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## Adapting to international markets: Sherry, 1820-1900\*\*

This paper shows the nature and limits of organisational change in the production and sale of Sherry. I argue that despite the apparent flexibility in responding to demand changes in international markets, wine producers in Jerez de la Frontera found it difficult to defend the drink in the face of cheap imitations. I argue that this was in part because of the structure of organisation in Jerez itself, but also because of the changes in the retail trade in England. The rapid decline in the reputation of Sherry from the 1860s coincided with an important reduction in import duties, benefiting especially French wines. Many firms could only compete with savage cost cutting, including the mixing of Sherry with other cheaper wines. Although there was much talk about «protecting» the name of Sherry, this proved difficult both because of the diversity of interests within Jerez itself, and because of the highly fragmented English market.

The paper is divided into four parts. Part one shows briefly the long run fortunes of the drink in the nineteenth century. Sherry, as a quality wine, was produced almost exclusively for the export market, with the British taking by far the largest share. After a period of rapid growth in prosperity from the 1820s to the 1860s, producers then had to compete with a growing number of cheap imitations. The second section shows the division of production between three main groups: the *cosecheros* or grape producers, the *almacenistas* or wine maturers, and finally the *extractores* or shippers. I argue that this can be explained by problems of moral hazard and monitoring costs involved in viticulture; the high skills and capital requirements involved in maturing and blending wines; and the severe problems of asymmetrical information associated with purchasing wines from overseas. The third section shows how these groups responded to shocks brought about by a series of harvest failures in the 1850s and a switch in demand to

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cheaper, younger Sherries, especially after 1860. The introduction of the solera system of production permitted greater product standardization and reduced significantly the time required to mature the wine. As a result, a number of the major shippers expanded vertically by making a greater quantity of their own wines. However, although some shippers did establish their own vineyards, most grapes continued to be produced on medium sized farms with a mixture of family and wage labour. Indeed, as Sherry prices remained weak in the 1870s and 1880s, some owners turned their land over to sharecroppers in an attempt to reduce costs.

The final section looks in greater detail at why attempts to protect «Sherry» from imitators failed. In part it was because the British government was unwilling to recognize Sherry as being exclusive to Jerez, and the drink therefore had to compete with «Sherries» from countries such as South Africa, Cyprus, and even England. But producers in Jerez were also unable, or unwilling, to protect the name Sherry. Two explanations for this are given. First, the transaction costs involved in establishing and monitoring an *appellation contrôlée*, especially in a period of low prices, were considerable. Second, many of the leading shippers found cheaper substitutes to establishing an *appellation contrôlée*. Most were themselves directly involved in the shipping large quantities of cheap Sherries to England. Others tried to protect reputation by investing in bottling plants, either directly in Jerez, or indirectly through reputable wine merchants in England itself. Finally, a few retailers continued to be able to sell at high prices, and problems of asymmetrical information were overcome as they had in the past, by reputation.

## 1. SHERRY AND THE BRITISH MARKET

The British market in the eighteenth and nineteenth centuries was the major market for fine wines. British merchants brought capital, skills and commercial organisation to connect wine producers in diverse points of Europe with their domestic consumers. In the case of Sherry, Richard Ford wrote in the 1840s that:

*«the people at large in Spain are of scarcely acquainted with the taste of Sherry wine, beyond the immediate vicinity in which it is made; and more of it is swallowed at Gibraltar at the messes, than in either Madrid, Toledo or Salamanca. Sherry is a foreign wine, made and drunk by foreigners; nor do the generality of Spaniards like its strong flavour, and still less its high price, although some now affect its use, because its great vogue in England, it argues civilisation to adopt it»<sup>1</sup>.*

<sup>1</sup> Ford – *Gatherings from Spain*, p. 177.

If Ford exaggerated the contribution of foreigners in Sherry production, he was correct on the importance of the British market<sup>2</sup>. Between 1861-65 for example, at the height of the region's prosperity, Britain imported about 87 per cent of all exports<sup>3</sup>. A study in the 1880s estimates that more than half the wines of the region were exported, although presumably this included virtually all the quality Sherry<sup>4</sup>. Figures on output are limited for the nineteenth century, but long run trends in exports (Table 1) and prices (Graph) can give a rough idea of the general trends. It is clear from the Table and Graph that the major period of splendour for Sherry was in the mid nineteenth century. Exports rose steadily from an annual average of less than ten million litres in the 1820s, to almost forty million in the early 1870s. Prices were stable until the 1850s, when they increase sharply. Using figures provided by Shaw, Britain imported in 1863 Sherry to the value of perhaps ten million pounds<sup>5</sup>. Prices then declined and Sherry began to lose market share in Britain in the 1870s in the face of growing competition from French wines, which benefited most from the tariff changes in 1860 (see below).

