered and was told that he must memorialise the Treasury!!! This he declined, stating that the youth's father was a solicitor at Liverpool, and that the seizure should be referred to him, and he might employ the formidable state

²²⁷ Ready to Maule, 20 January 1837, MNHL, GOGB 09845/1/4, ff. 255-7.

²²⁸ *Manx Sun*, 20 January 1837.

remedy to redeem the plum loaf. After this intimation the parcel was delivered from bondage.

A letter to the editor of the *Manx Liberal* from 'E. D.' also gave an opinion on the situation:

The truth is that the ruling authorities are not the only parties to whom blame attaches for the culpable so unhappily evinced towards the public welfare. Equal censure is due to the principal inhabitants, and particularly the tradesmen, for their apathy and supineness in suffering, without a single preventive endeavour, a disastrous measure to ripen into maturity, in which their own interests, and those of the Island generally, are so deeply involved.²²⁹

The *Mona's Herald* prophetically looked at the issue from another angle by considering the possible advantages of the proposed changes:

If we pay a higher duty for our brandy and gin we shall doubtless be allowed the use of British, Scotch and Irish spirits at the same prices as in respective countries of production; we shall have the abolition of our 2½ and 15 per cent duties, and eventually, no doubt, all the advantages of the free trade and bonding system of England. We are not among those, therefore, who view the change with all the gloom of despair.²³⁰

An all-Island public meeting took place in Douglas on 23 January 1837 to which the Captains and High Bailiffs of the towns and parishes of the Island had been asked to send delegates.²³¹ Dumbell and Bluett gave a full account of their interview with the members of Tynwald Court. Dumbell, whilst referring to the House of Keys, was pointing out one of his favourite claims regarding the 'evils' likely to result to the public from popular election and the enjoyment of the elective franchise, which he designated as a curse, when he was assailed by hisses from various parts of the hall.

²²⁹ *Manx Liberal*, 21 January 1837.

²³⁰ *Mona's Herald*, 24 January 1837.

²³¹ *Mona's Herald*, 24 January 1837. *Manx Sun*, 27 January 1837.

But the *Manx Sun* agreed with him and claimed that the possibility of a popular election of the House of Keys was ‘scarcely worth noticing’ and queried as to ‘where could twenty-four persons be found with more integrity, respectability or desire for the country’s good than those now composing that House’.²³² However, it went on to point out the shortcomings of the existing system of a self-elected Keys which could not impose customs duties to raise revenue or even have any voice in the expenditure of the current revenue raised by duties imposed by Britain, also claiming that ‘They cannot even impose rates for the keeping of the roads or for any municipal charges, trifling as they are, without first having the sanction of the Governor in Council’.

Various districts now took further action, raising petitions and giving support to the measures being taken by the public committee and its delegates.²³³ Individuals were also throwing in their support, though a suggestion by Captain James Newton was not totally agreed with by the public committee’s secretary, Bluett, who thought that:

a petition to the King improper because the proposed Bill is to affect the revenue, technically called a money Bill, in which, as a matter of etiquette, the King and the Lords never interfere. It may be well to consider the question, “What can the King do for us?”²³⁴

A successfully attended all-Island public meeting took place on 30 January 1837 when about forty delegates from the various towns and parishes were present.²³⁵ James Holmes, a banker, John McHutchin, Clerk of the Rolls, and Robert McGuffog, Comptroller of Customs, were chosen by the delegates as a people’s deputation to proceed to London to fight the Island’s corner. A general petition was approved at the meeting, and, after receiving the signatures of 3,783 of the inhabitants of the Isle of Man over the next few weeks, it was forwarded by the Governor to Lord Russell at the Home Office.²³⁶ The following other petitions were also sent to Russell:

²³² *Manx Sun*, 3 February 1837.

²³³ William Christian to Bluett, 28 January 1837, MNHL, BP 09566/1/3. *Manx Sun*, 27 January 1837.

²³⁴ Bluett to Captain Newton, 29 January 1837, MNHL, BP 09566/2/3.

²³⁵ *Mona’s Herald*, 31 January 1837. *Manx Liberal*, 4 February 1837.

²³⁶ Petition, MNHL, MB, Finance and Customs D154/1x/8248, and MNHL, BP 09566/4/22. Bluett’s recording and/or addition of the number of signatories is questionable in accuracy.

- The Isle of Man Building Society and proprietors of houses in the town and neighbourhood of Douglas. They claimed that additional customs duties on imported timber and the exodus of 'strangers' would result in a decrease in the demand for housing which would lead to 'multitudes of mechanics and labourers now enjoying the blessing of abundant work and comfortable support for their families will be entirely thrown out of employ'.
- Tradesmen, including joiners, house carpenters, cabinet makers, masons, stone cutters, plasterers, painters and glaziers and others employed in house building in the town and neighbourhood of Douglas.
- Residents of various towns and parishes, including Castletown, Onchan, Ramsey and Patrick.
- The Isle of Man Steam Packet Company. Founded in 1829 and in operation since 1830, it was the principal carrier of summer visitors coming by sea to the Island from the adjacent populous areas of Britain and Ireland.²³⁷

Retired half-pay officers sent their petition to the King in which they claimed the measures would 'drive from the Island all who have come to dwell in it on account of the few remaining privileges'.

4.7 Further delegates

The House of Keys unanimously appointed two of their members, John Thomas Moore of the Hills estate in Douglas and Captain John Goldie Taubman of the Nunnery estate in Braddan, as delegates to represent them in any discussions on the contemplated alterations.²³⁸

At the next public meeting held on 11 March 1837 the three delegates previously elected stood down.²³⁹ Holmes resigned, McHutchin thought that because of his official capacity he should not form part of the people's deputation and McGuffog could not stand as the Commissioners of Customs had refused him leave of absence

²³⁷ Petitions, MNHL, MB, Finance and Customs D154/1x/8248, and MNHL, BP 09566/5/1-7. Maule to Ready, 7 March 1837, MNHL, GOCB 09845/1/4, ff. 275-6.

²³⁸ Ready to Maule, 21 March 1837, MNHL, GOCB 09845/1/4, ff. 270-1.

²³⁹ *Mona's Herald*, 14 March 1837. *Manx Sun*, 17 March 1837.

to go to London. Consequently, John Courtney Bluett and Thomas Arthur Corlett, the Vicar General, were appointed in their stead.²⁴⁰ The election of Bluett and Corlett was questioned by some of the northern delegates who wanted someone more conversant with trade and commerce appointed. Corlett himself agreed with this and was not happy with the election.²⁴¹

Various merchants in the Island had sent letters to secretary Bluett containing their concerns, principally regarding the 2½% ad valorem duty.²⁴² Thomas and John Wilson, linen and woollen drapers, stated that the removal of the duty would encourage locals to purchase more British goods. William Quiggin & Company, timber merchants, pointed out that the value of timber imported into the Island in the previous year for house and fishing boat building was about £11,000 and the quantity of timber grown on the Island to be used for farm purposes during the year was only about £300. J. Quiggin, on behalf of booksellers, pointed out that, whilst they were able to claim drawback on the British customs duty paid on imported books, they seldom did as the quantity imported at one time was too small. George Jefferson also wrote on the potential detrimental effect on the book trade. From ironmongers, shoemakers, stationers, tobacco merchants, wines merchants and spirits merchants came opposition to the proposed assimilation. An unnamed Customs House officer suggested gradual increases of duties on spirits and wines. He also commented on the licence system, the revenue, tobacco consumption and smuggling. Gavin Torrance, a Douglas wines and spirits merchant, was a lone voice in fully supporting the benefit of assimilation, pointing out the disadvantages of the present system to the Island, which 'amounts to prohibiting against all manufactories'.

At the next public meeting on 29 March, which Thomas Arthur Corlett did not attend, Hillary claimed that a recent letter to the press from Corlett was tantamount to his resignation from the people's deputation.²⁴³ In his letter Corlett had said he considered a resolution at the previous public meeting was defective and vaguely

²⁴⁰ Thomas Arthur Corlett (1792-1861), High Bailiff of Ramsey 1815 but removed from position 1828, Vicar General, married Deemster Moore's daughter.

²⁴¹ *Mona's Herald*, 28 March 1837.

²⁴² Various petitions to Bluett, March 1837, MNHL, BP 09566/1/9, 11-12 and 17 and 09566/4/6-11 and 14-16.

²⁴³ *Mona's Herald*, 28 March 1837. *Manx Sun*, 31 March 1837. *Mona's Herald*, 4 April 1837.

expressed. He claimed that, after a week's correspondence on the subject, a requisition was submitted to the chairman for the purpose of calling an extraordinary meeting which Hillary had refused. Consequently, Corlett felt that he could not operate under these circumstances. One of the Ramsey delegates, Thomas Kneale, said that he would take upon himself to say that if Corlett was re-elected he would accept it, but Robert Fargher said Corlett had told him only a few days previously that he would not accept the appointment. Major David Stewart said Corlett's objection arose from 'some expression made by Bluett', but Corlett had said he would stay in office if there were other delegates appointed. As a result, John James Moore and Thomas Kneale were then elected as additional delegates to Bluett and Corlett.²⁴⁴

4.8 Bluett's London contacts, including 'the managing man'

Bluett was the first of the delegates to proceed to London, not knowing whether any of the others would follow him.²⁴⁵ Hillary, who could not travel himself because of ill-health, had given to Bluett a letter of introduction to the various departments of the British Government. Hillary warned Bluett that 'if you wish to show your face with credit in the Island, put an end to the licence system, root and branch, it is the source of monopoly, it robs many, enriches a few and is ruinous to the poor'. As previously arranged, Bluett reported to Governor Ready on his various interviews with those of influence. In his first letter he explained that, in discussing the details of the proposed measures, the questions of the lack of democratic representation in Tynwald and the responsibility of the Manx revenue were raised.²⁴⁶ He expressed his concern over these conjoined issues, a concern which highlighted the differences between those involved with fiscal matters and those involved with constitutional ones:

the spirit of the times would never allow so large a sum to be extracted from the pockets of the people without representation. If we are to have Members, the

²⁴⁴ John James Moore (1794-?), unmarried, landowner and teetotaller from Baljean in Lonan.

²⁴⁵ Hillary to Bluett, 20 and 28 March 1837, MNHL, BP 09566/1/8 and 14.

²⁴⁶ Bluett to Ready, 29 March 1837, MNHL, BP 09566/2/4.

Reform Bill must be altered - the Elective Franchise of some kind suited to the Island - and trouble of various kinds start forward.

Bluett informed Hillary that he had learnt from a friend that James Hume, formerly commissioner and secretary of the Commissioners of Customs, but now joint secretary of the Board of Trade, was 'the managing man in all matters of detail'.²⁴⁷ He had obtained an introduction to him and they had had an informal discussion, but Bluett was anxious that this contact should not be made public. Bluett thought that the whole measure rested solely with Hume and by private negotiations with him they could expect to succeed in their aims. Between 1822 and 1825 Hume had worked as an officer in the long-room of the London Custom House on consolidating and simplifying the laws of the Customs Department, which resulted in the arrangement of the laws under ten different headings, including one for the Isle of Man.²⁴⁸ Hume had been paid £6,000 plus £450 expenses for his efforts at this time. In an accompanying letter to Hillary, Bluett told him that he regretted that he had to 'write with a spice of concealment as to the manner of my having obtained my information and the persons from whom and through whom it is derived'.²⁴⁹ He went on to say that both the Tory and Whig governments had long been resolved to do away with the anomalies respecting the relationship between the Isle of Man and Britain, and it was considered that the Island was 'perfectly blind to her own interests, and that keeping her eyes steadfastly fixed upon the trifling advantage of cheap luxuries they lose sight of the incalculably great benefit they might derive'. Bluett explained that it was 'freely admitted however that in grappling with the question, variously difficulties arise, and amongst the rest, the very important one of "taxation *quere* representation"!!!'.

A few days later Bluett wrote again to Hillary, providing further information gathered from his various contacts.²⁵⁰ He said that, with every successive government and every change in the heads of departments, the same negative views had been handed

²⁴⁷ James Deacon Hume (1774-1842), Customs 1791-1828, joint Secretary of the Board of Trade 1828-40, advocated free trade, author of many books on commerce, customs and finance. Bluett to Hillary, 31 March 1837, MNHL, BP 09566/2/5.

²⁴⁸ Ashworth, *Customs and Excise*, pp. 369-70.

²⁴⁹ Bluett to Hillary, undated, MNHL, BP 09566/2/6.

²⁵⁰ Bluett to Hillary, 3 April 1837, MNHL, BP 09566/2/7.

down as a result of the various occurrences which brought the Island again and again to the notice of Britain. He went on to explain that the government was therefore determined to put an end to this situation. It was believed that assimilation of tariffs would bring great benefits to the Island, a 'new field that would be opened for embarking capital instead of the narrow boundary to which it is now confined' and 'merchants would speedily flock to its shores, and a way be opened to everyone to attain the same degree of opulence'.

4.9 More meetings, more delegates

Hillary reported to Bluett on the public meeting held on 29 March 1837, which 'was from many causes - hail, snow and apathy - most unfortunate'.²⁵¹ Hillary had some disagreeable news to tell. Thomas Arthur Corlett would only go to London on his own conditions. Hillary had consequently had a requisition signed by eleven deputies to call a new meeting and 'T. A. Corlett's *yes* and *no* is referred to them to say *delegate* or *not*'. Corlett had insisted that 'an extraordinary voucher of his own manufactory, suitable to his own extraordinary mission' should be signed by Hillary, which Hillary had refused.²⁵² Hillary informed Bluett that the difficulty of the delegates should be solved at the next meeting, including the problem with Corlett who 'will not allow he has resigned'.²⁵³ Hillary, writing from his home overlooking Douglas bay and harbour, went on to argue for safer havens around the Island's coast, particularly his favourite plan of a refuge harbour in Douglas. He was also tempering his demands with the acceptance of the inevitability of change. 'Give us free trade and good harbours, then there might be some compensation for additional taxes. Release us also from that wretched narrow policy of the licence system'.

Bluett continued with his busy round of interviews.²⁵⁴ He met with Poulett Thomson at the offices of the Board of Trade and then with Robert Wallace, a Whig Member of Parliament, who had been informed by Thomson that he was determined to carry

²⁵¹ Hillary to Bluett, 4 April 1837, MNHL, BP 09566/1/18.

²⁵² *Manx Sun*, 7 April 1837.

²⁵³ Hillary to Bluett, 7 April 1837, MNHL, BP 09566/1/19.

²⁵⁴ Thomson to Bluett, 8 April 1837, MNHL, BP 09566/1/21. Bluett to Hillary and Ready, 13 April 1837, MNHL, BP 09566/2/11-12. *Mona's Herald*, 25 April 1837.

out the gradual assimilation of the Manx customs duties. Bluett also spoke to Lord Lowther, the previous president of the Board of Trade, who confirmed that there had been plans to assimilate the Island's customs duties during the previous eight years, and only his sudden retirement from office had prevented him putting them and other more substantial measures into practice.²⁵⁵ Bluett had now seen persons of all parties and politics and they all were of the opinion that the anomalous situation of the Isle of Man must be done away with. His anxiety that he alone of the people's deputation was active in London led him to complain that 'I am constrained to say that unless the deputation arrives in a few days I must leave London and return to the Island'.

At the next public meeting there was a long discussion on the legality of the last meeting, with arguments between the Douglas and other delegates, so a re-election took place.²⁵⁶ Thomas Arthur Corlett and J. J. Moore now became the additional delegates who would go to London and join Bluett. Writing to Bluett, Lawrence Craigie, correspondence secretary, considered the two new delegates. 'Notwithstanding his [Corlett's] second election, there exists in the minds of all respectable persons a strong prejudice against him', and 'From what escaped Mr Moore's cautious lips, I could see that he greatly disapproved of your having had any interview with persons in office'.²⁵⁷ Craigie went on to report that 'Poor Mrs B[luett] is against the ingratitude of the Manx people, and will never again allow you to leave her on such a mission'. At last, Corlett and J. J. Moore set sail for Liverpool on 18 April and arrived in London three days later.²⁵⁸

Meanwhile, the official Tynwald delegations were in turmoil. The Legislative Council had appointed Deemster John Christian and John McHutchin, Clerk of the Rolls, as its deputation to go to London.²⁵⁹ But no one from the Council ever went. The House of Keys replaced Captain Goldie Taubman with Dr Philip Garrett.

²⁵⁵ Lord William Lowther, third Earl of Lonsdale (1787-1872), MP 1808, President of the Board of Trade 1834-35, opponent of reform.

²⁵⁶ Ready to Maule and Thomson, 13 April 1837, MNHL, GOCB 09845/1/4, ff. 270-1. *Manx Sun*, 14 April 1837. *Manx Liberal*, 15 April 1837.

²⁵⁷ Craigie to Bluett, 17 April 1837, MNHL, BP 09566/1/24.

²⁵⁸ Hillary to Bluett, 18 April 1837, MNHL, BP 09566/1/27. Corlett to Bluett, 21 April 1837, MNHL, BP 09566/1/28.

²⁵⁹ Ready to Maule and reply, 3 and 8 April 1837, MNHL, GOCB 09845/1/4, f. 278.

Eventually he and John Thomas Moore made their way to meet up with the people's delegates.

4.10 United deputation meets with Poulett Thomson

The combined Manx deputation of Bluett, Corlett, J. J. Moore, Garrett and John Thomas Moore met in London, put aside their personal disagreements and became united.²⁶⁰ John Meadows White, a solicitor of Lincoln's Inn Field, was employed as the deputation's agent in London to prepare statements and evidence. Hillary informed Bluett that it was 'very satisfactory that all our insular delegates are in town acting harmoniously and zealously together in the public cause'.²⁶¹ Bluett met with William Blamire, who arranged for the deputation to meet with Poulett Thomson on 8 May 1837.²⁶² Blamire told Bluett that he thought that favourable arrangements could be made for the Isle of Man, provided ultimate assimilation was accepted.

The Manx deputation prepared to meet with the British Government representatives. Hillary had issued them with supporting papers and a pamphlet he had had published to summarise the Island's case.²⁶³ In these documents he stressed that it was most important that, whilst the 'inconveniences' caused by the Manx customs duties may need to be removed by the British Government, any resultant burden placed on the Island should not injure the rising prosperity of the country. He called for the removal of the partial and oppressive monopoly of the licence system. He also addressed the necessity for protecting the Island's shipbuilding industry by not increasing the rate of duty on imported timber, except possibly that required for larger vessels. He expressed similar concern over increasing duties on timber for house building. He pointed out that the introduction of more temperate habits amongst the inhabitants of the Island should be supported by not increasing the duty on tea, coffee and Muscovado sugar. He called for the 2½% ad valorem duty on British imports and the 15% on foreign imports to be abolished and the coasting trade

²⁶⁰ *Manx Sun*, 5 May 1837.

²⁶¹ Hillary to Bluett, 2 May 1837, MNHL, BP 9566/1/32.

²⁶² William Blamire (1790-1862), MP 1831, defeated Lord Lowther, nephew of John Christian Curwen (MP and MHK). Bluett to Hillary, 5 May 1837, MNHL, BP 09566/2/16.

²⁶³ Supporting papers and *Observations on the Proposed Changes in the Fiscal and Navigational Laws of the Isle of Man*, MNHL, BP 09566/4/1 and 6/1.

thrown open Island-wide. He considered that overall duties somewhat less than half the British duty, together with his other suggestions, would protect the British revenue. He went on to claim that if any increase in duties should come into operation then they should be moderate and immediate, not spread out over the years to eventually be assimilated to those of Britain. Importantly, he considered that the British Government should be reminded that the Isle of Man had its own government and laws. Equally importantly, he called for part of the Manx surplus revenue to be used to improve the Island's bays, harbours and ports in order to 'induce the wealthy merchant or shipowner of England to transfer his capital to her rugged coasts'.

With their arguments prepared and acting in concert, the Manx deputation met with Poulett Thomson and other ministers as arranged on 8 May 1837.²⁶⁴ The following proposals were put forward by the deputation:

- The 'inconveniences' caused by the Manx customs arose from the licence system and the ad valorem duties. Both these should be abolished and the Island should be placed on the coasting trade.
- Total assimilation of duties would lead to the loss of capital investment in the Island, the departure of many resident strangers, a decrease in the Manx commercial revenue of £200,000 and few advantages resulting at all to the Island.
- A scale of duties was submitted which should address the objectives of the British Government. However, these proposed changes were made upon the understanding that the additional revenue should in the future be placed at the control and disposal of Tynwald for local improvements and purposes.
- If the Isle of Man was in the relation to Britain as 'a colony to its mother country', the deputation argued that the Island's right to the control and disposal of any surplus revenue would be 'undoubted', and they would in that case content themselves with claiming the benefit of the principle laid down in the Act of Parliament, 18 George III, chapter 12, of 1778 by which the revenues of the North American colonies were declared as a matter of principle to be at the disposal of the colonies themselves, a principle which the deputation believed was

²⁶⁴ Notes on interview with Thomson, 8 May 1837, MNHL, BP 09566/4/20. Letter from Manx deputation to Lord John Russell, undated but probably 17 May 1837, MNHL, BP 09566/3.

recognised with reference to all the present colonies of the British Empire. But they claimed that the Isle of Man stood on a higher footing, being 'an ancient and independent kingdom with peculiar laws and a constitution which it had enjoyed from its earliest period and which it is governed at the present day'.

- If the British Government's claim rested on the constitution of the Isle of Man, it would be found that no tax or customs duty could be imposed without the joint agreement of the Crown and Tynwald Court. The rights of the former Lords of Man had not changed with the purchase of the Island by Britain in 1765.
- If the claim depended on the constitution of Britain, the deputation reminded Britain that it was a vital part of its constitution that no tax could be imposed without the consent of the tax payers. The Isle of Man formed no part of Britain and hence its consent could only be obtained from Tynwald.
- The deputation accepted the undoubted right of the British Government, 'as standing in the position of the paramount or protecting state', to subject the Isle of Man to such laws and duties as the protection of the British revenue may require. But any such fiscal laws should constitutionally be limited to the object for which they were imposed and that all revenue or profit arising from those laws belonged to the Island and should be subject to the control and disposal of Tynwald.

Thomson replied that the British government's objective was to ultimately assimilate the Island's customs duties to those of Britain, and with that principle in view he was happy to receive any suggestions. He would not increase the quantities of licensed goods as that would only perpetuate smuggling, the 'evil' he wanted to remove. The British Government considered that it was anomalous to have one part of the 'kingdom' so different to the rest, and it contended that the Isle of Man would benefit from the changes. After the meeting, a comprehensive letter was sent by the deputation to Thomson in which they reiterated their arguments regarding the customs duties. As they anticipated meeting soon with Russell, the deputation sent a copy of the letter to him.

The deputation did not want details of their delicate negotiations to become public until matters were at a more advanced stage.²⁶⁵ But Hillary was pressing and anxious that the deputation should make available any information which was not of a confidential nature. The *Mona's Herald*, as acerbic as ever, was also concerned over secrecy and lack of news from the deputation:

IMPORTANT NEWS FROM LONDON

Dialogue between a brace of Solomons

A Well, Mr B., what news this morning - anything from the Deputies?

B W . . h . . y - there is some news (pulling a long face), but I assure you, Sir, it is dangerous these times to talk of what we hear.

A Anything particular? If so, you may depend on my keeping it secret.

B There is something *very mysterious* about what I have heard, yet I believe it is of great moment to the *best* interests of this Island; but should it get into the Manx papers it is all over with us - therefore I would entreat you to keep it particularly secret - for should the King, or any of his Ministers hear of it, the Island will be ruined to a dead certainty - in fact, I consider the information I have heard very little short of treason - *treason*, Sir!

A My God! What can it be? I beg you will not keep me any longer in suspense.

B Well here it is - now mind and keep it secret. (Here a dead silence for about a minute takes place). Information has been sent down, by one of the Deputies, that - that - I really can scarcely give it utterance . . .

A Do not be so alarmed, my dear Sir. Why, you turn quite pale! What the devil can it be?

²⁶⁵ Craigie to Bluett, 12 May 1837, MNHL, BP 09566/1/34.

B The Deputy states in his letter, that *there is more CABBAGE growing in the HILLS GARDEN, near Douglas, than there is in COVENT GARDEN in the great City of London!!* Now, Sir, what do you think of that? Is it not awful? (Shaking his head). Is it not a *libel* on the first City in the world?

A CABBAGE! CABBAGE!! CABBAGE!!! Really there is something very mysterious - *very mysterious, indeed!*²⁶⁶

4.11 The King's death and the various policy processes

It had been arranged that the Manx deputation would have a meeting with Lord John Russell, Poulett Thomson and other ministers after some further information had been supplied and a report of the Commissioners of Customs upon the proposals submitted by the deputation had been studied.²⁶⁷ The delegates were in daily expectation of an interview, after which they intended to immediately return to the Island. But events were put into turmoil. Shortly after two o'clock in the morning of Tuesday 20 June 1837, the very day the deputation was due to meet Russell, King William IV, who had been ill for some time, died at Windsor aged seventy-one and in the seventh year of his reign. Consequently, the parliamentary session was brought to a close as soon as the most important Bills were dealt with, whilst all others were allowed to stand over for the consideration of the first parliament in the reign of the new monarch, Queen Victoria.²⁶⁸

The people's deputies, although they remained several more days in London, returned to the Island without any satisfactory information as to the future intentions of the British Government, though Corlett explained that, as a result of an interview with Fox Maule two days after the king's death, it was disclosed that nothing would be done in that parliamentary session in respect of the fiscal regulations of the Isle of Man.²⁶⁹ An assurance had again been given that it was not the wish of the British Government to injure the Island but, on the contrary, to do all it could to benefit its

²⁶⁶ *Mona's Herald*, 30 May 1837.

²⁶⁷ *Mona's Herald*, 13 June 1837 and 18 April 1843.

²⁶⁸ Train, *Historical and Statistical Account*, p. 321.

²⁶⁹ *Mona's Herald*, 27 June 1837.

inhabitants. At the Tynwald Court held on 5 July John Thomas Moore detailed the proceedings of the meetings with the British representatives.²⁷⁰

Although changes to the customs regulations did not take place at this time, the events which surrounded the situation present an interesting insight into the various policy processes which took place. Tynwald, with the support of the Governor, put the Island's concern to the Home Office. Public meetings were organised all over the Island. Tynwald and the Governor kept in close touch with the principal members of the protest movement. The combined delegation worked together to put forward the Island's case and some alternative proposals to the sympathetic and important British personnel, including the Home Secretary and the President and the Secretary of the Board of Trade. The understanding and co-operation shown by the British authorities anticipated their willingness to listen to Tynwald and negotiate outcomes when the customs issue was raised again in the near future.

4.12 The 'clique', the 'squib' and the 'bogey'

Whilst all the discussions were going on, the import licence system was very much a bone of contention, and the Governor and the Legislative Council were set to meet to approve the applications for allotments of licensed goods.²⁷¹ The *Mona's Herald* claimed that:

if ever any act of the administrative government of this Island has created heart burning and discontent among the community, which justice in every other case cannot excuse, the way in which the allotments have hitherto been made has been that act.

It reported that certain merchants were selling brandy at 16/- and 17/- a gallon, which would leave them a profit of 9/-, and tea at 5/- a pound, which only cost the merchants 2/-. One person's licence had been advertised to be sold by public tender for upwards of £200. Again the *Mona's Herald* castigated the House of Keys, the

²⁷⁰ *Manx Sun*, 7 July 1837. *Mona's Herald*, 11 July 1837.

²⁷¹ *Mona's Herald*, 18 July and 1 August 1837, 3.

‘clique’, calling them ‘a knot of upstart men banded together for their own selfish purposes what we wish to get rid of’. It claimed that Tynwald was:

a legislature, as now constituted, possessing no representative character and owning no responsible power. In fact the deputies negotiate for a portion of the public monies to be put into the hands of men who may employ them without control, and expend them without giving an account.

The considerable disaffection that now prevailed throughout the Island against its fiscal and constitutional situations, and particularly against the House of Keys and the mode of their election, was encouraged by a series of articles which from time to time appeared in the *Mona's Herald*. At this juncture, ‘*Hunt the Keys*’ was published.²⁷² The lines, a mix of contemporary reference and personal attack on both conservatives and radicals alike, were first published in the *Manx Sun* but were afterwards printed and freely circulated throughout the Island. The ‘squib’ was published anonymously, but the author was well-known to be a man of wit, John Kelly, High Bailiff of Castletown and himself a Member of the House of Keys. The pungent comments on particular persons or incidents produced a great effect. This first version of ‘*Hunt the Keys*’ (an adaptation of an old and favourite Manx folk song, ‘*Hunt the Wren*’) appeared on 10 September 1837, and a concluding one was issued on 23 December in the same year:

HUNT THE KEYS

- 1 Let us hunt the Keys, says Jack Meary Vooar;²⁷³
Let us hunt the Keys, says Juan Jem Moore;²⁷⁴
Let us hunt the Keys, says Davy St. Ann;²⁷⁵
Let us hunt the Keys, says the Union Mill man.²⁷⁶

²⁷² William Harrison, ‘*Mona Miscellany*’, in William Harrison, editor, *The Manx Society*, volume 16 (Edinburgh, 1869), pp. 112-17.

²⁷³ Captain John Clucas was the owner of the estate of Mearyvoar.

²⁷⁴ John James Moore was one of the five delegates who went to London.

²⁷⁵ Major David Stewart, from Ballavale in Santon, spoke broad Scottish.

²⁷⁶ William Kelly was a businessman and fiscal and constitutional reformer.

- 2 They bridges won't build, says Jack Meary Vooar;
 Granane is untill'd, says Juan Jem Moore;
 The chieils are no skill'd, says Davy St. Ann;
 And the churches are fill'd, says the Union Mill man.
- 3 How can we capsizize them, says Jack Meary Vooar;
 By telling big lies man, says Juan Jem Moore;
 But don't make a noise mon, says Davy St. Ann;
 The Game Bill will suffice, says the Union Mill man.
- 4 Their house is too old, says Jack Meary Vooar;²⁷⁷
 They'll be easily sold, says Juan Jem Moore;
 The *Herald* shall scold, says Davy St. Ann;
 We'll all be enroll'd, says the Union Mill man.²⁷⁸
- 5 They'll have a lease of it still, says Jack Meary Vooar;²⁷⁹
 But we'll sell the goodwill, says Juan Jem Moore;
 Who'll swallow the pill, says Davy St. Ann;
 We'll demur to the Bill, says the Union Mill man.²⁸⁰
- 6 The petitions get on, says Jack Meary Vooar;²⁸¹
 I'll wait on Lord John, says Juan Jem Moore;²⁸²
 You're a delegate mon, says Davy St. Ann;²⁸³
 And I've seen No. 1, says the Union Mill man.²⁸⁴

²⁷⁷ The House of Keys.

²⁷⁸ Enrolled in the Reform Association in the Island.

²⁷⁹ The constitutional and fiscal relationship between the Isle of Man and Britain.

²⁸⁰ The threatened Parliamentary Bill to regulate the trade of the Island by assimilating the customs duties payable on the importation of licensed goods into the Island to those of Britain and Ireland.

²⁸¹ Petitions were organised in all parts of the Island calling for changes to the Island's constitution and its public finances.

²⁸² Lord John Russell, British Secretary of State of the Home Office.

²⁸³ The five man deputation that went to London to confer with the British Government on customs duties.

²⁸⁴ Refers to the cell at Castle Rushen in which Kelly was imprisoned as an insolvent debtor.

7 We've 'Billy Ballure', says Jack Meary Vooar;²⁸⁵
 As butter milk pure, says Juan Jem Moore;
 I'm no varra sure, says Davy St. Ann;
 No radical truer, says the Union Mill man.

The constitutional reformers continued to call upon the Keys to 'amend themselves, to lead a new political life, and become de facto, what they now unjustly and falsely assume themselves to be, the true and just representation of the insular state'.²⁸⁶ Petitions demanding constitutional amendment were raised in all the towns, parishes and sheadings, and a combined petition containing in excess of 3,000 signatures was presented to Governor Ready on 15 February 1838.²⁸⁷ Unlike his response to the financial petitioners, Ready did not accept the demands of the constitutional petitioners with any enthusiasm, being of the opinion that 'a great number of the respectable and wealthy inhabitants are favourable to the existing constitution and desire no change'.²⁸⁸ Indeed, one of these 'respectable and wealthy inhabitants', John Welch, a friend, admirer and associate of Sir William Hillary, dismissed the establishment of a representative House of Keys as 'a revolution of piddling importance'.²⁸⁹ Members of the establishment were anxious to maintain the constitutional status quo, and Governor Ready sought support from Lord John Russell to 'silence the persons who are agitating the question'.²⁹⁰ This was at a time when Britain was in the process of suspending the constitutions of Canada and Jamaica and was having problems with certain of its other territories, so 'it was not likely to regard with much favour the institution of an elected Chamber in a little island within sight of its own shores'.²⁹¹ In the early spring of 1838, after receiving advice from Lord John Russell, Ready slightly modified the Home Secretary's words to defend the retention of the status quo and to threaten the Island with possible annexation to Britain:

²⁸⁵ William Christian, from Ballure in Maughold.

²⁸⁶ *Mona's Herald*, 24 October 1837.

²⁸⁷ Forster, *Reformist Movements*, p. 385. 'Sheadings' are the six subdivisions of the Isle of Man: Ayre, Michael, Garff, Glenfaba, Middle and Rushen, and the derivation of the term is thought to be from the Scandinavian *séttungr* (sixth part).

²⁸⁸ Ready to Maule, 9 March 1838, NA, HO 98/80.

²⁸⁹ John Welch ('A Stranger'), *A Six Day's Tour through the Isle of Man*, (Douglas, 1836), p. 97.

²⁹⁰ Ready to Maule, 9 March 1838, NA, HO 98/80.

²⁹¹ Walpole, *Land of Home Rule*, p. 250.

I have had under consideration a letter presented by Messrs Moore and Clucas as a deputation from the petitioners praying that a constituency of the inhabitants of the Isle of Man may be formed for electing the House of Keys; and it is my duty to inform you that such a change in the constitution cannot be agreed to; and I have further to inform you that a representation for the Island in [the British] Parliament may be the measure of reform adopted.²⁹²

Thus, the bogey of parliamentary annexation was used to fight off reform. ‘A self-elected House of Keys was better than no House of Keys at all, as even the reformers had to admit’.²⁹³ Whilst the constitutional reform movement had failed, it was now well established as a body of protest, initially as a reactive force but now paving the way for proactive innovation. However, the strengthening Manx demands for Tynwald’s control of all the primary public finances and an elected legislature would produce further resistance from Britain. The threatened loss of the Isle of Man’s limited autonomy would be used yet again by Britain as a weapon for keeping economic and political control ultimately in its hands.

²⁹² Maule to Ready, 19 March 1838, NA, HO 99/18, ff. 288-9. *Debates of Tynwald*, volume 2, 8-9 February 1888, pp. 203-4 and 252-3.

²⁹³ Derek Winterbottom, *Governors of the Isle of Man since 1765*, (Douglas, 1999), p. 40.

Chapter 5

ALTERATIONS TO CUSTOMS DUTIES AND LICENCE SYSTEM RESISTANCE TO MANX FISCAL CONTROL

5.1 Introduction: The beginnings of change

The spectre of customs duties assimilation and the threat of constitutional annexation hung over the Isle of Man throughout the remainder of the 1830s and on into the 1840s. The Island's main means of taxation and the detested licence import system for certain foreign goods proved to be continuing problems:

The rich paid no taxes, but levied contributions from the poor; the yachts of the opulent entered the ports scatheless, while the boats of the poor fishermen paid taxes to the state; the well-to-do had licences for the introduction of foreign commodities, and sold to shopkeepers and consumers the excess not required for themselves, their families, and friends.²⁹⁴

There was an awareness that changes were required and, indeed, were being contemplated by the British Government, and it is worthwhile briefly placing these considerations in the context of wider issues. Throughout the 1840s resistance in the Isle of Man to customs assimilation and demands for reforms, especially of the ad valorem duties and the licence system, were taking place against the backdrop of further major events in Britain. These included the advancement of free trade, concerns over the Corn Laws, the influence of liberal politics and the eventual coming to power of the Liberal party. The Conservative Prime Minister and First Lord of the Treasury, Sir Robert Peel, reversed his earlier opposition and was able to persuade Parliament to institute the economic policy of free trade in place of protectionism.²⁹⁵ Britain's commitment to unilateral free trade and the lowering of duties for the benefit of all nations certainly best suited Britain itself and was 'a

²⁹⁴ John Bowring, *Autobiographical Recollections*, (London, 1877), p. 212.

²⁹⁵ Free trade: the interchange of commodities across political frontiers without restrictions such as tariffs, quotas, or exchange controls. Protectionism: the fostering of domestic industrial or agricultural production by means of import tariffs or other legal obstacles to the movement of goods across frontiers.

rational choice of the most appropriate economic policy for the “First Industrial Nation”²⁹⁶. The main purposes of the Corn Laws had been the securing of an adequate supply of grain to meet domestic requirements, maintaining prices at profitable levels and giving local growers a monopoly of the market by excluding all foreign grain. As Britain became increasingly industrialised, dependence on foreign food sources rose, and mercantile interests demanded that Parliament repeal the Corn Laws, a measure for which the classical economists had been pressing since the early part of the century. Their eventual repeal in 1846, urged on by Peel, certainly informed the views of the British Government on the benefits of free trade. Free trade was one of the prime causes of the Liberal political party which had been formed more than a decade earlier by the coalition of the Whigs and the Radicals with a policy for advocating reform on constitutional lines. The Liberals would be in power, except for short intervals, from 1846 to 1866, 1868 to 1874 and 1880 to 1885.

The alterations to the commercial and political systems in Britain and the progression of the Manx fishing, mining and, most importantly, tourism sectors contributed to the improvements which were taking place in the Island’s general economy. But not everyone was benefiting. Farm workers were feeling the consequences of crop failures and changes in agricultural methods.²⁹⁷ Indeed, many rural families fell on hard times and either moved into the towns or emigrated. Whilst the extension of free trade to the Island and the abolition of both the *ad valorem* duties and the licence system would have little direct bearing on the poorer farming and fishing families, such changes would help to improve the overall situation for a large number of residents. However, whilst any positive reforms affecting trade and public funds would be generally acceptable, any increased taxation without an equivalent return would not. There continued to be a long-standing fear of the possible assimilation of customs duties. ‘Allow the principle of taxation to be quietly acquiesced in, and the next step might be quietly to saddle us with the full amount of English duties’.²⁹⁸ The fiscal and constitutional reformers would agitate once more for changes.

²⁹⁶ Anthony Howe, ‘Restoring free trade: the British experience, 1776-1873’, in Winch and O’Brien, editors, *Political Economy*, pp. 194-205.

²⁹⁷ R. E. C. Forster, ‘Aspects of Manx Emigration: 1750-1990’, in Joyce Warham, editor, *IOMNHAS*, volume 10, number 1, (Kendal, 1992), pp. 23-32.

²⁹⁸ *Mona’s Herald*, 20 March 1844.

At the same time, Britain continued to maintain the principle that the customs revenue of the Isle of Man belonged to Britain as a result of the 1765 Revestment Act, and it was conscious that if the House of Keys became a democratically elected body then it would inevitably demand that the surplus customs revenue should be managed by Tynwald. Such a possibility would be firmly resisted by Britain, fearing loss of control and use of the Manx customs revenue and always concerned over the return of smuggling.

5.2 Licence system and charges of corruption

In April 1842 Governor John Ready, in responding to partiality claims regarding the licence system, explained to John Henry Thomas Manners-Sutton, Under Secretary of State of the Home Office, his understanding of the history and the workings of the customs system in the Island:

The Acts of 38, George III, chapter 63 (1798) and 45, George III, chapter 99 (1805), are the foundation of the present licence system, whereby certain limited quantity of foreign spirits and other goods were allowed to be imported for consumption in the Island on payment of moderate duties. By the beneficial operation of these Acts illicit trade was materially checked and is now extinguished. By the Act of 3 and 4, William IV, chapter 60 (1833), the Acts regulating the trade of the Isle of Man were consolidated, and under that Act . . . goods are importable annually into the Isle of Man by licence from the Commissioners of Customs.²⁹⁹

The licences to import goods were issued locally by the Collector of Customs in Douglas. Each application had to specify the date, name, residence and occupation of the applicant. Copies of the licences had to be sent to the Governor who allocated what he thought were fair and equitable proportions. A report of such allocations was sent by the Governor to the Lord Commissioners of the Treasury and a duplicate to the Commissioners of Customs. The Governor was assisted by the Legislative

²⁹⁹ John Henry Thomas Manners-Sutton, third Viscount Canterbury (1814-77), MP 1839, Under Secretary of State of the Home Office 1841-46. Ready to Manners-Sutton, 22 April 1842, MNHL, GOCB 09845/1/4, ff. 468-72.

Council in ensuring impartial allocations. The persons to whom licences were granted were required by law to give bond for the due importation of the goods. Early on in its application, the licence system had mainly confined goods to merchants and dealers, but in more recent years the quantities usually granted to them had been reduced in order to accommodate a greater number of private individuals who required the goods for their own household consumption. This number was increasing year by year. These private individuals were allotted from 5 to 10 gallons of brandy or gin, 20 to 50 pounds of tea, the same for coffee, from ½ to 2 hundredweight of refined sugar, and as much wine, rum and Muscovado sugar as were ‘respectively applied for and convenient to be imported’. Allocations were first distributed amongst householders, according to their ‘circumstances, rank and establishment’, and then the remaining allowances were distributed to merchants, innkeepers, dealers and shopkeepers, by whom the bulk of the population was supplied.

The expressions of discontent which were being voiced in the Island over the licence system, ad valorem duties and detrimental amendments to the customs arrangements had been led by the *Mona’s Herald*. The *Mona’s Herald*, whose owner and editor was still the campaigner Robert Fargher, had been scathing in its criticism of the inaction of the local population in demanding reforms:

the proverbial apathy of Manxmen, who are said to be “a day after the fair” or “just in time to be too late”, was never more forcibly illustrated than by the indifference with which the changes contemplated by the British Government, in regard to the interests of this Island, are viewed at the present moment, by the people in general.³⁰⁰

The *Manx Liberal* was also critical of matters. It pointed out that the quantities of goods allocated under licence to some of the Island’s inhabitants were dispensed on such a generous scale that many individuals were able to store up surplus supplies

³⁰⁰ *Mona’s Herald*, 9 February 1842.

over the years, and a large number of such private licence holders secretly sold their surpluses on.³⁰¹

As well as the press, members of the public were also concerned over matters. A partiality complaint regarding the licence system had been made in April 1842 by a Mr Fowler who had recently come to the Island and had been refused a private licence.³⁰² He wanted the Governor to place an even larger proportion of the licensed goods into the hands of private individuals and increase their allocation, but Ready considered this would result in fictitious applications, the sale of licences, injure the honest dealer and enhance the price of basic necessities to the community at large. Under the nom de plume of ‘Espionage’, a correspondent with the *Manx Liberal* claimed that the licence system was corrupt and that Francis Matthews, a merchant and a Member of the House Keys, was granted a licence of the value of £800 (now the equivalent of £57,000) per annum and was boasting that ‘he could live without business on the produce of his licences’.³⁰³ ‘Espionage’ concluded, ‘The days of the licence system are numbered’. In late 1842 and early 1843 a number of scathing letters to Governor Ready from ‘One of the Proscribed’ were published in the *Mona’s Herald*.³⁰⁴ They criticised the licence system, again claiming privilege and corruption. These letters were published not only in the local press but also in *The Times*, bringing matters to the attention of the British Government. The correspondence included details of the quantities of licensed goods that had been allowed into each of the four trading ports for the dealers and for others in the year 1835, the latest year of published figures:

| | Douglas | Castletown | Peel | Ramsey | Officials | Public |
|-------------------|---------|------------|-------|--------|-----------|--------|
| Brandy, gallons | 5,000 | 1,500 | 700 | 1,000 | 100 | 1,700 |
| Gin, gallons | 6,000 | 1,700 | 900 | 1,000 | 200 | 200 |
| Rum, gallons | 34,100 | 10,940 | 5,400 | 8,300 | 250 | 1,010 |
| Black tea, pounds | 38,880 | 9,600 | 4,200 | 8,220 | 2,650 | 6,550 |
| Green tea, pounds | 3,660 | 680 | 150 | 450 | 30 | 30 |

³⁰¹ *Manx Liberal*, 28 May 1842.

³⁰² Ready to Manners-Sutton, 22 April 1842, MNHL, GOCB 09845/1/4, f. 468.

³⁰³ *Manx Liberal*, 16 July 1842.

³⁰⁴ *Mona’s Herald*, 16 November and 21 December 1842 and 11 January 1843.

| | | | | | | |
|----------------------|--------|--------|-------|--------|-----|-------|
| Coffee, pounds | 4,220 | 850 | 300 | 350 | 830 | 1,430 |
| Tobacco, pounds | 30,400 | 16,600 | 1,500 | 11,000 | 0 | 500 |
| Wine, tuns | 51 | 19 | 4 | 11 | 10 | 15 |
| Muscovado sugar, | | | | | | |
| cwts. | 5,685 | 1,689 | 614 | 1,480 | 187 | 345 |
| Refined sugar, cwts. | 301 | 63 | 33 | 67 | 80 | 256 |

‘One of the Proscribed’ claimed that these figures showed that more than half of the quantities were allowed to thirty-seven dealers in Douglas, one-eighth to eleven individuals in Castletown, one-twentieth to thirteen individuals in Peel, one-seventh to fourteen individuals in Ramsey, about one-fortieth to lawyers, clergymen and officials, and about one-twelfth to the remaining members of the general public.

If a rigid analysis of the rank and station of these individuals were gone into, it would be found that nearly all belong to what is called our Island aristocracy - all of that station which permitted them to claim acquaintance, if not with your Excellency, at least with such gentlemen of undoubted respectability as their Honours the Clerk of the Rolls and the Southern Deemster, and their Worships the Water Bailiff and the High Bailiff of Douglas. About ten or twelve fortunate individuals having yearly incomes of from £300 to £1,200 out of the pockets of the poorer classes; these ladies and gentlemen are, of course, all your Excellency’s most humble admirers, and of course, they are also *very sincere* in maintaining that the present system is the best of all possible systems.³⁰⁵

It was also the manner of distribution which was the subject of complaint by the Island’s merchants and dealers. They claimed that their allocation should also be increased as the present quantities of goods were insufficient and inadequate for their trade and were limited due to first preference being given to private individuals. Throughout 1842 they issued many letters and petitions.³⁰⁶ John Winram and William Quiggin of Douglas wrote to the Board of Trade complaining about having

³⁰⁵ *Mona’s Herald*, 21 December 1842.

³⁰⁶ Merchants’ letters, correspondence between Board of Trade and Isle of Man on regulation of import duties, PP 1843 (245), pp. 1-4. *Manx Liberal*, 20 May 1843.

to pay British import duty on cordage from Liverpool and then having to pay duty again in the Island. John Winram and five other manufacturers of hemp objected that hemp was not exempt from duty as cotton and flax were. Henry, Thomas and Richard Cubbin of Castletown and Douglas, importers and retailers of cotton and woollen goods, reminded the Board of Trade of their memorial to Sir Robert Peel regarding grievances in having to pay 2½% and 15% ad valorem duties which were normally exempt. Ellis, Everington & Company of London also complained to the Board of Trade about the situation of their 'correspondents' in the Island who imported cotton, woollen and other British manufactured goods.³⁰⁷ The reply from the Board of Trade to all these complaints was that it was understood that some of the merchants were not complying with the customs regulations, including the filling in of cockets (customs documents) and the bringing in of articles by goods boats. It was explained that these transgressions were why the dealers had been penalised. The Board concluded that there was insufficient reason at present to alter the system. Nevertheless, the various points had been made, again bringing the general dissatisfaction with the system to the attention of the British authorities.

5.3 The willing Dr Bowring and the unwilling House of Keys

Towards the end of 1842 the Cubbin brothers, the importers and retailers of Castletown and Douglas, wrote to Dr John Bowring, the recently elected Member of Parliament for Bolton, expressing their concern regarding the import duties.³⁰⁸ Bowring, a staunch advocate of free trade, replied, agreeing that all taxes that impeded trade were pernicious and the ad valorem import duties seemed particularly unjustifiable. He did not think any good would be done by the merchants alone applying to the Treasury to abolish the 2½% duties on British manufactured goods, but he thought all those affected should directly petition the British Parliament. He said that, if no other Member of Parliament offered to undertake it, he would himself bring the facts of the case before the public. So, Bowring took up the cause. In March 1843 he presented a petition to the House of Commons from 'the merchants,

³⁰⁷ Other petitions were sent from England, including Manchester (10), Oldham (1), Huddersfield, (2), London (4), Blackburn (1), Leeds (1) and Stockport (1).

³⁰⁸ Sir John Bowring (1792-1872), see appendix 5. *Manx Liberal*, 6 August 1844.

tradesmen and other inhabitants of the Isle of Man'.³⁰⁹ The petition, reputed to be twenty yards in length, requested the removal of all impediments to free trade between Britain and the Isle of Man. As a consequence of his interest, Bowring was asked by the British Government to consult with the Board of Trade to give an unbiased opinion on the subject of certain new customs duties being considered for the Island which would increase the revenue from in the region of £22,000 a year to £30,000.³¹⁰ Bowring opposed such an increase. He questioned William Gladstone, the President of the Board of Trade, about the 2½% duties paid in the Isle of Man on British manufactured goods. Gladstone replied, ignoring the recent letters from the Manx merchants, and declared that he did not believe that any complaint on the subject had been raised in the Island. He considered there was no reason to institute a special inquiry. Unsurprisingly, Bowring was not satisfied with this response and successfully asked for copies of recent returns for Manx customs revenue to be produced for scrutiny by Parliament.³¹¹ The customs return for 1842 was indicating the following:

| Receipts | Expenditure |
|---|---|
| Import Duties derived from the following sources: British Manufactured Goods 1,571 Foreign Licence Goods 20,626 Foreign Ad Valorem Goods 1,023 | Payments for services connected with the collection of the revenue: Customs Establishment 1,824 Incidental Charges <u>1,198</u> 3,022 Superannuation to Officers formerly in the service and pensions to widows 940 Over-entries and duties returned <u>43</u> 983 Salaries to officers on Civil List 4,473 Fine Fund 473 |

³⁰⁹ *Manx Sun*, 18 March and 13 May 1843. *Manx Liberal*, 18 March, 1 April and 1 July 1843 and 6 August 1844.

³¹⁰ *Manx Sun*, 17 August 1844.

³¹¹ *Mona's Herald*, 18 April 1843. Train, *Historical and Statistical Account*, pp. 328-9.

| | |
|-----------------------------|-------------------------------|
| Constabulary Force | 565 |
| Attorney General's | |
| Prosecution Expenses | 57 |
| Expenses incurred for | |
| census of the Island | <u>172</u> 6,010 |
| Balance to Receiver General | |
| of Her Majesty's Customs | <u>13,205</u> |
| <u>£23,220</u> | <u>£23,220</u> ³¹² |

The balance of £13,205 (now the equivalent of almost £10 million) for the year 1842 would go into the British Consolidated Fund, once again 'distinctly and apart from all other branches of the public revenue' as laid down by the 1767 Act, but with little of it coming back to the Island.

In May and June 1843 Dr Bowring reported to William Kelly (a local land owner, soap boiler and director of the Isle of Man Commercial Banking Company, who was raising support both on and off the Island for fiscal and constitutional reform) that he had now obtained a promise from the British Government that the whole subject of customs regulations in the Island would undergo revision.³¹³ In August Bowring came to the Island to discuss the issue, and when he returned to London he reported to the Board of Trade that if there was to be any increase in the customs duties then the Island should have the resultant extra revenue.³¹⁴

The initial reaction of the House of Keys to the calls for reform of the licence system and the customs duties was negative - they wanted no change. They distanced themselves from calls for reform and told Governor Ready that they felt that most of the people in the Island were perfectly satisfied with the present fiscal laws and regulations.³¹⁵ The Keys, as ever, were supported by the conservative *Manx Sun* in fighting off calls for change. In early 1844, whilst advocating the retention of the status quo and fearing the loss of spending of the resident strangers, it claimed that:

³¹² Amount of duties levied on imports into Isle of Man, 1840-42, PP 1843 (145), p. 3.

³¹³ *Manx Sun*, 13 May 1843. *Manx Liberal*, 17 June 1843.

³¹⁴ *Manx Sun*, 17 August 1844.

³¹⁵ Minutes of meeting, 5 July 1843, MNHL, HKJ 09191/2/2, ff. 402-3.

It only requires a plausible tongued person, more especially if he can address his countrymen in Manx, which is sacred to a Manxman in the remote parishes; and we know of no one more ready or more fit to entice his countrymen to sign these extravagant memorials than our old correspondent, Mr W. Kelly. With a petition in his hand, and with the vernacular on his tongue, he is irresistible to the people of the far north. We well remember him when he had a few leisure months on his hands, the numerous letters he addressed to the leading British statesmen of both House.³¹⁶

5.4 Opinions on reform

Reform, however, was fast approaching. A reply from Gladstone to Bowring during parliamentary debate in February 1844 indicated that changes to the customs system were now being firmly contemplated.³¹⁷ Bowring's questions had related particularly to the licence system and the 2½% duty on British manufactured goods which Gladstone stated would be done away with by a Bill which was presently being prepared for the Isle of Man.

Whilst it was generally accepted in the Island that changes would not be forced upon it and any proposals would be put to it before implementation, cautious optimism was accompanied by guarded wariness from the *Mona's Herald*, which stated that 'the measure proposed by the Government is much more liberal than we could have expected. But we think it would be well for the gentlemen who were appointed delegates some years since, to resume their functions at the present crisis'.³¹⁸ On the defensive as ever, the *Manx Sun* still stuck to its arguments for the retention of the present system, whilst also taking the opportunity to fire a broadside at its arch rival the *Mona's Herald*, referring to it as 'pothouse journal'. A contrary opinion dealing with the origins and operation of the licence system was put forward by Bowring:

³¹⁶ *Manx Sun*, 10 February 1844.

³¹⁷ *Manx Sun*, 17 February 1844.

³¹⁸ *Mona's Herald*, 14 February 1844.

Monopoly and privilege thus assumed a strange form in the legislation of the Isle of Man. They were represented by the word *Licence* - the most important articles of consumption being imported under licence alone - and licences being granted under the authority of the ruling powers only, none but those in favour with the ruling powers could obtain them. Licences were given solely to the opulent and influential. The rich man revelled in cheap tea, cheap sugar, cheap spirits, cheap tobacco; while the poor man paid double price for all the articles that he consumed, either to the privileged party who possessed a licence, or to the party who purchased licences of others. The trade in licences was an important one. They were sold by auction - they were made the instrument of extorting higher rents - they were employed in all ways for purposes of oppression and corruption. The unprotected consumer paid a high price for what he wanted, that high price being caused by the licence monopoly; but not one farthing of the augmented price went into the public treasury.³¹⁹

Clearly the defenders of the status quo were those with vested interests who could exploit the import licence system. Bowring's arguments against this monopolistic and corrupt system are seemingly unassailable.

5.5 Proposals

With the issue being raised by Manx merchants and Dr Bowring, the British Government reopened the customs duties question. In March 1844 Manners-Sutton wrote to Governor Ready from the Home Office enclosing a package of measures put together by John Shaw-Lefevre, Joint-Assistant Secretary to the Board of Trade, and asking the Governor for his and Tynwald's opinion on it.³²⁰ Shaw-Lefevre wrote that the Board of Trade had learned from 'respectable and independent testimony' that the licence system did not produce the effect which was intended, namely the moderation of prices to the inhabitants of the Island, and it considered that the system constituted

³¹⁹ John Bowring, 'Free Trade Recollections', in *Howitt's Journal*, volume 11, 30 January 1847, pp. 58-61.

³²⁰ Sir John George Shaw-Lefevre (1797-1879), MP 1833 by one vote but lost seat on petition, civil servant, joint-assistant Secretary to the Board of Trade 1841. Shaw-Lefevre to Manners-Sutton, for the attention of Sir James Graham, 29 February 1844, NA, HO 45/3. Manners-Sutton to Ready, 12 March 1844, MNHL, HKJ 09191/2/2, ff. 404-10.

a monopoly, the benefits of which most of the community did not share. It considered that a change might be made which would relieve the general consumer whilst at the same time increase the revenue. The Board had consequently been in communication with the Treasury and Customs departments. The following measures were suggested:

- A new scale of duties would be implemented.
- All duties, including the 2½% ad valorem, on goods of British manufacture should be abolished.
- Duties on certain foreign goods would be increased, some remain unchanged and others lowered.
- The existing 15% ad valorem on foreign goods should have the possibility of being suspended, subject to an express power granted to the Lords of the Treasury to re-impose it again if it was deemed fit. The intention of this backstop provision was that the Treasury could withdraw the suspension if there was any evidence of illicit trafficking.
- It was not intended to introduce total assimilation of all customs duties of the Isle of Man to those of Britain.
- The limitation of the quantities of goods now allowed should be amended.
- The trade of Britain with the Isle of Man should be placed upon the footing of British coasting trade. The Island should be given practically the entire freedom to trade.
- There should be no risk of converting the Isle of Man into a depot for the smuggling and contraband trade.
- Any measure which would have the effect of materially increasing the pressure of taxation in the form of import duties upon the inhabitants of the Island should be avoided.

The customs duties contained in the schedule were calculated to produce a revenue somewhat exceeding that which was presently raised in the Island.

5.6 Debates and deputations

A special meeting of Tynwald Court on 21 March 1844 received the Board of Trade's proposals.³²¹ The House of Keys decided to adjourn the matter for further consideration whilst they ascertained the general feeling of the inhabitants of the Island. The Legislative Council fully agreed with the need for the protection of the British revenue and trade by preventing colonial and other foreign goods being smuggled from the Island into British ports, the importation of limited but adequate supplies of such goods into the Island at rates of duty still lower than those of Britain and any surplus revenue created by alterations in the duties to be applied to the benefit of the Island, not to augment the revenue of Britain. Tynwald Court then reconvened and agreed to inform the public of the substance of the British government's proposals by having them published in the local press and asking the Captains of the parishes to inform their communities of the changes.

Public meetings were consequently held in various parts of the Island.³²² The continuance of any part of the licence system was the most contentious point discussed. The meetings generally did not object to increased customs duties, but they insisted that any surplus revenue arising from the duties should be placed at the disposal of Tynwald. The House of Keys met on 10 April to hear the arguments of several area deputations and receive public petitions.³²³ Animated discussion consequently took place between the members for almost five hours. The Keys agreed that the British Government had no right to tax the people of the Isle of Man without the consent of Tynwald except where it was found absolutely necessary for the protection of the British revenue. With the abolition of the 2½% duties and virtually doing away of the 15% duties the Keys were prepared to consent to the imposition of some additional duties to make up the subsequent loss. The Keys also wished to call the attention of the British Government to the poverty of the Isle of Man, which it claimed was lacking in trade and manufacture, with landed property

³²¹ Minutes of meeting, 21 March 1844, MNHL, HKJ 09191/2/2, f. 410, and LCJ 09191/4/2, ff. 384-8. Ready to Manners-Sutton, 21 March 1844, MNHL, GOCB 09845/1/4, ff. 515-20.

³²² Train, *Historical and Statistical Account*, pp. 323-4.

³²³ Minutes of meeting, 10 April 1844, MNHL, HKJ 09191/2/2, ff. 411-16. *Manx Sun*, 13 April and 31 August 1844.

deeply mortgaged to British capitalists and imports greatly exceeding exports. The Keys considered that the main capital was supplied by the incomes of British people coming to live in the Island and the money spent by the summer visitors. They were concerned that any alteration in duties could drive the new residents and visitors away. In reluctantly consenting to the general changes in duties, the Keys considered that the increased revenue should be at the disposal of Tynwald. John Meadows White, the agent for the combined Manx deputation in 1837, was now to be employed on behalf of the Keys to watch matters in Parliament and to lobby on behalf of the Island. It was resolved that a letter should be sent to the Home Secretary, Sir James Graham, outlining the opinion of the members.³²⁴

The *Mona's Herald*, elated that some of its calls for reform were now imminent, triumphantly declared that 'Now's the day and now's the hour. Resist taxation. Demand free trade. The utter abolition of the detested licence system and the entire surplus revenues for insular purposes'.³²⁵

A public meeting was held in Douglas courthouse on 11 April with the veteran campaigner Sir William Hillary in the chair.³²⁶ Principal speakers were those who had long been involved in demanding customs reform for the Island, some of whom would later turn their attention to constitutional reform. Many of the anti-assimilation campaigners of 1837, including Sir William Hillary and John James Moore, called for unity in dealing with any form of imposition of financial change on the Isle of Man by the British Parliament. Robert Fargher, as ever, stuck with his more radical views and unsuccessfully called for support in proposing that any surplus revenue should not be placed under the control of Tynwald, 'a self-elected irresponsible body', but entrusted to parish commissioners. The meeting concluded by claiming the right of the Manx people to be able to impose through their own legislature all taxes and duties. It was resolved that resolutions should be forwarded to the Governor, Legislative Council, Keys, Board of Trade, Home Office, Dr Bowring and other Members of Parliament.

³²⁴ Sir James Robert George Graham (1792-1861), MP 1818, Home Secretary 1841-46.

³²⁵ *Mona's Herald*, 10 April 1844.

³²⁶ Samuel Rogers to Graham, 13 April 1844, NA HO/45/31. *Manx Sun*, 13 April 1844. *Mona's Herald*, 17 and 24 April 1844.

A people's deputation, consisting of Samuel Rogers, Thomas Garrett and Robert Duff, was appointed to proceed to London.³²⁷ The deputation met Dr Bowring to assist him with details on the matter. They also met with members of the Board of Trade who went through the entire Bill with them word by word, accepting many of their suggested alterations. Another deputation, consisting of George William Dumbell, Secretary to the House of Keys, and some of his colleagues, also visited London to further their own arguments and submissions.

5.7 An Act to amend the Laws relating to the Customs in the Isle of Man

A revised schedule of customs duties prepared by a committee of the House of Commons was issued in May 1844.³²⁸ The changes from the earlier package of measures put together by Shaw-Lefevre were remarkable. Duties scheduled for increase were affected in a number of ways. Some were set at the scheduled tariff, others stayed at the existing tariff, others were set somewhere between the scheduled and existing tariffs, whilst others were even reduced below the existing tariff. This revised schedule would become the basis for the final settlement.

A draft Bill 'To amend the Laws relating to the Customs in the Isle of Man' was brought in by the House of Commons on 24 May 1844.³²⁹ Whilst the Bill was progressing, the Home Office was still seeking opinions on its contents. Importantly, it wanted to know Governor Ready's further thoughts on doing away with the licence system for the importation into the Island of certain goods of foreign growth or manufacture.³³⁰ As he had done two years earlier, Ready went into the history of the present system. He pointed out that the scheme had been recommended in the report drawn up by Commissioners in 1792. In order to take away the temptation to smuggle, to establish a legal trade and to ensure a supply of foreign and other goods at a moderate cost, certain limited quantities of goods were therefore allowed to be imported by licence on the payment of moderate duties. The allotment to private persons was limited to enable the Governor to distribute to the merchants and dealers

³²⁷ *Manx Sun*, 17 August 1844. Train, *Historical and Statistical Account*, p. 324.

³²⁸ *Mona's Herald*, 21 May 1844. *Manx Liberal*, 25 May 1844.

³²⁹ *Mona's Herald*, 4 June 1844.

³³⁰ Ready to Manners-Sutton, 6 June 1844, MNHL, GOCB 09845/1/4, ff. 525-9.

such quantities as would induce them to sell articles at a moderate cost. Ready accepted that this mode of allotment had not 'given satisfaction or attained the object', but he considered that the principal problem was that the quantities allowed into the Island were too small. They were sufficient for the consumption of the inhabitants, but when the Island's population increased as a result of the large number of summer visitors, the amount of goods became inadequate. He thought that an increase in quotas, the continuation of the licence system and the setting of customs duties at moderate rates would be best for the Island. The reasons for Ready advocating the general retention of the status quo, with minor adjustments, are unclear. He undoubtedly had confidence in the principles of the present system, claiming they had beneficially 'produced a large amount of revenue and illicit trade is extinguished'. Concerns that any increases in tariffs could adversely affect future revenue and bring about the return of smuggling would most certainly have played a part in his thinking. He could also possibly have seen the continuation of the existing system as a means of rewarding and maintaining political support by protecting the welfare of the Manx establishment.

An amended Bill went through the House of Commons.³³¹ By it the licence system was to remain, probably a result of Ready's qualms, but in a limited form. Wine, tea, coffee and sugar had their licence restrictions removed. The quantities of spirits and tobacco allowed to be imported under licence were increased. The 2½% duties were done away with and the 15% duties suspended. The trade of the Island was changed from 'beyond the seas' to be placed on the 'coasting trade' with Britain. The harbour dues were abolished. The major tariff changes were decreases on coffee, French wines, gin, and rum and increases on refined sugar, black tea, cigars, Eau de Cologne and liqueurs. Tariffs on Muscovado sugar, green tea, tobacco and brandy stayed the same. Foreign timber above 8 inches was to be charged at 8/- a load and timber from the British possessions was to be duty free. Up to the very last moment, Bowring was still talking with Gladstone and eliciting further beneficial changes for the Island through modifications to the Bill.³³² Refined sugar, originally to be increased from

³³¹ *Mona's Herald*, 25 June and 9 July 1844. *Manx Sun* (supplement), 29 June, 1 and 6 July 1844. *Manx Liberal*, 29 June and 6 July 1844.

³³² *Mona's Herald*, 2 July 1844. *Manx Sun*, 6 July 1844.

1/- a hundredweight to 14/-, was altered to 9/4 and yet again to 9/-. The tariff on all wine was agreed to be £12 a tun. Brandy and gin had an additional 6d a gallon added to the revised duties to replace the lost income from harbour dues. Very importantly, £2,300 from the customs revenue was to be given annually to the Harbour Commissioners in lieu of the harbour dues for improvements to the Island's ports. The amended Bill was finally passed by the House of Commons on 5 July.³³³ It was then passed by the House of Lords and received Royal Assent to become 'An Act to amend the Laws relating to the Customs in the Isle of Man' on 19 July 1844, to be followed by another Act, 'An Act for regulating the Trade of the Isle of Man', the following year.³³⁴ The duties and allowances were now to be as follows:

| | Customs Duties | Quantities allowed |
|--|-----------------------|---------------------------|
| | £ s d | |
| Brandy, a gallon | 4. 6 | 20,000 gallons a year |
| Gin, a gallon | 2. 6 | 20,000 " |
| Rum, a gallon | 1. 6 | 70,000 " |
| Tea, a pound | 1. 0 | |
| Coffee, a pound | 0. 2 | |
| Tobacco, a pound | 1. 6 | 55,000 pounds a year |
| Cigars, a pound | 3. 0 | 5,000 " |
| Wine, a tun | 12. 0. 0 | |
| Muscovado sugar, a cwt. | 1. 0 | |
| Refined sugar, a cwt. | 9. 0 | |
| Timber from foreign countries, a load | 8. 0 | |
| Eau de Cologne, a gallon | 10. 0 | 50 gallons a year |
| Liqueurs, a gallon | 10. 0 | 50 " |
| All foreign goods not previously specified | free | |

³³³ Train, *Historical and Statistical Account*, p. 325.

³³⁴ *Acts of Parliament*, 7 and 8 Victoria, chapter 43, and 8 and 9 Victoria, chapter 94. Government minute, June 1870, MNHL, GOP 09845/1/4, ff. 104-5. *Mona's Herald*, 23 July 1844. *Manx Sun*, 27 July 1844.

| | |
|--|------|
| All other goods, wares or merchandise entitled to drawback, imported from Britain or Ireland | free |
| All goods, wares or merchandise not previously specified, imported from Britain or Ireland | free |

The new Act received the support of the Members of the House of Keys, who were pleased that ‘the vexatious interference of fiscal regulations in our trade with England has been done away with by our being relieved from the duties which called for that interference’.³³⁵

5.8 Celebrations

The financial changes were celebrated in the Island. The liberal *Mona's Herald* reported that the measures would prove to be a vast boon to the Island and enhance its prosperity.³³⁶ There was a complete about-turn by the conservative *Manx Sun* when a poem, a mixture of praise and satire, appeared on its front page in August 1844.³³⁷ ‘The Heroes of the Fiscal Bill’ commended Dr Bowring and the local reformers and slated the House of Keys:

What did the Keys, who heroes were of yore?
They heard with terror their great master roar!
They gaz'd astounded, paralyz'd with fright,
Forsook their colours, and they turned to *White!*³³⁸
Quick to their kennel slunk the twenty-four,
They cried *peccavi*, and they closed their door.

³³⁵ Speaker Goldie to Graham, 6 August 1844, NA, HO 45/31.

³³⁶ *Mona's Herald*, 2 July 1844.

³³⁷ *Manx Sun*, 3 August 1844.

³³⁸ Probably a reference to John Meadows White, the Keys' London agent.

Sir William Hillary received letters from Dr Bowring, William Gladstone and Sir Robert Peel.³³⁹ Bowring stated that ‘The strength of *my* case and of *my* position was in *your* grievance. There existed a state of things which truth and justice could not defend’. Gladstone wrote that ‘It is to me of great satisfaction, that in the discharge of my public duty, I should have been instrumental in framing a measure which is acceptable to so loyal and respectable a portion of my fellow-subjects’. Peel was ‘gratified by learning that the inhabitants of the Isle of Man do such ample justice to the motives and intentions of Her Majesty’s Government in aiding in passing the law to which this resolution refers’, and he hoped ‘that the practical operation of that law will greatly conduce to the welfare of the Island’. A dinner was given at the Victoria Hotel in Douglas by forty of his admirers to their veteran leader, Sir William Hillary.³⁴⁰ In his introduction, the chairman of the event wittily said that he had begun to think he saw Dr Bowring at the bottom of every cup of tea he drank and ‘it was made sweeter by the sugar he had secured for us’. A further letter from Bowring was read out, including his argument that:

the state of things would not bear investigation - it was indefensible - and the wonder is, *how* it could have so long remained unreformed! Harbours *repelling* by heavy dues, instead of *inviting* and *welcoming* the tempest-tost mariner; licences *lowering* prices to the *rich*, *rising* them to the *poor*; the Isle of Man a *foreign land* in the eyes of our fiscal laws - taxing British manufactures, and making exports from Great Britain subject to numberless vexations.

Dr and Mrs Bowring were invited to the Island to celebrate the satisfactory resolution of the many years of efforts to obtain for the Island a fair share of its own customs revenue.³⁴¹ The couple arrived in Douglas harbour in the evening of 23 September 1844 on board the Isle of Man Steam Packet Company’s vessel ‘*King Orry*’, on which the Steam Packet had given them free passage. The shipping in the harbour displayed flags, bonfires were lit and cannons were fired. Thousands of spectators crowded on and near to the pier. The guests disembarked, with Mrs Bowring on the

³³⁹ *Manx Liberal*, 10 August 1844. *Manx Sun*, 17 August 1844.

³⁴⁰ *Manx Sun*, 17 August 1844.

³⁴¹ *Manx Sun*, 21 and 28 September 1844. *Mona’s Herald*, 24 September and 1 October 1844. *Manx Liberal*, 28 September 1844.

arm of Sir William Hillary and Dr Bowring on the arm of the campaigner William Kelly. They took a horse-drawn carriage along Custom House Quay, through the market place and on through the town. Triumphant arches were erected along the line of procession, which was upwards of a mile-and-a-half long and led on to the shore road where bands were playing. During their stay in the Island the Bowrings were given a suite of rooms at the Castle Mona Hotel, onetime residence of the Duke of Atholl. The next day the guests headed west and visited Peel. An Odd Fellows dinner was held that evening in Douglas where Bowring spoke on his efforts to have the Island's customs system revised. He also spoke on the need for constitutional reform:

My own opinion is that you need to reform your House of Keys, and not overturn them. I should be sorry to see the House of Keys abolished. Your insular affairs require a local legislature. If the Keys will look around them and judge wisely, they will reform themselves.

Bowring then went to the northern town of Ramsey, with more processioning, jubilation, dining and speeches. He again criticised the House of Keys, claiming that they should have redressed the fiscal grievances and not left it to 'the mere chance of accident'. The next day he went south to Castletown to once again speak and dine. The Bowrings left the Island that evening.

The 15% import duties were due to be suspended from September 1844.³⁴² Delays and errors held up matters, but eventually, again with Dr Bowring's help, they were eventually suspended from that November.

5.9 Significance of the changes

The far-reaching changes to the Isle of Man's customs arrangements were, no doubt, a major and unfortunate contributory factor to the decrease in the numbers of retired half-pay officers and their families who had previously flocked to the Island because

³⁴² *Manx Sun*, 7 September 1844.

of its low taxes and cost of living. But the consequential losses to the public and private finances were more than compensated through the spending from the increasing number of summer visitors and the arrival of new working residents who were all coming to the Island as a result of the rising tourist trade. It was estimated that some 20,000 to 30,000 visitors arrived each year.³⁴³ The censuses from 1831 to 1851 show increases to the Island's population: 1831 - 41,000, 1841 - 47,975 and 1851 - 52,387.³⁴⁴

The changes the customs arrangements brought to the Island were considered by Bowring to be 'one of the earliest experiments in favour of free trade'.³⁴⁵ Their success was seen in the returns for customs duties on imported goods. When comparing 1842/43, the last full financial year under the 1833 Act, with 1844/45, the first full year under the new 1844 Act, the quantities consumed went up on almost everything, even those items on which customs duties had been substantially raised:

| | 1843 | | 1845 | |
|---------------------------------|-------|----------|-------|----------|
| | £ | Quantity | £ | Quantity |
| British Ad Valorem Goods | 1,655 | | | |
| Foreign Goods | | | | |
| Brandy, gallons | 2,318 | 10,304 | 4,428 | 19,681 |
| Gin, gallons | 2,205 | 9,801 | 2,400 | 19,195 |
| Rum, gallons | 6,164 | 41,094 | 4,613 | 61,510 |
| Tea, pounds | 2,518 | 95,999 | 5,596 | 111,926 |
| Coffee, pounds | 126 | 7,435 | 494 | 59,205 |
| Tobacco, pounds | 3,559 | 47,451 | 4,427 | 56,973 |
| Muscovado sugar, cwt. | 446 | 8,925 | 650 | 13,002 |
| Refined sugar, cwt. | 32 | 842 | 411 | 915 |
| Wine, tuns | 918 | 221 | 1,280 | 106 |
| Liqueurs, gallons | 8 | 34 | 5 | 10 |

³⁴³ Moore, *A History*, p. 576.

³⁴⁴ *Islands in the British Seas, Isle of Man, Jersey, Guernsey and adjacent Isles*, Census 1901, (London, 1903), p. 1. Throughout this thesis, the population figures are generally abstracted from the censuses of 1881, 1891 and 1901, other than when featured in other primary sources.

³⁴⁵ Bowring, *Autobiographical Recollections*, p. 213.

| | | | | |
|---------------------------------|-----------------------|--------|--------------------------------------|----|
| Eau De Cologne, gallons | 11 | 50 | 34 | 67 |
| Others | | | 740 | |
| | | 18,305 | | |
| Foreign Ad Valorem Goods | 867 | | | |
| TOTAL | <u>£20,827</u> | | <u>£25,078</u> ³⁴⁶ | |

The 1844 Act ‘marked an important watershed in Manx economic and political development’.³⁴⁷ The trade of the Isle of Man was now opened up, no longer considered as ‘beyond the seas’ but placed on the ‘coasting trade’ with Britain. The licence system was tightened up and made fairer. Improved customs tariffs and allowances were introduced. The quantities of most imported goods went up and the total customs revenue increased by over 20%. The Isle of Man Harbour Commissioners had authority to use a definite annual amount out of the customs revenue to finance harbour works. The amount, £2,300, was well covered by the £4,200 gross increase. This was the first time that a fixed sum of money had been allowed back to the Island to be managed there.

The demands for changes to the corrupt licence system and the doing away with the ad valorem duties had come in the first place from the local press and merchants. The Members of the House of Keys had initially distanced themselves from the protests; not unsurprising, as they represented the ‘clique’ who benefited from the existing system. Once again, public meetings, deputations and petitions were used to move matters on. The co-operation and negotiations had involved many important individuals and departments of the British Government. Indeed, despite an initial resistance, the Board of Trade had been in early communication with the Treasury and Customs. Manners-Sutton at the Home Office and Shaw-Lefevre at the Board of Trade had consulted with a cautious Governor Ready and Tynwald. Dr Bowring’s involvement as a negotiator and mediator, even up to the last minute and beyond, had been instrumental in bringing about and securing amendments to the initial proposals.

³⁴⁶ Official annual returns, 1843–45, PP 1846 (154), pp. 1–3.

³⁴⁷ John Belchem, ‘The Onset of Modernity, 1830–80’, in John Belchem, editor, *A New History of the Isle of Man, volume 5: The Modern Period, 1830–1999*, (Liverpool, 2000) p. 44.

Britain still saw a principal objective of the Act to be the protection of its own revenue and trade. Any the concerns and fears that the customs changes would bring about a substantial return of the smuggling trade or even a decline in the population did not happen. Joseph Train summed up events when writing in his 1845 *Historical and Statistical Account of the Isle of Man*:

Their trade with the United Kingdom is no longer liable to the formalities of foreign voyages, it being now upon the same footing as the coasting trade of Great Britain, with the privilege of carrying bonded goods in smaller vessels. Though the license system is not wholly swept away, a check is put to huxtering in surplusages. . . . The harbours of the Isle of Man will henceforth be 'harbours of refuge', open to every tempest-tossed vessel free of entrance tolls.³⁴⁸

5.10 Further demands for constitutional reform

Calls for Manx fiscal reform were generally associated with demands for constitutional reform, and in 1844 the fiscal and constitutional reformers again went for the double. Immediately following Dr Bowring's visit, reformers were able to concentrate on the outstanding constitutional grievance, that of the self-elected House of Keys. The movement was at its most progressive in Ramsey and the north, the area most geographically isolated from the 'Castletown clique'. Throughout the latter part of the year committees were formed and delegates appointed.³⁴⁹ A petition containing thousands of signatures was raised across the Island, and on 18 January 1845 a delegation of representatives presented the petition to Governor Ready for forwarding to the Home Secretary. Further petitions were raised throughout the early part of 1845.³⁵⁰ A unenthusiastic Governor Ready claimed that the petitioners 'represented a small portion of the real property and intelligence of the Island'.³⁵¹ Unsurprisingly, the Keys themselves did not support the call for their reform, claiming that 'this system of agitation appears to have originated with a few

³⁴⁸ Train, *Historical and Statistical Account*, p. 325. Train's term 'huxtering in surplusages' refers to corrupt dealings in surplus goods imported through the licence system.

³⁴⁹ Minutes of meetings, 14 October 1844 to 20 March 1847, MNHL, Election Association minute book MD290/2. Harrison, 'Reform from the North', pp. 404-5.

³⁵⁰ Various petitions, correspondence on reform of the House of Keys, PP 1846 (88), pp. 1-15.

³⁵¹ Ready to Manners-Sutton, 24 January and 19 February 1845, MNHL, GOCB 09845/1/4, ff. 533 and 536-42.

shopkeepers, to have been adopted by some stranger residents'.³⁵² The local reformers certainly found quite a volume of support from the new residents and in 'the commercial centres where the growth of a wealthy and politically conscious trading class bred resentment of a self-elect, land-dominated legislature'.³⁵³ Dr Bowring again promised his support and requested Sir James Graham to consider the 'practical anomalies and absurdities' of the situation.³⁵⁴

There was now a new Governor, the Honourable Charles Hope, who, aged thirty-seven, succeeded Ready in very tragic circumstances.³⁵⁵ Ready had been ill for many months and had been taking both internal and external medicines. In July 1845 he died after accidentally drinking a solution of sulphate of atropine in mistake for a draught of morphine.

Shortly before his death, Ready had received a query from the Home Office regarding the failure of the Isle of Man Joint Stock Bank two years previously and the delay in resolving the matter. Concerns had been raised by disgruntled shareholders.³⁵⁶ Only a few weeks into his new appointment, Hope was contacted by Manners-Sutton with a letter following up this query and containing information, advice and caution on constitutional and fiscal matters.³⁵⁷ Manners-Sutton pointed out to the new Governor that public meetings had been held around the Island calling for constitutional reform. Memorials of complaint against the House of Keys had again been received by the Home Secretary. The memorials made reference to the collapse of the Joint Stock Bank, an event which had caught out persons of all persuasions, conservatives and liberals alike. The opponents of the self-elected House of Keys had informed Sir James Graham that certain members of the Keys were mixed up in the transactions of the bank. Manners-Sutton went on to remind Hope that the customs revenue of the Isle of Man belonged to Britain as a result of the purchase of Island from the Duke of Atholl. He urged Hope not to lose sight of this point, for, if the House of Keys was

³⁵² Keys memorial, memorials on reform of House of Keys, 27 January 1845, PP 1845 (106), p. 5.

³⁵³ Forster, 'Constitutional and Financial Movements', p. 19.

³⁵⁴ Bowring to Graham, April and May 1845, NA, HO 45/943.

³⁵⁵ Honourable Charles Hope (1808-93), son of fourth Earl of Hopetoun, lawyer, MP 1838, Governor of Isle of Man 1845-60, retired to run his Scottish estates.

³⁵⁶ Shareholders to Manners-Sutton, 16 July 1845, and Manners-Sutton to Ready and reply, 18 and 22 July 1845, NA, HO 45/943A.

³⁵⁷ Manners-Sutton to Hope, 12 November 1845, MNHL, GOCB 09845/1/5, ff. 61-4.

ever to become a democratically elected body, it would scarcely be inclined to acquiesce in the current arrangement by which the surplus was merged into the general funds of Britain. He clearly spelt out Britain's stand on this. 'Sir James Graham desires me to state that a proposition for the surrender of these revenues, or of any part of them, the Government is not prepared to accede'.

Hope met with representatives of the people in December 1845 to receive a further petition for electoral reform. He reported back to Manners-Sutton in great length, referring to general complaints regarding the Keys still being a self-elected body, not representing the people, levying taxes without giving any account of the expenditure of the money and sitting in government behind closed doors.³⁵⁸ He referred to the lack of opportunity for the people of the Isle of Man to know what laws were being considered by the legislature until they were actually passed and the reluctance of the Keys to amend the existing laws. Hope also remarked on the failure of the Joint Stock Bank and the fact that several of its directors were Members of the House of Keys. Having referred to all these faults and problems, he then remarkably went on to state that he could not say that there was any material ground for complaint against the Keys in the performance of their functions. He doubted whether so small a community as that of the Isle of Man would be better governed under a representative assembly than it had been under a self-elected one. He informed Manners-Sutton that he could not recommend any change to the constitution of the Keys:

I do not say this because I consider the present constitution of that House perfect, but because I think it is well adapted for its purpose. It has no great power and even if so disposed could do very little harm; and if the present constitution were to be altered I do not see how it could be replaced in such a manner as to be satisfactory to the inhabitants of the Island or to meet the wishes of those who desire a change, without interfering with the present interests of the Empire in such a manner as I should think would not be agreed to.

³⁵⁸ Hope to Manners-Sutton, 30 December 1845, MNHL, GOCB 09845/1/5, ff. 64-85.

Hope echoed Manners-Sutton's fear that a popularly elected assembly would never be satisfied with the small share of power which the House of Keys currently possessed, and he agreed that a reformed Keys would endeavour to regain control over the customs revenue of the Island, and that such a claim would come with much more force if made by an elected assembly which possessed the confidence of the people. The *Manx Liberal*, reporting on the attitude of Governor Hope to constitutional reform, would later write that 'Clique influence has been his law, opposition to reform his motto, and contented degradation his text and his mandate; and all, forsooth, because he was a Tory'.³⁵⁹

Early in 1846 and again in 1847 further petitions calling for reform of the constitution of the Keys were raised throughout the Island and sent to the Home Secretary.³⁶⁰ The eventual reaction from the new Home Secretary, Sir George Grey, was interesting, if somewhat predictable:

I am not prepared to deny that an anomaly is presented by the existence in an Island almost within sight of England, and forming part of Her Majesty's dominions, of institutions very dissimilar from those of this country. I cannot, however, consider the Isle of Man in the light of a British colony, entitled as such to a separate Legislature, based on a representative system. I regard it rather as a portion of the mother country, possessing, indeed, from accidental circumstances, peculiar customs and institutions.³⁶¹

Grey went on to threaten that the situation could be addressed by the Isle of Man being incorporated with Britain, and 'of being admitted, by such incorporation, to a participation in those free institutions of which the memorialists speak in terms of just admiration'. The *Isle of Man Times*, despairing at the lack of effort by the House of Keys ('the antiquated humbug') to reform, also deliberated on the possibility of incorporation, urging its readers to consider calling for a 'Union with England, free

³⁵⁹ *Manx Liberal*, 28 August 1847.

³⁶⁰ Three memorials to Grey, 1846 and 1847, memorials and correspondence on reform of the House of Keys, PP 1847 (141), pp. 1-5.

³⁶¹ Grey to Hope, 18 January 1847, memorials and correspondence on reform of the House of Keys, PP 1847 (141), p. 5.

Municipal Institutions in the Isle of Man, coupled with the continuance of our present Fiscal privileges'.³⁶² Grey repeated his stand in 1848 when Bowring, who had called for a commission to inquire into the subject, again raised the issue of parliamentary reform. Grey stated that 'a complete remedy for the evils complained of was to be found, not in a separate legislature for a small island within a few hours' sail of the British coast, but, on the contrary, in the complete incorporation of the Isle of Man with the United Kingdom'.³⁶³

The threat of annexation again temporarily subdued the constitutional reformers, and, whilst Britain's policy was that its free trading territories did not necessarily require detailed regulation, the continuing presence in the Isle of Man of a British appointed Governor with comprehensive powers ensured the maintenance of imperial authority. However, the position of the Governor was not an issue at this time, but the continuance of the unelected House of Keys and the control of the public finances were. Whilst significant changes had been made in 1844 to the Island's trade and licence systems and some regulation in the use of the increased surplus customs revenue had been allowed, the fiscal and constitutional situations were matters of concern which were being raised by the progressive radicals and the members of the new commercial classes, none of whom was allied to the House of Keys and the Governor. The emphasis was changing.

³⁶² *Isle of Man Times*, 5 June 1847. The owner and editor of the *Isle of Man Times* was William Shirrefs, who came to the Island to take advantage of the exemption from stamp duty on newspapers published in the Isle of Man.

³⁶³ *Parliamentary Debates*, volume 97, 2 March 1848, p. 126.

Chapter 6

‘IF THE HOUSE OF KEYS HAD BEEN A REPRESENTATIVE BODY’ ABOLITION OF THE LICENCE SYSTEM

6.1 Introduction: Reform needs and the power of the Treasury

In the early 1850s the Isle of Man was busy and prospering.³⁶⁴ Shipbuilding was booming, with the construction of barques in Douglas, schooners in Peel, fishing boats in Castletown and Port St Mary and wooden and iron ships of up to 2,000 tons burdened weight in Ramsey. Shipbuilding, fishing, net making and other associated trades financially supported about a quarter of the Island’s population. The extraction of lead, silver, copper and zinc was also a major industry. The mines at Foxdale were being brought under the Joint Stock Companies’ Act and those at Laxey were having a giant water wheel constructed to pump them dry of water. Agriculture had improved through the introduction of subsoil ploughing, artificial manuring, draining tiles and the Tithe Commutation Act. The Isle of Man Steam Packet Company was ferrying 50,000 passengers a year to the Island in its fleet of paddle-steamers. Plans were being drawn up for a breakwater to protect Douglas harbour from the south-easterly gales, and further breakwaters for Ramsey, Peel, Port Erin and Castletown were being considered. The improvements to the Island’s ports and harbours, thereby making the Island much more accessible, would be of immense benefit to all aspects of Manx trade and commerce.

All of these ongoing developments required the support of suitable public works, so additional money managing schemes were needed to provide the necessary extra funds. But the Treasury was reluctant to return any more of the Manx surplus revenue than it had to. An example of this took place in 1850 when the inhabitants of Castletown and the Harbour Commissioners requested finances to remove the bar and other impediments in the harbour and were starkly informed by the Treasury that there were no funds available.³⁶⁵ The Island required financial security and stability.

³⁶⁴ Moore, *A History*, pp. 576, 932, 949-51 and 967-8. Cringle, *Here is the News*, pp. 93-9. *Statutes of the Isle of Man*, ‘An Act for the Commutation of Tithes in the Isle of Man’, 1839.

³⁶⁵ Memorials and correspondence regarding harbour improvements at Castletown, PP 1851 (651), pp. 1-36.

Any attempt at revised national economic strategies, however, would again bring into question the control and disposition of the Manx customs revenue, which in turn would raise concerns about the constitutional position of the House of Keys and result in queries regarding the nature of the relationship which existed between the Isle of Man and Britain. With more changes in the offing and fiscal and constitutional protestors becoming of one mind, the idea that 'if financial reorganisation was achieved, constitutional reform would inevitably follow, had taken firm root'.³⁶⁶ The new commercial classes of Manx residents were pressuring for economic transformation. Even the Members of the House of Keys were becoming reconciled to accepting that their own reform and their input into controlling the Island's customs revenue were irrevocably linked. In spite of the general recognition of the need for these changes, the reformers, the protestors, the Keys and even the cautious Governor were unprepared for the dubious dealings from within the British Treasury, dealings which very much reflected the ideals of the commercial and imperial state with its hegemonic culture.

The main objectives of the Treasury during this period were to accurately assess Britain's revenue, ensure it was efficiently collected and punctually paid and have its expenditure carefully regulated.³⁶⁷ Whilst its control of the economy was at the heart of its very being, the Treasury did not have the authority to fix the expenditure levels of the independent departments. Though its influence was expanding, there were important practical limitations to its authority. Its principal control, however, lay early on in the process, largely through the requirement for its prior approval for the funding of departmental schemes. The Treasury's involvement in the public finances of the Isle of Man was more comprehensive, enabling it to directly supervise and approve the Manx customs revenue. It was this authority, exercised by an increasingly powerful department, which was on occasions exceeded by the deliberate discounting of the constitutional rights of Tynwald Court.

³⁶⁶ Forster, 'Constitutional and Financial Movements', p 27.

³⁶⁷ Wright, *Treasury Control of the Civil Service*, pp. 1-4. Henry Roseveare, *The Treasury: The Foundations of Control*, (London, 1973), pp. 22-7. Samuel H. Beer, *Treasury Control: The co-ordination of financial and economic policy in Great Britain*, (London, 1956), p. 16.

6.2 Governor's suggestions and Treasury's proposals

In the late summer of 1852 Governor Charles Hope contacted the Assistant Secretary of the Treasury, Sir Charles Edward Trevelyan, regarding the remnants of the import licence system.³⁶⁸ Hope thought that the whole subject should be reconsidered with a view to modification, if not total abolition. He was having problems in allotting licences, made all the more difficult by the vast increase in quantities being applied for by some people - although the maximum total quantities allowed for the whole of the Island were not being exceeded. Hope could not see any advantage to the Island as a whole by retaining a system which hampered trade and was no longer required to prevent smuggling out of the Isle of Man.

With this opinion from the Island's Governor, the Treasury went into immediate action. The Commissioners of Customs were asked for their opinion on Hope's suggestion. Their resultant report, issued in late 1852, cautioned against abolishing the licence system without at the same time increasing the duties on Manx imports which, if left at the present low rates, they feared might incite the return of smuggling.³⁶⁹ Consequently, the Financial Secretary of the Treasury, James Wilson, asked Hope for his thoughts on a Treasury report issued early in 1853.³⁷⁰ Wilson's position of Financial Secretary was next in seniority to the Chancellor of the Exchequer, and all important Treasury business was submitted to the post holder, who had the power to decide a great part of it.³⁷¹ In the Treasury report it was proposed that any changes should be included in an Act which would be introduced in the next session of Parliament. At this early juncture the report showed that the Treasury had mixed feelings on the matter of restructuring the licence system, recognising the 'serious evils' which arose out of the existing system whereby a monopoly of supply was created which deprived consumers of the advantages of the lower Manx customs duties, whilst at the same time reasoning that the current system

³⁶⁸ Hope to Trevelyan, 23 August 1852, MNHL, GOCB 09845/1/6, ff. 363-7.

³⁶⁹ Wilson to Hope, 7 February 1853, and Treasury minute, 1 February 1853 MNHL, GOCB 09845/1/6, ff. 402-6. Customs report, minutes and correspondence between Treasury and Isle of Man on customs reform, 14 April 1853, PP 1852-53 (982), pp. 1-7.

³⁷⁰ James Wilson (1805-60), founder of *The Economist* 1843, MP 1847, financial secretary to the Treasury 1853-58, vice-president of the Board of Trade 1859, political economist and advocate of free trade and repeal of the Corn Laws and Navigation Acts.

³⁷¹ Bridges, *The Treasury*, p. 225.

of limiting the quantities of certain articles was the only means by which extensive smuggling could be prevented. In spite of their initial misgivings, the Treasury had come to the conclusion that a moderate increase in the existing duties on brandy, gin, rum, tobacco, Eau de Cologne and liqueurs would have the effect of preventing any smuggling and should not cause any major increase in the price of goods to the consumer, provided that the licence system was entirely abolished and open competition established.

Hope agreed in the main with the proposals in the Treasury report.³⁷² He thought that smuggling goods out of the Island was no longer an issue, as proved by the amounts of licensed goods being legally imported never reaching the full amounts calculated sufficient for local consumption. Brandy, probably the article most likely to be smuggled, was limited to 20,000 gallons a year, but only 14,325 gallons had been imported in 1849, 15,652 in 1850 and 14,425 in 1851. Hope feared, however, that any major increases in tariffs could lead to temptations and the return of smuggling into the Island. With this in mind, he believed that the increases proposed in the Treasury report were too great and that smaller increases should be applied, which would additionally create more demand for goods and thereby produce higher overall revenue. Hope suggested that, if there was a concern that lower rates might encourage smuggling, power could be reserved in the new Act to enable the Treasury to re-establish the licensing system, similar to the power given in the 1844 Act with regard to the 15% ad valorem duty. An important point he raised was that the £2,300 allocated annually to the Harbour Commissioners for port improvements had been fixed at this figure in 1844 with no allowance made for an increasing revenue. Since then, the population of the Island had grown considerably and, along with it, demand for all commodities had risen, increasing the Island's trade and its customs revenue. Any such rise in trade would have proportionally increased the income from the now defunct harbour dues. The Island was not benefiting from either scheme, so was suffering financially in both respects. Hope therefore considered that any new revenue should be used to provide an additional sum for harbour improvements.

³⁷² Hope to Wilson, 12 February 1853, MNHL, GOCB 09845/1/6, ff. 406-19.

These proposals from Hope were generally accepted by the Commissioners of Customs.³⁷³

In April 1853 part of the British Government's annual budget featured the reformation of its Customs Department.³⁷⁴ James Wilson laid the full plans before the House of Commons, and at the conclusion of his explanations he pointed out that there was a 'small matter' which the Government meant to change which was of 'considerable importance'. He explained the situation in the Isle of Man, and described the historical position the Island was in when under the lordship of the Dukes of Atholl. He said that its low customs duties had caused difficulties to the British Exchequer through smuggling. To help obviate these difficulties, after revestment it was arranged that licences should be granted to particular persons to import limited quantities of articles into the Island. This had worked well early on but was no longer satisfactory. Wilson went on to explain that, after obtaining suggestions from the Governor, the Commissioners of Customs had come to the conclusion that it would now be wise to entirely abolish the licensing system, permit unlimited imports and raise the rates of duty. Such measures, it was reasoned, would see off any vestiges of smuggling and, at the same time, they were in accordance with the idea free trade, which, by the 1850s, was official British policy and an enduring ideology.

6.3 Resistance

Whilst the two politically opposed Island newspapers continued to lambast each other, there was general agreement on the proposed customs changes. The *Mona's Herald* queried where the Governor derived the constitutional authority to seek to change the Island's fiscal situation.³⁷⁵ It accused the British Government of violating its own parliamentary constitution by seeking to alter the Manx customs duties without the consent of the Island's population, 'ay, behind their backs and over their heads, by the act of a body wherein a Manxman's voice cannot be heard'. It bluntly

³⁷³ Report, 14 April 1853, minutes and correspondence between Treasury and Isle of Man on customs reform, PP 1852-53 (982), pp. 5-7.