Behind these figures there were important changes in the nature of the drink «Sherry». In the first half of the nineteenth century there had been a strong preference in England for wines which were heavy and sweet, and which were normally drunk after meals, such as Port, Madeira, Malaga and Sherry. Around the middle of the century, however, there was a drift away from these to lighter, drier wines, often consumed as an aperitif or with meals<sup>6</sup>. In all cases however sherry was fortified with alcohol and was a blend of different wines. This change in fashion is impossible to quantify, but it did not go unnoticed by contemporaries. Denman, writing in 1876, noted that the:

*«general public taste has so manifestly altered that the wine trade is being revolutionised. The strong old Sherries and Ports of the past are gradually being supplemented by lighter qualities, which our fathers would scarcely have recognised as wines. Instead of strong draughts derived from added alcohol,*

<sup>2</sup> For the role of foreigners see especially Maldonado Rosso – *La formación del capitalismo...*, pp. 264-9 and Fernández-Pérez – *Challenging the loss of an empire...*, pp. 77-9.

<sup>3</sup> Ridley's *Wine and Spirit Review* (hereafter Ridley's), various years.

<sup>4</sup> In the mid 1880s the province of Cadiz produced 450 thousand hectolitres, of which Jerez contributed 175 thousand, Puerto de Santa Maria 120, Sanlúcar 65 and Chiclana 62. Local consumption was between 180 and 200,000 thousand. *Archivo del Ministerio de Agricultura (AMA)*, leg. 82.2.

<sup>5</sup> Quantities shipped were 66,321 butts (of 500 hectolitres each), and the price in Jerez was between 40 and 250 pounds per butt. Shaw – *Wine, the vine and the cellar*, p. 235.

<sup>6</sup> Drummond and Wilbraham – *The Englishman's food...*, p. 337, note the custom of taking an aperitif before dinner was probably introduced in England in the early nineteenth century, although they do not specifically mention Sherry.

and cloying sweetness from added saccharum, persons are looking for wine flavour, and bouquet and cleanness upon the palate»<sup>7</sup>.

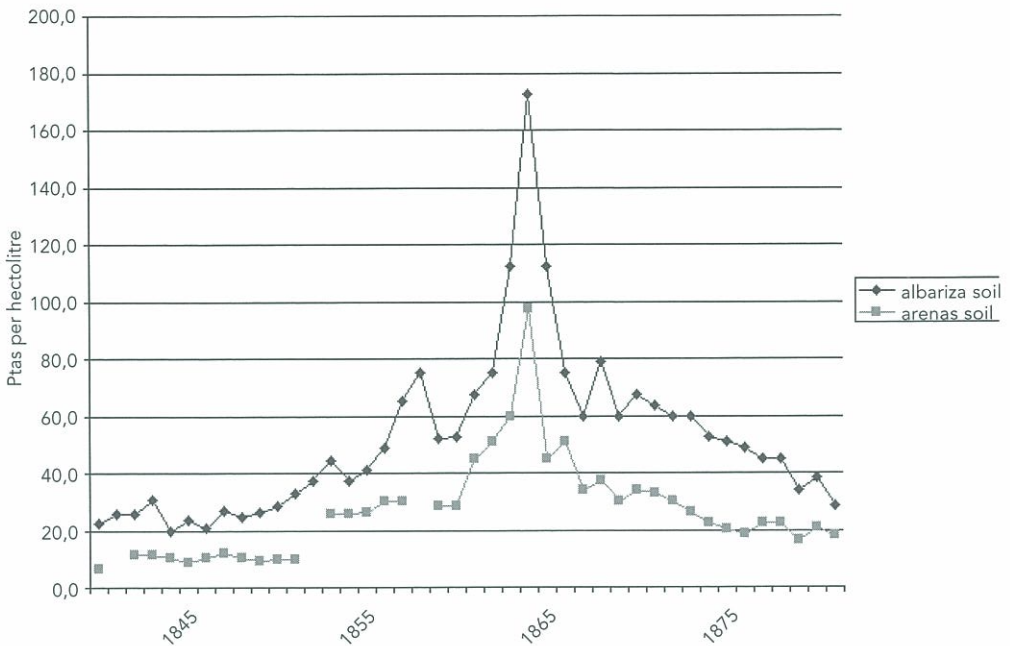
**Table 1.** Annual exports of Sherry and principal markets