³⁷⁴ *Mona's Herald*, 27 April 1853, commenting on report in *The Times*.

³⁷⁵ *Mona's Herald*, 4 and 11 May 1853.

claimed that 'we are fleeced every year'. The *Manx Sun* reported in a similar way, claiming the British Government 'coolly ignored the rights and privileges of the Isle of Man' and was 'predetermined on increasing our taxation whilst relaxing their own'.³⁷⁶

The threat of economic changes again galvanised action from people of all persuasions who were concerned about the proposed changes, the inadequacy of the Manx customs system and the Island's deprivation of the balance of the surplus revenue. A public meeting was held on 29 April 1853 in Douglas to consider the Treasury proposals.³⁷⁷ Robert Fargher was elected secretary. It was resolved that a people's deputation should go to London to try to prevent any clause which could injure the Island being included in a Bill to reform the Customs Department.

A meeting of Tynwald Court was convened in early May to discuss the proposed customs alterations. Charles Hope claimed that he had always intended to summon Tynwald when he was in a position to lay before them something definite on the subject, but he had held off as he had had nothing official to report.³⁷⁸ However, he was now able to detail some of the possible alterations to duties, but that was all. The Keys considered they were not being sufficiently briefed and requested the Governor to produce copies of any relevant correspondence between himself and the British Government.³⁷⁹ Hope's reply was much the same, that he had no correspondence at present which he felt justified in laying before the Keys, but he expected he would shortly be in possession of such information. The Keys were not satisfied with this reply either and asked him to forward a letter of theirs to the Treasury requesting full information and with the observation that the members could not imagine that the British Government would introduce any measure directly affecting the Isle of Man without first submitting the same to Tynwald and the people.

³⁷⁶ *Manx Sun*, 30 April 1853, commenting on reports in *The Times* and *Morning Post*.

³⁷⁷ *Manx Sun*, 30 April and 7 May 1853. *Mona's Herald*, 4 May 1853.

³⁷⁸ Speaker John Moore to Hope, 30 April 1853, MNHL, GOCB 09845/1/6, ff. 433-5. Minutes of meeting, 6 May 1853, MNHL, LCJ 09191/4/3, f. 255. *Manx Sun*, 7 May 1853.

³⁷⁹ Acting Speaker Gawne to Hope and reply, and Hope to Wilson, enclosing Keys letter, 7 May 1853, MNHL, GOCB 09845/1/6, ff. 433-40. *Manx Sun*, 7 May 1853.

The House of Keys contacted British politicians who had sympathy for the Isle of Man's situation. They sent a request to Sir Robert Inglis for him to ask for copies of all recent pertinent correspondence.³⁸⁰ Wilson was questioned in the House of Commons by William Ewart, who twice asked whether the proposed customs changes affecting the Island were ready yet.³⁸¹ Wilson replied they were still being prepared and he could not provide any details yet other than the tariff increases would be small. The Keys continued with their pressure on Wilson and the Treasury, and one of their members, George William Dumbell, was able to report that John Meadows White, who the Keys had again appointed as their representative in London, had met with Inglis and Wilson and had sent papers to the Board of Trade.³⁸² Dumbell understood that the British Government intended to lay a Bill dealing with the matter before Parliament on 19 May. The Keys wrote again to the Treasury, claiming that it would be unjust and unconstitutional to impose any form of taxation upon the people of the Isle of Man without first seeking their opinions and those of the House of Keys, 'the *only* representatives of the Island'. This reference was a thinly veiled criticism of the Douglas deputation (see page 128).

Meanwhile, the Douglas deputation of Samuel Harris, Thomas Garrett and Robert Fargher arrived in London on 18 May where they met with the committee chairman, John James Moore, who was based there.³⁸³ The deputation sent extensive documentation to the Home Secretary, Viscount Palmerston, who referred them on to the Treasury.³⁸⁴ They met with James Wilson, and he explained that the Bill dealing with the Isle of Man customs had been delayed due to his indisposition - this 'indisposition' was possibly to delay and rethink the situation and seek legal opinion from the Treasury's solicitors. The deputation also met with Sir Joshua Walmsley, another Manx sympathiser, in the lobby of the House of Commons and requested his

³⁸⁰ Sir Robert Harry Inglis, Baronet (1786-1855), MP 1824. *The Dictionary of National Biography*, volume 29, pp. 6-7, describes Inglis as an old fashioned Tory, with many prejudices and no great ability, but popular in the House of Commons.

³⁸¹ William Ewart (1798-1869), MP 1828-37 and 1839-68, advocate of repeal of the Corn Laws. *Manx Sun*, 7 and 14 May 1853.

³⁸² Hope to Wilson enclosing letter from Keys, 16 May 1853, MNHL, GOCB 09845/1/6, ff. 442-4,. *Manx Sun*, 21 May 1853.

³⁸³ *Mona's Herald*, 1 June and 6 July 1853. Moore to Wilson, 21 July 1853, minutes and correspondence between Treasury and Isle of Man on customs reform, PP 1852-53 (982), pp. 22-3.

³⁸⁴ Henry John Temple, third Viscount Palmerston (1784-1865), MP 1807, Home Secretary 1852-55, Prime Minister 1855-58 and 1859-65.

assistance.³⁸⁵ Walmsley had been one of those involved in bringing grain into Liverpool and claiming it had been grown in the Isle of Man when in fact had been imported from abroad. He informed the members of the deputation that 'I ought to assist the Isle of Man, as I made £30,000 by it; but you must expect my assistance contrary to my opinion, and my opinion is that you will do no good in the Island until you are assimilated in all the fiscal and legislative measures that we have in England.'³⁸⁶ The members of the deputation were surprised and alarmed by his response, and J. J. Moore recalled later that, 'upon consultation of the danger of his influence, we avoided him'. However, Walmsley successfully applied for copies of the Manx surplus customs revenue returns to be made available and sent them to the Douglas deputation.³⁸⁷ The *Mona's Herald* claimed the figures within these returns showed that the British Government had 'plundered' and 'fleeced' the 'poverty stricken' Island.³⁸⁸ The *Mona's Herald* not only criticised the British Government but also took a swipe at the lack of effort by the Keys over the years to obtain the surplus revenue for the exclusive use of the Island and complained at their continuing reluctance to become a democratically elected body:

They have seen the fat hand of old John Bull pounced into Mona's [ancient name for the Isle of Man] little pocket, lo! . . . There is something inexplicable and mysterious in this matter, to those who cannot peep behind the scenes. Let us lift the veil a little and look in. These twenty-four men feel that they are tenants at sufferance, and if not very gracious to the landlord, they will be ejected. The implied compact between them and the Home Government is this. They say to John Bull, 'Just allow us to elect ourselves as of yore, and perpetuate this irresponsible farce, and we'll be mum about the surplus, and let our simple ones, for whom we are guardians, be robbed of it to right and left'.

³⁸⁵ Sir Joshua Walmsley (1794-1871), MP 1849, advocated repeal of the Corn Laws, worked with Cobden and Bright in Anti-Corn Law League.

³⁸⁶ *Mona's Herald*, 2 May 1866.

³⁸⁷ *Manx Sun*, 21 May 1853. *Mona's Herald*, 1 June and 6 July 1853. Return of gross revenue of customs of the Isle of Man, 1805-53, PP 1852-53 (501), pp. 1-3.

³⁸⁸ *Mona's Herald*, 1 June 1853.

6.4 Inclusion of the Isle of Man in a General Customs Consolidation Bill

On 7 June Wilson informed Hope that the long awaited Bill would soon be forwarded to him for consideration prior to its introduction into the British Parliament.³⁸⁹ However, nine days later Wilson wrote again, saying that the new regulations affecting the Island were now to be included in a British Customs Consolidation Bill (a utilitarian measure encompassing Britain and its possessions), and it would not be possible to send a copy of the same for consideration by Tynwald and the people prior to its being presented to the House of Commons.

The surprising decision that the Island would be included in a general British Bill, with little opportunity for input from Tynwald or the people, came as a bombshell. The Council and the Keys agreed to unite against this imposition and claimed that such a course was contrary to the precedent set by the Revestment Act of 1765 which had determined that any such changes affecting the Island had to be enacted by distinct Acts of Parliament.³⁹⁰ The Keys also organised a public protest petition to be sent to the British Government.³⁹¹ Separate resolutions from the both the Keys and the Council were also drawn up in protest, which, the *Mona's Herald* claimed, sent incongruous and contrary views which neutralised each other and formed no united opposition.³⁹² Hope sent copies of all these resolutions to the Treasury and the Home Office.³⁹³ In his covering letter to the Treasury an aggrieved Hope wrote, 'I am not aware of the reasons which have induced their Lordships to adopt this course, but it is one which I fear will cause considerable dissatisfaction to the inhabitants'. In his letter to the Home Office he wrote, 'It is contrary to the former practice in any Legislation in the Customs Regulations of the Isle of Man, which have always been contained in separate and distinct Acts'.

On 27 June Sir Robert Inglis addressed Wilson in the House of Commons, asking him why the promised separate Bill for the Island had now been combined with the

³⁸⁹ Wilson to Hope, 7 and 16 June 1853, MNHL, GOCB 09845/1/6, ff. 447-53.

³⁹⁰ House of Keys and Legislative Council correspondence and minutes, 20 June 1853, MNHL, GOCB 09845/1/6, ff. 453-67. *Manx Sun*, 8 July 1854.

³⁹¹ *Manx Sun*, 25 June and 2, 9 and 23 July 1853. *Mona's Herald*, 6 and 13 July 1853.

³⁹² *Mona's Herald*, 22 June 1853.

³⁹³ Hope to Wilson and Fitzroy, 20 June 1853, MNHL, GOCB 09845/1/6, ff. 456-67.

General Customs Consolidation Bill.³⁹⁴ Wilson replied that it had been decided to put the issues relating to the Island into the British Bill as they were simple and short. He said that he had sent notice to the Island of the plans three weeks previously and believed the proposed changes had met with the approval of the people. Walmsley and Ewart challenged him to produce evidence of fact for both these remarkable statements. In the Isle of Man the Members of the House Keys were equally appalled by these false claims. Wilson had only recently informed the Island that it was to be included in the Consolidation Bill and he had totally disregarded the parliamentary and public protests. To address this controversy, Tynwald agreed that a further petition should be sent to the British Government and that two of their members, George Dumbell and William Callister, should go to London to try to remove any 'false impressions'.³⁹⁵ The Keys deputation left the Island the next day, taking with them the petition. Soon after they arrived in London they had interviews with the Chancellor of the Exchequer, William Gladstone, and the Home Secretary, Viscount Palmerston.³⁹⁶

The status of Dumbell and Callister as representatives of the people of the Island was brought into question by the Douglas committee, who informed Palmerston that 'these two gentlemen do represent their own House . . . but they do not represent the inhabitants of the Isle of Man' - a counter-swipe at the Keys (see page 125).³⁹⁷ Matthew Henry Fielde, who had lived in the Island for a short time but was now in Dublin, also wrote to Palmerston complaining about the Keys, which 'does not work well, does not give satisfaction to any but the few who profit by its corrupt administration'.³⁹⁸ It was also his opinion that the 'intelligent portion of the community are rejoiced that the monopoly is doomed'. He also criticised the *Manx*

³⁹⁴ *Manx Sun*, 2 July 1853. *Mona's Herald*, 6 July 1853.

³⁹⁵ William Callister (1808-72), MHK 1847-69, worked for reform of the House of Keys, timber merchant and founder director of Isle of Man Banking Company Ltd, one daughter married Edward Curphey Farrant, MHK, and another married John Thomas Clucas, Secretary to the Governor, Clerk to the Council and Treasurer of the Isle of Man. John Moore, Speaker, to Hope, and Hope to Palmerston, 6 July 1853, MNHL, GOCB 09845/1/6, ff. 472-4. *Manx Sun*, 9 July 1853. *Mona's Herald*, 13 July 1853.

³⁹⁶ William Ewart Gladstone (1809-98), MP 1832, Tory Chancellor of the Exchequer 1852-55 and 1859-66, Liberal leader 1867, Prime Minister 1868-74, 1880-85, 1886 and 1892-94. *Manx Sun*, 16 and 23 July 1853. *Mona's Herald*, 20 July 1853.

³⁹⁷ Douglas committee to Palmerston, 6 July 1853, minutes and correspondence between Treasury and Isle of Man on customs reform, PP 1852-53 (982), p. 36.

³⁹⁸ Fielde to Palmerston and Wilson, 9, 12, 16, 19 and 27 July 1853, minutes and correspondence between Treasury and Isle of Man on customs reform, PP 1852-53 (982), pp. 38-41. *Mona's Herald*, 28 June 1854.

Sun and the *Mona's Herald*. Fielde additionally wrote a number of letters to Wilson, using much the same points and encouraging the British Government to treat the Island as part and parcel of Britain:

What have they done that they should not be annexed to an English county? Why should not they bear their part in a general scheme of taxation? Why should the English artisan pay more than double duty for his brandy and tobacco than the Manxman?

6.5 Draft Bill and Tynwald's reaction

On 7 July a draft of 'A Bill to amend and consolidate the Laws relating to the Customs, Trade and Navigation', with six clauses relating to the Island, was received by Governor Hope, who referred it to Tynwald.³⁹⁹ The Keys were still dissatisfied and forwarded a further resolution to the Home Office and the Treasury, again protesting against the Island being included in the Bill, complaining that it was unconstitutional and contrary to every principle of legislation and denying the right of Britain to legislate for the Island other than for the protection of the revenue of Britain. Hope, on the other hand, seemingly accepted the *fait accompli*. In his covering letter enclosing the resolution, he brought a couple of practical points relating to the Bill to Wilson's attention. The first referred to clause 160 which declared that 'The Isle of Man shall be deemed and taken to be part of the United Kingdom for all purposes of this or any other Act relating to the Customs'. Hope considered that this clause should be amended to make clear that it was confined solely to the new Act. Worded as it was, it could be deemed that any other Customs Act without any special reference to the Island would apply to it, having been passed by the British Parliament without any opinions being sought from the Island. The other point which Hope thought would cause problems was the omission yet again of the previous provision that the customs revenue of the Isle of Man, subject to certain deductions, should be paid 'into the receipt of Her Majesty's Exchequer distinctly and apart from all other branches of the public Revenue'.

³⁹⁹ Wilson to Hope, 5 July 1853, and Hope to Palmerston and Wilson, 9 July 1853, MNHL, GOCB 09845/1/6, ff. 471 and 475-9. *Manx Sun*, 22 July 1854.

Meanwhile, the Treasury produced a minute on 8 July in reply to the main concerns expressed in the earlier Tynwald resolutions.⁴⁰⁰ It was admitted that it had been originally intended to embody the Manx customs duties regulations in a separate Act, but the Treasury was of the opinion that the new British Customs Act would be incomplete if it excluded 'so near a possession' as the Isle of Man. With regard to the claim that there was an intention on the part of the British Government to interfere with the separate privileges enjoyed by the Island, the Treasury wished the Island to be assured that there was no such intention and there were no motives other than a desire to benefit as much as possible the trade of the Island. The Treasury was prepared to insert a clause expressing in the most explicit terms that nothing in the Act should be construed in any way to affect the rights of the Isle of Man. The Treasury addressed the objection regarding the disposal of the surplus revenue after defraying the cost of its collection and the government of the Island. This had been raised in two forms: one in a wider form regarding the disposal of any surplus revenue after defraying these costs and expenses, and the other in a limited form regarding the disposal of any additional revenue which may arise from the increase of duties now proposed. With regard to the first point, the Treasury was adamant that it was expressly enacted that all such surplus revenue should be paid into the British Exchequer and made part of the Consolidated Fund. With regard to the second point, the Treasury was prepared to add to the £2,300 reserved under the 1844 Act a further sum likely to be received under the changes now proposed to the tariffs.

After Tynwald had considered this Treasury minute, the Governor and Council presented a draft resolution expressing their further opinions to the Keys.⁴⁰¹ It was hoped that this draft would form a joint resolution of the two branches of the legislature to be laid before the British Government. The Governor and Council considered that they could now lift the objections which they had previously held, and they believed that, whilst there may be differences of opinion as to the exact amount of duties which should be imposed, the Treasury and Customs had probably

⁴⁰⁰ Treasury minute on proposed alteration of customs duties, 8 July 1853, PP 1852-53 (746), pp. 1-7. Wilson to Hope, 9 July 1853, MNHL, GOCB 09845/1/6, ff. 479-503. Minutes of meeting, 14 July 1853, MNHL, LCJ 09191/4/3, ff. 282-306.

⁴⁰¹ Minutes of meetings, 14 and 19 July 1853, MNHL, LCJ 09191/4/3, ff. 306-24. *Mona's Herald* (supplement), 15 July 1853. *Manx Sun*, 22 June 1854.

gone as low as they could. There was relief that the increase of revenue expected to be derived from the proposed increases was to be applied for the benefit of the Island and not for the increase of the British revenue. It was not thought wise at this time to enter into discussions on the question of the general revenue of the Island, but the Governor and the Council again wished to call the attention of the Treasury to the omission in the proposed Bill that the customs revenue of the Island should be paid into the Exchequer 'distinctly and apart from all other branches of the public revenue'. The House of Keys, meanwhile, wanted to defer expressing their opinion on the Treasury minute until they had communicated with their deputation in London, which they quickly did. They then agreed on yet another resolution protesting against the Isle of Man being incorporated into the Bill, expressing their particular concern that:

any misapprehension should have arisen in the minds of the Lords of the Treasury as to an acquiescence on their part in the proposed alterations being included in the General Customs Consolidation Act for the United Kingdom. The Keys are at a loss to conceive how so erroneous impression could have been formed.⁴⁰²

6.6 'If the House of Keys had been a representative body'

Britain's attitude to the fiscal and constitutional situations in the Isle of Man was reflected in two influential periodicals. *The Economist*, seeming to show a lack of appreciation of the situation of the Isle of Man, reported that:

It is hardly credible that at our period of history, after Scotland has been united to England for a century and a half, and Ireland has been united with it for more than half a century, and all are placed under one code of laws so far as the commerce of the Empire is concerned, that there should exist, nearly midway between these three principal parts, an island about thirty miles long and twelve broad, with a Legislature and separate government of its own, with peculiar taxes

⁴⁰² Observations from Dumbell and Callister, 16 July 1853, minutes and correspondence between Treasury and Isle of Man on customs reform, PP 1852-53 (982), pp. 44-50. Minutes of meeting, 19 July 1853, MNHL, LCJ 09191/4/3, ff. 324-7. *Manx Sun*, 22 June 1854.

imposed by its own Legislature, and with a system and commercial and revenue laws totally distinct from those of the rest of the Empire.⁴⁰³

Considering that *The Economist* had been founded ten years earlier by James Wilson, such comment may not be totally unexpected. *Punch*, under the heading ‘What is the House of Keys?’, satirically considered that:

After some research we find that the House of Keys is something or other in the Isle of Man, answering probably to the vestry of a parish, the beadledom of an arcade, or some other small local authority. . . . There is one peculiarity of result in having a House of Keys instead of a House of Commons; for, of course, in an assembly where the members are all keys they would be unable to deal with any open question.⁴⁰⁴

Dumbell and Callister had meetings with Wilson and Gladstone later in July to discuss the most recent Treasury minute.⁴⁰⁵ The two delegates suggested that the title of the Bill should be changed to include the name of the Isle of Man, all enactments relating to it should be put at the end of the Bill and a clause should be inserted expressing in the most explicit terms that nothing in the course taken should be construed in any way to affect any of the privileges or rights already enjoyed by the Island. Dumbell and Callister agreed to certain increased duties. They suggested that, as the £28,000 customs duties raised in the Island for the previous year was the largest amount ever, the British Government should continue to receive that amount annually, paying out of it all existing charges, including the £2,300 in lieu of harbour dues. Any surplus beyond £28,000 should then be placed in a separate account and paid, as directed by Tynwald, for harbour and other improvements.

James Wilson now took control of matters. He explained to the two delegates that the proposal to allow Tynwald to have control of the surplus customs revenue could not be allowed as it was impossible to permit the House of Keys, a self-elected body,

⁴⁰³ *The Economist*, 16 July 1853, p. 786.

⁴⁰⁴ *Punch*, volume 25, July-December 1853, p. 34.

⁴⁰⁵ Wilson to Dumbell and Callister and Hope, 22, 23 and 25 July 1853, MNHL, GOCB 09845/1/6, ff. 523-41. *Mona's Herald* (supplement), 28 July 1853. *Manx Sun*, 30 July 1853.

to have any say in the distribution of public money. However, he said that the British Government would be prepared to treat any future claim to the surplus in a very different spirit if the Members of the House of Keys were to be elected by the people. The Keys deputation replied to Wilson, pointing out that the establishment of the Keys was part of the constitution of the Isle of Man, members had always been self-elected, and, indeed, they protested, it was hardly fair to find fault with this method of election when the British Government had previously refused to allow it to be altered. Dumbell pointed out that he was one of a party which a few years previously had applied to the British Government to permit the Keys to be elected by the people, but then, as on former occasions, the British Government had refused the request. However, if the British Government now wanted the House of Keys to be so elected, the deputation requested from Wilson a minute of their meetings which would include this apparent change in policy.

Wilson issued such a minute.⁴⁰⁶ In it he agreed that he would alter the title of the Act to 'Consolidation of the Customs Acts of the United Kingdom and the Isle of Man'. Instead of the clauses affecting the Isle of Man being placed in the middle of the Bill, they would be put at the end. He further agreed that clause 160 should be modified to apply only to the present Act, leaving out the words 'or any other Act relating to Customs'. He agreed to introduce the same words as were in the 1844 Act, whereby the balance of the revenue would 'be brought and paid into the receipt of Her Majesty's Exchequer distinctly and apart from all other branches of public revenue'. He also agreed to a suggestion made by the Governor and Council that the average consumption of the next three years should be used to determine the likely increase of revenue under the tariff changes and to devote this increase in addition to the £2,300 already appropriated to improve public works in the Island. With regard to the method of applying this surplus, the Keys deputation had proposed that it should be placed in a separate account to be administered by Tynwald, with the Governor having a veto as to its application. As this proposal involved an entirely new principle and practice, Wilson reserved a definitive reply until he had conferred with the Lords of the Treasury upon it. With regard to Tynwald having the whole of its

⁴⁰⁶ Treasury letter on proposed alteration of customs duties, 23 July 1853, PP 1852-53 (847), pp. 1-6. *Manx Sun*, 30 July 1853.

customs revenue and control of the excess, Wilson stated that the Treasury was unable to discuss this as it was a constitutional question which should be conducted through the Home Secretary. However, Wilson did reiterate his unexpected statement made at the meeting:

I was authorised to say that if the House of Keys had been a representative body, elected by the people of the Island, the Lords of the Treasury would have been disposed to have taken a much more favourable view of your proposal to intrust to it the administration of these funds, and the control of the improvements and works to be effected thereby. And I am further authorised to say, that in the event of the present proposals of the Government being carried into effect, in the only way in which under present circumstances the Government can consent that they should, and that if at any future time the House of Keys shall become a representative body, the Lords of the Treasury will be prepared to reconsider the question of placing the administration of the surplus revenue, determined as the excess caused by the present readjustment of duties, at their disposal, as proposed by you.

Dumbell returned to the Island to confer with his colleagues on Wilson's statement regarding their constitution. He went back to London bearing a signed resolution agreeing that the House of Keys was prepared to become a popularly elected body.⁴⁰⁷

Referring to Wilson's statement, the *Mona's Herald* wrote that it was 'a thunderbolt that has fallen on the heads of the Manx oligarchy'.⁴⁰⁸ It claimed that, because the Keys were not popularly elected, Britain had not been prepared to hand over the surplus customs revenue which had been 'swamped in the consolidated vortex - ay, to the tune of £600,000, besides more than a million pounds of interest!'. It revelled in the situation that the Keys and, in particular, Dumbell found themselves:

⁴⁰⁷ Minutes of meeting, 28 July 1853, MNHL, GOCB 09845/1/6, ff. 557-8. Minutes of meeting, 15 March and 22 June 1866, MNHL, HKJ 09191/2/5.

⁴⁰⁸ *Mona's Herald*, 3 August 1853.

This terrible blow had its immediate effect - it struck the Keys' Secretary stark mad, and sent him bolt from London to this Island. This Secretary bolts back again to London with a document in his pocket, signed by a large majority of the Keys, consenting to popular election, if the gear can be forthcoming. What have we here? Who is the leading bellwether of this converted flock? Is he not the very man who in 1845 stood up in the House of Keys, and thus addressed its members? 'Let me see the man in this House who shall dare to consent to be elected by the people. You have all sworn "to use your best endeavours to maintain the ancient laws and customs of this Isle", but to consent to popular election is to overturn the ancient customs of the Island, and thus commit perjury'. . . . Now hang yourselves, gentlemen, on which horn of the dilemma is most agreeable to you.

6.7 Governor Hope still resists change to the House of Keys, but . . .

Despite the spoken and written statements from Wilson, it was obvious that he had no powers to discuss the constitution of the House of Keys. Whilst his position was one of the most important posts in the government not held by a member of the cabinet, and the Treasury had financial control over the other departments of the state through the power of prior approval and influence, neither Wilson's nor the Treasury's responsibilities extended as far as constitutional issues. The two members of the Keys deputation were aware that the matter could not be dealt with by the Treasury, so they now brought the Home Secretary's attention to it.⁴⁰⁹ They wanted to know whether he would be prepared to recommend the Royal Assent if an Act of Tynwald was passed to provide for the election of the Keys.

Palmerston asked Hope for a report on the matter. Hope explained the nature of Tynwald, including the legislative and judicial functions of the Keys.⁴¹⁰ He then considered the question as to whether the constitution should be altered so as Members of the House of Keys would in future be elected by the people. He stated

⁴⁰⁹ Dumbell and Callister to Palmerston, 2 August 1853, and H. Waddington, Home Office, to Hope, 8 August 1853, MNHL, GOCB 09845/1/6, ff. 566-7.

⁴¹⁰ Hope to Fitzroy, 26 August 1853, MNHL, GOCB 09845/1/6, ff. 578-95.

that in 1845, when a number of petitions for such a change had been before the British Government, his opinion on the subject was sought by the Home Secretary, Sir James Graham. Hope had expressed grave reservations then and saw no reason to alter them now. Whilst he considered that there could be no difference of opinion upon the correctness of the general principle of a representative system of government, he felt it was necessary to consider the peculiar position of the Island. The Isle of Man, though possessing a separate legislature and privileges of its own which had existed unchanged for several centuries, was directly under the 'superintendence' of the Home Office and liable to the 'supervision' of the British Parliament. The surplus of the Manx customs revenue had been claimed in the past for local purposes, and most certainly that claim would be urged more strongly by an assembly which had the additional claim of being elected by the people. If the manner of election was amended, Hope considered it would enable an assembly elected by a small community to have control of very large funds. He had no doubt that in a very short time this would place an elected House of Keys in Tynwald at issue with the British parliament. Whilst Hope held to his long term belief that an alteration in the constitution of the House was not desirable, he was somewhat perplexed by Wilson's surprise statement, which he considered could now change matters. He pointed out that, when his opinion had previously been sought by Sir James Graham, he had been directed not to lose sight of the question of the customs revenue and had been informed that the British Government was not prepared to surrender any part of it. But the letter from Wilson to Dumbell and Callister had totally altered the situation. Hope put it to Palmerston that the control of public money could only be given to Tynwald if at least a portion of the Keys was elected by the people, so that the representatives of the public would have a voice in the disposal of the public money. If such a change was desired by the people it would then be a very different question as to whether it would be right for the British Government to resist such a wish.

6.8 The one-ninth fraction

At the same time as the constitutional situation of the House of Keys was being discussed, the fiscal considerations and negotiations were moving on. Hope

responded to Wilson's request for his and the Legislative Council's thoughts on the outcome of the meetings in London between the various parties.⁴¹¹ The Governor and Council were of the opinion that the proposals of the British Government, with certain alterations, would be advantageous to the Island. They considered that the differences remaining between all parties were very few. However, they emphasised again that all future increases in customs revenue should be applied to the purposes of the Island, and they proposed that a method of arriving at such a figure would be to calculate the extra revenue as a fraction of the total customs revenue and apply that fraction for funding public improvements. With regard to the questions of the general revenue of the Island and the constitution of the House of Keys, the Governor and Council agreed that it would be better not to enter into discussion on these at present as they were not relevant to the measures under consideration.

In early August Dumbell and Callister met with Wilson on a number of further occasions.⁴¹² After more haggling and claims of errors and misunderstandings over the computation of the extra revenue from the new scale of duties, agreement was finally reached on the details of the Manx aspects of the new Bill. Duties would be increased on spirits, manufactured tobacco and cigars, reduced on tea and refined sugar, and duties on timber would be ended. Wilson explained that these changes would result in an overall net increase of £3,240 (£7,903 due to increases on luxury goods, less £4,663 due to decreases on essential ones), calculated to be approximately one-ninth of the new gross revenue, and this fraction should be used in the future to determine an extra annual amount for the Island above the £2,300 already allocated for public improvements. The one-ninth would be primarily devoted to harbour works, with Tynwald deciding what improvements should be undertaken, subject to the veto of the Governor.

⁴¹¹ Hope to Wilson, 29 July 1853, MNHL, GOCB 09845/1/6, ff. 544-5.

⁴¹² Waddington to Hope, 8 August 1853, MNHL, GOCB 09845/1/6, ff. 566-71. Loch to Grey, 21 March 1865, MNHL, GOCB 09845/1/11, ff. 26-43. Correspondence between Wilson and Dumbell and Callister, August 1853, minutes and correspondence between Treasury and Isle of Man on customs reform, PP 1852-53 (982), pp. 57-64.

6.9 Two Customs Acts and the end of the licence system

The 'Consolidated Customs Bill of the United Kingdom and the Isle of Man' was produced on 5 August 1853.⁴¹³ The main clauses which affected the Isle of Man were under section 12:

346 The Island would be deemed to be part of Britain for the purposes of this Act, but nothing would prejudice or affect any of its rights or privileges.

347 No foreign goods of a higher import duty in Britain or Ireland than in the Island should be shipped from the Island into Britain or Ireland.

348 Goods grown or manufactured in the Island could be exported from the Island into Britain or Ireland without payment of any customs duties.

349 Before any goods could be shipped from the Isle of Man into Britain, proof of produce would be provided to the Collector of Customs.

352 The Treasury could re-impose the restriction on any foreign goods imported into the Island at any time.

353 The customs duties on imported goods should be collected, paid, recovered and accounted for under the control of the Customs Department. After deducting the necessary charges for this control, the duties should continue to be paid into the Exchequer distinctly and apart from all other branches of the public revenue to become part of the Consolidated Fund of Britain.

354 The necessary expenses of government, the administration of justice and other local charges, along with the current annual sum of £2,300 for use by the Harbour Commissioners, would continue to be retained and paid by the Collector of Customs of the Island before the remaining revenue balance was passed on.

355 In addition, a sum equal to one-ninth of the revenue should be applied by the British Treasury to assist with further improvements in the harbours and other public works; the repairs and improvements in the harbours taking priority. Tynwald, with the Governor's veto, would determine these improvements.

⁴¹³ *Mona's Herald*, 10 August 1853. *Manx Sun*, 13 August 1853.

The licence system was finally done away with and restrictions were no longer placed on the quantities of goods allowed to be imported. The new schedule of customs duties was as follows:

| Customs Duties | | | |
|--|----------|----------|-----------------------|
| | £ | s | d |
| Brandy, gin and foreign spirits, a gallon | 6. | 0 | |
| Rum, a gallon | 3. | 8 | |
| British or Irish spirits, a gallon | 3. | 0 | |
| Tea, a pound | 1. | 0 | (0. 6 from July 1854) |
| Coffee, a pound | 0. | 2 | |
| Tobacco, unmanufactured, a pound | 1. | 6 | |
| Tobacco, manufactured and cigars, a pound | 4. | 9 | |
| Wine, a tun | 12. | 0. | 0 |
| Muscovado sugar, a cwt. | 1. | 0 | |
| Refined sugar, a cwt. | 8. | 0 | (3. 0 from July 1854) |
| Eau de Cologne, a gallon | 10. | 0 | |
| Liqueurs, cordials and perfumed spirits, a gallon | 10. | 0 | |
| Corn, a quarter | 1. | 0 | |
| Meal, a cwt. | 0. | 4½ | |

The resultant two new Acts, ‘An Act for Consolidating Customs Duties Acts’ and ‘An Act to amend and consolidate the Laws relating to the Customs of the United Kingdom and of the Isle of Man, and certain Laws relating to Trade and Navigation and the British Possessions’, were finalised on 20 August 1853.⁴¹⁴ When considering the changes some fifty years later, A. W. Moore, the historian and Speaker of the House of Keys, claimed that these Acts ‘practically ensured the freedom of Manx trade’.⁴¹⁵

⁴¹⁴ *Acts of Parliament*, 16 and 17 Victoria, chapters 106 and 107. Wilson to Hope, 26 August 1853, MNHL, GOCB 09845/1/6, f. 577. *Mona's Herald*, 7 September 1853.

⁴¹⁵ Moore, *A History*, p. 622.

6.10 Wilson's 'palpable breach of faith'

The outcome of the fiscal negotiations did not please all the protestors. At a series of public meetings held in the parishes in early 1854 campaigners yet again raised the issue of the right of the Island to the whole of its surplus customs revenue.⁴¹⁶ J. J. Moore took the lead once more, travelling around the Island addressing meetings and acting as the people's agent in London (he would later tour the principal ports of the north-west of England, seeking support for the Island to have control of the whole of its revenue to enable it to fund a 'Harbour of Refuge'). Even John Courtney Bluett put in an appearance, convening a meeting in his capacity as High Bailiff of Douglas. Numerous committees were formed, made up of many prominent officials, local figures and seasoned reformers, whose initial remit was to obtain signatures to an all-Island petition demanding that the surplus revenue should be appropriated by Tynwald for improvements to utilities, especially the harbours.

With all this activity, it came as a surprise when Britain sought to introduce another controversial Act affecting the Isle of Man - probably more controversial in perception than in effect, but certainly authoritarian in complexion and seen once again as an affront on the Manx. In April 1854 Sir Charles Trevelyan, the Assistant Secretary of the Treasury, advised Governor Hope that the British Government wished that in future the gross customs revenue of the Island should be paid into the British Exchequer before, instead of after, the deduction of the expenses of government.⁴¹⁷ Tynwald considered the proposition and unanimously signed a resolution in response, expressing the opinion that the proposition was entirely at variance with the rights and interests of the inhabitants of the Island. But the British Government was set on a course, and on 2 June James Wilson sent Hope a draft of the Bill for Tynwald to consider and make any observations.⁴¹⁸ Wilson explained that the main object of the Bill was to establish a new system applicable to Britain without exception, namely, that the gross revenues of the Customs, Inland Revenue

⁴¹⁶ *Manx Sun*, 28 January, 1 and 4 February and 27 May 1854. *Mona's Herald*, 8 February 1854.

⁴¹⁷ Trevelyan to Hope, 27 April 1854, MNHL, GOCB 09845/1/7, ff. 34-5. Minutes of meeting, 5 May 1854, MNHL, LCJ 09191/4/3, ff. 390-3, and HKJ 09191/2/3. *Manx Sun*, 13 May 1854.

⁴¹⁸ Correspondence between Wilson and Hope, 2 June to 7 July 1854, MNHL, GOCB 09845/1/7, ff. 50-3. *Manx Sun*, 10 June 1854.

and Post Office should be paid into the Exchequer without any deduction whatever. Ignoring the fact that the Isle of Man was not part of Britain, Wilson was making manoeuvres yet again.

Wilson informed Hope that the Treasury had delayed going into committee on the Bill until 12 June to give Tynwald the opportunity to respond. Hope arranged a meeting of Tynwald, but before this could happen he read in *The Times* of 3 June that the Bill had passed through its first stages in the House of Commons on the very day that Wilson had sent his letter telling of the delay. Hope thought some mistake might have taken place.⁴¹⁹ He pointed out to Wilson the very awkward position in which he was now placed, with a meeting of Tynwald arranged to discuss the very Bill which Britain was seemingly moving on without any regard to the Isle of Man's opinion. He said he had grave doubts whether the proposals would have been accepted by Tynwald anyway, but the situation now created would 'give great dissatisfaction unless some explanation is made which I have not at present the means of giving'. Whilst Hope was writing his letter of protest, Wilson was writing to him to explain that the 'Public Revenue Bill' had passed through committee early, as it was 'for the convenience of the Government that it should do so'.

Tynwald met on 8 June to discuss matters.⁴²⁰ The Governor and Legislative Council issued a resolution to the Prime Minister, the Earl of Aberdeen, and copied it to the Treasury, expressing regret that the Bill had been passed without Tynwald having had the opportunity to make observations. The Council claimed it was clearly contrary to the rights of the people of the Island that a Bill of the British Parliament, which materially affected the interests and privileges of the Isle of Man, should be brought into the British Parliament and passed without first giving Tynwald an opportunity of expressing an opinion on the subject. The Council also wished to call the attention of the Treasury to the fact that the gross customs revenue of the Island was not part of the revenue of Britain, and claimed that, after deducting the necessary

⁴¹⁹ Hope to Wilson and Wilson to Hope, 6 June 1854, MNHL, GOCB 09845/1/7, ff. 58-60.

⁴²⁰ Correspondence between Aberdeen, Fitzroy, Wilson and Hope, 2 June to 7 July 1854, MNHL, GOCB 09845/1/7, ff. 50-80. Minutes of meeting, 8 June 1854, MNHL, HKJ 09191/2/3. Minutes of meetings, MNHL, LCJ 09191/4/3, 8 and 28 June 1854, ff. 398-405 and 408-14. *Manx Sun*, 10 June and 1 July 1854. *Mona's Herald*, 14 June 1854.

expenses attending the collection of it and the government of the Island, it should be solely applicable to the purposes of the Island. The Keys agreed to send a resolution of their own on the subject to the Prime Minister and the Home Secretary in which they pointed out that Wilson had reneged on his promise. They considered his action was a 'palpable breach of faith' and a 'positive insult to the Legislature of the Isle of Man', and they asked Aberdeen and Palmerston to consider whether Wilson's actions were 'consistent with the dignity of Her Majesty's Government'.

Aberdeen's response was to inform Hope that he had directed that the relevant correspondence should be laid before the Commissioners of the Treasury. In fact it was referred to the subject of the complaint, Wilson. Wilson replied, writing that the Treasury was not prepared to accept that the balance of the customs revenue of the Island should be reserved for solely local purposes, as, since Revestment, Britain had the right of controlling and regulating the customs of the Island, and the balance of the customs revenue was to be used for the general purposes of the British Government, including the protection and security of the Island. The Treasury also thought that Tynwald misunderstood the parliamentary process, as the third stage of the reading of the Bill would afford Tynwald the means to have an input. With this in view, the Chancellor of the Exchequer, William Gladstone, had agreed to postpone the third reading to a later date.

Tynwald's two chambers reacted to this news in very differing ways. The Legislative Council did not feel justified in assenting to a measure which could so materially affect the interests of the Island. The House of Keys resolved that the Bill should be amended. The preamble should be altered by adding after the words 'United Kingdom' in the eighth line the words 'and the Isle of Man'. Because the Isle of Man was not part of Britain, this was a distinction always called for by Tynwald and was admitted and adopted in the Consolidated Customs Act 16 & 17 Victoria, chapter 107. An additional clause should be added to the Bill, stating that 'nothing herein contained shall be deemed to prejudice or affect the consideration of any claim that may be made by the inhabitants of the Isle of Man to the Customs Revenue arising from that Island'.

Wilson replied that the Lords of the Treasury did not object to the Keys' first resolution, and would insert the words 'and the Isle of Man', but were unable to comply with the views of the Keys on the second resolution, as they could not, 'even inferentially', recognise the claim of the Isle of Man to the entire customs revenue.⁴²¹ Wilson ended simply with the note that 'My Lords must adhere to their former decision'. J. J. Moore, again deputed to act on behalf of the people, wrote to Wilson and the Lord President of the Council, Earl Granville, informing them that the inhabitants of the Island were adverse to the Bill including reference to the Island in any manner whatever.⁴²² He also presented the all-Island petition to the Home Secretary, Viscount Palmerston. All the protests were to no avail. On 7 August 1854 Wilson wrote to the Governor that a revised Bill was about to be passed and enclosed a copy of it.⁴²³ Hope hastily replied, calling Wilson's attention once again to the short notice given, thereby debarring the matter being laid before Tynwald. But, with no time for the Island to protest, the Bill was passed on 12 August, to become 'An Act for the further Alteration and Amendment of the Laws and Duties of Customs'.⁴²⁴ The Treasury had effectively steamrollered its financial policy right through the constitutional rights of the Island:

My Lords are unable to recognise the proportion of the public revenue derived from the Isle in any other light than that in which they regard the revenue derived from any locality of the United Kingdom or otherwise than as applicable in the same way to Imperial purposes. With regard to the improvements of the Island, my Lords are of opinion that they can only be considered upon the same principle as is applicable to all other places. Those which are of a purely local character must be undertaken from local sources and those which are of a public and Imperial character must be provided for by votes of the Imperial Parliament in

⁴²¹ Correspondence between Wilson and Hope, 2 June to 7 July 1854, MNHL, GOCB 09845/1/7, ff. 50-80.

⁴²² J. J. Moore to Wilson, 23 June 1854, Granville, 22 July 1854, and Palmerston, 26 July 1854, appropriation of customs revenues for construction of harbour, and redress of grievances, PP 1864 (553), pp. 12 and 23-5.

⁴²³ Wilson to Hope and reply, 7 and 11 August 1854, MNHL, GOCB 09845/1/7, ff. 105-7. Minutes of meeting, 22 November 1854, MNHL, LCJ 09191/4/3, ff. 429-30. Minutes of meeting, 13 December 1854, MNHL, HKJ 09191/2/3.

⁴²⁴ *Act of Parliament*, 17 and 18 Victoria, chapter 122.

relation to their urgency as compared with other works of a like nature in other parts of the Kingdom as Parliament may decide.⁴²⁵

The Keys forlornly protested to the Earl of Aberdeen, denying the right of the British Parliament to pass any Act altering the laws of the Island without the sanction of Tynwald, and claiming that 'it is manifest that the notice given by Mr Wilson to the Lieutenant Governor by letter of the 8 August could not be made use of by the Authorities of the Isle of Man, of which fact Mr Wilson must have been perfectly aware at the time'.⁴²⁶ The Keys demanded that Aberdeen should give directions to prevent any similar situation happening again. The Earl of Aberdeen, however, had other things on his mind. He was trying to find effective solutions to fund the Crimean War and relieve the national debt. He was also about to be succeeded by Viscount Palmerston as Britain's Prime Minister. James Wilson, meanwhile, seemingly unhindered by his 'palpable breach of faith', now went on to reorganise the Treasury.

6.11 The authority of Tynwald and its potential change

James Wilson had included the Isle of Man in Parliamentary Acts without the approval of Tynwald or the Governor. In the age of the supremacy of the British Empire, he was seemingly allowed to act on his own initiative and without proper consultation in his determined handling of the Isle of Man situation. But Wilson had also pointed the way for a possible change. Tynwald had been given some additional financial authority, including its gain of part of the functions of the Harbour Commissioners. Wilson had then tantalisingly raised the prospect of the whole of Tynwald being even more fully involved in the finances should the House of Keys become a democratic assembly. Seemingly the British Government had authorised the powerful Financial Secretary of the Treasury to encourage the House to reform itself. Although they were unprepared for this unexpected offer, the attitude of the Members of the House of Keys was changing. They were coming round to the idea

⁴²⁵ Waddington to Hope, 20 September 1854, enclosing letter from Wilson, 25 August 1854, MNHL, GOGB 09845/1/7, ff. 114-16.

⁴²⁶ Speaker Gawne to Aberdeen, 14 December 1854, MNHL, GOGB 09845/1/7, ff. 155-8.

that financial and constitutional reforms were inextricably linked. They had also demonstrated positive responsibilities in Tynwald - which undoubtedly would have been recognised in Westminster and Whitehall - by again sending resolutions to the Home Office and the Treasury, instigating public petitions and appointing Keys delegates to meet with influential Members of Parliament and senior ministers.

Tynwald was becoming more financially authoritative and the House of Keys was being encouraged to reform and mature. However, it would be more than ten years before any crucial alterations would take place - a delay which was undoubtedly the result of Governor Hope's cautious resistance to change and the Keys' slow acceptance of the need to become a less self-interested 'clique'. Meanwhile, the imperial subjugation of the Isle of Man continued. The legislative, judicial and executive position of the Governor was one of increasing influence. The Home Office, through its continuing appointment of the Governor and the majority of the Legislative Council, retained control of the decision making in Tynwald. The Treasury retained control of the primary public finances.

Chapter 7

MAJOR RESOLUTIONS OF FINANCIAL AND CONSTITUTIONAL CONTROVERSIES

7.1 Introduction: Governor Loch and the state of the Island

Francis Stainsby-Conant-Pigott served only three years, 1860 to 1863, as Governor of the Isle of Man. His arrival was marked by a tremendous celebratory procession, of which possibly the most controversial feature was a decorative arch erected outside the home of Robert Fargher.⁴²⁷ Hanging from the arch were twenty-four rust-coloured pasteboard keys, a jar of oil, some sandpaper and a placard which declared 'A New Hand to Scour a Rusty Bunch'. Pigott's governorship was hindered by illness, and he died in office in 1863. 'The public business of the Island has for some time past been suffered to fall very sadly into arrears, probably from the failing health of the late Lieutenant-Governor'.⁴²⁸

Henry Brougham Loch, aged only thirty-five and just recently married, was appointed to succeed Pigott.⁴²⁹ Loch had previously served in the army for seventeen years. During his early career he had proved himself to be outstanding in military, diplomatic and administrative affairs. He resigned from the army in 1861 and became Private Secretary to the British Home Secretary, Sir George Grey. This close association with Grey would serve Loch well in the opening years of his governorship. His early successes through harbour improvements, the Island regaining some control of its own major public finances and the reform of the self-elected House of Keys would be amongst the many important changes which he would introduce to dramatically improve the state of the Island during his long period in charge.

⁴²⁷ W. T. Kneale, 'The Trials of a Manx Radical: The Life and Times of Robert Fargher, 1803-63', in A. M. Cubbon and W. R. Serjeant, editors, *Journal of the Manx Museum*, volume 6, number 76, (Douglas, 1960), p. 93.

⁴²⁸ Mark Quayle, Clerk of the Rolls, to Sir George Grey, 24 January 1863, NA, HO 45/7434.

⁴²⁹ Henry Brougham Loch, first Baron Loch of Drylaw (1827-1900), Governor of the Isle of Man 1863-92, see appendix 6.

The Governor received a commission appointing him to his position and a set of detailed instructions specifying the nature of the particular tasks which he was expected to perform.⁴³⁰ Henry Loch's eight instructions included the following requirements:

4 That you endeavour to make the People of the said Island thoroughly sensible of Our Royal inclination to promote their happiness in common with all our other good subjects, and you will particularly explain to them the advantages to be derived from the protection of Our Government, and from their ready and cheerful obedience to the Laws of this realm as far as they concern them, which are so much calculated to their interest and prosperity.

5 And for the better preventing all illicit and clandestine Trade which may be carried on to the prejudice of the Revenues of Our United Kingdom of Great Britain and Ireland, and to the detriment of the fair and industrious Trader, you are hereby required to carry into strict and steady executions the provisions and regulations made or which hereafter may be made, for that purpose from time to time, by the legislature of Our said United Kingdom.

So, Britain, seeking to assure the Island of the 'advantages to be derived' from its 'protection', was still anxious that elements of smuggling could still be surviving.

However, there was no evidence of any illegal trading activities. Indeed, the economy of the private sector in the Island in 1863 was very buoyant due to the success of its legitimate trades. These trades were principally reliant on the fishing and tourism industries. The Island's situation was continuing to improve.⁴³¹ Rents and duties from Crown properties totalled £10,645. Rents of land varied from £1 to £3 an acre in the country and £5 an acre near the towns. There were two local banks, the Bank of Mona and Dumbell, Son & Howard, both of which issued £1 notes

⁴³⁰ Royal Commission document relating to Loch as Governor, 29 January 1863, and Royal instructions for Loch, 29 January 1863, National Archives of Scotland, GD268/118/30 and GD268/118/2.

⁴³¹ Loch to Sir George Grey, 21 March 1865, MNHL GOCB 09845/1/11, ff. 42-3. Customs returns 1863-66, 25 April 1867, MNHL, MB, Finance and Customs D154/4x/3a. Government minute, June 1870, MNHL GOP 09845/1/4, ff. 104-5. William Thwaite, *Isle of Man: Its Civil and Ecclesiastical History*, (Sheffield, 1863), p. 7.

which were secured by guarantees on land. The interest on money was 6%, though that rate was seldom given. No stamps were required for bills or receipts. The number of houses in the Island was 9,540, with 8,948 occupied, 502 unoccupied and 90 being erected. Trade restrictions had been lifted, and exports included 20,000 quarters of wheat, barley and oats, and 12,000-15,000 tons of potatoes. Other major exports were iron and lead ores, corn, cattle, horses, poultry, eggs, butter, rope, twine, soap, starch and linen. The principal trade was the fishing industry, whose season lasted from June to October, with 1,100 boats and 7,500 hands (over half being Manx based) operating out of its ports. Boats used for fishing ranged from 15 to 30 cwt. in size and cost about £250 each to build. Thirty-two million herrings were caught in a year, which were packed into over 40,000 barrels, sold at £1 12s 0d a barrel, and gave an annual income of almost £70,000. The total population at the 1861 census had been 52,469 and would rise to 54,042 by 1871. The town population increased massively whilst the country population was continuing on a decline. The burgeoning tourist industry was bringing in an increased number of summer visitors each year, and it was this new trade which would do most to secure the Island's economy for the next one hundred years. The total summer visitors rose rapidly from approximately 50,000 in 1852, to 60,000 in 1866 and 90,000 in 1873.⁴³² The gross customs revenue for 1863 amounted to £28,337 (now the equivalent of £2.25 million).

7.2 Need for further reforms

Upon taking up his appointment in February 1863, Governor Loch found that, at a time when major parliamentary reform had been achieved in Britain over the previous thirty years, the constitution of Tynwald remained unaltered. Although Tynwald Court could enact, abolish or revive all insular laws, the real government in the Island still consisted of the Governor in whom legislative, judicial and executive powers were largely concentrated. He was generally supported in the Legislative Council by the officials appointed by the Crown and the Lord Bishop. He was ultimately responsible for appointing the Members of the House of Keys who served

⁴³² Moore, *A History*, pp. 576 and 712.

for as long as they wished and were not answerable to the people they represented. The Governor presided over Tynwald and was effectively Chancellor of the Exchequer. Given all this, even his powers were ultimately subject to the direction of the Home Office on matters of policy and the Treasury on matters of finance. Certain people in the Island had been seeking greater financial autonomy and constitutional amendment for a long time, and circumstances which occurred fairly early on in Loch's governorship - the need for improved port facilities and controversies concerning the House of Keys - convinced him that he must speedily bring about further improvements to the public finances and comprehensive changes to the constitution.

7.2.1 Breakwater and harbour

Regular Isle of Man Steam Packet sailings were continuing to increase to cater for the growing resident population of the Island and its increasing number of visitors. Because of the lack of proper berthing facilities at Douglas, steamers had to anchor in the bay and the passengers were rowed ashore. The amount of cargo traffic was also increasing, adding to the problems of the busy but inadequate harbour. 'The town, and especially the pier and quay, generally present a scene of bustle and activity. The vessels belonging to the port at present time, are numerous and of considerable tonnage'.⁴³³ There, therefore, was an urgent need for a deep-water berth for safer shelter and easier movement of persons and goods.

In a report in January 1856 engineer James Walker of Messrs Walker, Burgess & Cooper, acting on behalf of the Isle of Man Harbours Commissioners, had recommended that, as an initial measure, a breakwater built of stone should be constructed from the two-gun battery on Douglas Head to protect the town's harbour from the damaging south-easterly winds.⁴³⁴ But Walker's stone-built breakwater proposal was not acted upon. Whilst Tynwald preferred his more solid design, the estimated cost had been increased to £50,000 due to the additional requirements of the Admiralty.⁴³⁵ So, a somewhat cheaper option, costing £48,000 and consisting of

⁴³³ *Slater's Royal National Commercial Directory and Topography of the Isle of Man*, (London, 1857), p. 12.

⁴³⁴ Messrs Walker, Burgess & Cooper to Secretary of the Admiralty, 2 January 1861, and Hawkshaw's report to Public Works Loan Office, 28 October 1863, MNHL, GOP D151/11x/5, ff. 63 and 65-70.

⁴³⁵ Moore, *A History*, pp. 629-32.

a creosoted wooden framework built on a sloping foundation of rubble designed by James Abernethy, was practically forced on Tynwald by the Admiralty for economic reasons. The development was to be financed by borrowings raised against the one-ninth gross revenue allocated by the Consolidated Customs Act of 1853.

When Governor Henry Loch assumed office it was clear to him that the Abernethy design (lampooned as 'Abernethy's bird-cage') would be unable to withstand stormy weather. Loch set up an enquiry into the condition of the breakwater, which had been commenced in 1862 and had almost reached half its intended length of 1,100 feet. In August 1863 John Clarke Hawkshaw, a civil engineer acting on behalf of the Public Works Loan Commissioners and who had a long knowledge of the Island's harbours, inspected Abernethy's new works at Douglas and also those at Ramsey and Peel.⁴³⁶ He sent in his report some two months later in which he stated that the three harbours were 'wholly inadequate for the trade of those places'. The stability of the ongoing structures gave him serious concern. During 1864 repeated disasters befell the construction of the Douglas breakwater.⁴³⁷ Heavy waves washed away the loose rubble foundation, and the superstructure of the poorly creosoted timber was too weak to resist the pressure of the rubble-filled wooden frames which were placed upon it. On several occasions from late winter until early summer the piles gave way and the frames broke. Various attempts were made to strengthen the work but with little real benefit. 'Abernethy's bird-cage' was collapsing. Loch announced at Tynwald Court in July 1864 that in his opinion the work in its present form must stop. In October Hawkshaw again visited the Island and recommended further strengthening of the works.⁴³⁸ Before anything could be done, the situation got worse. Ordinary, by no means violent, winds beat into the harbour and tore up large portions of the works.⁴³⁹ That November saw a heavy gale pass over the Island, doing more damage to the framework of the breakwater.⁴⁴⁰ On Sunday 29 and Monday 30 January 1865 another great storm from the south-east swept over the

⁴³⁶ Hawkshaw's report to Public Works Loan Office, 28 October 1863, MNHL, GOP D151/11x/5, ff. 65-70. *Manx Sun*, 3 September 1864. W. B. Kinley, 'The Development of Douglas Harbour: A Mariner's View', in Joyce Wareham, editor, *IOMNHAS*, volume 10, number 2, (Kendal, 1994), pp. 78-9.

⁴³⁷ *Brown's Isle of Man Directory* (Douglas, 1881), pp. 57-8.

⁴³⁸ *Manx Sun*, 26 November 1864.

⁴³⁹ *Mona's Herald*, 26 October 1864.

⁴⁴⁰ *Mona's Herald*, 1 February 1865. *Brown's Directory* (1881), pp. 57-8.

Island, one of the worst storms to hit the eastern and southern coasts for some twenty years. It destroyed £30,000 worth of private property at Douglas, damaged the promenade and washed away the 'bird-cage'. Tynwald now stood to lose a large proportion of the £45,000 which had been borrowed from the Public Works Loan Commissioners on the security of the one-ninth of the gross customs revenue.

In early February 1865 Governor Loch spoke in Tynwald Court on the recent damage.⁴⁴¹ He considered that a permanent stone structure was what was needed for the breakwater, and he would obtain suitable plans and estimates. In March he wrote to the Treasury informing them that the bay was now dangerous for vessels entering or leaving the harbour because the storm debris had formed a mound of rubble rising directly in the channel which vessels used.⁴⁴² Loch considered that the incident had proved the impossibility of a wooden breakwater being constructed of sufficient strength to resist the heavy seas on the Island's east coast, and it would be a waste of money to attempt the reconstruction according to the original plans. The only alternative was to have any future work constructed of stone. He was anxious to confer directly with the Board of Trade on the subject, and he also wanted to lay personally before William Gladstone, the British Chancellor of the Exchequer, a suggestion by which the revenue of the Island could be materially increased in order to fund a robust and permanent breakwater. He requested permission to come to London later that month to discuss matters.

In the meantime, legal proceedings had been instituted by the British Treasury's solicitors against Thomas Jackson, the contractor for Douglas breakwater. But Jackson and his two sureties were insolvent.⁴⁴³ Jackson's solicitors threw the blame on to Abernethy, claiming that his design had been disapproved by the majority of engineers and was not the preferred choice of the Isle of Man Harbour Commissioners. It was the Admiralty, with responsibility for Britain's and the Isle of Man's harbours, which had wanted the cheaper wooden frame and rubble stone

⁴⁴¹ *Mona's Herald*, 8 February 1865.

⁴⁴² Loch to Horatio Waddington, Under Secretary of State of the Home Office, 4 March 1865, MNHL, GOCB 09845/1/10, ff. 612-3.

⁴⁴³ Frederick Peel, Financial Secretary of the Treasury, to Loch, 17 March 1865, MNHL, GOCB 09845/1/11, f. 12.

method, and Jackson had been ‘induced to tender for and enter into a contract to do the work of course knowing nothing of the inherent defects of the design’. The contract sum was £48,822 in total, and part of it (approximately £20,000) had already been paid to Jackson as the work had progressed, subject to a reduction of 25% which had been retained by the Harbour Commissioners as a material guarantee for the fulfilment of the contract. Abernethy vehemently denied any responsibility for the problems.⁴⁴⁴ He deflected the blame back on to Jackson, claiming that the design of the breakwater was not new and that the problems were caused mainly by the defect in the physical construction of the rubble mound forming the base of the work. He attributed the failure to the way in which the contractor had carried out the work. As Jackson was insolvent, a decision was made for Tynwald to take possession of the remaining harbours works.⁴⁴⁵

A replacement breakwater at Douglas had to wait, as other important harbour works, including a deep-water landing pier, were put into operation.⁴⁴⁶ The ‘Battery Pier’, constructed just inside the site of the failed ‘Abernethy’s bird-cage’ and built of concrete block walls infilled with rubble, would be commenced in 1872 and officially opened in 1879.

7.2.2 Opposition to the self-elected Keys

In March 1863 John James Moore, the veteran Manx reformer, who was once again acting as agent for the inhabitants of the Isle of Man, requested Governor Loch to forward to Queen Victoria a petition containing 3,373 signatures complaining about the constitution of the House of Keys and claiming that Tynwald was enacting laws without the consent but at the expense of the people.⁴⁴⁷ The matters which J. J. Moore referred to included taxation imposed for the building of a lunatic asylum, expenditure of public funds on inappropriate harbour structures, effects of highway rates on the poor and enclosure of unappropriated lands and forests by the Crown. Moore demanded that Royal Assent to a Bill to amend the Isle of Man

⁴⁴⁴ Abernethy to Loch, 31 March 1865, MNHL, GOCB 09845/1/11, ff. 61-5.

⁴⁴⁵ Treasury to Loch, 26 April 1865, and reply, 27 April 1865, MNHL, GOCB 09845/1/11, ff. 95-6.

⁴⁴⁶ Kinley, ‘Douglas Harbour’, pp. 78-9.

⁴⁴⁷ Moore to Loch, 23 March 1863, appropriation of customs revenues for construction of harbour and redress of grievances, PP 1864 (553), pp. 43-51.

Disafforestation Act - whereby land was able to be compulsorily taken from proprietors in order to increase the Crown revenue but with little compensation in return - should be withheld. With no response, nearly a year later in February 1864 Moore presented to Loch another petition complaining about the Keys and signed by elected delegates representing fifteen of the Island's parishes. In June 1864 Moore queried with Sir George Grey why there had been no response to the two petitions and informed the Home Secretary that 'it is considered advisable to apply to the House of Commons for the appointment of a Select Committee to investigate the grievances of the inhabitants of the Isle of Man' with particular reference to the Manx people having 'no voice whatever in the appropriation of any public monies'. The pressure was on once again for constitutional change.

Calls for reforms were also being raised from a familiar quarter, that of yet another forceful owner and editor of a Manx newspaper. James Brown of the *Isle of Man Times* used his newspaper to enlarge the mantle of political criticism and demands for social progress previously taken by the radical *Mona's Herald*.⁴⁴⁸ Early in 1864 the recently created Douglas Town Commissioners had introduced into Tynwald a Bill to extend and consolidate the Commissioners' powers.⁴⁴⁹ This Bill came before the House of Keys in February 1864, and, after lengthy and acrimonious discussions, it was thrown out. Amongst the many pejorative remarks made in the Keys about the Commissioners was one from a member to the effect that the most they could be given was control over the donkeys on the shore. In reporting the proceedings of the House of Keys, the *Isle of Man Times* declared that 'this elicited marks of approval of the donkeys around him'. The *Isle of Man Times*, the self-styled 'leading Liberal journal', commented in very severe terms on the undemocratic nature of the Keys, referring to 'the struggle between the people and their despotic rulers'. The *Mona's Herald* also condemned the proceedings of the House in a very outspoken article. It commented on the state of Douglas which the Town Commissioners wanted additional powers to improve:

⁴⁴⁸ James Brown (1815-81), see appendix 7.

⁴⁴⁹ *Statutes of the Isle of Man*, 'Douglas Town (Amendment) Act', 1864. *Brown's Directory* (1881), pp. 52-6. Martin Faragher, 'The Browns of the Times: An Instance of Black Social Mobility in the 19th Century', in John Manley, editor, *North West Labour History*, issue 20, (Salford, 1996), pp. 44-9.

There was the shore wasted and despoiled by nightly robbery - there were the cars, the carriages, the porters, practising daily imposition on strangers and sometimes endangering their safety and their lives - there were the pleasure boats grown into a nuisance by extortions, and the putting of the lives of excursionists to hazard - there were the market and fairs disgraceful to the civilisation of the nineteenth century - there were the slaughter houses teeming with stench and malaria, exposing the citizens to fever and death, and disgusting our visitors as they passed along the streets.⁴⁵⁰

The *Mona's Herald* castigated the Keys in its handling of the Town Commissioners Bill:

Such wretched and contemptible work of the matter, as was never witnessed either in Bedlam, or among a pack of drunken Indians. We have known the status and idiosyncrasies of this posse of imbeciles for very many years; but in all the absurd and foolish things we ever knew them to do (and we have known them to do many such) we never knew them so thoroughly to disgrace themselves before the public as they have done in this instance.

It went on to refer to the members of the Keys as 'bunglers', 'Tory obstructives', 'spoonies, putting the fool's cap on their heads' and 'boobies'. It then informed its readers that 'Douglas Commissioners are not self-elect, and for life, like the rotten Keys'.

At the sitting of the House of Keys in Castletown on 15 March 1864 John Moore Jeffcott raised a matter which he felt was his duty to bring before the House.⁴⁵¹ He said that he had no doubt that every member had read 'certain libellous and slanderous articles' which had appeared in the two newspapers. He claimed that the articles were a contempt of the House and a breach of its privileges. The two newspaper owners were summoned to attend the bar of the House the next day.

⁴⁵⁰ *Mona's Herald*, 2 March 1864.

⁴⁵¹ Minutes of meeting, 15 and 16 March 1864, MNHL, HKJ 09191/2/4. *Mona's Herald*, 16 March 1864. *Brown's Directory* (1881), pp. 52-6.

James Brown defended his own case. Speaker Edward Moore Gawne informed Brown that the House had already resolved that he was guilty of contempt and breach of privilege and now considered that the manner of his defence was further aggravation of contempt and had resolved that he should be imprisoned in Castle Rushen gaol for six months. An ill John Christian Fargher, the new owner of his recently deceased father's *Mona's Herald*, expressed regret over the article in his newspaper and offered to publish an apology in the next edition. The Keys accepted this and dismissed him. Brown, however, would not be silenced, and from his cell he continued to attack the Keys, proclaiming that he had been imprisoned for:

questioning the correctness of statements recklessly put forth, and devoid of all truth, by some members of the House of Keys whose sole delight appears to be to oppress and insult the people of this Island; and for casting back into the very teeth of these insolent braggarts and sneerers against respectable tradesmen, their ribald jests, their coarseness buffooneries and their illiberal and dogmatic assertions.⁴⁵²

In April 1864 counsel acting on behalf of Brown in the Queen's Bench in London moved for a writ of habeas corpus.⁴⁵³ Lord Chief Justice Cockburn and three other judges agreed that the writ could be made absolute, ruling that the House of Keys had no powers while sitting as a legislature to judicially try and sentence for contempt. The judges additionally considered that a British court was able to overrule a Manx one for such purposes, as 'An Act respecting the Issue of Writs of Habeas Corpus out of England into Her Majesty's Possessions Abroad' of 1862, which forbade the issue of a writ of habeas corpus to 'a *foreign* dominion', did not restrict the issue of such a writ to the Island which, whilst it was not part of the realm, was deemed to be 'a dominion' of the Crown. The order imprisoning Brown was withdrawn, and after more than seven weeks in prison he was released amidst fervent public demonstrations of support. He then filed an action of common law in the Manx courts, placing damages at £2,000 against all the Members of the House of Keys who

⁴⁵² Faragher, 'The Browns of the Times', p. 47.

⁴⁵³ Milner, *Manx Law Reports*, pp. 134-41. Minutes of meeting, 17 May 1864, MNHL, HKJ 09191/2/4. *Brown's Directory* (1881), pp. 52-6. *Act of Parliament*, 25 and 26 Victoria, chapter 20.

had signed the warrant which had resulted in his imprisonment. The resultant trial before Deemster William Drinkwater and a special jury lasted for four days in June 1865. In his address, Brown's lawyer pointed out the anomalous position held by the House of Keys as a self-elected legislature which 'presumed to constitute themselves into judge and jury to try and adjudicate upon their own complaint'.⁴⁵⁴ Brown won his court claim and was awarded £519 damages and £33 costs for wrongful imprisonment.⁴⁵⁵ Twenty of the twenty-one Members of the House of Keys who had been present on the day when the House unanimously condemned Brown to prison were now forced personally to pay the price for their action. The twenty-first member, Frederick John LaMothe, who had recently died, was pursued beyond the grave by his ex-colleagues who attempted to claim his portion of the fine from his estate, but their claim was steadfastly rejected by his son.

7.3 Governor Loch's two proposals

The gravity of the above situations - the need to have sufficient public money to complete the harbour works, the continued calls for reform of the House of Keys and the involvement of the Keys in the acrimonious incident with the two newspaper owners - convinced Loch that changes to the fiscal situation and the constitution of the House of Keys were matters requiring urgent action. He was also aware that, with rates fixed and levied under the authority of Tynwald for the repairs of highways and bridges and plans to set a new rate to pay for a pauper lunatic asylum, there was a strong feeling amongst the inhabitants of the Island that they should be represented in a democratically elected House of Keys in order 'to have some voice in matters of taxation'.⁴⁵⁶ Loch set about negotiations to improve matters, negotiations which would be conducted by him alone, without any reference to Tynwald until arrangements were well advanced and agreed with the British Government. There followed a year of private, careful and complicated negotiations.

⁴⁵⁴ *Manx Sun*, 24 June 1865.

⁴⁵⁵ Minutes of meeting, 22 November 1865, MNHL, HKJ 09191/2/5.

⁴⁵⁶ Loch to Grey, 21 March 1865, MNHL, GOCB 09845/1/11, ff. 22-6.

7.3.1 Public finances and possible assimilation of duties

Henry Loch knew the Home Secretary, Sir George Grey, well, having been his private secretary from 1861 up to being appointed Governor in 1863. In a letter dated 21 March 1865 Loch made a proposal to Grey and the Lords Commissioners of the Treasury regarding the need for alterations to the present customs duties to allow for a larger expenditure on public works in the Island than the one-ninth of revenue allocated under the Consolidated Customs Act of 1853 could supply.⁴⁵⁷ The expenditure to which he referred was required for building extensive new breakwaters throughout the Island. He explained that he had carefully considered how the revenue could be increased without imposing a burden on the majority of residents of the Island. He had studied the differences between the duties levied in the Isle of Man and those in Britain on similar imported articles. He wondered whether the people benefited to the full extent that might be expected from the differences which existed between the two tariffs or whether the benefit contributed principally to 'swell the profits of the dealer'. His plan was to equalise duties on certain articles, which would improve the insular revenue and enable the important public works to be carried out.

Loch asserted that the principle that duties levied in the Isle of Man should not be increased except with the consent of the people had been conceded by the British Government. Additionally, it had been confirmed that the British Government had no wish to interfere with the privileges of the Island. However, he cautiously drew attention to the 'injurious' consequences any assimilation of the duties might have as regards the possible resumption of smuggling into the Island. But, if such was the result, Loch anticipated little difficulty in keeping it in check through the diligence of the present customs officers at the principal ports, whilst the numerous bays and inlets of the Island could be controlled by an increased coast-guard service.

Loch considered that tea, coffee and sugar should not have their tariffs increased. He pointed out that the consumption of tea in the Island was prevalent amongst a large

⁴⁵⁷ Loch to Grey, 21 March 1865, MNHL, GOGB, 09845/1/11, ff. 26-43.

number of the poor who lived outside the towns and villages. The extra cost of carriage to and in the Island increased the current retail price to these remote consumers to about the same as that in Britain. Any additional increases would hit the poor the most. He felt the same applied to sugar, which he did not think the consumers currently benefited to the extent they should when considering the low level of duty that was levied on it. Hewn and sawn timber was imported duty-free, and, as there was a scarcity of locally grown timber in the Island, he thought it unwise to place a duty on its import as this would have severe consequences on the building and other associated works which he was attempting to encourage.

The articles Loch considered should be assimilated were the luxury ones of spirits, tobacco, Eau de Cologne, liqueurs and wine. He was unsure what the consequences would be on the overall sales of these items by any increased duties. He knew that a great proportion of the quantity of spirits imported was consumed by the visitors during the summer months (59,000 had arrived between the months of June and September in the previous year). He did not think that there would be the same falling off in the consumption of spirits had the consumption solely depended on the inhabitants of the Island. He was of the opinion that an increase in the duty on spirits should not cause a corresponding increase in the cost to the consumer, and if there was a tendency on the part of the dealers to charge greatly increased prices, he thought competition would spring up and regulate the selling prices. The manner in which an increase of the tariff would affect the consumption of tobacco was more questionable. Of all the articles imported into the Island, Loch believed tobacco was the only one on which the consumer derived any important benefit from the difference in duty. High quality cigars were manufactured locally in large quantities, and there could be some opposition to the assimilation of the two tariffs, but it appeared to him that there was not sufficient reason to exempt tobacco from being treated in a similar manner to spirits, and he considered that the alteration in tariff would cause little reduction in the quantity consumed. Even now, the demand for tobacco is generally unaffected by increased taxation, which makes it an excellent product to impose tax on. Loch conceded that the amounts of Eau de Cologne and liqueurs imported were so small as to have no important consequences on the customs revenue.

Loch then drew the attention of the Treasury to the manner in which the one-ninth of the revenue set apart by the Customs Consolidation Act of 1853 for public works in the Isle of Man had been used. Up until 1860 this revenue had been allowed to accumulate. Loch optimistically estimated that the extra annual revenue from the goods which under his proposal would have their customs duties assimilated to those of Britain would be £32,000, and £30,000 of this figure would be the net amount available. He submitted that this and any further increase arising from the same sources should be mortgaged and applied to the construction of a stone built replacement breakwater with a landing stage and wharves at Douglas and for harbours and public works in other parts of the Island.

Loch was concerned that if it became known that any alteration of the tariffs was under discussion it would cause much speculation in the spirits and tobacco trade which would lead to a loss to the revenue. He proposed that, before any steps were taken which might raise suspicion that a change was in contemplation and before the subject was brought forward for the consideration of Tynwald Court, the customs officials in the Island should be instructed to immediately require that importers of all applicable articles should pay the difference in duties from the time and date when the alteration in the tariffs became law.

Loch went on to explain that local rates were fixed and levied under the authority of both branches of Tynwald, and he did not think the public generally objected to the purposes for which these rates were raised, but a strong feeling had sprung amongst the inhabitants that they ought to have some voice in the principal form of taxation, the customs duties.

7.3.2 Constitution of the House of Keys

In another letter dated 21 March 1865, again addressed to the Home Secretary, Loch made a second proposal.⁴⁵⁸ He explained that the House of Keys was not an elected body, and when any vacancy occurred the House selected two prospective members

⁴⁵⁸ Loch to Grey, 21 March 1865, MNHL, GOCB 09845/1/11, ff. 25-6.

whose names were submitted to the Governor who then appointed one of them. Members retained their seats for life. Without interfering with the working of the constitution of the Island, Loch thought a change might be effected that would be agreeable to the feelings of the people and remove a not altogether unfounded grievance. He suggested that the life members of the House of Keys should be gradually replaced by elected members to serve for a period of six years, with four of the present members to retire by ballot in the first year, six the second, seven the third and seven the fourth. He did not believe that the current members of the House of Keys would be averse to this proposal (he was wrong, they were, and it did not happen gradually but all at once in 1867). If Grey approved the principle of his suggestion, Loch said he would submit the matter to Tynwald for its opinion, after which he could enter more fully into the details necessary for carrying the proposal into effect. A reply from the office of the Home Secretary less than a week later stated 'that Her Majesty's Government see no objection to you taking the course which you propose in the matter'.⁴⁵⁹ This ready acceptance of the need for constitutional amendment highlights the changing attitude of the British Government and the different thinking and policies of closely successive Governors.

7.4 Rethink on partial assimilation

On 5 May 1865 Loch raised his concern with the Chancellor of the Exchequer, William Gladstone, regarding the possible knock-on effect some recent Budget changes to the British customs arrangements might have on the Manx revenue.⁴⁶⁰ Gladstone had reduced direct and indirect taxation for the last three years, and, with the British public's consumption of tea having more than doubled in the last twenty years, he was now able to lower its customs duty from 1/- to 6d a pound.⁴⁶¹ This reduction made the British duty equal to that applying in the Isle of Man. Loch's carefully laid plans were placed in turmoil. His initial reaction was to reduce tea duty to 3d or 4d a pound. No doubt his concern would have been for the consequences on the poor, and he was certainly worried that if the tariffs of the two countries were the

⁴⁵⁹ Waddington to Loch, 27 March 1865, MNHL, GOCB 09845/1/11, f. 53.

⁴⁶⁰ Loch to Gladstone, 5 May 1865, MNHL, GOCB 09845/1/11, ff. 97-9.

⁴⁶¹ Woodward, *Age of Reform*, p. 181.

same then there was nothing to prevent British merchants supplying Manx businesses with tea out of their own stores and not out of bond, which would result in the Manx revenue being disadvantaged. He also had a rethink on the consequences of his suggestion for full assimilation of certain customs duties. The arrangement in 1853 between the Treasury and Tynwald never contemplated the effect any assimilation of duties might produce, and therefore the present difficulty was never considered. The situation was that, unless the increase which would arise from an assimilation in the duties was somehow secured specifically for the Island, it would result in a loss to the Island. Loch thought there were two ways in which the difficulty could be resolved. The first was to continue to retain some difference in the duties on all articles imported (apart from tea, this was enacted). The second was that a calculation should be made as to the probable increase that would arise from the changes and that a fixed sum equal to this amount should be paid over to Tynwald for public works under similar control to that which regulated the expenditure of the one-ninth of the customs revenue (this was also enacted, with the addition of the balance).

The Board of Customs understood Loch's concerns and agreed with his proposals.⁴⁶² With this support, Loch then asked the Treasury for authorisation for him to submit his proposed reduction of the duty on tea to Tynwald at the same time as his planned increases on the other duties.⁴⁶³ He considered that the tea reduction would greatly assist in making assimilation of the duties on spirits, wines and tobacco more acceptable to Tynwald and the public generally.

Meanwhile, aware of the reduction to 6d of tea duty by the British Chancellor of the Exchequer, but presumably unaware of Loch's plans, the tea merchants of Douglas asked the Governor to forward their memorial to the Treasury requesting that the duty on tea sold in the Island should be reduced from 6d to 2d.⁴⁶⁴

⁴⁶² Peel to Loch, 12 May 1865, enclosing Board of Customs letter, 10 May 1865, NA HO 45/7686.

⁴⁶³ Loch to Peel, 13 May 1865, MNHL, GOCB 09845/1/11, ff. 112-14. Loch to Peel, 8 June 1865, correspondence relative to financial measures for Isle of Man, PP 1866 (115), p. 11.

⁴⁶⁴ Loch to Peel, 6 June 1865, correspondence relative to financial measures for Isle of Man, PP 1866 (115), pp. 9-10.

Loch sent a letter to the Treasury, referring to what may have appeared to be a contradiction between his letter of the 21 March requesting the assimilation of certain Manx customs duties to those of Britain and his letter of the 5 May requesting the reduction of tea duty to prevent a loss to the Manx revenue due to the recent British amendment.⁴⁶⁵ Whilst Loch considered that both suggestions would ultimately benefit the Island, he went on to explain two other possible options which would increase the Island's customs revenue in addition to the existing one-ninth:

Option 1

| | |
|---|----------------|
| Estimated average receipts for the three years 1862, 1863 and | |
| 1864 had the duties been assimilated as now proposed | 69,662 |
| Deduct the actual average customs receipts for these years | <u>31,845</u> |
| Increase | 37,817 |
| | |
| The average of the 1/9th of the revenue for the last | |
| three years | <u>3,600</u> |
| Total | <u>£41,417</u> |

Loch calculated that £30,710 (4/9ths of the £69,662 hypothetical total revenue), less a generous margin of about £11,000 for any falling off in consumption, would give a reasonable amount of about £19,000 for new and urgent works.

Option 2

The existing duty could be increased, but not assimilated, on the following: rum from 3/8 to 6/- a gallon, brandy 6/- to 8/-, gin 6/- to 8/-, British spirits 3/- to 6/-, wine £12 the tun of 252 gallons to 1/8 a gallon, and unmanufactured tobacco 1/6 to 2/6 a pound. He also proposed a small addition of two or three shillings a cwt. to the duty on sugar. These alterations, presuming the consumption levels would continue, would give an annual increase of £18,383. Loch submitted that 3/9ths of the resulting £50,228 customs receipts (£31,845 actual, plus £18,383 increase) should be for the Island's use, which should be increased to 4/9ths two years later.

⁴⁶⁵ Loch to Peel, 21 June 1865, MNHL, GOCB 09845/1/11, ff. 145-50.

The Treasury, on further careful consideration, had doubts regarding Loch's proposals and the resultant contradiction associated with lowering the tea duty and increasing other duties.⁴⁶⁶ The Treasury believed that a reduction in the Island's customs duty on tea would not be reflected in a reduction in the retail price of the commodity to the benefit of the Manx consumers, whilst there would be a considerable loss in the amount of the surplus customs revenue of the Isle of Man. The material point that the Treasury made was that the Island should certainly have full credit of the whole of its one-ninth customs revenue, and it seemed to the Treasury that this would only be attained if the customs duty for tea imported into the Isle of Man was to yield as much in the future as it had yielded in the last three years. The Treasury also took this view with regard to Loch's original plan to assimilate the duties on wine, spirits and tobacco to those of Britain. It was therefore thought preferable, pending a decision on the general question, not to lower the duty on tea just yet.

In October 1865 Reginald Welby, who was the Private Secretary to the new Financial Secretary of the Treasury, Hugh Childers, put forward a report which resisted fiscal changes in the Isle of Man.⁴⁶⁷ The report considered the circumstances of certain of the British dependencies and noted that there had been 'a tendency lately on the part of these outlying dependencies of the Crown to claim for their own use all revenues accruing within their limits'. The report revealed that the Home Office under Sir George Lewis, who had been Home Secretary from 1859 to 1861, whilst not referring to the Isle of Man by name, had advised that the dependencies should have control of their own revenues, 'but we [the Treasury] refused to entertain his proposal'. This evidence of the power of the Treasury over other departments was very significant to the Island's constitutional and fiscal well-being. Welby went on to recommend that the Treasury should now oppose all claims for the principal revenue of the Island to be given to Tynwald, 'inasmuch as of old time the Lord of the Island took the revenues, paid expenses of government, and pocketed the rest'. Whilst the attitude of

⁴⁶⁶ Peel to Loch, 30 June 1865, MNHL, GOCB 09845/1/11, ff. 161-2.

⁴⁶⁷ Reginald Earle Welby, first Baronet (1832-1915), joined Treasury 1856, Assistant Financial Secretary of the Treasury 1880, Permanent Secretary of the Treasury 1885-94. Hugh Culling Eardley Childers (1827-96), MP 1860, Financial Secretary of the Treasury 1865-66, First Lord of the Admiralty 1868-71, Secretary of State for War 1880-82, Chancellor of the Exchequer 1882-85, Home Secretary 1886. Report, October 1865, NA, Customs Papers 143/121.

Welby at this time was not in the Island’s favour and was certainly not shared by his colleagues, some twenty-five years later he would look more benignly on the Isle of Man and feature prominently in the successful lead up to and establishment of the Common Purse Arrangement.

7.5 Important 21 December 1865 Treasury minute

In November 1865 Hugh Childers was involved in putting together a strategy, the formation of what would become a very important document, incorporating the suggestions of Governor Loch and those of the Customs and Treasury for the revision of the Manx customs revenue.⁴⁶⁸ Childers asked for Loch’s opinion on some possibilities. One involved all the Island’s customs duties being totally assimilated to those of Britain. Loch could not agree to this extreme proposal, and he was certain that Tynwald would not agree either, ‘nor would it be advisable to make so great and so sudden an alteration in the duties, as it might possibly for a time paralyse trade and ruin the dealers’. He was also concerned about the second proposal, that part of the revised allocation of the surplus revenue should include a fixed payment of £10,000 by the Island to Britain to compensate the British Exchequer for its losses. Whilst he agreed that all expenses of government in the Island should be paid out of the duties, he did not agree that so great an amount could or should be borne by the Manx revenue. It would leave a deficit of approximately £3,000 using the current tariffs:

| | | |
|---------------------------|-------|--------|
| Total customs revenue | | 34,139 |
| Less charges: | | |
| Collection | 2,788 | |
| Harbours | 2,300 | |
| One-ninth customs revenue | 3,790 | |
| Education | 1,800 | |
| Coast-guard | 1,125 | |
| Port Erin breakwater | 1,600 | |

⁴⁶⁸ Loch to Childers, 14 November 1865, supplementary correspondence relative to financial measures for the Isle of Man, PP 1866 (115), pp. 1-3.

| | | |
|--|--------------|--------------------------------|
| Cost of government, including criminal | | |
| prosecutions, support of lunatics | 11,500 | |
| Superannuation | 800 | |
| Increase for revised salaries and | | |
| expenses | <u>1,500</u> | <u>(27,203)</u> |
| Balance | | 6,936 |
| Less proposed fixed payment to Britain | | <u>(10,000)</u> |
| Deficit | | <u>(£3,064)</u> ⁴⁶⁹ |

Childers, however, considered that anything less than £10,000 for the fixed contribution was unacceptable and this was final.⁴⁷⁰ But Loch continued his claim that the amount should be less and suggested a lower figure of £8,000 would be more appropriate. He reminded Childers that the Island ‘was not purchased as a land investment, but to stop smuggling; the result was a saving of £350,000 a year’.

Loch arranged to meet Childers in London in early December 1865 to discuss matters, and it was probably at this meeting that the two men devised the basis for a very crucial Treasury minute on the revised strategy for the Manx customs revenue, a document which would result in great consequence and benefit to the Isle of Man. This minute was drafted on 21 December 1865 and sent by Childers to Loch for his further opinion.⁴⁷¹ In response to Loch’s continuing anxiety to speedily resolve the matter, Childers apologised, but explained that he had ‘spent more hours over the question than over others involving very far more important considerations’, and ‘you must remember that twice after it was entirely settled you reopened it on questions of figures involving careful inquiry’.⁴⁷² With certain alterations made to the Treasury minute suggested by himself, Loch agreed in principle with Childer’s

⁴⁶⁹ This appears to be a doubtful exercise as Loch did not increase the total revenue in accordance with the proposed assimilation of Manx customs duties to those of Britain as suggested by Childers or with the increases on certain articles as suggested by himself.

⁴⁷⁰ Childers to Loch, 26 November 1865, and Loch to Childers, 28 November 1865, supplementary correspondence relative to financial measures for the Isle of Man, PP 1866 (115), pp. 3-6.

⁴⁷¹ Waddington to Loch, 2 February 1866, referring to Childers to Thomas George Baring, Under Secretary of State of the Home Office, 28 December 1865, and Treasury minute, 21 December 1865, MNHL, GOCB 09845/1/11, ff. 436-52.

⁴⁷² Correspondence between Loch and Childers, 14 and 22 February, 1, 3 and 6 March 1866, supplementary correspondence relative to financial measures for the Isle of Man, PP 1866 (115), pp. 6-13.

proposals, which were now almost ready to be laid before Tynwald.⁴⁷³ This would only happen when the necessary administrative steps had been put in place to ensure that the higher rates of duty could be applied immediately after the announcement of the amendments. The following important recommendations contained in the Treasury minute of 21 December would dramatically change the responsibility for the operation and use of the public finances:

- Tynwald Court was to have control of the surplus revenue to be applied for public purposes in the Island, subject to the supervision of the Treasury and the veto of the Governor and all at the risk of the Island.
- Deductions were to be made to cover the cost of the collection of duties, the government of the Island, the administration of justice and other charges incurred.
- The sum of £2,300 payable to the Harbour Commissioners under the Act of 1844 was to continue.
- One-ninth of the gross customs duties payable under the Act of 1853 was to continue to be set aside for harbours and other public works, subject to the control of Tynwald.
- On security of a further two-ninths of the gross customs duties, the Harbour Commissioners were empowered to borrow money for harbour improvements with the approval of Tynwald and the Treasury.
- A fixed contribution of £10,000 was to be paid into the British Consolidated Fund.
- Finally and most importantly, it was further provided that any clear surplus not expended should then form part of the Isle of Man's own Accumulated Fund.

The Treasury admitted that the £10,000 fixed contribution was directly linked with the capital sums of £70,000 and £150,000 paid by the British Government to the Dukes of Atholl in 1765 and 1825. The Treasury considered that the Imperial Contribution (still in existence today under the title of the Annual Contribution and standing at £2.3 million a year) was not excessive, considering that 'the inhabitants

⁴⁷³ Loch to Waddington, 8 March 1866, MNHL, GOCB 09845/1/11, ff. 538-40.

enjoy all the privileges of British citizenship and the protection of the army and navy' and that 'a contribution at the rate of £10,000 an annum, 4.5% on the capital invested [£70,000 + £150,000 = £220,000], will be a very moderate return to ask from the Island'. The minute also admitted that the £10,000 was additionally intended by the Treasury to take the place of the Manx surplus reserves presently paid into the British Exchequer. Whilst there is reference in the minute to the need for military and naval defence, this would appear to be incidental to the real reason for the Imperial Contribution. It was now the desire of the Treasury to continue to get an equivalent of what they were about to lose:

Few dispute the fairness of paying the annual sum of £10,000 to the Government for naval and military protection, and, if it had demanded this sum on these grounds before, as well as after, 1866, and, in this way, much more than absorbed the surplus revenue, it is probable that very little objection would have been made. But the irritation referred to arose rather from the fact of the claim for the £10,000 being treated by the Government as interest on the capital sum paid to the Duke of Atholl, which (if regarded as a liability on the Island at all) might, it was thought, be well deemed to be extinguished by the annual surpluses received up to 1866, which amounted to a much larger sum.⁴⁷⁴

7.6 Tynwald considers fiscal and constitutional reforms

Loch was now able to go to Tynwald to disclose the results of his year long negotiations for amending the control of the Island's customs and reforming the election of the House of Keys.

On 14 March 1866 Loch presented the Legislative Council with the two proposals.⁴⁷⁵ He reminded the Council that about a year ago he had been requested by Tynwald Court to ascertain whether funds could be obtained for making improvements to the harbours of the Island. He had negotiated with the British Government and was now able to report that if Tynwald agreed to an increase in the amount of customs duties

⁴⁷⁴ Moore, *A History*, p. 613.

⁴⁷⁵ Minutes of meetings, 14 and 15 March 1866, MNHL, LCJ 09191/4/4, ff. 226-8.

payable on certain articles imported into the Island then the British Government would be prepared to sanction the application of the additional revenue towards the improvement of the harbours and for other public works in the Island. The Island would pay £10,000 a year into the British Exchequer as interest on the sums which had been paid by Britain for the purchase of the customs revenue of the Island from the Dukes of Atholl. A condition, one resulting from Loch's own initiative, of the acceptance of the above fiscal changes was to be that the representatives in the House of Keys should in future be elected by the people. The Council agreed that it would be advantageous to the Island to accept both proposals.

The next day Governor Loch requested a conference with the Keys, but without stating upon what subject.⁴⁷⁶ He informed the full gathering of the Keys that he had two very important proposals to lay before them.

Loch explained that the first proposal affected the fact that the existing funds available for public works, including breakwaters and harbours, were altogether inadequate. No additional amount to any great extent could be borrowed on security of the one-ninth of the customs revenue. Loch's attention had consequently been directed to the source from which the one-ninth was derived, the customs revenue itself. He considered that an increase in customs duties on some of the articles imported into the Island might be made without causing any great burden to fall upon the residents and that such an increase would generate considerable extra revenue. He had been in communication with the British Government, which had consented to such an increase of duties and that the Island should have the full benefit, although it would be all at the risk of the Island. Instead of the British Government continuing to receive the surplus customs revenue, it would be replaced by a fixed sum of £10,000 a year which would be subject to the charge of £1,600 a year for the Port Erin breakwater works. Loch informed the Keys that the Island's present gross customs revenue was about £34,000, and he calculated that the proposed increase would, after a time, bring the revenue up to £56,000 (this optimistic figure, though lower than his previous estimate, would not be realised for another twenty-two

⁴⁷⁶ Minutes of meeting 15 March 1866, MNHL, HKJ 09191/2/5.

years). From this amount would be deducted the expenses connected with the government of the Island, repairs of courthouses, payment for harbours, education, coast-guard, etc., together with the fixed sum of £10,000 (£10,000 represented an incredibly high amount out of the forthcoming year's customs income of £44,356). Making an allowance for a falling off in the consumption of certain articles, he calculated that there should be a sum of about £19,000 to £20,000 a year available for public works. In the event of a loan being required to be raised upon this surplus (there would be difficulty in procuring an advance upon an indefinite amount), the British Government had consented that two-ninths of the gross customs revenue should be added to the one-ninth presently assigned, so that three-ninths could be made available as an absolute security for any advance that might be needed to commission necessary public works. The British Government had also consented that the three-ninths should take precedence to the payment to the Exchequer. The remaining balance would then be available totally for Island purposes. Loch explained that an Act of Parliament would be necessary to carry into effect these fiscal arrangements, but the British Government would not bring in such measures without first obtaining the approval of Tynwald.

In order to prevent any unfair trading, Loch said that he had arranged with the Treasury that a resolution should be proposed that evening in the House of Commons to the effect that the increased duties should be leviable from the next evening, on the understanding that if the measure did not meet with the approval of the Tynwald Court the excess of duties would be returned to the importers. The Governor handed to the Keys a statement he had prepared showing the proposed increases in duties, an account of the quantity of goods imported into the Island, the amount of customs revenue derivable therefrom under the tariff of 1853 and the anticipated increase under the proposed tariff. He recommended that the customs tariffs featured in his second option to the Treasury should now be adopted (see page 162).

Loch further explained that the British Government, in consenting to make the large financial concessions to the Island, had attached an important condition - though he did not mention that this condition was made on his advice. This second proposal affected the constitution of the Keys and was to be contingent upon acceptance of the

first proposal. Loch understood that in 1853, when certain changes were being made to the customs duties of the Island, a deputation from the Keys claimed on behalf of Tynwald Court the use of the new revenue for the Island. At that time the question of the constitution of the Keys was raised as an issue, and the majority of the Keys had consequently passed a resolution to become a democratically elected body. Loch was aware that the British Government had avoided giving motivation to the proposal then. However, times had moved on and it was now prepared to accede, but the two proposals for the revision of the customs duties and a popularly elected House of Keys must stand or fall together.

The Keys returned to their own House where the two proposals were discussed at some length. It was resolved, as the changes were ‘of too great importance to be determined by the Keys on their exclusive responsibility, that the proposals be laid before the country’. Loch could not agree. He considered that it was not a matter to put to the people, it was strictly for Tynwald to determine, and it needed quick action. The Keys were asked to accept or reject the proposals as a whole, reserving questions of detail. He reiterated what he had said previously, that the two proposals were dependent on each other, and although he had referred them to the Keys as one general measure, he wished separate answers to be given as he had to communicate with the Treasury on the finances and the Home Office on the constitution. The question was discussed further by the members of the Keys, who, after a long deliberation, eventually agreed to endorse both proposals.

Loch’s dissimulation on the matter as to who suggested the fiscal changes and the reform of the House of Keys was a nice sleight of hand to get what he wanted, and the leverage he was able to exert is very impressive.

Five days later Tynwald Court was called together to collectively consider the two proposals. Deemster Drinkwater read a report by a committee recently appointed to meet with Loch.⁴⁷⁷ The committee had sat with him at Government House three days previously to look at the various documents connected with the proposed changes to

⁴⁷⁷ Minutes of meetings, 20 March 1866, MNHL, LCJ 09191/4/4, ff. 234-5. *Mona’s Herald*, 21 March 1866.

customs duties. The committee pointed out that the increases would only marginally affect prices: foreign spirits less than ½d a glass, British spirits slightly more than ½d a glass, Muscovado sugar less than ¼d a pound and refined sugar less than ½d a pound. It was not intended that any article should be imported duty paid, but all would be imported into the Island in bond. The committee considered that the three-ninths would total at least £16,000 a year. They recommended the adoption of the proposals for increased duties as submitted by the Governor the previous week. Loch then explained to Tynwald that on his return from London he would introduce a Manx Bill to progress the other proposal to amend the present mode of electing the House of Keys. Tynwald agreed to both these historical changes.⁴⁷⁸ Loch then arranged to go to London for three weeks, to liaise there with the members of the Tynwald committee and for them all to confer with the Treasury on the details of a British Bill to amend the customs duties.⁴⁷⁹

The *Manx Sun* considered the possible consequences of the increase in customs duties on the visitors and the locals:

Another evil anticipated from the new tariff is that our visitors will desert us. But what class of visitors? Those who seek “cheap grog”? If so, we can perhaps bid them adieu with advantage to ourselves, and shall probably get better in their place. Change will affect the working classes, persons most affected by sugar and tobacco - 2d a week sugar for a family, and 2¼d a week average smoker. In return for this the industrious classes will receive double profit by the increased demand for labour consequent upon the construction of public works; and secondly, they will share in the increased prosperity of the Island. The greatest danger, then, which the working classes have to apprehend is that the unscrupulous and grasping retainers of excisable goods will make this increase an excuse for wringing disproportionate profits from the hard working consumers.⁴⁸⁰

⁴⁷⁸ Tynwald resolution, 20 March 1866, correspondence relative to financial measures for the Isle of Man, PP 1866 (115), p. 22.

⁴⁷⁹ Loch to Grey, 22 March 1866, and Waddington to Loch, 27 March 1866, MNHL, GOCB 09845/1/11, ff. 557 and 569. Minutes of meeting, April 1866, MNHL, HKJ 09191/2/5.

⁴⁸⁰ *Manx Sun*, 24 March 1866.

7.7 Double dilemma resolved

Two Bills, one British and one Manx, would now be introduced to move on Loch's ambitions for the Isle of Man. After due consideration, these Bills would eventually become Acts of great importance in the Island's history.