	Total	United Kingdom	France
1786-1790	24,600	44,460 (1787-90)	
1791-1795		61,050	
1796-1800	72,480 (1798/9)	53,904	
1801-1805	59,185 (1803)	69,230	
1806-1810	65,000 (1810)	97,994	
1811-1815		58,480	
1816-1820		47,576	
1821-1825	57,520 (1821-2)	80,375	
1826-1830	101,524	128,242	
1831-1835	131,986	149,953	
1836-1840	159,156	168,616	
1841-1845	150,370	149,004	
1846-1850	178,180	156,920	
1851-1855	225,364	178,861	
1856-1860	232,599	185,975	
1861-1865	286,194	249,275	
1866-1870	337,085	308,115 (1868-70)	6,460 (1868-70)
1871-1875	395,285	309,495	10,880
1876-1880	273,505	202,000	19,365
1881-1885	250,915	146,940	33,335
1886-1890	241,675	104,795	79,585
1890-1895	172,655	79,045	50,615

Figures are from Jerez de la Frontera and Puerto de Santa María, and are in hectolitres.

Sources: «Total» for the period 1786-1825 in Maldonado, 1999, pp. 301-6. 1826-1865, Maldonado, 1999, p. 312 and Montañes, 2000. British imports 1787-1865, Shaw, 1864, p. 235. The divergence between «total» and «Great Britain» is on account of different sources being used. Shaw claims that his figures are «only an approximation of the truth», and he attached «very little confidence to any wine statistics of an earlier date than 1821» (p. 232). There is no figure for 1813. I have corrected the figures for the years according to Ridley. All figures 1866-1895, *Estadística General del Comercio Exterior de España*. Figures refer to the United Kingdom.

<sup>7</sup> Denman – *Wine and its counterfeits*, p. 3. For a general survey of the problems, see Tovey – *Wine and wine countries...*, p. 158-61.



The cause of the high prices was the impact of the very poor harvests in the early 1850s occurring at a time of rising demand in Britain, which left many exporters short of quality wine (see section 3). The increase in Sherry prices in the 1860s stimulated wine production in other areas of Andalucía such as Montilla, Moguer, Manzanilla, Niebla, Bollulos de Condado and Aljarate, and these wines were brought to Jerez for mixing with the locally produced wines<sup>8</sup>. The quality of these wines varied, but in all cases was poorer than the better ones of Jerez.

The popularity of Sherry, and with it the high prices obtainable in London, led others outside southern Spain to try and produce a similar wine. The shippers Gilbey were one of the first to bring «Sherry» from South Africa shortly after the Crimean War which, until 1860, benefited from colonial preference<sup>9</sup>. Australia, likewise, began producing an imitation. However, the product which did most

<sup>8</sup> La Revista Vinícola Jerezana (hereafter RVJ), 1/9 10.5.1866. This newspaper continued «the exporters [...] not being able to pay [...] the high prices then being asked, had to look to other [...] areas; as a result, Montilla wines began to compete with our better wines, and those from the Condado (Huelva) and Sevilla, with the poorer ones. This novelty led to fierce competition in our region [...] and [...] was the origin of the adulteration of Jerez' s wines». The growth of viticulture in Montilla was a direct result of the rail link between Córdoba and Jerez. Zoilo Espejo – *Confederaciones agrícolas...*, iv, pp. 651-2.

<sup>9</sup> Waugh – *Merchants of wine*, p. 6.

harm to Sherry came from Hamburg. This wine was, according to the *Medical Times and Gazette*, «in its original state [...] a light German wine of poor quality, not possessing in that condition sufficient preserving powers to render it suitable for shipment, or indeed for consumption as a natural wine in its country»<sup>10</sup>. An attempt was made to overcome these defects by adding spirit and saccharine, but from 1865 this type of wine was prohibited from entering the United Kingdom. It is clear, however, that similar wines made elsewhere did succeed in entering the country<sup>11</sup>. T. G. Shaw wrote in an important wine book in 1864 that:

«Sherry has long been the favourite wine, but the quantity of bad quality now shipped and sold under its name had already injured its reputation; while the high prices of any that is good and old offer an opening for the introduction of another white kind»<sup>12</sup>.

Even for those consumers of genuine Sherries there were concerns. In 1873 *The Times* carried a letter from a Dr. Thudichum which drew attention to the supposed health hazards of the drink on account of the use of gypsum in the crushing of the grapes, and sulphur in the fumigation of the casks. It started a debate that did not end until a detailed report made 20 years later by *The Lancet* cleared the drink<sup>13</sup>.