7.7.1 Isle of Man Customs, Harbours and Public Purposes Act, 1866

J. J. Moore wrote from London to the *Mona's Herald* enclosing a copy of the Bill to amend the Manx customs.⁴⁸¹ The Bill had obviously been prepared well in advance, as it was ordered by the House of Commons to be printed on 23 March 1866, just three days after Loch had informed Sir George Grey of Tynwald's acceptance of the proposed increases. 'An Act to alter certain duties of customs in the Isle of Man, and for other purposes', cited as the 'Isle of Man Customs, Harbours and Public Purposes Act, 1866', was consequently passed in the British Parliament on 18 May 1866.⁴⁸² The new duties incorporated those proposed by Loch:

| Customs Duties | |
|---|--------------|
| | s d |
| Brandy, gin and foreign spirits, a gallon | 8. 0 |
| Rum, a gallon | 6. 0 |
| British or Irish spirits, a gallon | 6. 0 |
| Tobacco, unmanufactured, a pound | 2. 6 |
| Wine, a gallon | 1. 8 |
| Muscovado sugar, a cwt. | 3. 0 |
| Refined sugar, a cwt. | 6. 0 |

The Act would serve to fund:

- The cost of collecting the customs duties.

⁴⁸¹ *Bill of Parliament*, 91, 23 March 1866. *Mona's Herald*, 2 May 1866.

⁴⁸² *Act of Parliament*, 29 Victoria, chapter 23.

- The expenses of government, including various services which had previously been provided by the vote of the British Parliament.
- The sum of £2,300 annually for the harbours by the Act 8 and 9 Victoria, chapter 94, section 25.
- One-ninth of the gross customs revenue for public works in the Island.
- Such portion of a further two-ninths of the gross customs revenue necessary for discharging the principal and interest of loans raised upon this security for the improvement of the harbours.
- £10,000 paid to the British Exchequer annually, subject to a contingent charge of £1,600 on account of the loan for Port Erin breakwater.
- The remaining surplus to be used for insular purposes.

In July 1866 Loch received a copy of another minute from the Treasury laying down regulations for giving effect to the new Act.⁴⁸³ The minute included a précis of the Act. It explained that under previous arrangements the duties collected in the Island formed part of the general customs revenue of Britain and the gross receipts were paid into the British Exchequer, whilst the expenses of the Island were defrayed partly by charge on the Consolidated Fund and partly from money voted in supply. It had now been agreed that the Isle of Man should in future be financially distinct from Britain. The minute admitted that the British Exchequer had previously ‘profited by surplus of income over expenditure’, but in future such surplus would be handed over to Tynwald. This acknowledgement by Britain that it had profited at the expense of the Isle of Man was a very important admission when considering the historical relationship between the two countries. The minute went on to claim that, under the new agreement, strict economy would be in the interest of both countries - for Britain in order to ensure due payment of the fixed contribution and for the Island in order to realise as much as possible for local improvements. It was, therefore, most desirable that both the Treasury and the Governor should have every opportunity of ascertaining and controlling the details of public expenditure, and, with this end in view, the Treasury required the Governor to have an estimate of expenditure drawn up before the commencement of each financial year. This estimate should also be

⁴⁸³ Treasury to Loch, 7 July 1866, enclosing minute, 5 July 1866, MNHL, GOCB 09845/1/12, ff. 143-9.

laid before Tynwald. In order that the Governor would have full knowledge of expenditure incurred within the limits of his governance, the Treasury would request the different departments of the British Government dealing with the Island to furnish him with all the information he required. The Treasury was concerned that, whilst it had been estimated that the Manx revenue would benefit by the change and authority had been given to mortgage a portion of the increase in order to carry out works that were required in the Island, the measure should be looked on as only experimental, as there was past evidence that an increase in customs duties resulted in no increase in revenue.⁴⁸⁴ The concern was that when the prices of certain commodities increase or decrease then the resultant demand changes inversely and, consequently, the net revenue may possibly not alter to any great extent.

In order to properly and professionally administer the new situation, the Home Office and the Treasury considered that the Island now needed a Treasurer.⁴⁸⁵ John Thomas Clucas had been Clerk of the Council and Secretary since March 1864, and with effect from 1 July 1866 he was appointed to hold the additional position of Government Treasurer on an increased salary.⁴⁸⁶ The Treasurer would be required to forward to the Collector of Customs in the Island a quarterly estimate, and he could then draw from the Collector of Customs such sums as were required. The appointment of the Treasurer was to be made by the Governor in the future. It was agreed that the Island's surplus customs revenue should be transferred to a bank in the names of three officers: the Governor, the Treasurer and the Speaker of the House of Keys. Tynwald opened an account with the Bank of England to 'make such investments and sales as these gentlemen may from time to time direct'.⁴⁸⁷ The three 'gentlemen' informed the Bank of England that the Treasury would pay £6,819 (balance at 31 March 1866), £1,247 (30 June 1866) and £1,348 (30 September 1866)

⁴⁸⁴ Hunt to Loch, 9 August 1866, MNHL, GOCB 09845/1/12, ff. 199-201.

⁴⁸⁵ Waddington to Loch, 11 July 1866, and Hunt to Loch, 6 August 1866, MNHL, GOCB 09845/1/12, ff. 154 and 180-3.

⁴⁸⁶ Loch to Sir Edward Lugard, Under Secretary of State for the War Office, 17 April 1865, MNHL, GOCB 09845/1/11, ff. 87-8. Clucas had succeeded James Burman as Clerk of the 'Lieutenancy' in 1864, hence the continuing War Office involvement in the appointment.

⁴⁸⁷ Loch to Bank of England, 10 November 1866, and Bank of England to Loch, 12 November 1866, MNHL, GOCB 09845/1/12, ff. 342-3 and 347.

into the Isle of Man Customs Revenue Fund Account.⁴⁸⁸ The next year an Isle of Man Accumulated Fund Investment Account was opened.⁴⁸⁹

In the financial year 1867/68, the first full year under the new 1866 Act, the Isle of Man government's general revenue totalled £46,090, of which £45,235 (98%) was accounted for by the customs revenue.⁴⁹⁰ The customs revenue had increased an incredible 35% more than the £33,546 collected in 1865/66, the last full year under the old Act. The remaining small amount of general revenue was made up of official fees, fines, interest and sundry items.

7.7.2 House of Keys Election Act, 1866 - misunderstandings and 'moonshine'

Meanwhile, on 23 May 1866 the Governor and the Council had met with a deputation from the Keys to progress the new constitutional scheme. Loch handed to them the 'House of Keys Election Bill' which had been passed by the Council and was now to be referred to the Keys.⁴⁹¹ The Bill, a most formidable document, consisting of 141 sections of conditions, was then discussed in private by the Keys. William Callister asked for a copy of any correspondence that had taken place between the Governor and the Home Secretary to be laid before the House. At the same Court, John Senhouse Goldie-Taubman stated that he understood it was contemplated that the salaries of certain officials of the Island were to be increased and would be funded out of the additional revenue expected to be derived from the new customs duties. He understood, from the statement made by the Governor when he first introduced the contemplated changes, that the surplus revenue would be at the disposal of Tynwald. Goldie-Taubman, therefore, made a resolution that no increase should be made in the salaries as the proposal had not received the approval of Tynwald. Robert John Moore, Secretary to the Keys, opposed this resolution, claiming it was an attempt to override an Act of the British Parliament. He pointed out that in the new Isle of Man Customs, Harbours and Public Purposes Act it was

⁴⁸⁸ Loch, Gawne and Clucas to Bank of England, 16 November 1866, Loch to Treasury, 16 November 1866, Treasury to Loch, 22 November 1866, and Bank of England to Loch, 28 November 1866, MNHL, GOCB 09845/1/12, ff. 361-4, 386 and 401-2.

⁴⁸⁹ Loch, Goldie-Taubman and Clucas to Bank of England, June 1867, MNHL, GOCB 09845/1/13, f. 93.

⁴⁹⁰ Financial Statements laid before Tynwald Court, 1869-1900, MNHL, GOP 09845/Box 39

⁴⁹¹ Minutes of meeting, 23 May 1866, MNHL, HKJ 09191/2/5. *Mona's Herald*, 30 May 1866.

provided that the expenses of government should in the first instance be paid by order of the Treasury and that the surplus should be at the disposal of the Tynwald Court only after payment of these expenses. He thought it was not likely that the Crown, which appointed the officials, would consent to give up the power to fix their salaries. The majority of the Keys, however, were adamant that their understanding was that, after deducting the charges referred to in the Treasury minute, Tynwald would have control over the whole of the surplus, including the increased salaries of the officials. After considerable discussion, Goldie-Taubman's motion that no increase of salaries to officials should be made without first having the consent of the Keys was carried by a majority of thirteen to six, 'a resolution which, after the Imperial Parliament had legislated on the question, was altogether futile'.⁴⁹²

Two weeks later Loch addressed the Keys on both issues.⁴⁹³ He said he had very little additional information to give regarding correspondence on the reform of the Keys that they had not seen already. He explained that the correspondence was very meagre anyway as the matter was arranged chiefly by personal conversations. He assured the Keys that he had no wish to withhold any information from them which it was in his power to give. On the issue of the salaries, he directed the attention of the Keys to the third clause in the Customs Duties Act whereby the 'expenses attending the government of the Isle of Man' were made a first charge on the revenue. Loch said that no one could possibly have been misled over this because when the question had been raised previously he had distinctly stated that the British Government reserved to themselves the entire control over these expenses. As a means to overcome any concerns, Loch now proposed that before any permanent increase in the Island's expenditure was made the matter should be laid before the Tynwald Court. Despite these explanations, there continued to be an element of doubt in the minds of some members of the Keys regarding the outcome of Loch's determination to reform the House and change the customs duties. Some of them claimed they had not fully understood the implications of the changes, in particular the limited control by the Keys of the future surplus Manx customs revenue. Edward Curphey Farrant stated later:

⁴⁹² Moore, *A History*, p. 811.

⁴⁹³ Minutes of meeting, 8 June 1866, MNHL, HKJ 09191/2/5.

It was represented that, in a moment of unprecedented and extraordinary generosity, the British Government were prepared to grant what they have always refused and what we have always claimed as a right - the surplus revenue - the only condition being that we were to dissolve our constitution. We did not at that time thoroughly understand the bearing of the scheme. We felt we were driven into a corner. To use the luminous expression of one member of the deputation, the whole control of the Tynwald Court over the revenue is reduced to the consistency of 'moonshine'.⁴⁹⁴

At the next meeting of Tynwald Court, William Callister raised his concern over the scheme for the present members to vacate their seats over the next three years. He claimed that 'abolishing the Oligarchy by piecemeal' was unsatisfactory:

such a piebald House - consisting partly of self-elect and partly of representatives of the people - would not only be an anomaly, but an absurdity, which could never be harmonised. The one party would represent the people, while the other would represent themselves; the one would labour for progress, while the other would cling to the old system of their forefathers.⁴⁹⁵

Callister called for the old Keys to resign their seats en masse, and the Keys agreed, resolving that the House should be dissolved in a body within three years after the promulgation of the Act and that a new House should be elected within twenty-one days thereafter. The Election Bill was passed for the first time by the Keys on 13 July by 17 votes to 3 (Speaker Gawne, Edward Curphey Farrant and Patrick Taubman Cunningham voted against). On 18 July amendments introduced into the Bill by the Keys were discussed between them and the Council, and a compromise was adopted.⁴⁹⁶ The revised Bill allowed for the towns of Peel, Ramsey and Castletown to have one member each, the town of Douglas and the sheadings of Ayre, Michael Garff, Glenfaba, Middle and Rushen to have three each. Those entitled to be Members of the House of Keys were males of full age (21) who were

⁴⁹⁴ *Manx Sun*, 30 June 1866.

⁴⁹⁵ Minutes of meeting, 22 June 1866, MNHL, HKJ 09191/2/5.

⁴⁹⁶ *Brown's Directory* (1881), pp. 58-62.

owners of real estate of the net value of £100, over and above all rents, charges, mortgages and other encumbrances, or who were owners of real estate of the net annual value of £50 and a yearly income of £100 from personal estate or effects of any nature or kind. The qualifications for voters were that they must be males of full age (21) and not subject to any legal incapacity. They had to be owners of real estate of a net annual value of not less than £8. Tenants had to occupy land, tenements or other real estate of a net annual rent of not less than £12. The records indicate that out of a male population of approximately 25,500, 13,200 were aged 21 and over and 5,500 of these were eligible to vote.⁴⁹⁷

The Town Commissioners of Douglas passed a unanimous vote of thanks to Governor Loch for his services in bringing about the reform of the House of Keys.⁴⁹⁸ The liberal press of the Island congratulated the people upon the restoration to their ancient privileges. These praises, however, would later be tempered with expressions of concern and criticism. James Brown's *Isle of Man Directory* of 1881 claimed that, soon after the successful progress of the Bill, rumours had circulated that powerful cabals had procured the highly restricted franchise and imposed the property qualification for a seat in the House of Keys, which was tantamount to closing its doors to all except the propertied families who had hitherto monopolised the House.⁴⁹⁹ The *Directory* considered that the reform of the House Keys had been:

conceived in an eminently conservative spirit, and that, while providing that the members should have the sanction of popular election, and thus, to that extent, possess the authority conferred by the representative principle, the franchise was carefully limited to the narrowest circle possible, and included only a very small proportion of the population.

The reformers criticised the distribution of seats. The townsfolk claimed that their interests had been totally ignored and, despite having over two-fifths of the population, they only had one-quarter of the seats. The northern inhabitants objected

⁴⁹⁷ Census 1901, total male population: 1861 - 24,727, 1871 - 25,914, 1881 - 25,760, males over 20: 1881 - 13,358, pp. 1 and 6. Return of the probable number of voters, June 1866, MNHL, MB, Elections D155/2x.

⁴⁹⁸ Minutes of meeting, 17 July 1866, MNHL, HKJ 09191/4/4, ff. 256-7. *Brown's Directory* (1881), pp. 60-2.

⁴⁹⁹ *Brown's Directory* (1881), pp. 58-62.

that their representatives were unfairly outnumbered by those of the south. However, all criticism was ended on 16 August when the House of Keys passed the Bill and set the stage for the Island's first popular election.⁵⁰⁰ The 'banner of reaction' was nevertheless upheld to the last by Edward Moore Gawne, Edward Curphey Farrant and Patrick Taubman Cunningham, who all again voted against the Bill. Each of these members would suffer different fates as a result of the reforms: Gawne resigned, Farrant was elected and Cunningham was rejected.

Loch immediately sent the 'House of Keys Election Act, 1866' to the Home Office for Royal Assent, which was received on 10 November and promulgated by Tynwald Court on 20 December.⁵⁰¹ It was at the same Court that Edward Moore Gawne, the long-time Speaker, resigned. As an act of courtesy to the old House, the British Government offered him a knighthood, but he declined.

In early April 1867 the first public elections of the House of Keys saw thirteen of the previous twenty-four members elected.⁵⁰² The eleven new members were mainly of a similar political persuasion as their colleagues. Although there had been changes of systems and personnel, the reality was that the conservative character of the new House had hardly altered from that of the old.

7.8 Loch's further ambitions for the Isle of Man

Henry Loch's successes in dealing with the British authorities, regaining the bulk of the surplus customs revenue for local use and overcoming the resistance to change in the House of Keys reveal a man of great negotiating skills. The struggle between Governor Loch and the House of Keys is a fascinating account, revealing the perseverance of a man well used to action and the not unnatural resistance to change of a body steeped in history and self-interest. With an impressive record behind him,

⁵⁰⁰ Forster, 'Constitutional and Financial Movements', p. 44.

⁵⁰¹ Loch to Home Secretary, Spencer Horatio Walpole, 16 August 1866, MNHL, GOCB 09845/1/12, f. 202. Minutes of meeting, MNHL, HKJ 09191/2/5, 20 December 1866. *Statutes of the Isle of Man*, 'House of Keys Election Act', 1866.

⁵⁰² See appendix 8.

he would now set about bringing further major improvements in the future affairs of the Isle of Man.

Firstly, however, Loch, the Treasury and the Customs were forced to review the matter of the 6d equalised tea duties of the two countries. The Island's public purse was suffering as a consequence of the losses caused by a large amount of tea being imported from Britain but not being declared for Manx customs revenue purposes.⁵⁰³ It was decided in 1867 that urgent action was required in order to address this problem. The Manx duty was reduced from 6d to 4d. The differential thereby reinstated, in theory, the Island's advantage, but the problem of ensuring that it received the full and proper benefit of the surplus of its customs revenue would continue for another twenty-five years before the basis of a method of resolving it was put in place.

Loch now set about introducing a major programme of progress for the Island which took place over the next fifteen years, financed by enhanced public funds and made easier to ratify in Tynwald by the establishment of a democratically elected House of Keys. Further Tynwald authority was put in place during this period through the gradual establishment of a Board system to carry out the various governmental responsibilities, though with limited financial control.

An extensive development of Douglas harbour was planned.⁵⁰⁴ A breakwater at Peel, piers at Port St Mary and Ramsey, and improvements at Castletown harbour followed. In 1872 a daily mail service throughout the year was commenced. A railway line was laid between Douglas and Peel in less than a year and was opened in 1873. Lines to Port Erin and Ramsey followed. The redesign of lower Douglas was a major priority for Loch. He inaugurated the building of Loch Promenade on land reclaimed from the foreshore. The initial work on a sea wall commenced in 1874, and the promenade, including a horsetramline, was completed by 1877. Over the next few years terraces of hotels were erected, with the sale of the plots paying for

⁵⁰³ Loch to Treasury, 18 June 1867, and George Ward Hunt, Financial Secretary of the Treasury, to Loch, 26 June 1867, MNHL, GOCB 09845/1/13, ff. 71-2 and 82-6.

⁵⁰⁴ This information is an abstract from one of the writer's pieces in the soon to be published *New Manx Worthies*.

the construction of the promenade. The new Villiers Hotel, so called after the family name of Loch's wife, was the first hotel on Loch Promenade and made an immediate impression on the arriving visitors. Associated with the promenade work, the construction of Victoria Street - the new main thoroughfare leading from Loch Promenade and connecting with Prospect Hill - provided a link between old Douglas and its new uptown suburbs.

There was a dramatic increase in legislation during Loch's term of office, including the modernisation of Manx law and the revision of the criminal code. In 1872 Tynwald undertook direct responsibility for compulsory education through the Public Elementary Education Act. Tynwald granted parliamentary suffrage to women by the Election Act of 1881 whereby spinsters and widows aged over 21 who owned property were given the vote.

The seat of government in Castletown had been appropriate when the official residence of the Governor, the offices of government and the law courts had been centred in and around Castle Rushen. However, with Castletown's position in the south being unsuitable geographically to serve the expanding development of the Island and the increasing prominence of Douglas as the trading and political centre, there now came about inevitable changes. Loch was responsible for the gradual removal of government and the law courts from Castletown to Douglas. Douglas became the Island's capital in 1869 and Tynwald Court moved into the former Bank of Mona building on Prospect Hill in 1879.

Whilst the functions of Tynwald had been revised and made more credible, the mainly conservative Members of the House of Keys were still at times adverse to change. Evidence of this was shown when, although a lunatic asylum was built at the Strang in 1866 and new public health measures were put in place after an outbreak of smallpox in 1877, there was an absence of support for full and proper poor law provisions and associated social reforms. Loch was on occasions dismayed and frustrated. *Brown's Isle of Man Directory* of 1894 records that his ambitions had been 'subject to many temporary checks, arising mainly out of engrained

conservatism of the native Manx and the intensely parochial feelings which still characterise their politics'.⁵⁰⁵

7.9 Significance of the changes in the fiscal relationship

The separation of the Manx customs revenue from Britain's back in 1866 had been a major landmark in the Island's economic redevelopment and had ensured that the surplus was now able to be fully utilised for local purposes. The finances had been significantly freed up and greatly increased. Britain retained the right to legislate for and regulate the customs duties, and all financial matters considered in Tynwald were subject to the approval of the Governor and the Treasury. In contrast to the power of the Governor, the House of Keys, although now well established as a popularly elected body, still had limited authority in Tynwald. Whilst the Customs Act had given Tynwald some share in determining the expenditure of the increased surplus customs revenue, the power of the Governor to withhold consent ensured that the Keys' financial effectiveness was limited. Additionally, by virtue of its democratic situation brought about by the Election Act, the Keys could no longer so readily petition the British authorities on matters of concern. However, the very significant outcome of both Acts had been that the Isle of Man had at last taken 'an important step in the direction of domestic self-government' and an elected House of Keys had now 'gained an influence which the unreformed House could never have obtained'.⁵⁰⁶

The Customs Act, as all previous such Acts, had fully determined how the levels of public expenditure and income, the use of the surplus revenue and the customs duties were to be handled. Its principles had been established through secret negotiations involving Governor Loch, the Treasury and the Customs Department. The Act allowed for the Governor and the Treasury to budget for the public finances. Before the commencement of each financial year the Governor drew up an estimate of expenditure. He took into account the current and capital schemes he considered were necessary, as well as the cost of administering the government and the justice system. Part of the expenditure was used to defray any borrowings and other

⁵⁰⁵ *Brown's Isle of Man Directory* (Douglas, 1894), p. 50.

⁵⁰⁶ D. G. Kermode, *Devolution at Work: A Case Study of the Isle of Man*, (Farnborough, 1979), p. 33.

expenses. Whilst the expenditure was applied and disposed of as Tynwald approved, the Governor had the veto on the decision and the Treasury had ultimate control. The Customs Department drew up an estimate of its own for the cost of collecting the duties. An estimate of income needed to cover all the above expenditure was then taken into consideration. The Governor put the estimates to the Treasury and laid them before Tynwald. The remaining calculated balance of income over expenditure was to be placed in the Manx Accumulated Fund for future use. Whilst the customs tariffs were only changed when necessary, they were constantly considered by reference to all the above estimates and were set by the Treasury with the consent of Tynwald. The customs duties continued to be collected, paid out and accounted for under the control of the Customs Department. The Governor continued to be the authority from whom all executive decisions emanated, and this authority enabled him to direct the preparation and introduction of all public measures, control all money votes and be the sole negotiator with the Treasury for their Lordship's sanctioning of his schemes and the financing of the same.

During the years of unprecedented change, Loch had set about tidying up the official records and building upon the good relationships he had developed with the Home Office, the Treasury and the Customs Department. He issued a number of reports to Whitehall on the Island's situation, including one in 1873 which stated:

When I arrived in the Isle of Man, in the beginning of 1863, I found that the official correspondence in the Governor's office had not been kept with great exactness, and that the recorded correspondence upon general questions with the Home Office, Treasury, etc., was very meagre, while there appeared to be little, if any, record preserved of the correspondence that must have passed on local questions between former Governors and the various subordinate officers, and there was much difficulty in tracing and ascertaining the position of many questions affecting the interests of the Island.⁵⁰⁷

⁵⁰⁷ Report by Loch to Home Office, Printed Confidential Documents, 17 November 1873, MNHL, GOP 09845/Box 37.

In a report in 1879 Loch expressed his disappointment that the responsibilities of Tynwald had not progressed as much as he had hoped:

The members of the Council disclaim any obligation to support the Lieut.-Governor, even if he is acting under express instruction from the Imperial Government. . . . This position is, in my opinion, untenable. . . . In the House of Keys there is no representative of the Government to take charge of bills passing from the Council.⁵⁰⁸

Throughout the full term of his administration, 1863 to 1882, Loch had detailed and lengthy negotiations with the various departments of Whitehall, the Treasury in particular, on the Island's public finances. Analysis of the correspondence he had with them reveals a relationship which started well and got even better as the years progressed.⁵⁰⁹ The early confidence his patron, Sir George Grey, and the authorities placed in Loch's judgement enabled him to progressively have wide discretion with respect to the policies he wished to carry out and the manner in which he developed and financed them. From matters as diverse as increasing the salary of the matron at Castle Rushen gaol from £20 to £30 a year and settling the expenses of the upkeep of the Chief Constable's horse to obtaining sanction for a guarantee to be given by Tynwald to promote the construction of a new railway line and arranging a £224,000 loan with the Crown Agents, Loch was the responsible executive, responsible not to Tynwald but to the British Crown.⁵¹⁰ He possessed extensive powers, greater in many respects than those exercised by his equivalents in the Crown colonies.

Loch's financial dealings with Whitehall were not without occasional controversy. The most serious example involved the wrangle which took place between 1870 and 1879 relating to a long running argument as to whether the expenditure on the continuing repairs to the breakwater at Port Erin was the responsibility of the Isle of

⁵⁰⁸ *Ibid.*, 13 September 1879.

⁵⁰⁹ Government Office Correspondence Books and Papers 09845.

⁵¹⁰ Loch to Home Office, 25 March 1868, MNHL, GOCB 09845/1/13, f. 543, Loch to Treasury, 1 March 1872, MNHL, GOCB 09845/1/19, ff. 204-5, 31 March 1877, MNHL, GOCB 09845/1/32, ff. 23-5, and 27 January 1882, MNHL, GOCB 09845/1/37, ff. 573-4.

Man or Britain.⁵¹¹ The outcome was that the cost of the original 1864 loan, which was still being met by Britain, was liquidated by a one-off payment by the Island. Loch, ever the keen negotiator, ensured that there were trade-offs in the settlement, including the Island receiving an annual allowance for certain imported goods on which customs duties had already been paid in Britain. An example of the British Government withholding its sanction to certain improvements took place in 1871.⁵¹² Tynwald had voted work to be carried out on piers, harbours, breakwaters and approach roads and the construction of a legislative building and law courts, but, despite Loch putting forward the arguments in favour and asking the Home Office to intervene, the Treasury was not prepared to approve the funding as it was not satisfied that the Island's revenue could bear the charges.

By the early 1880s Governor Loch had more authority than any previous holder of the post since revestment was imposed almost one hundred and twenty years previously. He had by statute the direct veto on all public expenditure and no motion involving finances could be made in Tynwald without his sanction. Additionally and importantly he had the confidence of Westminster and Whitehall. Loch's authority was tempered by a sympathetic Governor who had been fully responsible for bringing about a positive and more relaxed relationship with the British authorities, a secure public revenue and the opportunity for a responsible House of Keys to become more involved in the national decision making. The way ahead was prepared for greater economic development.

⁵¹¹ Moore, *A History*, pp. 720-1. Kermode, *Offshore Island Politics: The Constitutional and Political Development of the Isle of Man in the Twentieth Century*, pp. 16-7. See appendix 1, 'Detailed Customs Duties Revenue, 1867-1900'.

⁵¹² Exchange of correspondence between Loch, Treasury and Home Office, 16 February to 16 December 1871, MNHL, GOCB 09845/1/16, ff. 239-627.

Chapter 8

THE COMMON PURSE ARRANGEMENT

8.1 Introduction: Governor Loch's successors and moves towards further financial freedom

Of all the holders of place in our great Colonial Hierarchy, Sir Henry Brougham Loch is unquestionably the strongest. He is an autocrat, his autocracy scarcely leavened by a respect for tradition. It is purely a personal despotism, born of a desire to have his own way; and this love of personal rule came into existence in the Isle of Man.⁵¹³

After nineteen years of service, Henry Loch's aim to secure even higher office was to take him away from the Isle of Man. In 1882 he was briefly appointed Commissioner of Woods and Forests at an annual salary less than the £1,200 he had been earning as Governor. But this new appointment was based in London and calculated to provide him with the opportunity to be close again to those who could influence his future career ambitions.

One month before his resignation as Governor, Loch pointed out to the Home Secretary, Sir William Vernon Harcourt, that the Island had 'acquired a revenue rather by the amendment of its financial system, than by the imposition of additional burdens'.⁵¹⁴ Loch's many reforms had made possible a period of accelerated development. The Island's gross customs revenue had increased from £28,337 in 1863 to £48,536 in 1882. With the Island's infrastructure improved and its economy more robust and broadly based than ever, his beneficial legacy to the Island is unquestionable. But his departure coincided with varying changes in the fortunes of a number of sectors of the economy. Fishing, mining and manufacturing would all soon see recession due to competition from Britain and the influence of tourism on

⁵¹³ 'A. K.' writing in *The Echo*, 9 May 1892.

⁵¹⁴ Loch to Harcourt, 15 March 1882, NA, HO 45/9619/A14728.

the availability and cost of labour.⁵¹⁵ Tourism and agriculture, the latter riding on the back of the former, were very successful, with the increasing number of summer visitors making tourism the Island's principal industry. The number of visitors more than doubled from 90,000 in 1873 to 183,000 in 1884 and would further increase to 312,000 by 1895. The increasing amount of holidaymakers would be crucial in the calculation of the soon to be established Common Purse Arrangement, the important customs sharing scheme between the Isle of Man and Britain. With limited options other than to put most of its eggs into the tourism industry basket, the Island had to take this opportunity to provide its citizens with an enduring means of income. A similar situation exists today with the Manx finance industry.

Spencer Walpole was appointed as successor to Loch in 1882.⁵¹⁶ Aged forty-three, Walpole was another relatively young Governor, and during the eleven years he held office he would continue at a similar pace the financial restructuring, public works, liberal reforms and revised legislation instigated by Loch.⁵¹⁷ Walpole was a descendant of Sir Robert Walpole, Britain's first Prime Minister. His father had been Home Secretary on three occasions under the premierships of the Earl of Derby. Spencer Walpole was also an historian, whose study of the Isle of Man, *Land of Home Rule*, was published directly after his governorship ended and is an invaluable reference work, in particular coming from the perspective of his direct involvement in forming the Island's history. With a Governor steeped in politics and proven administrative expertise leading the way, the Island was set to be well-served. The tough bargaining by Walpole with the determined officials of the various departments of the British Government, including the Home Office and, in particular, the Treasury and the Customs, ultimately resulted in a financial agreement which would greatly benefit the Island. The tenacity of Spencer Walpole would be carried on most effectively by his successor, West Ridgeway. The negotiations led by these two Governors would eventuate in the establishment of the Common Purse Arrangement.

⁵¹⁵ Moore, *A History*, pp. 958-9. Birch, *Economic Geography*, p. 184. Vaughan Robinson and Danny McCarroll, editors, *The Isle of Man: Celebrating a Sense of Place*, (Liverpool, 1990), pp. 204-5.

⁵¹⁶ Sir Spencer Walpole (1839-1907), Governor of Isle of Man 1882-93, see appendix 9.

⁵¹⁷ *Statutes of the Isle of Man*, volumes 3-6. There were 1,240 pages of legislation during Loch's nineteen years of office (1863-82) and 990 during Walpole's eleven (1882-93).

Spencer Walpole continued Henry Loch's progressive financial reforms. Early on in his governorship Walpole was informed by the Treasury that he had 'conferred a great financial benefit on the Island' when he arranged to replace the existing system of financing harbour works with one which secured loans purely upon the local revenue.⁵¹⁸ It would take some time for Governor Walpole to set about introducing more major changes in the Island's economy and the systems which administered it, but when he did they produced a much more secure fiscal base. He also argued the case for minimal interference from the Home Office and the Treasury in his and Tynwald's running of the Island's finances.⁵¹⁹ Indeed, the tight Treasury control was fast relaxing. Walpole commented on the situation:

The revenue, partly from a natural expansion, partly from increased taxation, has grown very rapidly, while the cost of government has not sensibly increased. In consequence the Treasury has no longer a direct interest in interfering with the wishes of Tynwald.⁵²⁰

Tynwald's position in determining the Island's public economy was slowly being changed. In 1886, as Loch had twenty years earlier, Walpole gave a personal undertaking that he would not make any addition to the cost of government without first acquainting the Court and giving the members opportunity to object.⁵²¹ Acceptance of the need for greater Manx autonomy was evidenced by the introduction of 'An Act to amend the law respecting the Customs Duties of the Isle of Man' in 1887 by which the British Parliament allowed Tynwald to once again impose, abolish or vary tariffs, to take effect within six months from the date of the resolution and to renew the arrangement by way of annual resolution, all subject to the approval of the Treasury.⁵²² Tynwald Court was now able to set its own customs duties for the first time since revestment, a significant restoration of its authority. Nonetheless, it was only able to carry out such changes with the support of the Governor and the British authorities. Walpole later put it that 'this provision has

⁵¹⁸ Leonard Courtney, Treasury, to Walpole, 17 November 1882, MNHL, GOCB 09845/1/38, ff. 562-6.

⁵¹⁹ Walpole to Godfrey Lushington, Permanent Under Secretary of State of the Home Office, 20 May 1885, and John Hibbert to Lushington, 11 June 1885, NA, HO 45/9654/A40068.

⁵²⁰ Walpole, *Land of Home Rule*, p. 274.

⁵²¹ Moore, *A History*, pp. 813-4.

⁵²² *Act of Parliament*, 50 Victoria, chapter 5. The annual resolution was only ceased in 1955.

maintained the supremacy of the Imperial Parliament, while, as Parliament now merely registers what Tynwald proposes, it has maintained it without exciting heartburning or jealousy'.⁵²³ With freedom, though limited freedom, to impose domestic customs duties once more and keep them at a level somewhat lower than those of Britain, the Island then generally followed any subsequent increases in the British tariffs, thereby dealing with any lingering concerns over the possible return of smuggling.

Walpole realised that the Island's returns from customs revenue needed to become more certain in order to pay for the much needed betterment of public works and services. Since 1879/80 there had been an arrangement for making a beneficial allowance to the Island on some goods brought in which had already paid the British duties, but the inefficiency of this arrangement meant that not all of the allowance was being passed on to the Island. Walpole considered that there needed to be a fairer and more reliable method of compensation. He also considered that, as people consumed taxed goods at a greater rate when on holiday than at home, this increased consumption was not being properly reflected in the Manx customs returns either. The Isle of Man was at an economic disadvantage as a result of these circumstances, and it was this situation which concerned Walpole.

8.2 Tea duty proposal - Britain: 4.88 pounds, Isle of Man: 6 pounds

At a meeting of Tynwald Court in April 1890 Walpole was to present his annual statement on the Island's financial situation.⁵²⁴ With no income tax, the Island depended to a very large extent on its customs duties to finance central government operations. Before Walpole explained the revenue and expenditure for the year, he addressed the Court on two changes in customs duties in Britain which had been made the previous week and which he considered would affect the Island. He wished to deal with the possible expectation of certain members of Tynwald and businessmen for similar changes to take place in the Isle of Man. Then he wanted to explain his proposals to revise the insular customs duties. George Goschen,

⁵²³ Walpole, *Land of Home Rule*, p. 254.

⁵²⁴ *Debates of Tynwald*, volume 6, 22 April 1890, pp. 616-19.

Chancellor of the Exchequer in Lord Salisbury's Conservative government, had reduced Britain's customs duty on tea from 6d to 4d a pound, the same as it was in the Island.⁵²⁵ Whilst it had been the principle of the Island to keep its customs duties somewhat lower than those of Britain, Walpole explained that after careful consideration he was inclined not to adopt this principle with respect to tea this time.

Walpole elaborated on his reasoning. He had researched the question of tea consumption in the Island. Even with the differential duty of 2d in favour of the Manx trade, the statistics showed that there was a tendency on the part of the Island consumers to buy tea direct from large tea merchants in Britain (presumably at a better price for the quality and quantity required). In 1885 25,000 pounds of tea had been recorded as imported into the Island having paid duty in Britain. In 1889 that amount had risen to 48,000 pounds. Therefore, he argued, a small reduction in tea duty would be of no benefit to the richer classes. Equally, such a reduction would be of no benefit to the poorer classes either, as they bought their tea in such very small quantities that a small reduction would never find its way into their pockets. If Walpole could neither help the rich nor the poor, he argued that he had better protect the position of the Manx revenue and not decrease the duty but leave it at 4d.

Walpole went on to remind Tynwald that, by an arrangement with the British Government, tea imported into the Island which had been recorded as having paid duty in Britain had the difference subsequently transferred to the Island. He believed that, whilst most of the tea which came into the Island duty-paid was detected, it was the undetected imports which resulted in the Island being out of pocket. Walpole was concerned that the collector of customs should have evidence of all dutiable goods which had been brought in. If the duty had already been paid in Britain, then nothing was lost by the collector knowing of it, but if the goods escaped his notice, the Manx revenue was the loser.

Walpole then turned his attention from tea to brandy. He remarked that the previous day he had been told that there had been some anticipation in the Island that he

⁵²⁵ George Joachim Goschen, first Viscount (1831-1907), MP 1863, Vice-President of the Board of Trade 1865-66, First Lord of the Admiralty 1871-74 and 1895-1900, Chancellor of the Exchequer 1887-92.

intended to make an alteration in the duty on spirits, following the example which had been set in Britain, by adding an extra 6d to the duty. However, he was not intending to do this. To the amusement of most members, he recounted an experience he had had whilst crossing on the boat from England to Douglas the previous Saturday. A slow passage of five and half hours in an 'inconveniently small boat', which he claimed might easily have been accomplished in an hour less in a 'larger and more commodious one', afforded him the opportunity for protracted conversations with the other passengers:

There happened to be on board one of the leading hotel-keepers of Douglas, and before I reached Douglas he entered into conversation with me. I believe we talked on a great many subjects of local politics together, which I should be sorry to betray his confidence by repeating. But he also did say to me, 'I observe that the Chancellor of the Exchequer has imposed an additional sixpence on spirits in England'. I confess I thought that that was an awkward remark, because I was not anxious to rehearse on board the boat on Saturday the statement I was likely to make in the Court today. Consequently, I turned the remark by a question and said, 'How would you like that addition here?' I confess I thought it was a harmless remark to make, but I am told it was immediately inferred I was meditating such an increase, and that, at any rate, a very large amount of whisky was taken out of bond yesterday, and the collector of customs had a very busy day.

John Robert Cowell responded to the Governor's statement.⁵²⁶ He remarked that it was common talk that many people were in the habit of persistently ignoring local tradesmen and going to England with the object of buying goods cheaply in Civil Service stores or other large corporations. Also, a system had emerged recently whereby salesmen came to the Island and went from door to door to take orders for tea which had paid duty in Britain. Subsequently, the Island did not get any allowance on this tea as it was not declared. The inspector of customs went round

⁵²⁶ John Robert Cowell (1849-?), MHK for Ramsey 1887, merchant, Methodist preacher, leader of the Radical party in the Keys, bankrupt and resigned as MHK 1901, emigrated to Canada and became Clerk to the Alberta Assembly.

the Island annually to find out from retailers how much they imported a year, but Cowell queried how tea brought into the Island by hawkers was recorded. He claimed that anyone could import it in packages, brown paper parcels or barrels 'marked as starch, mustard or anything', and there was no means of checking. He went on to caution the Court that the British traders would say that the Isle of Man was 'free ground' if the Manx tariff was the same as the British. Cowell proposed that it was desirable that the duty on tea should be reduced from 4d to 2d.⁵²⁷ This was seconded by Alfred Laughton, the High Bailiff and Member of the House of Keys for Peel. After further discussion the motion was withdrawn, to be left until the next week's meeting of Tynwald. The concern of Cowell and Laughton over Walpole's proposal is somewhat surprising given that both politicians were considered to be progressive - though a desire to protect the poorer classes from taxation is understandable and their fear that a significant quantity of tea would continue to be brought in unrecorded proved to be true.

Walpole was determined that a robust and equitable system needed to be established to ensure that the Isle of Man received its fair share of the customs revenue from goods imported and consumed there. He was leading the Island to the gradual assimilation of its duties to those of Britain, and, importantly, linking this major step with a system which would use a 'fiscal population' figure to ensure the Island got the full benefit of its customs revenue. The calculation and use of a fiscal population figure and its formulaic development would become the important and essential basis in establishing the future Common Purse Arrangement. But before Walpole could develop his plans, which were only at an embryonic stage, he had to deal with the continuing call in Tynwald for the reduction in tea duty.

At the next week's meeting of Tynwald Court, Walpole detailed the consumption of tea per person in Britain and per person in the Island.⁵²⁸ According to the latest returns, Britain's tea consumption was calculated to be 4.88 pounds per person of the population and the Island's was 6 pounds. This 6 pounds figure had been calculated

⁵²⁷ Alfred Nelson Laughton (1828-1911), article to John Courtney Bluett, High Bailiff and MHK for Peel 1884, Loch attempted to disbar Laughton after he questioned the impartiality of the Governor.

⁵²⁸ *Debates of Tynwald*, volume 6, 30 April 1890, pp. 679-706.

by the following method. The population of the Isle of Man was approximately 56,000. This figure was increased in the summer by approximately 260,000 visitors arriving at Douglas. It had been estimated that each of these summer visitors remained in the Island for one week, and therefore the 260,000 visitors when divided by 52 weeks in a year was equivalent to a permanent addition to the population of 5,000 in the year, thereby raising the figure of 56,000 to 61,000. The Island's total consumption of 366,000 pounds of tea, divided by the fiscal population figure of 61,000, equated to 6 pounds per person. These calculations would become the means for Walpole's developing strategy to improve public finances.

Walpole detailed to Tynwald various urgently needed capital schemes. These included harbour works at Ramsey (£16,000), Peel (£17,000) and Port St Mary (£7,000), and a new poor asylum, alterations to the Tynwald Court building and a new courthouse at Peel (£12,000). These capital schemes, totalling more than £50,000, could be met by an assured surplus of £8,600 a year. But it would be a totally different matter if that surplus was cut at one blow by the loss to the Manx revenue of £3,000 by the reduction in tea duty from 4d to 2d. Of the £62,000 general revenue of the Island, £59,000 was raised by customs duties, and £50,000 of this was raised from three sources: tea and coffee ('the liquors which cheer and do not inebriate'), spirits ('the liquors which cheer and do inebriate') and tobacco.

Walpole thought it was absolutely necessary to devise some fresh form of direct taxation which would fall on the community as a whole, such as a well devised system of stamp duty which would not merely tax receipts and cheques, thereby producing only an insignificant sum, but would tax the transfer and succession of property as well. But he admitted that he did not know whether Tynwald was prepared for such a radical step. The acting Speaker responded that he thought that direct taxation, such as stamp duty or income tax ('the most odious tax which could be levied upon any community') was not the answer. Considering that income tax was a well established form of taxation elsewhere, it is surprising that it was not made more of an issue during and beyond this debate - it would be nearly thirty years before it was eventually introduced into the Island.

Cowell continued to argue the case for a reduction in tea duty. He claimed that the surplus customs revenue was 'the life' of the Isle of Man and that it was the duty of the members of Tynwald to conserve the surplus by every means in their power. Walpole replied to Cowell, saying that, whilst they both agreed on the importance of the surplus revenue, the member was then asking Tynwald to throw away £3,000 a year of that surplus. Cowell responded to this by pointing out once again that there was a vast loss to the Island's revenue by the importation of non-recovered duty-paid tea. Walpole counterclaimed by asking why it should be assumed that if the duty was lowered to 2d in the Isle of Man as compared to 4d in Britain then the leakage would not continue. If there was an inducement to leakage between the British rate of 6d and the Manx of 4d, there would be precisely the same inducement between 4d and 2d.

At this meeting of Tynwald a number of petitions were presented from the Island's tea merchants. The Douglas merchants' petition stated that if the tariffs of the two countries were the same, then greatly increased quantities of tea would be imported without Tynwald receiving any increased revenue whatever, directly or indirectly. Members of Tynwald spoke on the consequences the retention of the current tariff would have on the tea dealers. The main points made were that, outside of the dealers, not a single objection had been sent in and that the dealers only took such a deep interest in the matter because of the possible effect on their own pockets. Indeed, the general opinion of the members, in accord with Walpole's theory, was that if there was a 2d reduction on the duty of tea, then a large proportion of it would not benefit the residents of the Island but would go into the pockets of the dealers and stay there. A point worth considering on this matter is that there may have been a lack of competition in the trade, with the dealers maybe in some form of cartel, even if only a tacit one.

When put to the vote in Tynwald, Cowell's proposal for a reduction in tea duty was lost. It was a tight call in the Keys, whose members voted nine to eight for the 2d reduction, but the Legislative Council voted unanimously against. With the two branches of Tynwald at variance, the motion fell through the terms of the rules of the Court. This rule and the general, though not guaranteed, support for the Governor by

the Council ensured that his power and control in Tynwald was virtually absolute. The defeat of the wish of the Keys was commented on:

Here, we have not merely taxation *without representation*, but taxation contrary to, and in *defiance of representation*; while at the same time, an established principle of our financial policy is contravened. The power which imposes burdens on the people for the public service - which spends their money and makes requisitions to which they must, perforce, consent - that is the ultimate governing power; and if it is not the representative power, then what is it? Well, we see what it is not, it is not the House of Keys.⁵²⁹

8.3 The Treasury and the whereabouts of the Manx surplus revenue

The Treasury during the latter years of the nineteenth century was an ever growing influential force in the running of Britain, but it had certain limitations. In 1887 the Permanent Secretary of the Treasury, Reginald Welby, had informed the Royal Commission on Civil Establishments that Treasury control was 'purely a financial check' and that 'from the moment it interferes in any shape or kind with policy it is departing from its proper sphere'.⁵³⁰ Some years earlier, whilst still a relatively junior Treasury member, he had described its duties and organisation.⁵³¹ He explained that it was rather more an office of superintendence and appeal than an office of administration. It was responsible for a body of departments which collected the revenues and conducted the financial operations of the state. It controlled the public expenditure. No department of state was allowed to adopt any measures increasing the public expenditure without the previous assent of the Treasury. In describing the responsibilities of the Chancellor of the Exchequer in establishing sound finances, Welby stated that 'he is expected to keep a certain depth of water in the reservoir, and to do that he must have command over the sluices of outflow'. Cautious tones had also been used by the Chancellor of the Exchequer, William Gladstone, even earlier when he spoke on the relative growth of the public expenditure in relation to

⁵²⁹ *Mona's Herald*, 7 May 1890.

⁵³⁰ Roseveare, *Treasury*, p. 205.

⁵³¹ Bridges, *The Treasury*, pp. 222-7.

the growth of the national wealth.⁵³² Whilst the public income under the control of Parliament from 1842 to 1853 had increased by 12% and its expenditure by 8¾%, its income from 1853 to 1860 had increased by 16½% but its expenditure had increased by a staggering 58%. Gladstone had been unhappy with the situation:

We ought to have a clear knowledge of the proportion which our wealth bears to our expenditure, in order that we may be able to take a comprehensive view of our financial position, and have full means of measuring the policy which we ought to adopt. . . . I am not satisfied with the state of the public expenditure, and the rapid rate of its growth. I trust, therefore, that we mean in a great degree to retrace our steps.

These earlier Treasury concerns for the protection of Britain's revenues had some resonance later on in the Isle of Man. At a House of Keys' meeting held at the end of July 1890, Alfred Laughton again raised the issue of the surplus Manx customs revenue and queried what was the result of the resolution passed by the House in February 1889 when the Speaker had been asked to ascertain what accumulation of revenue remained for the Island under the 1767 Act.⁵³³ The Speaker, John Goldie-Taubman, said he had written to the Chancellor of the Exchequer, George Goschen, in March (over a year after he was asked to by the Keys). Reginald Welby had only just sent a reply in which, after explaining the consequences of the 1767, 1805 and 1825 Acts, he stated that 'there is no such fund in existence'. Laughton forlornly queried how the remaining balance of the surplus had been spent, but most of the balance had, of course, been absorbed into the general revenue of Britain. He referred to 'the magnanimity of the English Government (laughter). They agreed to give more for the property they had purchased, but they paid it out of our pocket (laughter)'.

⁵³² *Ibid.*, pp. 220-1.

⁵³³ *Debates of Tynwald*, volume 6, 31 July 1890, pp. 870-6.

8.4 Average consumption calculation - the birth of the Common Purse Arrangement

Earlier in July the Treasury and Customs departments had enquired of Walpole if it was the intention of Tynwald to make any alteration to the 4d tea duty as a consequence of the lowering to the same amount which had been made in Britain two months earlier.⁵³⁴ Walpole replied that he had been watching carefully for any effect the alteration of the British duties might have on the revenue of the Island over the last few months, and he requested a few more months before replying. It was almost three months before he contacted the Treasury with any firm information on the matter.⁵³⁵ He now enclosed a copy of a draft memorandum which he was intending to circulate to Tynwald. He claimed that circumstances had changed in the Island. With the assimilation of the Manx tea duties to those of Britain there had been a falling off in recorded imports (as feared by Cowell, Laughton and the tea merchants), indicating that a considerable amount of tea was being imported, having paid duty in Britain but escaping the notice of the customs officers in the Island. The previous incentive created by the lower duty was now lost. Instead of an improvement in the Island's public revenue as a result of the assimilation arrangement, there was a consequential major loss.

Walpole reluctantly submitted that it might be necessary to restore the differential by making a reduction in the duty to encourage the local trader to pay duty in the Island, but, if the duty on tea was to be reduced and the revenue consequently decreased, some corresponding addition would have to be made to the general revenue. Walpole had discussed the possibility of introducing stamp duties on cheques and property with Reginald Welby whilst recently in London. Welby had seen no objection to the proposal, but Walpole was concerned as to whether he would be able to carry this change through Tynwald as, not unsurprisingly, the members would probably object to the introduction of a new form of tax burden on the people. This dilemma would continue to play on Walpole's mind.

⁵³⁴ Walpole to Welby, 5 and 17 July 1890, MNHL, GOCB 09845/1/41, ff. 150-1 and 169.

⁵³⁵ Walpole to Welby, 23 September 1890, MNHL, GOCB 09845/1/41, ff. 274-5.

Walpole gave the matter a great deal of further thought. He wrote again to the Treasury explaining that he had proposed the possible stamp duties scheme because at the time he saw no other alternative except the loss of a considerable annual income.⁵³⁶ It had since occurred to him that the difficulty might be obviated by a unique arrangement, a development of his calculations used to compare the levels of consumption of tea in the Isle of Man and Britain which he had brought to the attention of Tynwald six months earlier. He had settled on a means of resolving the Manx customs revenue problem by devising a system to calculate accurate figures to be used for the equitable sharing of the two countries assimilated customs duties - the nucleus of what would become the Common Purse Arrangement:

- In the case of any articles incurring customs duties in the Island the same as in Britain, then the total duties of both countries should be paid into the British Exchequer and subsequently apportioned between the two governments. The only article presently falling under this category was tea.
- Such apportionment was to be based on the average consumption of the Island and Britain respectively for the three years ended 31 March 1889.
- The apportionment was to be settled in succeeding years by ascertaining the average consumption per person in the Isle of Man and Britain respectively in the three years selected for the basis and correcting it each actual year.
- The average consumption in the Island would be larger per person than the average consumption in Britain, mainly due to an annual addition of 250,000 to 300,000 visitors to the Island's normal population.
- In the case of the Island, where there were no means of accurately estimating the growth of the population between the decennial censuses, the population of the preceding census would be assumed to be the population of the succeeding ten years.
- The apportioned sum for the Isle of Man was then to be paid into its own Consolidated Fund.

⁵³⁶ Walpole to Welby, 11 October 1890, MNHL, GOCB 09845/1/41, ff. 308-12.

Walpole had spoken with Welby again in London at the end of September, and Welby thought that the new proposal was worthy of consideration.⁵³⁷ It had been accepted that, if the Treasury agreed with the suggested arrangement, Walpole would withdraw his initial scheme for the imposition of stamp duties. He had offered to go again to London to discuss matters to help move on the new proposal - he was looking for a speedy reply from the Treasury. He wrote to Herbert Murray, the recently appointed chairman of the Board of Customs, asking for his help to get an early decision as the Island's revenue from tea duty was declining rapidly and something needed to be done soon.⁵³⁸ But the only communication Walpole got was from the Treasury querying this recent decline.⁵³⁹ Another month passed. Walpole was very anxious to do something quickly as the six month period for getting legislation in place, as laid down in the 1887 Customs Duties Act, was rapidly slipping away. He urgently needed to know the Treasury's views before he did anything. Once again he offered to go to London to discuss the matter. Still no decision came from the Treasury, even after Walpole sent yet another reminder.⁵⁴⁰

Just before Christmas 1890 came at last the response which Walpole had wanted and waited for.⁵⁴¹ The Treasury officials saw no objection in principle to his proposals, nor were they aware of any difficulties in carrying out the details. Whilst assenting to it, they thought it advisable to limit the arrangement at first as an experiment over three years, reserving the right to end it in case of unforeseen objections arising.

8.5 'I am glad you like my revenue plan, I am rather proud of it myself'

After receiving this reply, Walpole immediately approached the Island's Attorney General, Sir James Gell, telling him of his proposals and seeking advice.⁵⁴² Walpole

⁵³⁷ Ibid.

⁵³⁸ Sir Herbert Harley Murray (1829-1904), Chairman Board of Customs 1890-94. Walpole to Murray, 12 November 1890, MNHL, GOCB 09845/1/41, ff. 374-5.

⁵³⁹ Walpole to John Kempe, Principal Clerk of the Treasury, 22 November 1890, MNHL, GOCB 09845/1/41, ff. 399-401.

⁵⁴⁰ Walpole to Treasury, 16 December 1890, MNHL, GOCB 09845/1/41, f. 434.

⁵⁴¹ W. Jackson, Treasury, to Walpole, 18 December 1890, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 2-3.

⁵⁴² Sir James Gell (1823-1905), High Bailiff of Castletown, Attorney General, First Deemster, Clerk of the Rolls, edited a number of works dealing with laws and constitution of the Island. Walpole to Gell, 20 and 22 December 1890, MNHL, GOCB 09845/1/41, ff. 454-9.

considered his solution to the matter was very favourable to the Isle of Man, 'how favourable I hardly like to say'. He now wanted to know from Gell whether he agreed that the alteration did not require legislation, but the reply was not what he had hoped for. Gell thought that legislation was necessary to introduce such a change. Walpole was disappointed with this information, but pressed his argument again. First of all, Walpole thanked Gell for his approval of the proposal, 'I am glad you like my revenue plan, I am rather proud of it myself'. He went on to consider that the Isle of Man Customs, Harbours and Public Purposes Act of 1866, section 3, directed the Customs to apply the customs duties collected in the Island to certain specified items. Section 4 and 7 did the same. Section 8 placed the surplus at the disposal of Tynwald. Section 9 directed its payment into the Consolidated Fund. Walpole asked Gell to consider what had been the practice previously under this law. The Customs had retained the whole amount of the customs duties collected in the Island and paid out the charges incurred, balancing the two amounts at the end of the financial year and paying the Island the difference. He queried how this differed from the principle suggested by him now with regard to the tea duties. The amount collected in the Island would be paid into the Customs Account in the Bank of England precisely as before. Walpole wished Gell to also consider another aspect of the present arrangement. Since 1879/80 the Treasury had made an allowance to the Island of the amount of duty on goods imported into the Island on which duty had been paid in Britain. In other words, the Treasury regularly credited the Island with duty not collected there. The Treasury had done this without legislative authority of any kind, which seemed to stretch the law in the Island's favour much more strongly than Walpole was asking now. Walpole, looking to the interest of the Island, cautioned against raising this lack of authority with the Treasury as 'we benefit too greatly from the arrangement to justify our querying its legality, but it is obvious that if we begin questioning the power of the Treasury in one case, other people, besides myself, may commence to doubt its power in the other'. He said that the Treasury had referred the proposal to the Customs and their legal advisers seemed satisfied. After further careful consideration, Gell agreed that legislation was not required.

At the 13 January 1891 meeting of Tynwald the Governor informed the Court that during the last nine months he had been carefully watching the effect on the insular

customs revenue by the reduction of duty on tea in Britain.⁵⁴³ The reduction had undoubtedly largely diminished the amount of tea which paid duty directly in the Island. In the nine months to 31 December 1889 (which included all the summer visiting period), the amount of such tea totalled 238,083 pounds. In the nine months to 31 December 1890, this amount was reduced to 90,670 pounds. This reduction involved a loss of revenue from one period to the next of £2,457 (238,083 - 90,670 = 147,413 x 4d), a loss on the year of approximately £3,080. A large proportion of the loss had been compensated by tea which had been imported duty-paid from Britain and detected by Customs officers who then claimed back the duty for the Island. The detected tea imported duty-paid amounted in the nine months to 31 December 1889 to 33,421 pounds, and increased in the nine months to 31 December 1890 to 155,040 pounds. The revenue which these amounts represented for the two periods were £557 and £2,584 respectively, an increase of £2,027 period on period. The net loss to the Island, therefore, during the comparable nine months due to the change of duty, amounted to £430 (£2,457 - £2,027). These figures indicated that a significant quantity of imported tea which was duty-paid in Britain had escaped the detection of the Customs officers. Matters had changed since Walpole's claim of less than a year earlier that there was 'no great leakage of the Island's revenue'.

Some major step was now needed to be taken for the protection of the revenue. With this object in mind, Walpole explained to Tynwald that he had been in communication with the British Government and had obtained their concurrence to a Common Purse Arrangement (this appears to be the first official reference to the name of the new customs sharing scheme).⁵⁴⁴ This arrangement would be experimental for three years. The whole of the duties received on tea in the Island and Britain would be paid into this Common Purse and subsequently apportioned between the two governments. The apportionment would be based on the average consumption of the Isle of Man and Britain respectively in the three years ended 31 March 1889 and would be corrected in succeeding years. In other words, if the total consumption should increase, a similar proportionate increase would be credited to the Island. If it should decrease, a proportionate reduction would be made. The

⁵⁴³ Minutes of meeting, 13 January 1891, MNHL, LCJ 09191/4/6, ff. 134-5.

⁵⁴⁴ Ibid.

amount of duty payable to Tynwald under this arrangement would be much larger per head of the population than that assigned to the British Government because the proportional consumption of tea in the Island, boosted by the habits of the visitors, exceeded that in Britain. The Island would derive a further advantage from the arrangement because the consumption of tea in Britain had been stimulated by the recent reduction in the duty. Additionally, the local traders and consumers would benefit from the fact that free trade in tea would now be established between the two countries.

8.6 Report

A report from William Dick, Accountant and Controller General of the Customs, was sent to Walpole in January 1891.⁵⁴⁵ The report dealt with the question of the deficiency to the customs revenue of the Isle of Man caused by the reduction of tea duty in Britain from 6d to 4d. The report stated that, according to the latest official returns, the average annual consumption of tea per person in Britain and the Isle of Man for the three years ended 31 March 1889 was 4.94 pounds. The population of the Island was estimated to be about 54,000 (1881 census - 53,558, 1891 census - 55,608). If the 4.94 pounds average consumption was applied to the normal population of 54,000 at 4d a pound customs duty, it would yield a revenue of £4,446 a year. Due, however, to the annual influx of 250,000 to 300,000 visitors for the summer months each year, it would clearly not be fair to the Island to base the calculation for consumption of tea on its normal population. However, it was almost impossible to fix a correct average, owing to this continual fluctuation of the Island's visitors. The collector of customs in the Isle of Man had recorded the amount of tea imported into the Island as follows:

Tea duty-paid in the Isle of Man

| | |
|-----------|---------|
| 31.3.1887 | 306,530 |
| 31.3.1888 | 332,488 |

⁵⁴⁵ Richard Prowse, Secretary to the Customs, to Walpole, 16 January 1891, enclosing report from Dick, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 3-5.

31.3.1889 317,297
 956,315 pounds

Average 318,772 pounds

Tea duty-paid in Britain and sent to the Isle of Man

31.3.1887 30,554
31.3.1888 43,489
31.3.1889 48,731
 122,774 pounds

Average 40,924 pounds

Total average 359,696 pounds

From the above there needed to be deducted the quantity of tea exported from the Island, which in the three years amounted to 2,523 pounds, an average of 841 pounds a year. This left as the average actual consumption of tea in the Island, 358,855 pounds (359,696 less 841), which, at 4d a pound, would yield a revenue of £5,980. Dick thought the Isle of Man was fairly entitled to this amount of revenue, and he suggested that there would be little difficulty in obtaining similar returns in future years to calculate future amounts. This arrangement would avoid the necessity of making the adjustment dependent on the rise or fall of the consumption of tea in Britain, which would introduce complications and cause delays in the accounts without showing any advantage to the Island.

Walpole reacted to Dick's report.⁵⁴⁶ He could not agree to the claim that there would be little difficulty in future years in obtaining similar returns, thereby avoiding making the adjustment dependent on the rise or fall of the consumption in Britain. Indeed, if this claim was true, there would be no necessity for making any change

⁵⁴⁶ Walpole to Prowse, 20 January 1891, MNHL, GOCB 09845/1/41, ff. 543-8.

whatever in the existing arrangement, and the proposal which Walpole had made and which the Treasury had approved would be unnecessary. So long as the bulk of the tea imported into the Island paid duty in the Island, and it was obvious from the Customs' figures that nearly eight out of every nine pounds had previously done so, no difficulty arose in calculating the duty due to the Island. But since the change to the British duty, the tea which paid duty in the Island had fallen to nearly one third of its original amount. This falling off had been more rapid in recent months, and it had not been compensated by the detection of the amount of tea imported into the Island which had paid duty in Britain. Indeed, it was impossible for all the tea imported duty-paid to be detected. The change in the tariff had induced the retailers and the consumers to bring in tea in convenient mixed parcels of groceries. There was no means of ascertaining what proportion of these parcels consisted of dutiable tea, short of increasing Customs staff in order to carry out searches and inquiries, which would be expensive, objectionable and cause interference in the trade. The Customs officers could only arrive at the proportion of tea in the parcels by some rough calculation, and this would not be satisfactory to either government. Walpole could see no difficulty in the change which he had suggested, the Treasury had approved and Tynwald had been advised of.

8.7 The missing surpluses

A House of Keys committee, established six months earlier due to the efforts of Alfred Laughton, had submitted its report to Tynwald just before the Christmas recess of 1890.⁵⁴⁷ The committee had considered the duties levied in the Island under the Act 7 George III, chapter 45, of 1767. The committee had employed parliamentary agents, King & Son in London, to obtain the papers and documents referred to in the July 1890 letter to the Speaker from Reginald Welby of the Treasury. These were:

⁵⁴⁷ *Isle of Man Times*, 17 January 1891.

Report of a Committee of the House of Commons, 23 May 1805⁵⁴⁸

This report explained that the surplus customs revenue of the Isle of Man then remaining under the 1767 Act and at the disposal of the British Parliament was upwards of £23,000. Approximately £20,000 of this amount had been placed with the Island's Receiver General and the remainder was in the British Exchequer. The report went on to point out that the object of requiring the Duke of Atholl to resign his rights to the Island was for the protection of the British revenue and not the acquisition of revenue from the Island. It also pointed out that, even on the supposition that some surplus revenue might have been supposed likely to have accrued, that which had arisen, and was increasing, greatly exceeded what the British Parliament could have been contemplating at the time of the purchase of the Island from the Duke of Atholl in 1765.

House of Commons Parliamentary Papers, 1805⁵⁴⁹

Parliamentary Papers 11 and 160 showed that the income from Manx customs duties from 1765 to 1791 and 1799 to 1803 amounted to approximately £125,000. The expenditure for the same periods was estimated to be £86,000. Whilst £12,000 was used to encourage the herring fisheries by way of giving bounties to the men engaged in the trade and £5,000 for incidental payments, the remaining £69,000 expenditure was used for the salaries and pensions of the civil and customs officers. The total surplus revenue for these periods was in excess of £38,000. The papers did not contain details of the customs rates, duties received and sums expended for the thirty years from 1792 to 1798 and 1804 to 1825.

The House of Keys committee's report concluded that the £23,000 surplus customs revenue suggested by the Committee of the House of Commons in 1805 should have been much more, made up of the £38,000 detailed in papers 11 and 160 plus the

⁵⁴⁸ Committee report on the petition of the Duke of Atholl, PP 1805 (139), pp. 1-9.

⁵⁴⁹ Various accounts and papers relating to the petition of the Duke of Atholl, PP 1805, (11, 29, 79, 143, 159 and 160).

amount for the missing thirty years. In late January 1891 the House of Keys agreed that the special committee should look into the whole matter further and collect more information regarding the whereabouts of the balance of the customs revenue of the Island from 1792 to 1798 and from 1804 to 1825.⁵⁵⁰

The uncertainty of this missing revenue was also considered by the *Isle of Man Times*, which referred to Welby's letter of the previous July as being 'evasive and misleading'.⁵⁵¹ The *Isle of Man Times* looked at the whole issue again, going into the history of the question. It referred to the Customs Act of 1767 which allowed for the surplus Manx customs revenue paid into the British Exchequer under a distinct and separate head to be used for 'encouraging, improving and regulating the trade and manufactures of the Island and the fisheries on the coasts thereof'. Thus, it claimed, the clear and unmistakable objective for which the surplus revenue was raised was to encourage local industries. The *Isle of Man Times* reminded its readers, however, that the majority of the surplus revenue had not been used to assist the Island, instead it had been used by Britain for the settlement of the amounts of money that Parliament had given to the Dukes of Atholl for their various rights in the Island. In other words, it claimed, 'the trustee took his ward's money to pay his own debt!'. The *Isle of Man Times* went on to point out what it considered to be a point of great constitutional importance: whether Parliament had the power to take and hold on to any of the revenue raised under the Customs Act of 1767 without the express consent of Tynwald.

8.8 Further changes

The *Isle of Man Times* continued to speculate on the outcome of the changes brought about by the introduction of the Common Purse Arrangement.⁵⁵² It claimed that one of 'the bogies with which it was the custom in former times to terrify Manxmen into submission to the dictates of the Suzerain Power was the threat of annexation'. With the changes resulting from the House of Keys Election Act of 1866, the political

⁵⁵⁰ Minutes of meeting, 29 January 1891, MNHL, HKJ 09191/4/6, ff. 159-60.

⁵⁵¹ *Isle of Man Times*, 17 and 24 January 1891.

⁵⁵² *Isle of Man Times*, 18 February 1891.

annexation of the Isle of Man to Britain was now out of the question, but the less direct method of accomplishing the same end by means of political and commercial arrangements was a possibility. Such annexation could 'come in many guises'. It could take the shape of political incorporation which had recently taken place elsewhere in the world, such as when Germany took possession of Alsace-Lorraine in 1871 after the Franco-Prussian War, or as when Austria-Hungary negotiated with other European countries in 1879 for administration rights over the two neighbouring Turkish provinces of Bosnia and Herzegovina. It could take the form of an international commercial arrangement which could practically assimilate two adjoining but politically distinct territories, which was at that time being dangled before the eyes of Canada by the United States of America. The *Isle of Man Times* accepted that the Common Purse Arrangement could turn out well and be profitable to the Island, but it would need to be successful in order to compensate the Island 'for the breach of our local independence'.

In February 1891 Governor Walpole was asked by Welby of the Treasury for his observations on another Customs Department report on the apportionment of the tea duties.⁵⁵³ The report, in the main, concurred with Walpole's aims for a Common Purse Arrangement. The question, however, of accepting as a basis for calculation the rate of consumption of tea in Britain when the duty was at 6d and giving the Island a pro rata benefit of any increase in the total consumption when Britain's duty has been reduced to 4d was one that the Customs thought required further careful consideration. The report observed that in 1889, when the British duty upon tea was at 6d, the total amount sold in Britain was 185,621,800 pounds. In 1890, when the duty had been lowered to 4d, the amount rose to 194,008,492. It was considered that the chief cause of the increase in consumption was the reduction in duty. The Customs report stated that, prior to this reduction in duty, the total consumption of tea in Britain had been almost at a standstill, notwithstanding the increase of population. By Walpole's plan the Island would at once get a benefit to which it was not entitled on the back of Britain's increased consumption. It was suggested that the

⁵⁵³ Welby to Walpole, enclosing extract from a report by Dick, 19 February 1891, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 7-8.

figures used should be the consumptions in nine months time when matters had settled down in both countries.

Walpole replied to this argument.⁵⁵⁴ He submitted that if any objection was to be raised at all it should have been raised prior to the approval of the Treasury to the arrangement. Indeed, Walpole had by now informed Tynwald, so he pointed out his awkward position if the arrangement had to be modified. In consequence of not having accurate statistics available, he had suggested that the computation between the two governments should be based on the average consumption of the three years ending 31 March 1889. By this the Island would be temporarily deprived of a considerable advantage as the consumption of tea in the three years ending 31 March 1889 had amounted to 359,699 pounds, but it had increased in the three years ending 31 March 1890 to 365,078. Whilst the Island's permanent resident population was increasing slowly, the temporary summer population was increasing very rapidly. Consequently, the consumption pro rata of articles like tea was increasing much more rapidly than the increase in the permanent resident population, and the British Exchequer would consequently derive financial advantage.

Welby responded to Walpole, informing him that the Treasury would not press the objections raised by the Customs, and both departments accepted Walpole's assertion that the advantage to the Island from the reduction of duty in Britain would soon be compensated by the increased consumption of tea in the Island owing to the rapid growth of the visitors.⁵⁵⁵ However, the Treasury again pointed out that, in agreeing to the trial of the arrangement, the power to put an end to it upon due notice in case of unforeseen objections arising would need to be reserved.

With the confirmation of the adjusted average consumption calculation to be used for the operation of the Common Purse Arrangement, Walpole went to Tynwald on 7 April 1891 to explain his financial statement which, when the large increase in the amount of tea which had been imported duty-paid into the Island as a result of the

⁵⁵⁴ Walpole to Welby, 24 February 1891, MNHL, GOCB 09845/1/41, f. 645.

⁵⁵⁵ Welby to Walpole, 17 March 1891, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, p. 11.

change in tea duty in Britain was taken into account, showed a modest increase from £58,910 in 1890 to £60,434 in 1891.⁵⁵⁶ This figure would substantially increase to £65,622 in 1892. Walpole told the Court that there were few matters which he had been able to make since he became Governor which had afforded him more satisfaction than the particular agreement regarding the duty on tea. He said that he was so satisfied with the establishment of the Common Purse Arrangement that he would eventually like to apply it to other dutiable articles.

8.9 Tobacco duties to fund free education

Following on from his successful introduction of the Common Purse Arrangement, Walpole now set about extending it. In July 1891 he informed the Legislative Council that he intended to bring in a Free Education Bill.⁵⁵⁷ Such a Bill had been introduced recently into the British Parliament, and it was rapidly passing through the House of Commons. He claimed that ‘if free education is established in the islands around us, we can hardly avoid extending the same system to this Island’. The Clerk of the Rolls, Alured Dumbell, objected entirely to the whole principle of free education ‘as it is utterly inapplicable to the state of this little country and the present law provides everything that is necessary’.⁵⁵⁸

Walpole was determined, and three months later he wrote to the Treasury saying that he had directed the Manx Attorney General to introduce a Bill amending the Education Acts in order to extend the benefit of free education to the Island.⁵⁵⁹ The measure would require an additional expenditure of about £3,000 a year. Whilst the surplus general revenue presently at the disposal of Tynwald would be amply sufficient to meet this increased charge, Walpole was anxious to retain this for the many outstanding public work schemes. He now wanted to go to Tynwald Court to obtain additional specific revenue for free education by following the policy already applied in the case of tea. He proposed to assimilate the duty payable on tobacco in the Island to that in Britain, placing the combined incomes into a Common Purse and

⁵⁵⁶ *Debates of Tynwald*, volume 8, 7 April 1891, pp. 360-3.

⁵⁵⁷ *Debates of Tynwald*, volume 9, 9 July 1891, pp. 46-54.

⁵⁵⁸ Sir Alured Dumbell (1835-1900), High Bailiff of Ramsey 1873, second Deemster 1880, Clerk of the Rolls 1883, son of George William Dumbell.

⁵⁵⁹ Walpole to Welby, 20 October 1891, MNHL, GOCB 09845/1/43, ff. 51-6.

dividing them between the two governments. The existing duties per pound weight on tobacco in Britain and the Island were as follows:

| | Britain | | Isle of Man | | Difference | |
|------------------------------------|----------------|----------|--------------------|----------|-------------------|----------|
| | s | d | s | d | s | d |
| Tobacco, unmanufactured containing | | | | | | |
| 10% or more of moisture | 3. | 2 | 2. | 6 | 0. | 8 |
| Tobacco, unmanufactured containing | | | | | | |
| less than 10% | 3. | 6 | 2. | 6 | 1. | 0 |
| Tobacco, manufactured: | | | | | | |
| Cigars | 5. | 0 | 3. | 6 | 1. | 6 |
| Cavendish or Negrohead | 4. | 6 | 3. | 6 | 1. | 0 |
| Manufactured in bond | 4. | 0 | 3. | 6 | 0. | 6 |
| Other manufactured tobacco | 4. | 0 | 3. | 6 | 0. | 6 |
| Snuff containing more than | | | | | | |
| 10% of moisture | 3. | 9 | 3. | 6 | 0. | 3 |
| Snuff containing not more than | | | | | | |
| 10% of moisture | 4. | 6 | 3. | 6 | 1. | 0 |

There had been a steady increase during recent years in the amount of tobacco imported duty-paid from Britain into the Isle of Man: 1885 - 11,978 pounds, 1886 - 14,176, 1887 - 12,576, 1888 - 13,454, 1889 - 16,400, 1890 - 16,210 and 1891 - 19,020. Walpole considered that these increases were due to the fact that the visitors had a tendency to purchase particular mixtures or brands which had been duty-paid in Britain. It was not easy to ascertain exactly the amount of tobacco thus imported. Whilst every care had been taken to ensure returns from Island traders were as accurate as possible, the Governor felt that, as these returns were given voluntarily, the situation was unsatisfactory to both governments. He now sought Treasury approval to take the same course for tobacco as had already been taken for tea.

The Education Bill was debated again in the Legislative Council later in the year.⁵⁶⁰ The First Deemster, Sir William Drinkwater, thought that any progress should wait until any benefits were seen from the operation of the new Education Act in Britain. He moved that the Bill should be delayed for a year. The Clerk of Rolls, Alured Dumbell, seconded this amendment. There then was a lengthy and acrimonious debate, which at times got very personal. Walpole claimed that 'according to the Clerk of the Rolls it is a mistake to educate these people at all', to which Dumbell replied that 'you must not educate them beyond a certain point'. On a vote to delay the Bill for a year, the Council was equally divided on the amendment. The Governor was able to give his casting vote against it. The debate was adjourned for three weeks.

In the meantime, Walpole continued with his economic plans. He considered it ought to be the policy of both the Treasury and the Customs to help the eventual assimilation of all the Manx customs tariffs to the British rates, and he intended to raise this at the forthcoming meeting with Reginald Welby and John Kempe of the Treasury and Herbert Murray of the Customs when he visited the Home Office on business connected with the Island.⁵⁶¹ He was aware from their previous discussions that Welby would not raise any difficulty with the plan. Indeed, Welby wrote to Walpole confirming that the Treasury saw no *prima facie* objection to the proposals to assimilate tobacco duties in the Island to those in force in Britain and introduce a similar arrangement for the apportionment of the revenue between the two governments as existed in the case of tea.⁵⁶² Welby suggested that there were several points of detail which would be best considered at the impending meeting. He enclosed copies of three lots of relevant correspondence between the Treasury and the Customs for Walpole to digest.

⁵⁶⁰ *Debates of Tynwald*, volume 9, 17 November 1891, pp. 133-210.

⁵⁶¹ Sir John Arrow Kempe (1846-1928), joined Treasury 1867, Principal Clerk 1888-94, Deputy Chairman Board of Customs 1894-1904, Assistant Comptroller and Auditor 1904, Comptroller and Auditor 1904-11. Walpole to John Kempe, 19 November 1891, 100, and to Home Office, 23 November 1891, MNHL, GOCB 09845/1/43, f. 106.

⁵⁶² Welby to Walpole, 2 December 1891, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 14-17.

Walpole met Welby and Kempe of the Treasury and Murray of the Customs in London in early December.⁵⁶³ His understanding on the conclusions reached at this meeting was agreed, with one exception, by the others:

- No objection was raised to the assimilation of the tobacco duties of the two countries.
- The arrangement should, in the first instance, extend only to the 31 March 1893 so that it could be reconsidered at the same time as the arrangement for tea.
- The point raised by the Treasury that an increase of duty might lead to a diminished consumption was generally understood to have no effect on the revenue of the Island as the consumption would be calculated on the consumption of Britain and the Island as a whole.
- It was understood that the revenue derived from tobacco should be apportioned between the two countries in the proportion of the then present consumptions. The British was 1.56 pounds per person and the Manx 2.08 pounds.
- It was agreed that proposals for any additional charge to the Island for the administration of the new proposal should be left for the time being.

The one exception to Walpole's understanding of the meeting was his statement that it was agreed that the increased duty would 'have no effect on the revenue of the Island'.⁵⁶⁴ This statement was not quite in accord with the recollection of the others present. They agreed that the probable increase of consumption in the Island through the annual increase in the number of visitors might be accepted as fair to be set off against the probable decrease in consumption per person through the increase of duty. They could not accept that a community would consume per person as much of an article under a high duty as it did when the duty was low. But this is exactly what happened. A rise in prices on certain items which have a staple consumer need (tobacco, alcohol and tea then; tobacco, alcohol and petrol now) is unlikely to result in much of a change in consumption, which make them ideal items for government revenue purposes. The degree of responsiveness of demand to a change in price of

⁵⁶³ Walpole to Welby, 10 December 1891, MNHL, GOCB 09845/1/43, ff. 123-8.

⁵⁶⁴ Welby to Walpole, 23 December 1891, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 19-20.

an article is known as the 'price elasticity of demand'.⁵⁶⁵ This theory was being developed at this time by, amongst others, Alfred Marshall.⁵⁶⁶ Whilst the effects of 'elasticity' are now well known (the theory was expanded on by the brilliant young economist Frank Ramsey in the 1920s), people in 1891 would not have been so familiar with the concept.⁵⁶⁷

The Education Bill was discussed at the adjourned Legislative Council meeting.⁵⁶⁸ Alured Dumbell proposed and Deemster Drinkwater seconded that the Council should refuse to consider the Bill any further until the Governor explained how he would finance the scheme. Walpole was reluctant to reveal his plans before getting approval from Tynwald to introduce free education. He explained that the whole course of trade and business could be affected if his solution became public knowledge beforehand. Despite the Governor's explanation, the proposal by the Clerk of Rolls carried six to three, with the Governor, the Attorney General and the Lord Bishop voting against. In light of this setback, when the Legislative Council reconvened the next week, Walpole explained that he had come to the conclusion that there was only one course open to him, and that was to ask the Attorney General to withdraw the Education Bill.⁵⁶⁹ There is no evidence to suggest that this threat was ever the Governor's serious intent. Three days later at Tynwald the Lord Bishop, the Right Reverend John Bardsley, gave notice that he would be raising the matter of free education again at the next Court.⁵⁷⁰ He hoped that the Governor would then be prepared to state how funding would be provided.

8.10 Governor explains funding to Tynwald

Although there was opposition and delay, Walpole was undeterred and carried on with his plans to raise tobacco duties. He informed the Treasury that he was going to

⁵⁶⁵ Sloman and Sutcliffe, *Economics*, (Hemel Hempstead, 1997), p. 55.

⁵⁶⁶ Alfred Marshall (1842-1924), professor of political economy at Cambridge University, teacher of John Maynard Keynes and one of the leading nineteenth and twentieth-century economic theorists.

⁵⁶⁷ Frank Ramsey (1903-30), mathematician and philosopher, friend of John Maynard Keynes, brother of the Archbishop of Canterbury, Michael Ramsey.

⁵⁶⁸ *Debates of Tynwald*, volume 9, 9 December 1891, p. 267.

⁵⁶⁹ *Debates of Tynwald*, volume 9, 15 December 1891, pp. 284-6.

⁵⁷⁰ *Debates of Tynwald*, volume 9, 18 December 1891, pp. 314-6.

bring the proposal before Tynwald quite soon.⁵⁷¹ In the meantime, he asked for sealed instructions to be issued to the collector of customs at Douglas directing him to collect the new duties as soon as Tynwald Court passed a resolution on the same. This requirement was provided by the 1887 Customs Duties Act. Walpole was evidently confident that he could get the matter through Tynwald, but everything needed to be prepared beforehand for a speedy effect.

At the next Tynwald Court in January 1892 the members again considered in great detail the Governor's proposal to introduce free education.⁵⁷² Walpole explained that he had been working for many years in the hope that a large and increasing proportion of Manx expenditure on public works could be paid for out of the current annual revenue. He reminded the Court that he had made an arrangement with the British Government for the duty on tea collected in the Island to be added to the duty on tea collected in Britain, and the proportion of the duty was then divided between the two countries in proportion to consumption. The return on tobacco duties was greater than on tea duty. Whilst the revenue from tea in the Island came to a little over £6,000 a year, the revenue from tobacco would reach nearly £16,000 if an extension to the Common Purse Arrangement was made to it. The consumption in Britain of tobacco was 1.56 pounds per person, but in the Island it was 2.08 pounds. Walpole thought that, whilst the local consumption was probably not much higher than in Britain, the increase was probably accounted for by the fact that the summer visitors smoked a good deal of tobacco during their holidays. His proposal, therefore, was to level up the Island's tobacco duty to the same amount as in Britain and raise the funds required for free education. In summing up, he stated:

Confronted with the difficulty of providing £3,500 for the purpose of free education, I have proposed, if I may use a common and almost vulgar phrase, to put it into our pipes and smoke it (laughter), and I am confident, when we are enjoying our tobacco after breakfast, in the morning or in the evening, it will be some satisfaction to us to reflect that we are not merely enjoying indulging in a favourite habit, or as some people say, giving way to an abominable abuse

⁵⁷¹ Walpole to Mowatt, 30 December 1891, MNHL, GOCB 09845/1/43, ff. 144-5.

⁵⁷² *Debates of Tynwald*, volume 9, 28 January 1892, pp. 366-419.

(laughter), but we are providing gratuitous education for over 6,000 children (laughter and applause).

A cautious Dumbell warned the Court:

I do not pretend to be a prophet, but if there is a change of Government [in Britain] at the present time, and we have a right to consider that question to a considerable extent, then our customs duties may have to be thoroughly revised. We may find ourselves in the position of having to exercise the strictest possible economy, and have to adopt special means to bolster up our revenue to meet with altered state of things.

But, with the financial proposals now explained, the Tynwald members were won round and passed the resolution assimilating the Manx customs duties on tobacco to those of Britain, unanimously in the Council and sixteen to six in the Keys.

The *Manx Sun* criticised the free education proposal as a tax which fell with greater weight upon the very persons it was supposed to help.⁵⁷³ It claimed that Walpole was giving the working class of the Island £2,688 in the shape of abolished education fees whilst taking more than £3,000 from them in extra duty. The *Mona's Herald* also questioned the effect increased customs duties would have on the finances of the poorer working classes.⁵⁷⁴ It argued that the Governor had simply taken the burden of 'one shoulder of a man, avowedly too heavily burdened already, to put it on the other' at a time when the Island had the largest financial surplus ever. It claimed that there were other more appropriate sources of revenue open to the Governor, such as probate and succession duties, land tax, house duty or property tax. The claim by both newspapers with regard to the possible burden on the poor is not totally accurate. The cost of education would come principally from the customs duties levied on tobacco smoked by the rich and the holidaymakers. The *Manx Sun* also claimed that, by assimilating the duty to that of Britain, the Governor had dealt a death blow to the important insular tobacco industry, as the local manufacturers

⁵⁷³ *Manx Sun*, 6 February 1892.

⁵⁷⁴ *Mona's Herald*, 10 February 1892.

could not compete with the tobacco brought into the Island by the larger British manufacturers.⁵⁷⁵ It claimed that in Douglas alone this would affect fifty or sixty people employed in the tobacco trade. The census returns of 1881 and 1891 appear to contradict this claim, as they show that in the whole of the Island at both dates there were only 47 persons (39 males and 8 females) directly employed in the manufacture and sale of tobacco at both these dates.⁵⁷⁶ As for the death of the trade, in 1901 the people employed in the trade increased to 52 (32 males and 20 females).

A light-hearted slant on the subject took place on 11 February at the Grand Theatre in Douglas when Joe Lake and the Ohio Christy Minstrels put on a show which featured a comedy song called 'Golden Slippers' sung by Tom Boyd.⁵⁷⁷ The Education Bill and the price of tobacco were introduced into the song. The show was advertised as follows:

TOBACCO v FREE EDUCATION

The Powers that be have decided to find
The means to enlighten the juvenile mind,
By a Tax on Tobacco ('Man's chief consolation'),
To promote for the multitude - 'Free Education'.

Where the 'Freedom' comes in is a subject so deep
That 'twere well that the people should have just a peep
At the facts of the matter, so ably explained
By talented men, to argument trained.

Now, for this special purpose, the public's requested
To pause for a moment and feel interested
In this PROCLAMATION, 'That the Theatre Grand
Is engaged by a well-known Minstrel Band,

⁵⁷⁵ *Manx Sun*, 13 February 1892.

⁵⁷⁶ Censuses 1881, p. 10, 1891, p. 16, and 1901, p. 12.

⁵⁷⁷ *Manx Sun*, 6 and 13 February 1892.

On Feb'ry Eleventh, with the strongest intention
Of giving TOBACCO most honourable mention;
And trying to show in language polite,
That FREE EDUCATION isn't all right'.

In conclusion, I this opportunity take,
Of declaring myself 'Yours truly, JOE LAKE',
And trust you will give me your presence and money
In return for Amusement, Enlightened and Funny.

8.11 Necessary formalities and complicated negotiations

In a letter to Herbert Murray, Chairman of the Board of Customs, in February 1892, Walpole wrote with reference to the new means for funding free education:

The change is a very good one for us, and perhaps an even better one for you. It is a very good one for us, because it was very difficult to ascertain the amount of tobacco consumed here, which had paid duty in England. It is a very good one for you because our tripper population increases more rapidly than our resident population, and hence our consumption grows quicker than our population.⁵⁷⁸

Walpole asked Murray to jog Welby's memory to take early steps in order to formally finalise matters. Murray replied, enclosing another report and informing Walpole that he had been told by the Customs Department that the extra duties would probably amount to Walpole's estimate.⁵⁷⁹ The report required that the Manx and British customs returns for the year ending 31 December 1891 should form the basis of any calculations. The arrangement would be subject to reconsideration of the tea duties and the triennial assessment of other duties on 31 March 1893. It was suggested that the accounts should be prepared in the Island and then sent to the Customs Department. Walpole replied to Murray, enclosing a statement estimating

⁵⁷⁸ Walpole to Murray, 1 February 1892, MNHL, GOCB 09845/1/43, ff. 173-4.

⁵⁷⁹ Welby to Walpole, 16 February 1892, enclosing memorandum from H. J. Gardner, of the Customs, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, p. 21.

that the Island's share of customs duties for tobacco, cigars and snuff should total £16,739 during the present year.⁵⁸⁰ Murray responded, enclosing Dick's report in reply to Walpole's figures. Both Murray and Dick thought Walpole was 'claiming too much for your Isle'.⁵⁸¹ On the same day Walpole wrote to Kempe of the Treasury to remind him of the need for the Treasury to legislate for the new tobacco arrangements.⁵⁸²

Walpole expressed his concerns over the Island's financial situation to Deemster Drinkwater in late February 1892 when he cautiously wrote, 'With respect to the surplus, I have little doubt that we shall have no difficulty in using it. My only doubt is whether it is large enough for all we ought to do. But I shall know more about that in a month's time'.⁵⁸³

In the midst of all the negotiations and the establishment of administrative procedures, the Education Bill was passed by the Keys and Council, but it would be another year before the matter was finalised with the introduction of 'An Act to consolidate and amend the Laws as to Public Education and Industrial Schools, 1893' which abolished school fees and substituted government grants instead.⁵⁸⁴ Also during these negotiations, Walpole presented his 1891/92 annual financial statement to Tynwald.⁵⁸⁵ He reported that the total general revenue for the last year had been over £72,000 and the expenditure amounted to almost £59,000, leaving a surplus of more than £13,000, which was more than had been estimated. The large increase in income on the previous year was due to an expansion in customs returns as a result of the recent increase to tobacco duties and an increased consumption of goods by both residents and visitors.

⁵⁸⁰ Walpole to Murray, 20 February 1892, MNHL, GOCB 09845/1/43, f. 207.

⁵⁸¹ Murray to Walpole, 25 February 1892, enclosing memorandum from Dick, MNHL, Isle of Man customs duties papers 1890-94, MB, Finance and Customs D154/4x/25, p. 23.

⁵⁸² Walpole to Kempe, 25 February 1892, MNHL, GOCB 09845/1/43, f. 226.

⁵⁸³ Walpole to Drinkwater, 26 February 1892, MNHL, Drinkwater Papers 09771.

⁵⁸⁴ *Debates of Tynwald*, volume 9, 3 and 15 March 1892, pp. 503-44 and 605-10. *Statutes of the Isle of Man*, 'An Act to consolidate and amend the Laws as to Public Education and Industrial Schools', 1893.

⁵⁸⁵ *Debates of Tynwald*, volume 9, 5 May 1892, pp. 727-48.

Welby wrote to Walpole enclosing a further report on tobacco duties and enquiring whether he agreed with the figures for a new form of calculation.⁵⁸⁶ This was discussed when the two men met again with Murray and Dick on 30 April 1892 at the Treasury.⁵⁸⁷ The Customs officials proposed that the apportionment should be arrived at by a rule of three sums: firstly dividing the duty per person in Britain by its consumption per person, then multiplying by the consumption per person in the Isle of Man and finally multiplying the result by the Island's population. The British duty per person was 5.04 shillings and the consumption per person was 1.56 pounds. The Island's consumption per person was 2.08 pounds, with a population of 55,598. The result was £18,681 due to the Isle of Man (5.04 shillings ÷ 1.56 pounds = 3.23077 shillings × 2.08 pounds = 6.72 shillings × 55,598 population = 373,618.56 shillings = £18,681). Walpole did not accept this calculation. He contended that the true way of arriving at the amount due to the Island was to ascertain what tobacco duties would have yielded in the Island if the increased duties had been in force during the financial year ended 31 March 1891 and that the result should be the basis for all future calculations. The Customs had claimed that, in the case of British duty-paid goods, the amount should be calculated on the average consumption for the three years ending 31 March 1891 and not, as Walpole thought, on the actual facts for the financial year 1890/91. Welby and Murray consequently proposed that the duties should be calculated on the actual quantities of the different classes of tobacco. Walpole accepted this. It was pointed out by Welby that there was a growing tendency among the consumers of tobacco to use the cheaper kinds and, that if this tendency should continue or possibly be accelerated, the Island would derive an unfair advantage from being credited with too high a proportion of the higher classes of tobacco. It was agreed that, in the event at any future time of an alteration of this kind, a rateable reduction should be made from the higher classes of tobacco (cigars and snuff) credited to the Island.

Subsequent to this meeting, Walpole informed Murray that 'you have really given me too little for tobacco, but I shall, of course, adhere to my bargain'.⁵⁸⁸ Walpole said he

⁵⁸⁶ Welby to Walpole, 7 May 1892, MNHL, MB, Finance and Customs D154/4x/25, p. 25.

⁵⁸⁷ Walpole to Welby, 5 May 1892, MNHL, GOCB 09845/1/43, ff. 322-4.

⁵⁸⁸ Walpole to Murray, 6 May 1892, MNHL, GOCB 09845/1/43, f. 334.

had already written to Welby urging him to introduce a Bill confirming the new tobacco duties and ‘we shall all of us be in a great mess if he does not do it soon. Pray jog his memory’. In his letter to Welby, Walpole had reminded him of the urgency and had written that:

you are leaving the time dangerously short for the passage of our little Bill. I wish you would ask Balfour [First Lord of the Treasury] or Goschen [Chancellor of the Exchequer] to introduce it at once, and so relieve my mind from the anxiety I feel respecting it.

Walpole was getting more and more concerned and sent Welby a reminder telegram and another letter saying he was getting very uneasy about the Bill as it had not been introduced into the British Parliament. This concern was fuelled by Walpole’s knowledge that a resolution of the 1887 Customs Duties Act meant that the increase of the tobacco duties could not have effect after 28 July (six months’ deadline after Tynwald’s approval).⁵⁸⁹ Walpole claimed that everyone would be in ‘an inextricable state of confusion’ unless legislation received the Royal Assent before then. He applied further pressure on Welby by threatening to go over his head. He said he would write to Bernard Mallet, Private Secretary to Arthur Balfour, so that, if necessary, he could speak to the First Lord of the Treasury. Walpole urged Welby to take the matter up at once with Goschen, the Chancellor of the Exchequer, or Sir John Gorst, Financial Secretary of the Treasury. A flurry of letters now took place between Welby and Walpole which at last resulted in the authorisation of the apportionment of the revenue from tobacco duties.⁵⁹⁰

On 27 June 1892 ‘An Act to amend the law respecting the customs duties in the Isle of Man’ finally confirmed the assimilation of Manx tobacco customs duties to those of Britain:

⁵⁸⁹ Walpole to Welby, 16 May 1892, MNHL, GOCB 09845/1/43, ff. 363-4.

⁵⁹⁰ Exchange of letters between Welby and Walpole, 23 May to 1 June 1892, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 32-3.

Customs Duties

| | s | d |
|------------------------------------|----|------------------|
| Tobacco, unmanufactured containing | | |
| 10% or more of moisture | 3. | 2 |
| Tobacco, unmanufactured containing | | |
| less than 10% | 3. | 6 |
| Tobacco, manufactured: | | |
| Cigars | 5. | 0 |
| Cavendish or Negrohead | 4. | 6 |
| Manufactured in bond | 4. | 0 |
| Other manufactured tobacco | 4. | 0 |
| Snuff containing more than | | |
| 10% of moisture | 3. | 9 |
| Snuff containing not more than | | |
| 10% of moisture | 4. | 6 ⁵⁹¹ |

On 24 February 1893 Frank Mowatt of the Treasury wrote to Walpole on certain aspects relating to the terms of the Common Purse Arrangement and enclosed two reports from the Customs.⁵⁹² Walpole, who was staying at Onslow Gardens in London, replied to the contents of the reports in early March.⁵⁹³ He took exception to the claim by the Treasury that the tea and tobacco duties arrangement was liable to be terminated on 31 March 1893. He argued that, whilst this may be technically a possibility, at the meeting held the previous year with Welby of the Treasury and Murray and Dick of the Customs an assurance was received from Welby that there was no intention to take advantage of the fact that the arrangement was open to revision, indeed there was every intention to continue the arrangement on the existing principles. At that meeting many of the arguments which were now being advanced again had been urged on behalf of the Customs but had been rebutted by Walpole.

⁵⁹¹ *Act of Parliament*, 55 and 56 Victoria, chapter 28.

⁵⁹² Sir Francis Mowatt (1837-1919), joined Treasury 1856, Permanent Secretary of the Treasury 1894-1903.

⁵⁹³ Walpole to Mowatt, 3 March 1893, MNHL, GOCB 09845/1/43, ff. 684-92.

Walpole then turned his attention to other matters raised. The Customs maintained that the arrangement in respect of tea and tobacco must be unfair because it credited the Island with a consumption per person of more than 30% for both tea and tobacco than was consumed in Britain. The Customs contended that the Island's summer visitors remained on an average one week each and represented a permanent addition to its population of somewhat in excess of 10%, and, therefore, they only accounted for about a third of the increased consumption with which the Island was credited. Walpole argued that the figures on which these calculations had been based were not hypothetical but founded on the actual facts ascertained by officers of Her Majesty's Customs and not by officers of Tynwald. He enquired whether he, on behalf of Tynwald, was to be seriously asked to reject facts ascertained in this way simply because they did not square up with the theory which the Customs had set forth in their report. Neither could Walpole believe the Customs' conclusion that the excessive consumption of tea and tobacco in the Island could only be explained by assuming a large amount of smuggling of these goods was taking place from the Island into Britain. He pointed out that the Customs were themselves responsible for the prevention of smuggling and they appointed their own officers to action it, so, if smuggling did take place, it could only have taken place through their default. Walpole went on to say that, in justice to the officers of the Customs who worked in the Island, he was unaware of any smuggling activities. He claimed that 'No doubt the 300,000 tourists who visit the Island bring a certain amount of duty-paid goods into the Island, and they carry a corresponding amount from it. But, as a matter of revenue, neither country gains or loses by this circumstance'. Walpole explained how the consumption of tea and tobacco was more than 30% higher in the Island than in Britain (20% when allowing for the tourist population). In this part of his argument he considered a proposal by the Customs for an additional theoretical figure of 5,700 visitors to be added to the resident population as a means for calculating a fairer proportion of the Common Purse. An addition of 5,700 to the population would, of course, have meant an addition distributed over the various ages. More than 25% would be children under four years of age and they would neither drink tea nor smoke, 33% of the males would be under sixteen years of age and they would not smoke, while nearly 25% would have passed their seventieth year or have attained an age when increasing infirmities and decreasing earnings would

limit their consumption of luxuries. The theoretical figure would also feature a proportion including the numbers of paupers, prisoners, lunatics and the sick. However, an addition of 5,700 actual visitors would represent persons in the prime of life and free from all poverty, disability or illness. He claimed that it would be probably 'very much below the mark' to say that visitors represented twice the consumption of tea and tobacco of an ordinary addition to the population, but, assuming that they only represented twice this consumption, the increase of duties received from them would have amounted to rather more than 20% instead of 10% as the Customs assumed. He continued his argument:

The man on a holiday is in the open air throughout the day. He has continued opportunities for smoking which he cannot enjoy whilst he is at work. The mere change of scene and air stimulates his appetite; intending to enjoy himself during his short holiday he denies himself nothing. A man - so circumstanced in the long days of summer - may easily consume 50% more of articles like tea and tobacco than he would do on an average during the winter and summer at home. I am myself a very moderate smoker, but I believe that I smoke at least 50% more on a day which I spend in the open air than on a day on which I am engaged on my ordinary work. . . . Personally I am rather surprised that tobacco should not show an even larger increase, because - though I have no figures to prove my case here - the experience of my own eyes convinces me that the male tourist population is larger than the female tourist population. It is natural in these circumstances to suppose that the consumption of tobacco should show a rather higher proportionate increase than the consumption of tea.

Walpole referred to a point that the Customs had used throughout their argument: that the Manx were a poor people and not likely to consume more than their wealthier neighbours in Britain. If this argument was to be pressed, he trusted that it should be recorded at the Treasury, because in the interviews he had had with Treasury advisors on financial arrangements he had always been told the contrary, that he could not expect any exceptional concessions to the Island as the Manx were a wealthy people. Walpole considered further the claim that there had recently been smuggling of goods out of the Island. He put it that if the Customs were right that,

under the old duties, smuggling from the Island prevailed, then he submitted with confidence that it ought to be their policy to encourage him to level up the Manx duties. 'If they really believe in the smuggling, which I think I have shown is imaginary, then on financial grounds they ought to ask me to extend the policy of the change I have made instead of declaring its inexpediency'.

8.12 Continuation of the Arrangement and a fairer 'fiscal population'

On 31 March 1893 Mowatt replied to Walpole's hard-hitting letter.⁵⁹⁴ He firstly informed Walpole that the Treasury was of the opinion that an improvement to the Common Purse Arrangement by the establishment of a more equitable fiscal population figure, based on the annual consumption per person and making due allowance for visitors to the Island, would be preferable to the present system. This suggestion, though not acted upon now, would become the precursor of a revised calculation to be used in the Common Purse Arrangement to render a more certain and fair share out of the revenue from the Manx and British assimilated customs duties.

Mowatt also enclosed yet a further report from the Customs proposing that the present arrangements should be continued for a further year but with the view to obtaining more accurate information as to the types of visitors to the Island and any other facts which may help to a settlement of the question regarding the possible termination of the Common Purse Arrangement. The report, drawn up by Herbert Murray and Lewis Engelbach of the Customs, was unable to accept that the provisions made for the collection of tea duty in 1890 and tobacco duty in 1892 were not now liable to revision.⁵⁹⁵ They pointed out that the Treasury's letter of 18 December 1890 dealing with the tea duty expressly stated that the arrangement was an experiment for three years, with power being reserved to put an end to it in case of unforeseen objections arising. The same course was suggested by the Customs in a report on 2 November 1891 dealing with Walpole's proposal to assimilate tobacco

⁵⁹⁴ Mowatt to Walpole, 31 March 1893, enclosing report from Murray and Engelbach, 25 March 1893, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 45-6.

⁵⁹⁵ Lewis William Engelbach (1837-1908), Assistant Accountant and Controller General 1888-90 and Commissioner of Customs 1890-99.

duties applicable in the Island to those in Britain. And although the point was not referred to in the Treasury's letter to Walpole on 24 December 1891, it was raised at the conference in Reginald Welby's room, and Murray, the chairman of Customs, who was present at the conference, was not aware, as claimed by Walpole, of any assurance being given then by Welby that the present arrangements for the collection of these two duties would not be open to revision now. Despite these reservations, Murray and Engelbach recommended that the present arrangements for the collection of duties on tea and tobacco should be continued for another year.

Walpole presented his annual financial statement to Tynwald Court in April 1893 in which he advised the Court that the Island's total general revenue was less than had been estimated.⁵⁹⁶ He believed that this was due to the previous year's excessive receipts caused by many people in the Island, including some members of Tynwald, fancying that there would be an increase of the spirit duties in connection with the free education scheme, taking a large amount of spirits out of bond. This suggestion was met by laughter in the Court.

Spencer Walpole presided as Governor over his last Tynwald Court on 15 November 1893. He left the Isle of Man to become Secretary of the British Post Office. During his term of office Walpole's dealings with the departments of the British Government had been impressive. The Treasury no longer directly involved itself in Tynwald decisions, and its sanction had become more and more a matter of form.⁵⁹⁷ This had resulted in greater financial freedom being accorded to both the Governor and Tynwald. The lessening of the need to interfere in Manx affairs was equally the situation with the Home Office where there was an absence of any major concerns connected with the government of the Island.⁵⁹⁸ Whilst the confidence and respect shown by Westminster and Whitehall were in no small way due to Walpole's personal ability, they also reflected on the developing nature of Tynwald. However, it would be almost one hundred years before it could be claimed that Tynwald had a proper and comprehensive responsibility for the Island's governance.

⁵⁹⁶ *Debates of Tynwald*, volume 10, 14 April 1893, 10, pp. 600-16.

⁵⁹⁷ Walpole, *Land of Home Rule*, p. 274.

⁵⁹⁸ Walpole to Home Office, 17 April 1889, MNHL, GOCB 09845/1/40, ff. 282-304.

8.13 Governor West Ridgeway progresses Arrangement

Sir West Ridgeway was appointed as Walpole's successor on 26 November and installed in office on 13 December in a ceremony at Castle Rushen. Ridgeway, aged forty-nine, was a most experienced and distinguished administrator.⁵⁹⁹ He would serve as Governor for a short but fruitful time.

Frank Mowatt wrote to Ridgeway towards the end of 1893, continuing the correspondence that had been ongoing with Walpole and enclosing two further Customs reports.⁶⁰⁰ Both reports considered ways of arriving at a more accurate fiscal population figure. The first was from Murray and Engelbach. They thought that female visitors should be taken as representing one-third of the number of 'fiscal addition visitors' and that the remaining two-thirds should be regarded as the number of healthy males whose consumption of tea and tobacco whilst on a holiday would result in an additional allowance above their normal consumption at home. The figures to be used for the Common Purse Arrangement should then be as follows:

| | | |
|---|-----------|---------------|
| Resident population | | 55,608 |
| Addition for one week's stay of visitors (females 1,758 and males 3,516) | | 5,274 |
| Additional allowance for male visitors | | 2,637 |
| Allowance for old people (+70) | 4% | |
| infants | 9% | |
| indoor paupers | 1% | |
| sick persons | 5% | |
| prisoners | <u>1%</u> | |
| Total allowance | 20% | <u>1,055</u> |
| | | <u>64,574</u> |

⁵⁹⁹ Sir Joseph West Ridgeway (1844-1930), Governor of Isle of Man 1893-95, see appendix 10.

⁶⁰⁰ Mowatt to Ridgeway, 18 December 1893, enclosing reports from Gardner, 18 November 1893, and Murray and Engelbach, 4 December 1893, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, pp. 48-57.

The 64,574 figure would give a future annual return of £17,044 for tobacco and £5,721 for tea, compared with £19,680 and £6,671 in the previous year.

The second report was from H. J. Gardner, Dick's successor as Accountant and Controller General. The number of visitors to the Island was approximately 275,000, which would fairly represent a temporary addition of 5,274 (assuming an average stay of one week in the Island) to the 55,608 permanent population, thus raising the total to 60,882. The small numbers of ordinary businessmen visiting the Island and local residents visiting Britain could be regarded as neutralising each other. Gardner pointed out that Walpole had claimed that comparison should be made between the summer visitors and those of the population who are of an 'excisable age and condition'. Walpole had contended that the majority of visitors were male adults in the prime of life who generally represented twice the consuming power of a resident. It had additionally been claimed by Walpole that visitors represented not only an increased population equal to double what their actual numbers were, but that they consumed 50% more than on ordinary occasions. Gardner, therefore, thought it instructive to ascertain how much the Island would have got as a result of this supposition. Assuming that the number of visitors for the previous year was the same as the current year, and that they stayed on average for one week, and doubling their number, the total amount of duty on tobacco and tea, at the same rate per person as the people in Britain, would be:

Tobacco, Britain

£10,144,115 duty ÷ 38,429,992 population = 5.279 shillings per person

| | | |
|-------------------------------------|------------------|------------------|
| Population of Island | 55,600 | |
| Allowance for visitors for one week | 5,274 | |
| Double this | 5,274 | |
| 50% extra consumption | <u>2,637</u> | |
| Fiscal population | 68,785 × 5.279/- | = <u>£18,155</u> |
| Paid to the Island for same period | | = <u>£19,680</u> |

Tea, Britain

£3,406,195 duty ÷ 38,429,992 population = 1.772 shillings per person

Fiscal population 68,785 × 1.772/- = £6,094

Paid to the Island for same period = £6,671

From these figures it appeared that, after giving all the allowances mentioned as claimed by the Island, the sum due to the Island for the year was less than what was actually paid. Gardner agreed that most people consumed on their holidays half as much again as at ordinary times, if not in actual quantity, at least in dutiable value, smoking cigars, for instance, instead of commoner cut tobacco. He said that:

Only yesterday I read in the *Standard* the following, in a letter from 'Medicus', 'I knew two unmarried men who, having saved during six previous months a sum of over £60, went in Whit week to the Isle of Man, stayed there for three weeks, spent every penny of the money'. This is spoken of as having taken place 22 years ago, and is, I think, an exceptional affair, or otherwise a case of more recent date would have been quoted by the writer. I have no doubt, however, that such things do occur occasionally, and tend to increase the Island revenue.

Gardner agreed with the first report's conclusion that the fiscal population of the Island for the purpose of assessing the duty on tobacco and tea should be 64,574 persons. The amount of duty actually paid to the Island for the year ended 31 March 1893, when compared to the estimate at the British rate of consumption per person of 5.279 shillings for tobacco and 1.772 shillings for tea, would have been as follows:

| | Paid | Estimate | Difference |
|---------|-------------|-----------------|-------------------|
| Tobacco | 19,680 | 17,044 | 2,636 |
| Tea | 6,671 | 5,721 | <u>950</u> |
| | | | <u>£3,586</u> |

Ridgeway was not satisfied with either of the reports.⁶⁰¹ In February 1894 he replied, contending that it would be unjust and impolitic to adopt the views of the Customs unless they could be supported by arguments which would ‘convince any unprejudiced mind’. He pointed out that the charge imposed on the general revenue by the adoption of free education amounted to between £3,000 and £4,000 a year, and it was estimated that the increased duties on tobacco would yield about £4,000 a year, but if the Treasury’s new proposals were carried into effect, the yield would be less than half.

In order to properly address the case presented in these two most recent Customs reports, Ridgeway and the Isle of Man’s Government Treasurer, Herbert Story, immediately proceeded to London.⁶⁰² They had an interview with Reginald Welby at which it was agreed that the Treasury would allow the continuance of the present method for another year provided that the Customs Department did not show any reason to the contrary and that accurate statistics were collected in the meantime. Welby undertook to obtain agreement with the Customs on this for the following Monday, and it was arranged that the Manx party should postpone its departure from London until the Tuesday. If any objection was made by the Customs, Ridgeway had been prepared to postpone his departure even further, but he received no such information, so he and Story returned to the Island fully satisfied that their request would be acceded to.

8.14 Revenue Returns Act, 1894, but continuing Treasury and Customs concerns

Ridgeway sent a printed copy of the whole correspondence on tea and tobacco to the Treasury in March 1894.⁶⁰³ His intention was to issue the same to Tynwald after Treasury approval, which he now requested. No reply was received from the Treasury, so he sent a reminder, pointing out that the Tynwald Court would be meeting soon.⁶⁰⁴

⁶⁰¹ Ridgeway to Welby, 2 February 1894, MNHL, GOCB 09845/1/44, ff. 368-77.

⁶⁰² Ridgeway to Welby, 19 May 1894, MNHL, GOCB 09845/1/44, ff. 497-505.

⁶⁰³ Ridgeway to Welby, 20 March 1894, MNHL, GOCB 09845/1/44, f. 430.

⁶⁰⁴ Ridgeway to Welby, 19 May 1894, MNHL, GOCB 09845/1/44, ff. 497-505.

Still no reply was forthcoming, so Ridgeway went ahead and presented the correspondence together with his budget to Tynwald on 19 April.⁶⁰⁵ He informed the Court that the Island's general revenue was again in excess of £72,000 a year, and, of that, £66,000 was from customs duties on tea, tobacco, spirits, beer, wine and coffee. Tea and tobacco together brought in £26,000, and on this income Ridgeway said that he had 'a very disagreeable statement to make'. He had strongly urged with the Treasury that the original arrangement should be extended for at least another year in order to enable inquiries to be made. This point had been conceded to, and the original arrangement was to hold good to 31 March 1895, but he was concerned as to what would happen after then. Ridgeway informed Tynwald that, as well as the £26,000 a year from tea and tobacco, the principal item in the Island's public revenue was customs duty on spirits, totalling £33,000 a year.

The consideration of income from customs duties on these items brought West Ridgeway on to what he described as a 'rather delicate consideration'. He had been startled to find how much the financial prosperity of the Island depended on the summer visitors. It had been estimated that 90% of the Island's total annual customs duties of £66,000 was derived from these visitors. He had heard 'people talk of driving away the tripper in the course of time by a superior sort of visitor', but he recommended that 'you do not kill the goose which lays the golden eggs'. Ridgeway's reference to the importance of the visitors to the Isle of Man's finances was very appropriate. Private businesses in the Island associated with the tourist trade were flourishing, and the numbers of holidaymakers arriving were ever increasing. They were prepared to spend their money on living the good life whilst staying in the best hotels and boarding houses, touring the many beauty spots during the daytime and going to the various places of entertainment in the evenings.⁶⁰⁶ The importance of the visitors to the public finances was equally crucial. It was essential, therefore, that the Island's financial situation should be made more secure.

⁶⁰⁵ *Debates of Tynwald*, volume 11, 19 April 1894, 11, pp. 286-302.

⁶⁰⁶ See appendix 11.

The next week, the *Manx Sun* contained the following double-acrostic puzzle.⁶⁰⁷ It referred to the Island's constitutional situation, Ridgeway's fiscal policies, the summer visitors and the recent budget:

- | | |
|---|--|
| <p>1 The Celt and Scot Home Rule have not; We Manx have got A mongrel constitution Tynwald can 'third' And (though absurd) Fight o'er a word, And pass a resolution.</p> | <p>2 But formers planned By first in land, For in his hand Power o'er the 'first's' residing. Such power supreme, That it might seem A 'sixth' light dream In countries less confiding.</p> |
| <p>3 Still whole of 'four' Was full all o'er, And jokes before Were never heard in latter: With diction 'five' 'Twas all alive - Superlative To fiddle-faddle chatter.</p> | <p>4 Facts must be faced, Whate'er our taste, We dare not waste Our source of wealth and treasure; 'Tis all 'two', If trippers do Our shores eschew, And go elsewhere for pleasure.</p> |

Solution

- | | | | |
|----|----------|------------|----------|
| 1. | B | BAWBEES | S |
| 2. | U | UP | P |
| 3. | D | DEBATE | E |
| 4. | G | GOOD SENSE | E |
| 5. | E | ENERGETIC | C |
| 6. | T | THOROUGH | H |

⁶⁰⁷ *Manx Sun*, 28 April 1894.

Ridgeway received a letter from the Treasury regarding his protest against the suggested adjustment proposed by the Customs to the amount due to the Island in respect of tea and tobacco duties.⁶⁰⁸ The Customs continued to adhere to the view they had expressed in previous reports regarding the claimed overpayment being made to the Island. The Treasury still did not feel justified in extending the existing system beyond another year. Before ceasing the present system, the Customs agreed, as an interim arrangement up to 31 March 1895, for a payment to the Island of a sum £24,558 which was the mean figure between the old allowance and the new. This interim arrangement would allow time for the collection of the necessary statistics in order to review matters.

Ridgeway quickly replied to the Treasury.⁶⁰⁹ He expressed his doubts as to whether he could induce Tynwald to accept this suggested compromise which he considered rested on no logical or consistent basis. He additionally brought the Treasury's attention to a number of important historical facts, which he said may have been overlooked due to Lord Welby's retirement (he had recently been made First Baron). Ridgeway's reference to facts being 'overlooked' might have been a disingenuous reference to the possibility that the Treasury officials were trying it on with a new Governor who had been in post for only five months. The objections of the Customs to the existing arrangement had not been formally made until after Ridgeway had succeeded Walpole as Governor of the Island, and Tynwald Court had only found out a month previously that the objections had been raised. Ridgeway informed the Treasury that the objections were conjectural. He said that if the statistics in course of collection proved that an overpayment was being made to the Island then it should cease, but the existing arrangement should not be amended until these fresh statistics had been collected.

Ridgeway also enclosed a copy of the Revenue Returns Bill which he was steering through Tynwald. The Bill had been introduced in order to establish a more secure way of recording all dutiable goods which were being imported under the Common

⁶⁰⁸ G. L. Ryder, Treasury, to Ridgeway, 3 May 1894, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/25, p. 60.

⁶⁰⁹ Ridgeway to Welby, 19 May 1894, MNHL, GOCB 09845/1/44, ff. 497-505.

Purse Arrangement. The Bill had already been passed by the Legislative Council and was expected to be passed by the Keys very soon. In putting the Bill to the Legislative Council, Ridgeway had gone into the requirement for obligatory returns to be made by importers of tea and tobacco into the Island.⁶¹⁰ He had explained that the present arrangement with the Treasury had been based on statistics collected voluntarily from the trade, but no one was obliged to give the information. This meant that there could be many imports which were never notified to the collector of customs. This would result in a loss to the revenue if no steps were taken to remedy the omission. The Treasury had objected to the present arrangement because it was based on voluntary statistics. Walpole had told the Council that he wanted to 'cut that objection from under their feet', and he thought that could best be done by passing an Act making returns from dealers in tea or tobacco obligatory. An instruction would be issued to dealers that the returns made would be strictly confidential. This important provision of more accurate statistics would further improve and progress the Common Purse Arrangement.

After consultation between representatives of the Keys and Council, the Revenue Returns Bill was approved by Tynwald Court to become an Act on 30 May 1894.⁶¹¹ The Revenue Returns Act of 1894 received Royal Assent on 27 June and was promulgated on Tynwald Hill in St John's on 5 July.⁶¹²

There were, however, still concerns from the Treasury regarding the resultant changes. In September 1894 Ridgeway was asked for his observations on a further Customs report from Murray and Engelbach.⁶¹³ They referred to recent correspondence with the Treasury on the returns of the quantities of tea and tobacco entering into the Isle of Man under the terms of the new Revenue Returns Act. The Treasury had insisted that the returns should not be accepted without being checked by the Customs. Murray and Engelbach reported that there was no difficulty in ascertaining quantities imported into the Island in bond, but the difficulty had always

⁶¹⁰ Minutes of meeting, 15 May 1894, MNHL, LCJ 09191/5/2, f. 44.

⁶¹¹ *Debates of Tynwald*, volume 11, 25 May 1894 and 30 May 1894, pp. 510-5 and 602-5.

⁶¹² *Statutes of the Isle of Man*, 'An Act with respect to returns of tea and tobacco imported into the Isle of Man', 1894.

⁶¹³ Ryder to Ridgeway, 26 September 1894, enclosing customs report from Murray and Engelbach, Isle of Man customs duties papers 1890-94, MNHL, MB, Finance and Customs D154/4x/28, pp. 1-3.

been in respect of goods which had had their duties paid in Britain and were then imported into the Island. They went on to relate that they had been informed by the collector of customs in the Island that a Manx police inspector had been delegated to collect the returns. The collector also understood that private lodging-house keepers could be required to render returns. If they were to do so, double returns for the same goods could be made, as the wholesale importer would also give a return for the same goods. Murray and Engelbach enclosed a copy of a circular letter signed by Herbert Story, Treasurer of the Isle of Man, which they had obtained and which they claimed impressed upon the importers the advantage which would arise to the Island 'from ample returns being made'. They declared that, after due consideration of all these circumstances, they had come to the conclusion that the manner in which the returns were being prepared and obtained was such as to suggest grave doubts as to their value.

Ridgeway was aggrieved with this report.⁶¹⁴ He told the Treasury that, with one important exception, it was devoted to the discrediting of the statistics for tea and tobacco which were being collected. He expressed regret that the Customs Department had delayed criticism until six months after the statistics had been collected. He claimed that the time for criticising the Act was not after it had passed into law and had been in force for this length of time. He said that:

The silence of the Customs Department, when they could have spoken with advantage, must tend to deprive of weight their present objections, only urged when it is too late to amend the procedure under the Act and after the result of the investigation has to a great extent transpired. In every way this Government has acted in good faith and its sole desire has been to arrive at the truth. I regret that I have not been favoured with the co-operation of the Customs Department.

Ridgeway referred to the implication that the circular issued to importers was intended to bring in returns which were not strictly accurate. He considered that such a suggestion was so unworthy as to not require repudiation. But repudiate it he did. He explained that in order to obtain the required information it had been necessary to

⁶¹⁴ Walpole to Secretary of the Treasury, 6 October 1894, MNHL, GOCB 09845/1/44, 700-9.

institute detailed enquiries regarding the importation of tea by traders and private individuals, and, therefore, in order to justify so unusual and unpopular a step, it was necessary to explain to those affected the reasons for the enquiries. With regard to a police inspector being involved in the collection of the returns, Ridgeway stated that the collector of customs must have ‘unintentionally’ given the wrong impression to the Customs Department that pressure has been used during the collection of the returns. Police inspectors had merely assisted in the collection of filled-in forms. Ridgeway replied to the concern of the Customs over returns required from private lodging-house keepers. This had been part of the intention of the Act, and it puzzled him as to how it could provoke criticism. Indeed, he regretted that he had been unable to devise a means for obtaining similar information from all private householders, as returns would be incomplete if all imports of tea and tobacco into the Island were not shown. Ridgeway agreed with the Customs concern regarding the possible danger of double returns. He had foreseen this and guarded against it by requiring agent importers to make ‘nil’ returns in such circumstances.

Ridgeway then went on to consider the Commissioners’ contention that, whilst the bulk of the tobacco imported into the Island was of British manufacture, a proportion of the shared amount which Tynwald received was based on tobacco of foreign manufacture which bore a higher tariff. Ridgeway agreed that this was unfair, and, severe as the loss would be to the Manx revenue, he could not feel justified in continuing this practice.

Ridgeway concluded that his only desire was to arrive at an understanding which would be just and acceptable to both the Manx and British governments. To that end he proposed a further conference with the Treasury and the Customs when the returns for the first half year had been collected. He thought that the basis of a satisfactory settlement might then be arranged. But he reminded the Treasury that:

this is a question in which the Tynwald Court has a voice, and that any arrangement, which may be arrived at in connection therewith, must receive their assent. I have no doubt, however, that the Tynwald Court will accept any fair and not ungenerous settlement which I may succeed in effecting.

8.15 Extension of Arrangement and revised 'fiscal population' basis

On 30 April 1895 Governor Ridgeway reported to the Legislative Council.⁶¹⁵ He stated there had been a falling off in the customs income during the previous financial year, and although the financial statement showed at first sight a prospective general surplus of £6,000, it would not be realised. The customs returns for tea and tobacco came out well and justified the claim as to the quantities imported, but there was a question of overpayment in the rates of duty, and on that the Island would lose £1,000. This £1,000 and an extra £2,000 (made up of £750 for paying for police brought in from Britain during the holiday season and £1,250 grants for the Asylums Board) represented half the estimated surplus revenue. This was too high a proportion to be used out of the existing revenue, and he therefore proposed to raise the duties on spirits and imported beer and to assimilate the duty on wine to that of Britain. These amendments, together with administrative economies, would yield the shortfall of £3,000. The Council agreed to these changes. On 7 May Governor Ridgeway reported to the full Court of Tynwald on his plans for the Isle of Man's budget.⁶¹⁶ He pointed out that the main proportion of the increases should be borne by the visitors:

It is quite wrong and unjust that the property and resources of the inhabitants of this Island should be taxed. The visitors pay the great bulk of our duties and the great bulk of our duties is derived from tobacco and spirits. I do not see why the inhabitants of the Island should be taxed in order that the visitor may drink his glass of whisky at an infinitesimally lower rate.

Tynwald confirmed the legislative revisions needed to increase duties on spirits and imported beer and to assimilate that on wine to that in force in Britain. The next day Ridgeway copied Tynwald's resolution to the Treasury for sanctioning.⁶¹⁷ On 17 May the Legislative Council passed the 'Revenue Returns Bill, 1895', and four days

⁶¹⁵ Minutes of meetings, 30 April and 3 May 1895, MNHL, LCJ 09191/4/6. ff. 222-4.

⁶¹⁶ *Debates of Tynwald*, volume 12, 7 May 1895, pp. 426-33.

⁶¹⁷ Ridgeway to Secretary of the Treasury, 8 May 1895, MNHL, GOCB 09845/1/45, ff. 148-9.

later the House of Keys passed the Bill with a minor amendment, leaving only the details to be settled.⁶¹⁸

Ridgeway had a meeting with senior officials of the Customs Department on 28 May to consider the details and the broader issues of the Common Purse Arrangement.⁶¹⁹ At this meeting a new agreement was negotiated, subject to confirmation by Tynwald, with respect to the vexed question of the future allowances to be made on assimilated customs duties. The Customs officials accepted the validity of the returns the Island had collected showing the quantity of items imported. They abandoned their earlier claims that the Island had either overestimated the amounts claimed or that the amounts claimed had not been consumed in the Island. The returns would result in an initial loss to the Island. Compared with the previous year's figure the Island would lose £1,546 on tobacco and £479 on tea, but would receive an extra £925 a year for wine, leaving the nett loss at £1,100. The Customs representatives further agreed to a reduction in the cost of the insular staff. All this helped finalise the lengthy and contentious negotiations. The following calculations were agreed and would soon be used to establish a proper formula for calculating the Island's share of the Common Purse Arrangement:

United Kingdom and Isle of Man Customs Receipts

| | |
|---------|--------------------|
| Tea | 3,594,226 |
| Tobacco | 10,422,568 |
| Wine | <u>1,143,825</u> |
| | <u>£15,160,619</u> |

Population of the United Kingdom
and Isle of Man = 38,779,031

⁶¹⁸ Minutes of meeting, 17 May 1895, MNHL, LCJ 09191/5/2, f. 67. Minutes of meeting, 21 May 1895, MNHL, HKJ 09191/2/9, f. 31.

⁶¹⁹ Ridgeway to Under Secretary of State of the Home Office, 16 May 1895, MNHL, GOCB 09845/1/46, f. 165. Minutes of meeting, 29 June 1895, MNHL, LCJ 09191/4/6, f. 225.

$$\frac{\pounds 15,160,619 \times 20 \text{ shillings}}{38,779,031} = 7.819 \text{ shillings customs duties per person}$$

Isle of Man Customs Receipts

| | |
|---------|----------------|
| Tea | 6,193 |
| Tobacco | 1 8,134 |
| Wine | <u>1,831</u> |
| | <u>£26,158</u> |

$$\frac{\pounds 26,158 \times 20 \text{ shillings}}{7.819} = 66,908 \text{ fiscal population of Isle of Man}$$

| | | |
|--------------------------|---------------|---|
| Fiscal population | 66,908 | |
| Less resident population | <u>55,608</u> | |
| | <u>11,300</u> | fiscal addition assumed to be the equivalent in consuming power of 290,474 visitors |

The Customs sent minutes of this meeting to Ridgeway and enclosed a draft report on the Island's general customs accounts for his perusal before a final submission to the Treasury was made.⁶²⁰ The report considered once again the question of the allowances to be made to the Island in respect of the assimilated duties. It confirmed its preference for the arrangement put forward in March 1893 based upon the hypothesis that the annual consumption per person, making due allowance for the Island's visitors, was the same in each country. It pointed out that, in determining the groundwork for an arrangement on these lines, the Customs had examined the returns of tea and tobacco importations during the financial year 1894/95. These returns could be accepted as 'the nearest approach to fact which it was possible under the circumstances to obtain'. The report confirmed that in the future the amount payable to Tynwald would be arrived at by the following formula:

⁶²⁰ Prowse to Ridgeway, 14 June 1895, Isle of Man customs duties papers 1894-95, MNHL, MB, Finance and Customs D154/4x/28, pp. 6-13.

If we take the total population of the United Kingdom for the year 1894 and the total net duty payments on tea, tobacco and wine in the financial year 1894-95, we shall see that the average net receipt per head is 7.819 shillings. This then represents the average consumption per head of the whole population. If we divide this amount into the £26,158 we arrive at a fiscal population of the Isle of Man for the current year of 66,908. As the native population, as ascertained by the census in 1891, was 55,608, the difference between the two totals, 11,300, may be regarded as the equivalent of any natural increase in the population, and in actual consuming power of the 290,474 visitors who landed in the Island during the year 1894.

From this starting point there will be no difficulty whatever in fixing the allowance in future years, so long as the rates of the duties on these three articles of consumption remain the same as they now are in both tariffs. If the consumption per head of the population of the United Kingdom should increase, the allowance would increase in the same proportion. In like manner it would diminish if the consumption per head should show a decrease. Again as regards the population of the Island, the fiscal increase would rise or fall in proportion as the number of visitors should increase or diminish. Thus the allowance to the Island would vary according to the general prosperity of the people of the United Kingdom, as shown by the consumption per head of tea, tobacco and wine. In the event of any alteration of the rates of duty under either tariff, it is of course, understood that a revision of this arrangement will be necessary.

'Fiscal Population' × Total Revenue assimilated goods Britain and Isle of Man

Population of Britain and Isle of Man

$$\begin{array}{rcccl} \underline{66,908} & \times & \underline{£15,160,619} & = & \underline{£26,158} \\ & & 38,779,031 & & \end{array}$$

Ridgeway agreed in the main with the Customs report and wrote to Frank Mowatt (by now Sir Francis, Permanent Secretary to the Treasury) requesting approval to the suggested arrangement to enable him to bring it before Tynwald for assent on 5 July

1895.⁶²¹ A speedy reply by telegram on 3 July was followed up by a letter on 4 July enclosing a copy of an Order of the Lords of the Treasury dated 2 July approving the proposals which had been agreed with Ridgeway.⁶²² The Customs still showed some doubts, but they were not disposed to press matters in view of the generally satisfactory character of the settlement. The final steps in structuring the Common Purse Arrangement were now nearly complete.

Governor Ridgeway had to put the revised fiscal population formula to Tynwald Court for approval. On 5 July 1895 he addressed the Court on this and the resultant need to amend the Common Purse Arrangement through an Act of Tynwald.⁶²³ He went into the method of calculation which had been devised through negotiations with the Customs Department. He explained that there were two ways in which the Island would reap an advantage under this revised agreement. If the number of visitors increased, the Island would gain. If the rate of consumption of tea, tobacco and wine increased overall in Britain and the Isle of Man, the Island would also gain. But Ridgeway told the Court that he must be careful in voicing these conclusions:

On this occasion I am steering my course between Scylla and Charybdis. If I do not point out the advantages which accrue to us from these arrangements, you may not confirm them. On the other hand, if I speak too much of these advantages, my words - if they are reported by the gentlemen who have charge of this duty, and if they have been able to follow me on this occasion - my words will come before the Treasury, and on some future occasion they may be used against me (laughter). I must, therefore, content myself by adopting a middle course, and showing you that this is a fair and equitable arrangement.

Consequently, on 9 July the Revenue Returns Amendment Act was approved by Tynwald to allow the Island to obtain full beneficial financial recompense - as was presently received for tea and tobacco - through the Common Purse Arrangement for wines with immediate effect and any other goods whose duties were assimilated in

⁶²¹ Ridgeway to Mowatt, 22 June and 1 July 1895, MNHL, GOCB 09845/1/46, ff. 205-6 and 214.

⁶²² Prowse to Ridgeway, 4 July 1895, enclosing Order from Mowatt, 2 July 1895, Isle of Man customs duties papers 1894-95, MNHL, MB, Finance and Customs D154/4x/28, pp. 14-15.

⁶²³ *Debates of Tynwald*, volume 12, 5 July 1895, pp. 546-52.

the future.⁶²⁴ Ridgeway wrote to the Secretary of State of the Home Office requesting Royal Assent to the Act, which was received on 13 August and was promulgated on Tynwald Hill on 7 January 1896.

From uneasy and tough beginnings, the Common Purse Arrangement was finally settled and firmly secured. The long and complicated negotiations which had taken place since 1890 had now resulted in an equitable conclusion to the establishment of a method for accurately sharing the combined assimilated customs duties of the Isle of Man and Britain.

8.16 Successes and plans for the future

On 21 August 1895 Ridgeway reported to the Treasury on the Isle of Man's recent progress, its current situation and his ambitions for the future.⁶²⁵ He explained that the Island was almost entirely dependent on its summer visitors for its prosperity. Catering for these visitors was the principal flourishing industry in the Island. The main public expenditure of the Island, including the charge for interest and sinking fund on the debt and the contribution of £10,000 a year to the British Exchequer, was defrayed from customs duties, the great bulk of which was paid by the visitors. That year their numbers promised to exceed any previous year, with the one exception of Jubilee year in 1887. The numbers actually reached were 312,707, an increase of almost 43,000 on the previous year.⁶²⁶ The contribution to the Common Purse Arrangement by the spending of the visitors was vitally important to the Island's public revenue. The domination of the tourist industry in the Island's economy and the resultant income from the Common Purse Arrangement would continue to be major factors in the Island's long-term financial future.

Now that the harbours programme was approaching completion, Tynwald proposed to proceed with the improvement of old and the construction of new roads.

⁶²⁴ *Statutes of the Isle of Man*, 'An Act to amend the Revenue Returns Act, 1894', 1895. *Debates of Tynwald*, volume 13, 9 July and 13 August 1895, pp. 6-9. Ridgeway to Secretary to the Customs, 11 July 1895, MNHL, GOCB 09845/1/45, ff. 223-4.

⁶²⁵ Ridgeway to Secretary of the Treasury, 21 August 1895, MNHL, GOCB 09845/1/45, ff. 286-9.

⁶²⁶ *Isle of Man Summer Passenger Arrivals, 1887-2003*, fourth edition, Economic Affairs Division of the Treasury, (Douglas, 2004), p. 6.

Ridgeway was of the opinion that, so long as its expenditure was covered by its income and there was sufficient surplus revenue to meet any probable contingency, the Island should be allowed to continue to spend its surplus on developing its infrastructure. Ridgeway explained that the finances of the Island were very prosperous. Notwithstanding the slight loss to the Island by the revision of the Common Purse Arrangement, he estimated that the government's total surplus general revenue for the current year would not be less than £7,000 or £8,000. The public debt was being rapidly reduced. The credit of the Island in the London money market had never been higher, and, if it was necessary, the Island could, without difficulty, raise a loan at less than 3%. If it was desirable to borrow more money for any important public works, he would not hesitate to follow the example of his predecessors, Henry Loch and Spencer Walpole. However, in this respect he was strongly of the opinion that, so long as possible, the Island should meet such expenditure from surplus revenue, a policy which had contributed in a major way to the Island's present prosperity.

In the financial year 1896/97, the first full year under the new 1895 Act, the Isle of Man government's general revenue totalled £79,456, of which £70,869 (89%) was accounted for by the customs revenue, of which, in turn, £27,592 (39%) was accounted for by the Common Purse Arrangement.⁶²⁷ The remaining general revenue was made up of official fees, fines, licences, rents, interest and sundry items.

The efforts made by Spencer Walpole and West Ridgeway on behalf of the Isle of Man rank alongside those of the much admired Henry Loch. Walpole's initiative in establishing the complicated and important Common Purse Arrangement and his and Ridgeway's persuasive powers in seeing it carried through to become the basis of the public revenue were very important to the Isle of Man's economic well-being. The two Governors were able to convince Westminster, Whitehall and Tynwald of the mutual benefits of the scheme to the Isle of Man and Britain. The success of their endeavours is a fact which has at times been somewhat overlooked by historians and academics.

⁶²⁷ Financial Statements laid before Tynwald Court, 1869-1900, MNHL, GOP 09845/Box 39

CONCLUSIONS

The wheel of fiscal fortune which operated in the Isle of Man during the eighteenth and nineteenth centuries was functioning against the background of the unique constitutional relationship the Island had with Britain. Having been fought over for centuries, the Island had been answerable first to a feudal Lord and then to the might of the Crown. Whilst it was not part of Britain, it was part of its empire, and Britain maintained an unequivocal assertion of its sovereign rights there. Britain saw the Island as something of an anomaly, a curious appendage which it was unsure how to handle. The Island saw itself as a nation with a historically independent identity. Whilst it ostensibly had the parliamentary legitimacy of Tynwald, its constitution was subjugated and the bulk of its customs revenue was appropriated. These two paradoxes were substantially improved, if not fully resolved, during the period this thesis addresses. Politically the Island progressed from a form of feudalism to the beginnings of proper democratic freedom. Economically it progressed from a basic agricultural and fishing community with an immediate history connected with smuggling and with limited control over and use of its own public revenue to become a successful holiday destination with partial restitution of its fiscal authority. Despite the many adventures and setbacks which took place in between these events, it was undoubtedly a time of significant transition in the history of the Isle of Man.

From 1405 until 1765 the Isle of Man was part of the feudal estates of the Earls of Derby and then the Dukes of Atholl, an asset which produced a useful income from the various suzerain rights, including the customs duties raised as part of the import trade of the Island. From 1692 until 1737 the duties had been illegally set and collected on behalf of the various Lords of Man without the consent of Tynwald. These Lords were generally absentee rulers, represented by Governors who, with the support of the Lord's Council, dominated Tynwald and oversaw the running of the Island. The self-elected Members of the House of Keys represented no one but themselves, the principal landed families.

The financial losses to Britain as a result of smuggling out of the Isle of Man in the early years of the eighteenth century had become something more than mere annoyance. The Island was in a unique position, ideally situated in all respects to provide an opportunity for making a profit at the expense of Britain. Its physical position gave easy access to Britain and Ireland and its political status allowed the Lords of Man and Tynwald to set laws for the Island without any interference by Britain. The Derbys and the Atholls had had the opportunity to ensure that the trade of the Island was run professionally, legitimately, fairly and with the full and proper support of Tynwald. That they saw fit to increase their own fortunes as well as those of others to the detriment of Britain's financial well-being by turning a blind eye to and even involving themselves in the operation of the 'trade' was solely within their powers to resolve, but they did not. This was the principal reason why Britain set about taking back control of the Island. It was inevitable that Britain would do something to protect its own revenue, and whilst the Island considered itself to be outside its jurisdiction, Britain did not.

During the latter years of the Derby rule and the early years of the Atholl rule there had been a lengthy spell of questionable Manx maritime trading. Britain's involvement in expanding its empire and taking part in a series of worldwide conflicts meant that economies needed making and all possible sources of national revenue needed securing. The financial losses to the Exchequer as a direct result of the smuggling 'trade' out of the Isle of Man were extensive. These were radically placed in check through the Revestment and Mischief Acts of 1765 which led to the purchase back by Britain of the Crown's sovereign rights, the restriction on the importation and exportation of certain goods and the empowerment of customs officers to deal with the smuggling trade. Smuggling was certainly much reduced by the operation of the two Acts. Britain gained much from curtailing the 'trade' and stopping the extensive losses to its own Exchequer. It secured an income producing asset for the Crown and, consequently, a continuing, if reduced, income for the Dukes of Atholl. The Revestment Act ensured that the cost to Britain in recovering its regal rights would be through the appropriation of the Manx customs revenue. There was an inconsistency in the British position regarding this policy which highlighted the unique situation of the Island. It was Treasury's conventional

wisdom that specific state incomes were not hypothecated for particular purposes but were made available for general purposes. Contrary to this, the net income from the Manx customs was stated to be set aside 'distinctly and apart from all other branches of the public revenue' and 'reserved for the disposition of Parliament'. Its 'disposition' was used for the particular purpose of redeeming the sums paid to recompense the Dukes of Atholl.

From the Isle of Man's perspective, the changes resulted in the replacement of the Lord with the Crown and subjected the Island to the imperial authority of Britain. Westminster now proceeded to bring in Parliamentary Acts which directly affected the Island, to put in place a Governor with almost unrestricted authority to ensure the protection of Britain's interests, to appoint key officials to oversee matters, to regulate and budget the Manx customs system and impose fresh duties whenever such a course was thought desirable. The authority of Tynwald was subordinated. The self-elected Members of the House of Keys had few powers, with no responsibility for the major public finances. The power of the Lord and his Council was replaced by the power of the Governor and the Legislative Council - with the Home Office, Treasury and Customs Department always having the potentiality of the final word. The Isle of Man, small and within easy reach of Britain, could do little more than protest.

It is unclear why Britain initially purchased only part of the Atholl family's suzerain rights and not the full rights or did not go even further by annexing the Isle of Man. There certainly was a good deal of ministerial instability within the British Government at this time which could possibly have affected the circumstances. Most probably the existence of the ancient Manx parliament of Tynwald would have been very influential in Britain's decision to restrict its claims. Whilst Britain was prepared to disregard Tynwald in matters which it could claim affected the well-being of Britain, there is no evidence to show that it was seriously considering any form of annexation, though the very threat of such would be used at times in the future as a simple and effective restraint. The avoidance of some form of incorporation into Britain importantly meant that the Island's unique political institutions were retained, albeit they were ignored by Britain at times.

The crucial facts that the Isle of Man was neither part of Britain nor represented in the British Parliament had been ignored in imposing the Revestment and Mischief Acts of 1765 and the Customs Act of 1767. A decade earlier, the High Court of Chancery of 1751 under Lord Hardwicke claimed that the Island was held as a feudatory dominion of the Crown of England ‘from time immemorial’ and ‘the laws of England therefore as such extend not to it . . . unless expressly named’. A decade later, the Act of Parliament, 18 George III, chapter 12, of 1778, which dealt with the taxation situation in North America and the West Indies, enacted that ‘the King and Parliament of Great Britain will not impose any duty, tax or assessment for the purpose of raising revenue in any of the colonies, provinces or plantations’. The Island had even greater claims to fiscal and constitutional self-determination than any of these other territories, it was an ancient nation. But the close physical proximity of the two countries and the ‘immemorial’ (a doubtful term) association the Island had with Britain had resulted in its subjection. Britain considered that its imperial and sovereign powers were absolute.

After the dust of revestment had settled down and further controversial financial settlements had been made to the Duke of Atholl, Britain stood in firm constitutional and fiscal control of the Isle of Man. For the next thirty years Britain was prepared to run the Manx customs system at an occasional loss in order to safeguard its own revenue. For the next one hundred years it introduced Customs Acts to continue this protection. These Acts clearly set out the purposes of the customs and gave the Governor and the Treasury control of the administration. Manx interests had not been taken into account when Britain secured this control. During the first quarter of the nineteenth century the surplus revenue became more and more substantial. Seemingly the policy of the Treasury was to ensure that the levels of duties, income and expenditure should produce in the future a surplus which related directly to the previous costs to Britain in buying back the rights of the Lords of Man. This policy determined the Manx economy for many years. Conversely, there appears to be very little consideration given in the Treasury’s budgetary process to determine a fair monetary return to be used to carry out improvements in the Island. The people’s representatives, the Members of the House of Keys, were virtually impotent in

matters of public finances. These issues would become long-standing sources of grievance.

Britain set about attempting to bring the Island's customs system more in line with its own. During the 1830s there was deep concern in the Island when it became known that Britain was considering ending the remnants of smuggling by the imposition of a programme of gradual assimilation of the low Manx customs tariffs to those of its own. This concern extended to the fear of erosion of the limited Manx autonomy. Important and influential elements of society - locals and strangers alike - were dissatisfied not only with increased tariffs and the running of the import licence system but also with the lack of insular control and use of the principal source of public income. Public opposition was not led by the 'clique' of old Manx families but by the more informed local radicals and some of the new residents whose main reason for living in the Island was to benefit from its low customs duties. The Island was a place which the rich as well as those of modest means could move to and avoid British taxes whilst leading a comfortable life style. The Island's situation was used then and is still used now by incoming tax avoiders to support their financial interests. The constitutional reformers often found themselves uncomfortably allied with the new social elite who worked for financial protection but did not necessarily agree with the call for electoral reform. Both protest groups brought an element of co-ordinated and well argued claims to these contentious issues.

At the same time as radicals and those with more personal concerns were questioning the Island's situation, the power of the local press was an important aspect in the campaigns for modernisation. The ultimate purpose was to progress the Island's desire for increased legitimate autonomy. The owners and editors of the more liberal newspapers were not only prepared to take on the local establishment and the British authorities but were willing to risk their own freedom in promoting and arguing the causes they supported. Robert Fargher of the *Mona's Herald* led what would become a long and bitter campaign to reform the House of Keys, abolish the licence system and regain control of the ever increasing surplus public revenue. The enlistment of the help of influential and progressive British politicians helped matters. The Members of the House of Keys and the more conservative press were slow to

appreciate the situation, and, whilst the Keys eventually allied themselves to the new financial protest movement and were happy to protect their own pockets by retaining low customs duties, they were certainly not going to support the demise of their own status and lose whatever influence and benefits they had by virtue of their position of self-elected patronage.

At a time when Britain was reforming its political system and changing its colonial policy, Parliament was accused of violating its own constitution by imposing customs laws on the Isle of Man and continuing to revise the Island's customs duties without the full authority of Tynwald. During 1836 and 1837 the threat of customs assimilation galvanised the Island into action. There were combined efforts by the fiscal reformers, the House of Keys and Governor John Ready in arguing the Island's case. The public delegates were ably led by Sir William Hillary in the Isle of Man and John Courtney Bluett in London. The House of Keys appointed their own delegates. Important meetings were held by the combined delegation with various Members of Parliament and officials. Governor Ready informed the Home Office that he failed to understand how the Island would benefit by the proposed changes. The dilemma highlights a difficulty which all Governors had when involved in problematic and, at times, futile negotiations with the British Government: balancing the needs of the Island and those of Britain. Before matters could be finalised, however, everything was placed on hold as a result of the death of William IV. Although the proposed system of gradual assimilation of the Isle of Man's customs duties to those of Britain's did not take place, the events which surrounded the situation give a fascinating perspective of the various policy processes.

The situation was somewhat ameliorated by the granting of certain financial concessions in 1844 as a result of protests initiated by the local press and merchants. The commerce of the Isle of Man was placed on the 'coasting trade' with Britain, the licence system was improved and the Harbour Commissioners were allocated £2,300 to finance harbour works. The protests had been supported by the general public and British politicians, including the influential Dr Bowring. It is important to appreciate that the British authorities were prepared to amend their original proposals in order to provide the Island with a definite annual sum for use by the Harbour Commissioners

to deal with much needed works, but the concessions were never to be at the expense of Britain. It was the Manx residents who paid increased customs duties which more than covered the amount allowed to come back to the Island. But imports did not suffer as a consequence of the new duties, indeed they increased, due in no small way to the spending of the increasing numbers of summer visitors. The concern over the issue of the duties was being overtaken by the call for the full benefit of the surplus customs revenue to be made available to Tynwald, a development which was firmly resisted by Britain. It would appear that Britain, whilst pandering to the financial reformers and the commercial classes, was seeking to control the Isle of Man by the gradual assimilation of its customs duties, assumption of authority over the bulk of its surplus revenue and continued subordination of its parliament. Britain's view of the Island as a source of revenue is revealed by its stance in not supporting the democratisation of the House of Keys lest it led to the loss to Britain of the benefits from the proceeds of the surplus Manx customs revenue. Any attempts to progress financial independence and parliamentary democracy were to be discouraged, with the threat of annexation ever present. Britain's control of the Island continued, with the Governor having comprehensive authority in Tynwald. Improvements to the Isle of Man's national situation were not allowed to be negotiated just yet.

By the middle of the nineteenth century the Isle of Man was prospering and the public revenue was increasing. But the restrictive policies imposed by Britain, in direct variance with its own liberal reforms which had changed the constitution of its parliament some twenty years previously, were still major bones of contention. From 1765 Britain had taken the surplus of the customs revenue of the Isle of Man, keeping a great part of it for its own purposes and returning very little to the Island. The political situation was equally questionable. An unelected House of Keys, with limited effectiveness due to the controlling authority of the Governor and his Legislative Council, was in direct variance to the power of an elected House of Commons. In 1838, when demands for a publicly elected House of Keys had been made, the Governor had been instructed by the Home Office to reply that any change to the constitution might take the form of parliamentary annexation. In 1845 Governor Charles Hope and the Home Office were against any democratic change to the House of Keys because they considered that a popularly elected assembly would

most certainly want power to manage the public finances, a situation which they considered would not be in the interests of Britain. In 1847 and 1848 the Home Office, which considered the Island as no more than 'a portion of the mother country', had again used the threat of annexation to deal with calls for political reform.

By 1853 opinions had changed. Although Britain's continuing imperialistic tendencies were still prevalent, as was evidenced when it included the Island in certain of Parliament's own customs laws, it appeared to wish to resolve the fiscal and constitutional anomalies by offering to relax its grip on the Island's public economy on the understanding that the House of Keys became a properly elected assembly. Tynwald been given responsibility for the £2,300 previously allocated annually to the Harbour Commissioners, plus a further allowance which equated to one-ninth of the gross customs revenue in order to fund further public work schemes. The Keys had reluctantly accepted that further control was dependent on constitutional reform. However, as was seen time and again, the struggle for change was as much against the Castletown 'clique' as against Britain. The status of the 'clique' had been challenged in the Island by the reform delegates who questioned the right of an unelected assembly to represent the people. In face of increasing public opinion which demanded reforms, the conservative House of Keys had for a long time strongly resisted anything which could undermine the political status and financial well-being of its members. The continuing reluctance of the Keys to reform and the caution of Governor Hope prevented an important opportunity to resolve the conjoined anomalies.

These anomalies had caused great concerns but were soon to change. Britain could no longer hold out for the retention of the long-standing restraints. Governor Henry Loch determined to resolve the dichotomy, and he had secret negotiations with the British Government during 1865 and 1866 which resulted in the Island gaining the use of most of its surplus customs revenue through the Customs, Harbours and Public Purposes Act and the House of Keys becoming a popularly elected assembly through the House of Keys Election Act. The changes enabled comprehensive improvements to be carried out to the harbours and other public works in order to benefit both the

islanders and the visitors. Tynwald had been given increased responsibility for the necessary expenditure for these schemes, although the need for the approval of the Governor and the Treasury limited its extent.

The successful resolution of the double dilemma was no doubt aided by the fact that Britain's imperialistic ambitions were subsiding and its liberal policies were maturing. Loch's close acquaintance with the Home Secretary, Sir George Grey, would have assisted in resolving the long-standing problems associated with Westminster and Whitehall. His clever use of obtaining his own way by implying that his suggested changes came directly from the British Government assisted greatly in his handling of matters with Tynwald Court. Loch was the most powerful and progressive Governor the Island had had since revestment. His reforms made Tynwald Court, in theory, more authoritative. The Members of the House of Keys were now answerable to the people and the function of the House itself was changed by having increased responsibilities.

But Loch's revolutionary actions still left many unrealised reforms. Even after the momentous changes brought about by the Customs, Harbours and Public Purposes Act and the House of Keys Election Act, Tynwald remained weak. The demands for economic improvement fell short of being fully realised, with Tynwald gaining only limited control of the improved allocation of insular funds. Whilst the Island finally had democratically elected representatives in the House of Keys, the narrow franchise gave the vote principally to persons from the same stratum of society as the members of the old House. The continuing strength of the Governor and the Legislative Council saw to it that the new popularly elected Keys did not have the full extent of powers that had been hoped for. The Legislative Council was entirely composed of officials who were appointed by the Crown and the Lord Bishop and were expected to support the Governor. Consequently, the authority of the Island was still firmly in the hands of the Governor, who dealt with most of the legislative, judicial and executive issues, save only for the limited functions of a number of statutory Boards. But even his decisions were liable to be subordinated, which they occasionally were. The reserve powers retained by the Home Office and the Treasury ensured ultimate constitutional and fiscal control, and an Act of Tynwald still remained subject to the

Royal Assent. The Island's customs income from 1765 to 1866 had totalled £1,550,000 which, less expenditure of £860,000 (mainly administration charges), left a surplus of £690,000. Only a limited amount of this surplus had ever been returned to the Island for local use. Despite the unfulfilled aspirations, the Isle of Man was in a much improved parliamentary situation and, apart from the Imperial Contribution, it now ceased to be a revenue producing asset for Britain.

The successful policies of Henry Loch were carried on by Spencer Walpole and West Ridgeway. There was first an improvement to the Island's situation through the introduction of an Act of Parliament in 1887 by which Tynwald was again able to impose, abolish or vary customs duties. Again, the changes were less than they could have been as decisions were still subject to the support of the Governor and the approval of the Treasury. The efforts of the two successive Governors between 1890 and 1895 brought about a beneficial customs union between the Isle of Man and Britain which culminated in the establishment of the Common Purse Arrangement. The success of the arrangement was associated with the changing role of government in society and the growth of the Manx tourism industry. The British authorities showed increasing confidence in the Island's ability to manage itself and they became less involved directly in its affairs. Both the radicals, who had been pressing for financial and political modification earlier in the century, and the conservatives, who had resisted them, had been opposed to assimilation and had argued for keeping Manx customs duties low. But attitudes had changed over the years, and by the time of Walpole and Ridgeway the idea of customs assimilation was more readily acceptable in the Island, no doubt helped by the fact that there was no longer an accompanying threat of possible incorporation into Britain. The vast increase in summer visitors meant that there was greater economic activity which automatically generated an increase in government income through a revised taxation system which bore mainly on the visitors and not on the local population. The important tourist industry became the prime source for the Island's private and public revenues.

The impetus for improvements to the Island's fiscal situation and the establishment of the Common Purse Arrangement, which resulted in an increased and steady insular income, came exclusively from the office of the Governors - not from the

authorities in Britain, not from local reformers, not from the Legislative Council, not even from the people's representatives, the House of Keys. Indeed, the role of the Keys during the early part of this campaign appears to have been to fight a rearguard action for the retention of the status quo, with a majority of members arguing for the continuation of much lower customs duties and still resentful over the repercussions of political reform, particularly the continuing constraint placed upon their authority by the powerful position of the Governor. In both the House of Keys and the Legislative Council there appears to have been a lack of any financial initiative which, together with a reluctance to change, is rather surprising given the character, financial acumen and clout of some of the members at this time. There was no doubt genuine concern that even a moderate adjustment in the customs duties would affect the pockets and purses of the poorer classes the most, with the possibility that little of the resultant extra revenue would be fully recovered for use in the Island. There might have been a fear that a closer relationship with Britain could undermine the Island's situation or incur further British interference and tighter supervision in some way. There equally might have been a vestige of self-interest in the remnants of the Castletown 'clique'. However, the important point here is that, in face of opposition from the British authorities and the exceedingly difficult negotiations, it was the impetus, determination and character of Governors Loch, Walpole and Ridgeway which mattered most. They argued skilfully and persuasively with Tynwald and the British authorities in favour of the changes that were introduced. Whilst they were working on behalf of the Island, they were not, of course, seeking to do anything contrary to Britain's interests. They were pursuing fairness, and the justice of what they were proposing won the day. Success also needed a British Government that was prepared to respond benignly and not simply look after its own narrow financial interest. No doubt the fact that the sums involved were relatively small in terms of the Imperial revenue would have helped, but credit is due to the British Government for accepting the radical and progressive proposals of the three Governors.

The Common Purse Arrangement was an idea right for its time. Spencer Walpole stumbled on it through his early negotiations. Its value was recognised quite early on, although not without some reservations from within the branches of the British Government, principally the Customs Department. Despite these initial reservations,

the Customs Department eventually recognised its benefits and even came up with an improved method for its calculation. In essence, the duty on a commodity was assimilated. The total duty on that commodity collected in the Island and in Britain was aggregated and then apportioned between the two countries in accordance with a formula based on a population figure which recognised the impact of the summer visitors on the Island's consumption. Precedents were set which were followed eventually across almost all dutiable goods. The Common Purse Arrangement was a clever formula which met the needs of both the Isle of Man and Britain.

Since its establishment, the Common Purse Arrangement (subsequently known as the Common Purse Agreement, the Customs and Excise Agreement and now the Revenue Sharing Arrangement) has widened in scope and generally progressed in detail rather than in principle, but, nonetheless, its continuing growth has been an important element of the Isle of Man's more recent history. Throughout the twentieth century the arrangement provided Tynwald with its principal taxation receipts for funding the country's public services. Its solid, substantial and guaranteed revenue gave Tynwald freedom to lower the rates of direct taxation in the second half of the century and thus stimulated the development of the financial services industry which eventually replaced tourism as the Island's principal economic activity. During this time, there was major devolution of Britain's authority over the Island and increased confidence shown in each other by the two governments, processes which have eventually led to the Island obtaining much greater autonomy.

Despite the major advances there have been in the relationship between the two countries since the Revestment Act and the important consequences that the Common Purse Arrangement has had in securing the economy, certain of the unique historical connections the Isle of Man continues to have with Britain and the more recent association it has with Europe have a direct bearing on the extent of freedom the Island has in fully controlling the development of its public finances and exercising its parliamentary status. Beneficial as many aspects of the mutual links most certainly are, any risk to the country's ability to determine its own future highlights the fact that, despite the great advances made over the centuries, the Isle of

Man continues to live in the shadow of its ancient feudal lords. The continuing progress of and the various changes to the Manx fiscal situation, the transition of the alliance between the Island and Britain, the new connections with Europe and the uncertainty of the future are fascinating features of the Isle of Man's modern economic history which are worthy of further academic research in their own right.

APPENDICES

APPENDIX 1

CUSTOMS STATISTICS, 1736-1900

There had been major consequences on the Island's public finances as a result of Parliament's actions - legal or otherwise - through the Revestment and Mischief Acts of 1765 and the Customs Act of 1767, particularly caused by the imposition of the customs duties and the general retention, control and use of the resultant surpluses. The House of Commons report and the various Parliamentary Papers of 1805 had shown that Britain had obtained a beneficial return at a great cost to the Isle of Man. However, complete details of the finances have always been uncertain. During the late 1890s the House of Keys and the *Isle of Man Times* certainly sought to have the statistics revealed, and, around this time, A. W. Moore would be gathering information in order to give an indication of the finances for inclusion in his soon to be published *A History of the Isle of Man*. But no one succeeded then or has succeeded since, until now, in bringing together the actual figures.

This study is able to reveal a much more accurate picture of the Isle of Man's customs revenue, expenditure and surplus statistics for the one hundred and sixty-five year period of crucial change which included the Duke of Atholl becoming Lord of Man in 1736, the Revestment Act of 1765, the various attempts to assimilate the Manx customs duties to those of Britain in the mid-nineteenth century, the granting to Tynwald of a proportion of the surpluses in 1844 and 1853, the Isle of Man Customs, Harbours and Public Purposes Act of 1866, the firm establishment of the Common Purse Arrangement in 1895 and the buoyant customs revenue at the end of the nineteenth century.

Directly after revestment, income from customs duties dropped, with some years showing an overall loss, and it was another thirty years before the income returned to similar levels as at the time of revestment. The expenditure was generally made up of the expenses of running the Island, with a smaller amount used in supporting the

herring fisheries and minor public works. The surplus amounts which went into the British Consolidated Fund became relatively substantial, and whilst some funds were returned to the Island, these were small by comparison.

The allocation of £2,300 annually from the customs revenue in lieu of the harbour dues for harbour works from 1844, the additional sums for harbour and other public works from 1853 and £10,000 for the Imperial Contribution from 1866 all became part of the expenditure figures.

From 1765 to 1866 the Island's income from customs duties paid into the British Consolidated Fund totalled approximately £1,550,000. Expenditure of nearly £860,000 left a surplus amounting to £690,000. Throughout this period Britain considered that any contributions to the Isle of Man from the accrued surplus were 'not limited to any fixed proportion of revenue, and to be for all fit and proper charges of government'.⁶²⁸

From 1866 the surplus customs revenue was able to be used exclusively for Manx purposes. The Common Purse Arrangement, the important customs sharing scheme between the Isle of Man and Britain, was firmly set in 1895 as an important system to ensure an equitable share of the combined customs revenues to the two counties.

The figures used in the following tables have been obtained from a variety of sources. Those considered to be the most reliable and accurate have been abstracted from the following:

Manx National Heritage Library and Archives

- Abstract of the revenue of the Isle of Man, 1736-62, Atholl Papers, Book 104
- Abstract of the revenue of the Isle of Man, 1738-1802, Atholl Papers, X70(2nd)-1
- Amount of Customs on Imports into the Isle of Man, 1804, Manx Books, Finances, D154/3x/1

⁶²⁸ The document containing this information is listed online at British National Archives as '1859/60, Isle of Man, contribution from customs', NA, HO45/6745, but after an extensive search it was confirmed on 15 August 2005 that the original was unable to be traced.

- Customs Returns, 1863-66, Manx Books, Finances, D154/4x/3a
- Isle of Man Statistical Abstract, 1879-1900, Manx Books, Finances, D154/4
- Financial Statements laid before Tynwald Court, 1869-1900, Government Office Papers, 09845/Box 39

Parliamentary Papers

- Accounts of duties on Imports and Exports in Isle of Man, 1798-1803, PP 1805 (29)
- Procedures of the Privy Council on the position of the Duke of Atholl, PP1805 (79)
- Minutes of evidence relating to the House of Keys regarding the petition of the Duke of Atholl, PP 1805 (143)
- Isle of Man Revenues and Payments, 1786-99, PP 1805 (159)
- Isle of Man Revenues and Payments, 1799-1804, PP 1805 (160)
- Returns of the gross Customs Revenue of the Isle of Man, 1804-51, PP 1852 (322)
- Returns of the Revenue of Customs of the Isle of Man, 1805-53, PP 1852-53 (501)
- Surplus Revenue of Isle of Man, PP 1864 (415)

Reports

- *The Report of the Commissioners of Inquiry for the Isle of Man*, 1792
- *Report of the Departmental Committee on the constitution, etc. of the Isle of Man*, (two volumes, Cd. 5950, 1911, and Cd. 6026, 1912)

CUSTOMS REVENUE, 1736-1764

| | Revenue £Manx | Revenue |
|------|------------------|-----------------|
| 1736 | 886 | 759 |
| 1737 | 568 | 487 |
| 1738 | 1,849 | 1,585 |
| 1739 | 1,641 | 1,407 |
| 1740 | 2,338 | 2,004 |
| 1741 | 2,350 | 2,014 |
| 1742 | 2,543 | 2,180 |
| 1743 | 3,165 | 2,713 |
| 1744 | 2,622 | 2,247 |
| 1745 | 2,678 | 2,295 |
| 1746 | 3,101 | 2,658 |
| 1747 | 2,925 | 2,507 |
| 1748 | 2,913 | 2,497 |
| 1749 | 2,343 | 2,008 |
| 1750 | 4,537 | 3,889 |
| 1751 | 3,721 | 3,189 |
| 1752 | 4,806 | 4,119 |
| 1753 | 4,871 | 4,175 |
| 1754 | 5,944 | 5,095 |
| 1755 | 4,968 | 4,258 |
| 1756 | 4,749 | 4,071 |
| 1757 | 5,234 | 4,486 |
| 1758 | 5,180 | 4,440 |
| 1759 | 8,083 | 6,928 |
| 1760 | 7,094 | 6,081 |
| 1761 | 9,544 | 8,181 |
| 1762 | 6,391 | 5,478 |
| 1763 | 7,029 | 6,025 |
| 1764 | 6,387 | 5,475 |
| | | £103,251 |

CUSTOMS REVENUE, EXPENDITURE AND SURPLUS, 1765-1866

| | Revenue | Expenditure | Surplus |
|------|---------|-------------|---------|
| 1765 | 696 | 407 | 289 |
| 1766 | 565 | 1,293 | -728 |
| 1767 | 407 | 495 | -88 |
| 1768 | 614 | 990 | -376 |
| 1769 | 1,376 | 5,182 | -3,806 |
| 1770 | 1,535 | 1,012 | 523 |
| 1771 | 2,140 | 3,273 | -1,133 |
| 1772 | 2,797 | 2,012 | 785 |
| 1773 | 2,810 | 2,069 | 741 |
| 1774 | 3,977 | 2,077 | 1,900 |
| 1775 | 3,186 | 2,084 | 1,102 |
| 1776 | 801 | 2,065 | -1,264 |
| 1777 | 3,251 | 2,033 | 1,218 |
| 1778 | 2,986 | 2,145 | 841 |
| 1779 | 3,142 | 2,061 | 1,081 |
| 1780 | 3,216 | 2,070 | 1,146 |
| 1781 | 1,519 | 2,111 | -592 |
| 1782 | 3,735 | 2,058 | 1,677 |
| 1783 | 4,051 | 2,073 | 1,978 |
| 1784 | 5,195 | 2,133 | 3,062 |
| 1785 | 4,112 | 2,318 | 1,794 |
| 1786 | 4,803 | 2,340 | 2,463 |
| 1787 | 4,094 | 2,661 | 1,433 |
| 1788 | 4,582 | 3,118 | 1,464 |
| 1789 | 6,968 | 3,467 | 3,501 |
| 1790 | 3,016 | 3,322 | -306 |
| 1791 | 3,447 | 3,552 | -105 |
| 1792 | 4,037 | 3,428 | 609 |
| 1793 | 4,338 | 4,583 | -245 |
| 1794 | 4,101 | 3,727 | 374 |
| 1795 | 6,502 | 3,514 | 2,988 |
| 1796 | 4,151 | 3,736 | 415 |
| 1797 | 4,392 | 7,102 | -2,710 |
| 1798 | 5,566 | 5,503 | 63 |
| 1799 | 7,113 | 4,114 | 2,999 |
| 1800 | 7,973 | 4,036 | 3,937 |
| 1801 | 7,417 | 6,379 | 1,038 |
| 1802 | 12,580 | 8,125 | 4,455 |
| 1803 | 11,683 | 6,571 | 5,112 |

| | | Revenue | Expenditure | Surplus |
|------|-----------------------|---------|-------------|---------|
| 1804 | | 10,473 | | |
| 1805 | | 9,516 | | |
| 1806 | | 10,377 | | |
| 1807 | | 13,257 | | |
| 1808 | | 13,072 | | |
| 1809 | | 13,559 | | |
| 1810 | | | | |
| 1811 | | | | |
| 1812 | Aggregate for periods | 71,669 | 149,642 | 76,915 |
| 1813 | | | | |
| 1814 | | | | |
| 1815 | | 15,109 | | |
| 1816 | | 12,234 | | |
| 1817 | | 11,024 | | |
| 1818 | | 15,502 | | |
| 1819 | | 15,038 | | |
| 1820 | | 15,727 | | |
| 1821 | | 20,570 | 10,056 | 10,514 |
| 1822 | | 18,451 | 13,126 | 5,325 |
| 1823 | | 19,431 | 12,378 | 7,053 |
| 1824 | | 21,266 | 11,152 | 10,114 |
| 1825 | | 22,275 | 10,971 | 11,304 |
| 1826 | | 18,833 | 11,845 | 6,988 |
| 1827 | | 18,338 | 9,660 | 8,678 |
| 1828 | | 20,302 | 9,792 | 10,510 |
| 1829 | | 21,143 | 9,546 | 11,597 |
| 1830 | | 23,613 | 9,763 | 13,850 |
| 1831 | | 21,862 | 9,971 | 11,891 |
| 1832 | | 21,655 | 8,723 | 12,932 |
| 1833 | | 23,878 | 8,280 | 15,598 |
| 1834 | | 25,904 | 8,082 | 17,822 |
| 1835 | | 27,279 | 8,363 | 18,916 |
| 1836 | | 24,429 | 8,849 | 15,580 |
| 1837 | | 28,606 | 9,644 | 18,962 |
| 1838 | | 22,458 | 9,200 | 13,258 |
| 1839 | | 20,772 | 8,778 | 11,994 |
| 1840 | | 21,870 | 11,784 | 10,086 |
| 1841 | | 22,501 | 10,049 | 12,452 |
| 1842 | | 23,661 | 9,972 | 13,689 |
| 1843 | | 20,864 | 10,474 | 10,390 |

| | | Revenue | Expenditure | Surplus |
|------|-----------------------|-------------------|-----------------|-----------------|
| 1844 | | 22,516 | 11,720 | 10,796 |
| 1845 | | 25,086 | 12,432 | 12,654 |
| 1846 | | 26,662 | 14,074 | 12,588 |
| 1847 | | 27,417 | 12,894 | 14,523 |
| 1848 | | 26,849 | 13,498 | 13,351 |
| 1849 | | 25,624 | 13,597 | 12,027 |
| 1850 | | 25,653 | 12,898 | 12,755 |
| 1851 | | 26,286 | 13,655 | 12,631 |
| 1852 | | 28,077 | 14,373 | 13,704 |
| 1853 | | | | |
| 1854 | | | | |
| 1855 | | | | |
| 1856 | | | | |
| 1857 | | | | |
| 1858 | Aggregate for period | 290,569 | 163,269 | 127,300 |
| 1859 | | | | |
| 1860 | | | | |
| 1861 | | | | |
| 1862 | | | | |
| 1863 | Estimated expenditure | 28,337 | 16,000 | 12,337 |
| 1864 | " | 33,016 | 19,000 | 14,016 |
| 1865 | " | 34,184 | 19,000 | 15,184 |
| 1866 | " | 33,546 | 19,000 | 14,546 |
| | | £1,549,214 | £856,749 | £692,465 |

CUSTOMS REVENUE, 1867-1900⁶²⁹

| | Revenue |
|------|-------------------|
| 1867 | 44,356 |
| 1868 | 45,235 |
| 1869 | 43,603 |
| 1870 | 42,944 |
| 1871 | 43,726 |
| 1872 | 42,787 |
| 1873 | 41,679 |
| 1874 | 43,166 |
| 1875 | 42,346 |
| 1876 | 45,806 |
| 1877 | 47,358 |
| 1878 | 47,629 |
| 1879 | 50,319 |
| 1880 | 47,546 |
| 1881 | 50,160 |
| 1882 | 48,536 |
| 1883 | 49,506 |
| 1884 | 51,271 |
| 1885 | 53,221 |
| 1886 | 52,647 |
| 1887 | 50,529 |
| 1888 | 56,272 |
| 1889 | 57,854 |
| 1890 | 58,910 |
| 1891 | 60,434 |
| 1892 | 65,622 |
| 1893 | 66,063 |
| 1894 | 66,927 |
| 1895 | 65,410 |
| 1896 | 66,363 |
| 1897 | 70,869 |
| 1898 | 70,571 |
| 1899 | 72,226 |
| 1900 | 78,252 |
| | £1,840,143 |

⁶²⁹ Whilst it has been possible to abstract the customs revenue figures from the Isle of Man's general revenue for the construction of appendix I, 'Customs Duties Revenue, 1867-1900', it has not been possible to separate the customs expenditure figures as they were merged with the other items of general expenditure from 1866/67.

DETAILED CUSTOMS REVENUE, 1867-1900

| | Spirits | Tobacco | Tea | Sugar | Beer | Wine | Misc. | Allowance | Total |
|------|---------|---------|--------|-------|-------|--------|-------|-----------|--------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 1867 | 22,677 | 9,679 | 5,909 | 4,084 | - | 1,528 | 479 | - | 44,356 |
| 1868 | 24,993 | 9,631 | 4,249 | 4,242 | - | 1,715 | 405 | - | 45,235 |
| 1869 | 24,567 | 9,520 | 3,708 | 3,905 | - | 1,429 | 474 | - | 43,603 |
| 1870 | 23,205 | 9,283 | 3,888 | 4,300 | - | 1,382 | 886 | - | 42,944 |
| 1871 | 24,299 | 9,112 | 4,274 | 3,857 | - | 1,627 | 557 | - | 43,726 |
| 1872 | 23,542 | 9,069 | 3,991 | 4,060 | - | 1,676 | 449 | - | 42,787 |
| 1873 | 22,185 | 9,440 | 4,012 | 4,004 | - | 1,771 | 267 | - | 41,679 |
| 1874 | 24,427 | 9,459 | 4,409 | 3,032 | - | 1,509 | 330 | - | 43,166 |
| 1875 | 26,182 | 9,022 | 4,060 | 378 | 1,079 | 1,415 | 210 | - | 42,346 |
| 1876 | 26,782 | 9,777 | 4,459 | - | 2,922 | 1,654 | 212 | - | 45,806 |
| 1877 | 27,635 | 9,892 | 4,263 | - | 3,704 | 1,562 | 302 | - | 47,358 |
| 1878 | 27,985 | 9,528 | 4,667 | - | 3,645 | 1,536 | 268 | - | 47,629 |
| 1879 | 29,646 | 10,568 | 4,532 | - | 3,693 | 1,565 | 315 | - | 50,319 |
| 1880 | 27,254 | 10,074 | 4,400 | - | 3,363 | 1,425 | 356 | 674* | 47,546 |
| 1881 | 28,044 | 10,338 | 4,551 | - | 3,600 | 1,282 | 345 | 2,000 | 50,160 |
| 1882 | 26,976 | 10,324 | 4,373 | - | 3,380 | 1,303 | 180 | 2,000 | 48,536 |
| 1883 | 27,192 | 10,209 | 4,690 | - | 3,594 | 1,068 | 153 | 2,600 | 49,506 |
| 1884 | 28,090 | 10,412 | 5,023 | - | 3,627 | 1,173 | 146 | 2,800 | 51,271 |
| 1885 | 28,548 | 11,447 | 5,019 | - | 3,961 | 1,273 | 173 | 2,800 | 53,221 |
| 1886 | 27,390 | 11,692 | 5,160 | - | 3,921 | 1,154 | 144 | 3,186 | 52,647 |
| 1887 | 25,748 | 11,340 | 5,109 | - | 3,974 | 1,024 | 148 | 3,186 | 50,529 |
| 1888 | 29,920 | 11,880 | 5,541 | - | 4,566 | 1,012 | 167 | 3,186 | 56,272 |
| 1889 | 30,787 | 12,281 | 5,288 | - | 4,905 | 1,035 | 153 | 3,405 | 57,854 |
| 1890 | 31,367 | 12,674 | 5,168 | - | 5,231 | 948 | 117 | 3,405 | 58,910 |
| 1891 | 32,507 | 12,531 | 6,304* | - | 5,143 | 984 | 118 | 2,847* | 60,434 |
| 1892 | 35,707 | 16,411* | 6,607 | - | 5,303 | 1,100 | 111 | 383* | 65,622 |
| 1893 | 32,707 | 19,680 | 6,820 | - | 5,288 | 1,072 | 113 | 383 | 66,063 |
| 1894 | 33,758 | 19,680 | 6,792 | - | 5,289 | 919 | 106 | 383 | 66,927 |
| 1895 | 32,729 | 19,680 | 6,671 | - | 4,930 | 935 | 82 | 383 | 65,410 |
| 1896 | 34,026 | 18,134 | 6,193 | - | 5,909 | 1,755* | 84 | 262 | 66,363 |
| 1897 | 36,785 | 18,830 | 6,563 | - | 6,156 | 2,199 | 336 | - | 70,869 |
| 1898 | 35,906 | 19,312 | 6,659 | - | 6,088 | 2,272 | 334 | - | 70,571 |
| 1899 | 37,060 | 19,201 | 6,755 | - | 6,572 | 2,314 | 324 | - | 72,226 |
| 1900 | 41,695 | 18,794 | 7,991 | - | 6,463 | 2,985 | 324 | - | 78,252 |

* An arrangement since 1879/80 for the allowance for certain goods imported into the Isle of Man on which duty had been paid in Britain was amended by the Common Purse Arrangement in 1890/91 for tea, 1892/93 for tobacco and 1895/96 for wines.

APPENDIX 2

ROBERT FARGHER⁶³⁰

Robert Fargher was born in the parish of Maughold in 1803. At the age of fourteen he left the Isle of Man and went to London where he was employed as a private secretary. Three years later he returned to the Island and was apprenticed as a printer in the offices of the *Manks Advertiser*. Soon after starting his apprenticeship, Robert was converted to Christianity at a revivalist meeting, and began at once to seek the salvation of others by conducting impromptu dinner-hour services for his fellow workmen. The *Advertiser* had a very strong conservative, church and state bias.

As Robert Fargher grew older, his views became those of an advanced radical. In 1833, in partnership with William Walls, he launched the progressive newspaper the *Mona's Herald*. They designed it to be the mouthpiece of political reform, nonconformity and temperance. From that moment may be dated the beginnings of the nineteenth century reform movements. There is no doubt that the continuous existence of a reform newspaper, to contend strenuously in debate with the powerful conservative *Manx Sun* was fundamental in supporting and keeping alive the political movement. Fargher persistently and vigorously campaigned in his newspaper for the House of Keys to be open to the press and public, and that its members should be chosen, not by the Governor from nominees of the other members of the House, but by the vote of the people. Fargher soon discovered in the Island men with the same opinions and fervour as himself. They saw the opposition to reform coming from the 'clique': Members of the House of Keys, landowners and a few rich merchants. It is not surprising, therefore, that Fargher made enemies amongst those he denounced. One of the ablest, as well as one of the bitterest, opponents of political reform in the Island was George William Dumbell.

Robert Fargher did not live to see the fulfilment of his dream of a freely elected House of Keys. Blind and enfeebled, he died in August 1863 at the age of sixty,

⁶³⁰ A. W. Moore, *Manx Worthies, or Biographies of notable Manx Men and Women*, (Douglas, 1901), p. 186. Kneale, 'Trials of a Manx Radical', pp. 89-93. Harrison, 'Reform from the North', pp. 403-12.

three years before the self-elected House voted itself out of existence. There is an irony in the fact that his chief antagonist, George William Dumbell, was one of the three members elected to represent Douglas when the first general election was held in April 1867.

APPENDIX 3

JOHN COURTNEY BLUETT⁶³¹

John Courtney Bluett was born in London in 1793. He entered the Royal Navy as a boy in 1807 and left as a Lieutenant in 1815 on a half-pay pension of £90 per annum. This amount was reduced annually by £30 to pay off debts incurred during his time in the navy. This early problem of living beyond his means was to be a constant anxiety to him throughout his life.

In 1820 Bluett came to the Isle of Man with a friend who had helped to pay off some of his outstanding debts. This move was possibly to escape his creditors and enjoy the Island's low cost of living, but may also have been to escape the consequences of breaking off his engagement to Janetta Caroline Ritchie, a ward. A year later he married Sophia White. Miss Ritchie and her guardian came to the Island to file a suit of breach of promise. Bluett took the unusual step of pleading his own case, and succeeded in clearing his name, though Miss Ritchie obtained £50 damages. Certainly the case provided a shattering beginning to Bluett's early life in the Isle of Man. His court appeal, however, not only put right much of the damage to his purse and character, but also showed him the way to a future career in law.

In 1823 Bluett was articled to John Llewellyn, Secretary to the House of Keys, and was eventually called to the Manx Bar in 1825. He practised as an advocate, first in partnership and then on his own. In 1832 he was appointed Vicar General by the Bishop of Sodor and Man. In 1837 he was admitted to Grays Inn to study for the English Bar. After the death of his first wife in 1839 Bluett married his second wife Mary Wilson in 1843 and had another four children. So, as a twice married man with a large family and ambitions in the legal world, he was constantly worried that bankruptcy would result in great loss both financially and by way of reputation. He held a deep religious conviction about his responsibilities. Bluett's law business increased steadily with a reasonable, if erratic, flow of legal work, but there was often

⁶³¹ Judy Drake and Iris Green, *John Courtney Bluett*, (Basingstoke, 1989).

considerable delay between completion of work and receiving payment. In 1851 he was appointed High Bailiff of Douglas and Registrar of Deeds. The condition that he had to give up his private legal practice was perhaps something of a relief, particularly in view of his failing health. He reckoned that the salaries from the two offices of about £250 a year, plus his navy half-pay pension, would be insufficient to maintain his family, so he had to additionally rely on the collection of book debts and fees from the general office business. In May 1852 he was also appointed Seneschal, the collector of the Crown rents. In 1855 he unsuccessfully applied for the vacancy created by Deemster Heywood's resignation. Bluett was greatly disappointed, and did not rise from this low point, dying in August 1855.

APPENDIX 4

SIR WILLIAM HILLARY⁶³²

William Hillary came from very humble beginnings. Born into a Quaker family in Birkrigg in Wensleydale in 1771, his talents led him to the diplomatic service in London where he became equerry to Prince Augustus Frederick, sixth son and ninth child of George III. In 1799, shortly after leaving the service of Augustus, Hillary met Frances Elizabeth Disney Ffytche, an heiress from Danbury Place in Essex. Frances' father objected to the resultant romance, so the lovers eloped and were married in London. Family reconciliation was brought about, but Frances' father arranged the family estate in such a way as to protect its wealth from Hillary.

The war with France was at its blackest in the early 1800s, with the invasion of England seemingly imminent. Hillary formed the biggest private army in the country, and for his war efforts, he was made a Baronet in 1805.

In 1808 Hillary and Frances parted, and he moved to the Isle of Man with its many compensations. At this time Manx law provided only for debts contracted within the Island, all others were unenforceable. The low cost of living meant that residents with private incomes could live an enhanced lifestyle. Hillary met Amelia Tobin who he married in Scotland in 1818 after obtaining a divorce from Frances under the Scottish mutual consent divorce law.

During 1822 two incidents off the east coast of the Island involving the rescue of crews from the vessels '*Vigilant*' and '*Racehorse*' made an impression on Hillary. The lack of organised volunteer lifeboat crews and the ad hoc award of pensions or financial rewards to the bereaved concerned him. In 1824, due to his efforts, the National Institution for the Preservation of Life from Shipwreck (later the Royal National Lifeboat Institution) was formed.

⁶³² Robert Kelly, *For those in Peril*, (Onchan, 1979).

Hillary slowly prospered, but in order to protect what he had, he arranged for his wealth to be secretly held in trust by Sarah St John, a friend of the family. During the mid-1830s Hillary entered into a number of ventures to fund his high spending lifestyle. He became a shareholder in the new Isle of Man Joint Stock Bank and formed a land development scheme which was funded by a tontine and a lottery. He had interests in mining operations in the Island and England. In 1839 things began to go wrong. Conspiracy and fraud by others involved in the lottery and rising problems with the Joint Stock Bank meant that he had to act. Hillary's mining shares were sold but did not realise enough to satisfy his debts. He lost the presidency of the Laxey and Lonan mines. His estate, including the Fort Anne, was arrested and sold. Ill and weak, Sir William Hillary died in January 1847.

APPENDIX 5

SIR JOHN BOWRING⁶³³

John Bowring was born in Exeter in 1792. After entering a merchant's house upon leaving school, he set up business on his own, travelling abroad for commercial purposes. He was multilingual, which served him well in his business. His writing skills led him to become the editor of the *Westminster Review* in 1824.

In 1828 Bowring was appointed a commissioner for reforming the system of keeping the public accounts and was consequently appointed to examine the accounts of other countries. Amongst the many awards he received was that of Doctor of Law in 1829.

Dr Bowring became a Member of Parliament for Clyde in 1835 and then Bolton in 1841. As well as a traveller, author and politician, he was also a reformer, being a supporter of Richard Cobden, the joint founder of the Anti-Corn League.

On resigning from Parliament, Bowring became involved in events in the East, and was appointed Consul in Canton and then Governor of Hong Kong. He was knighted in 1854 and died in 1872.

⁶³³ *Dictionary of National Biography*, (London, 1886), pp. 76-80.

APPENDIX 6

HENRY BROUGHAM LOCH, FIRST BARON LOCH OF DRYLAW⁶³⁴

Henry Brougham Loch was born in 1827 in Midlothian. As a child, he was for several years an invalid.

Fully recovered, Loch joined the Royal Navy as a midshipman at the age of thirteen in 1840 but left in 1842. After studying at an officers school, he then went into the army in 1844. He joined the 9th Light Cavalry in India and was gazetted to the East India Company's 3rd Bengal Light Cavalry. Though only seventeen, he was chosen by Lord Gough as his aide-de-camp in 1845 and then became Adjutant and second-in-command of the famous Skinner's Irregular Cavalry Regiment in 1849. He was sent to Bulgaria in 1854 to help organise the Turkish Irregular Cavalry to fight the Russians in the Crimean war. Captain Loch became attaché to James Bruce, eighth Earl of Elgin, on a diplomatic and military mission to China in 1857. He was involved in the signing of the Treaty of Tientsin in 1858. After this success, Lord Elgin and Loch moved on to Japan to conclude the Treaty of Yedo. In 1860 the failure to obtain ratification of the Treaty of Tientsin led to another diplomatic and military mission returning to China to re-negotiate. Loch and Harry Parkes, the British Commissioner, rode behind the Chinese lines under a flag of truce, but they were taken prisoner and tortured. They were able to escape their captors just before the arrival of a death warrant signed by the Emperor ordering their beheading. The Treaty of Tientsin was ratified, and Loch was again entrusted to return to England with the new treaty as well as the Convention of Peking.

Loch resigned from the army in 1861 and became Private Secretary to the British Home Secretary, Sir George Grey. Shortly after his marriage to Elizabeth Villiers, Henry Loch was appointed Governor of the Isle of Man in 1863. He was knighted in 1880.

⁶³⁴ This information is an abstract from one of the writer's pieces in the soon to be published *New Manx Worthies*.

Loch's aim to secure even higher colonial office was soon to take him away from the Isle of Man. In 1882 he was briefly appointed Commissioner of Woods and Forests at a salary less than the £1,200 he had been earning as Governor of the Isle of Man. But this new appointment was based in London and calculated to provide him with the opportunity to be close to those of influence. Thus, in 1884 he was appointed Governor of Victoria in Australia where he became very popular and well respected in this mainly ceremonial position. In 1889 he was offered the posts of Governor of Cape Colony and High Commissioner for South Africa. His time in Africa was difficult. He had conflicts with both Cecil Rhodes, Prime Minister of the Cape, and President Kruger of the Transvaal.

Loch returned to England in 1895 and was raised to the peerage but took little part in politics, voting with the Liberal Unionists. He died in 1900.

APPENDIX 7

JAMES BROWN⁶³⁵

James Brown was born in 1815, the younger son of Cato Brown (previously James Cato, chief boatswain on Nelson's *Victory*, Liverpool foundry worker and possibly of Negro slave descent). James Brown served an apprenticeship as a printer's compositor with George Woods of Princes Street in Liverpool, and then worked for the *Liverpool Mercury* and other local newspapers. He married Eleanor McKenzie, daughter of Menzie McKenzie, a Scottish master-mason who had worked on the 'Castle Mona', the family seat in the Island of the Duke of Atholl. Eleanor's mother was a Manx woman named Anne Curphy.

It was in the 1840s that an offshore publishing industry flourished briefly in the Isle of Man, where, apart from the radical press being out of the direct reach of British authorities, there was no stamp duty on newspapers, no duty on the paper on which they were printed and no tax on the advertisements which sustained them. More remarkably, newspapers published and printed in the Island could be sent post-free to Britain and the colonies. In 1846 Brown came to the Island with his Manx wife and five-year old son and worked as a printer on the *National Reformer and Manx Weekly Review of Home and Foreign Affairs*. In 1847 the paper closed, but a Manx relation of Brown's wife raised £30 to set him up in Douglas as a jobbing printer. He also worked for William Shirreffs who was one of the most prolific producers of journals for free-post distribution from the Isle of Man. Shirreffs started a local newspaper, the *Isle of Man Times*, in which he advocated Manx reform. Amongst his targets was the House of Keys, the unelected self-perpetuating oligarchy. Shirreffs' enterprises collapsed following a 1848 Act of Parliament whereby all posted journals which were not genuine local newspapers had to pay the full rate of 4d.

James Brown remained in Douglas and survived precariously, with his son having to leave school and learn the printing trade with him. By 1855 Brown was running a

⁶³⁵ Faragher, 'The Browns of the Times', pp. 44-9.

give-away advertising circular which had some editorial content. In 1861 this circular became a newspaper with the revived title of the *Isle of Man Times*, and Brown immediately nailed to his masthead the radicalism which he learnt from his association with Shirreffs and others:

Many reforms are needed in the . . . legislature and government of this Island and we shall most strenuously urge these reforms upon the highest officials, as well as on the Source of all Power - people themselves.

APPENDIX 8

ELECTION OF THE HOUSE OF KEYS, 1867⁶³⁶

| MEMBER | DATES | CONSTITUENCY |
|--|---------|--------------|
| Resigned | | |
| Edward Moore GAWNE | 1829-66 | |
| Previous self-elected, not returned by popular election | | |
| Alexander SPITTALL | 1846-67 | |
| Richard QUIRK | 1847-67 | |
| John George BENNETT | 1851-67 | |
| Patrick Taubman CUNNINGHAM | 1853-67 | |
| Philip KILLEY | 1854-67 | |
| Ridgway HARRISON | 1856-67 | |
| William HARRISON | 1856-67 | |
| Edward FAULDER | 1858-67 | |
| Robert Thomas QUAYLE | 1863-67 | |
| Charles Hamilton Edward COWLE | 1864-67 | |
| Previous self-elected, returned by popular election | | |
| William CALLISTER | 1849-69 | Ayre |
| Edward Curphey FARRANT | 1852-74 | Ayre |
| John Frissell CRELLIN | 1843-69 | Michael |
| Evan GELL | 1844-74 | Michael |
| William HASLAM | 1858-71 | Garff |
| John GELL | 1854-68 | Glenfaba |
| John Caesar Tobin HARRISON | 1865-69 | Middle |
| Thomas MOORE | 1864-74 | Rushen |

⁶³⁶ List of Members of the House of Keys 26 July 1866, MNHL, HKJ 09191/2/5, and elected 3-5 April 1867, 09191/2/6. Minutes of meeting, 18 April 1867, MNHL, LCJ 09191/4/4, ff. 285-6. J. Inglis Spicer, 'The Worthiest Men in the Land during Five Centuries', in W. Cubbon, editor, *Journal of the Manx Museum*, volume 2, number 37, (Douglas, 1933), pp. 143-7.

| | | |
|------------------------------|---------|------------|
| William Fine MOORE | 1858-74 | Douglas |
| John Senhouse GOLDIE-TAUBMAN | 1859-97 | Douglas |
| John Moore JEFFCOTT | 1855-67 | Castletown |
| Robert John MOORE | 1850-80 | Peel |
| Rev William Bell CHRISTIAN | 1865-83 | Ramsey |

New members, returned by popular election

| | | |
|--------------------------------|---------|----------|
| John Teare MARTIN | 1867-74 | Ayre |
| Thomas CRAINE | 1867-78 | Michael |
| John Edward CHRISTIAN | 1867-68 | Garff |
| Richard ROWE | 1867-86 | Garff |
| William Edward Stevenson MOORE | 1867-69 | Glenfaba |
| John Stevenson MOORE | 1867-74 | Glenfaba |
| Mark Wilks GOLDIE | 1867-72 | Middle |
| William DALRYMPLE | 1867-89 | Middle |
| Henry John WATTERSON | 1867-91 | Rushen |
| William Baring WOODS | 1867-91 | Rushen |
| George William DUMBELL | 1867-80 | Douglas |

APPENDIX 9

SIR SPENCER WALPOLE⁶³⁷

Spencer Walpole came from political stock. On his father's side he was descended from Sir Robert Walpole, Britain's first Prime Minister, and his father, Sir Spencer Walpole, was Home Secretary on three occasions. His mother, Isabella Perceval, was the daughter of Prime Minister Spencer Perceval. Born in 1839, Walpole went to Eton, but did not attend university as his father, a qualified lawyer who had given up a lucrative practice to go into politics, could not afford the fees.

Walpole went to work at the War Office. When his father became Home Secretary, he appointed Spencer as his private secretary. He became an inspector of fisheries for England and Wales in 1867. The same year he married Marion, the daughter of Sir John Digby Murray. Walpole was also a writer and historian, producing a number of scholarly works. In the late 1870s, a Tory sympathiser by birth, he found himself in disagreement with Disraeli's foreign policy, and drifted into the Whig-Liberal camp.

Walpole's appointment as Governor of the Isle of Man gave the Island the benefit of an experienced civil servant, a renowned academic and a liberal in politics and outlook. In 1893 he wrote his history of the Isle of Man, *Land of Home Rule*, the same year he resigned as Governor to take up the appointment as Secretary to the Post Office. He was knighted in 1898. Walpole retired the following year to continue his writing up until his sudden death in 1907.

⁶³⁷ Winterbottom, *Governors of the Isle of Man*, pp. 96-106.

APPENDIX 10

SIR WEST RIDGEWAY⁶³⁸

Joseph West Ridgeway was born in 1844, the son of an Essex vicar, and went to school in London. He left school at sixteen and obtained a commission in the Bengal Infantry, spending the next twenty-six years of his life in India. He married Caroline Berwicke in 1881. In 1884 he became involved in the boundary dispute between Britain and Russia over the north-west frontier of Afghanistan. He was knighted in 1886. Ridgeway then accepted the position of Under Secretary for Ireland, and became a member of the Irish Privy Council in 1889.

Ridgeway was appointed Governor of the Isle of Man in 1893. His brief but influential time as Governor of the Island came to an end in 1895 when he was appointed Governor of Ceylon, a position he held until 1903. After a failed attempt to stand as a Liberal Member of Parliament in 1906, he was appointed chairman of a committee which went to Africa to consider the constitutions to be granted to the former Boer republics of Transvaal and the Orange Free State. In 1910, having again stood unsuccessfully for Parliament, Ridgeway became president of the British North Borneo Company. He died in 1930.

⁶³⁸ Ibid., pp. 106-11.

APPENDIX 11

SUMMER VISITOR'S LETTER, 1895⁶³⁹

c/o Mrs Barton's
The Midland
35 Loch Promenade
Douglas
Sat[urday] night

My dear Father and Mother,

I'll begin by giving you an account of our temporary home and habits and give you a few more details than last time when I was in such a hurry. We have thirty-five boarders in this house and we all sit down at the same table, at the same time, to meals.

Breakfast 9.30: fish, turkey, duck, fried eggs and ham, etc., etc., with butter and bread and jam to finish with and tea or coffee. Dinner 1.30: 4 or 5 courses, specimen: (1) tomato soup, (2) fish, (3) peas, potatoes and game, (4) pudding, (5) stewed fruit and custard. Tea: tea, tongue, eggs, ham, cold meat, butter and bread and jam etc. Supper: grand assortment, I never have any.

Thursday night, bed at 11.45, up at 7.00. Will, James and I went for a bathe before breakfast (we three sleep in one bed). We then went to Douglas Head till dinner. After dinner we went to Groudle Glen by Electric railway. After tea we three went round the town. Today we have been to Peel and Glen Maye all day. We hired a conveyance to take us all together. Peel is on exactly the opposite side of the Island. Tonight we have been strolling round the town again. I can't give you particulars of every where. I am enjoying myself immensely. Everything (nearly) is beautiful. The Glens are glorious. We get to places here and there that I feel like stopping at all day. But it has to be seen to be imagined.

⁶³⁹ Thomas Thurman to his parents, record of an 1895 holiday, MNHL 09370.

If I were a millionaire, I should wish for no better holiday resort than the Isle of Man. But one thing puts the damper on all the pleasure! That is the expense. Everything is almost as expensive as it can be, everywhere one goes there is a turnstile at the entrance, where 3d, 4d, 6d or more has to be paid. All the others but 'we three' go somewhere at night that cost 1s or more, in fact if I were to do the same as W. Frith & Co. I should spend all I have got with me, long before the boarding house bill is presented, as it is I can't possibly get through without borrowing, unless I stop about Douglas all the time and it would be a great pity to have come here without making the best I can of it.

Although William and James brought a good bit of money of their own beside £5 cheque their father gave them, they are writing home for more. Will you please send me a little more. I don't know how much I shall require but I am 5s deficient now for the lodging house bill (£2 per week) and then there is next week's 'going about' expenses. It will do any time before next Thursday. I will try and repay sometime. The 'going about' ex[pense]s are 3 or 4s per day and then I walk where the others ride by tram etc.

There is such a lot more to 'put' but I'll save it till I get home as there is no more room and I am going to bed, it is 11.35 now.

Your aff[ectionate] son

Love

T[homas] Thurman

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