It was little wonder, therefore, that demand for Spanish Sherry began to fall. Furthermore, while producers in Jerez were trying to cut costs to compete with other regions (section 3), the British government began taxing Sherry and other fortified wines more heavily than «natural» ones. Thus the Cobden Treaty in 1860 taxed all wines entering British ports with an alcohol content of 26 degrees proof or less (equivalent to 14.8° Gay-Lussac) a shilling a gallon, whereas those above it were taxed half-a-crown. The impact of this change was to reduce taxes for ALL importers, but especially the producers of non-fortified wines, such as France (Table 2). In 1886 the lower duty was extended to wine of 30° proof, but this still offered only limited help to Spanish producers as both Sherry and table wines needed to be fortified for export.

<sup>10</sup> Quoted in Tovey – *Wine revelations*.

<sup>11</sup> PP 1865, Lii, p. 657. Jerez produced its own version of «Hamburg Sherry» according to the British Consul's report of 1865. «During the past year large quantities of wines have been introduced into the district from Malaga and Alicante; but these wines have not proved serviceable or usable, their peculiar, earthy and tarry character being impossible to overcome; as, although mixed with other wines but in small quantities, the unpleasant flavour and «smell» is always distinguishable to a judge of wine». This did not stop the wines being used, however, «The low spirituous compounds are made up with molasses, German potato-spirit, and water; to which some colouring matter, and a small quantity of wine are added; much in the same manner that the «Hamburg-Sherries» have been manufactured to which of late the London Custom-House has, very properly, refused admission».

<sup>12</sup> Shaw – *Wine, the vine and the cellar*, p. 217.

<sup>13</sup> See Jeffs - *Sherry*, pp. 95-8.

With the relatively high costs of Sherry of Jerez, the debasement of much of its quality and the concern about the effects on the health of the drinker, it was not surprising that the drink lost its popularity in its principal market. By the late 1880s people were preferring whisky or champagne to Sherry; in the following century the drink would have to add cocktails to its list of competitors<sup>14</sup>. The problems of exporting to the United Kingdom were somewhat mitigated in the 1880s and early 1890s by the increased demand from France for cheap, strong, young wines caused by the appearance of phylloxera. By the 1890s Jerez itself began to suffer from the disease.

**Table 2.** Wine imports to the United Kingdom, 1856-1875

	1856-60	1861-65	1866-70	1871-75	wine imports less than 26° proof in 1875
Spain	2.84	4.55	6.02	6.85	3.0%
Portugal	2.12	2.69	2.90	3.50	1.6%
France	.73	2.20	3.94	5.01	91.68%
Other Countries	1.46	1.48	1.59	1.80	16.86%
Total	7.15	10.92	14.45	17.16	24.22%

Imports in millions of gallons.

Source: British trade statistics.

## 2. THE ORGANISATION OF PRODUCTION IN THE JEREZ REGION

It is usual to distinguish three different stages in Sherry production. First, the growing of the grapes and production of the must by the *cosecheros*, then the maturing of the wine by the *almacenistas* in large bodegas, especially in Jerez and Puerto de Santa María, and finally the export of the wine by the *extractores*. In general different individuals carried out these activities<sup>15</sup>.

Grapes were grown on three major soil types. The best was the *albarizas* a brilliant white chalky soil, which had an excellent capacity for storing the winter

<sup>14</sup> Jeffs – *Sherry*, ch 5. Some argued that the real problem was not on the supply side at all, but the demand side, the agricultural depression in England reducing consumer incomes. AMA leg. 82-2.

<sup>15</sup> The level of vertical integration was limited in the early nineteenth century. The major exception was Domecq who in 1840 owned 460 aranzadas of vines in the Marchamudo region. Various visitors have left accounts of Domecq's vineyard, including Busby, Ford and Vizetelly. In his study of 30 probate inventories of bodega owners for the period 1793-1850, Maldonado Rosso (*La formación del capitalismo...*, pp. 222-7) finds that 21 owned some vines, but only 7 of these had more than 10% of their assets invested in vineyards.

rains. According to one nineteenth century expert, Parada y Barreto, the wines produced on this soil were «*fine, clean and strong, but of scarce production*». On the *barro* or clay soils, the yields were twice as much, but quality was less and labour inputs were greater because weeds grew in profusion. Finally the *arenas* or sandy soils had good yields and were easy to cultivate, but produced the poorest wines<sup>16</sup>.

By the 1860s there were perhaps 8,500 hectares of vines in Jerez itself, an increase of several thousand over the earlier part of the century<sup>17</sup>. Climate, vine disease, pests and the intensity by which labour was employed influenced crop yields. Throughout the nineteenth century the vines were tilled by the *azada*, a type of hoe which was considerably more labour intensive than using ploughs. The substitution of the *secateurs* for the pruning knife in the 1870s and 1880s helped to improve labour productivity, and damaged less the vines. Finally chemicals were increasingly employed after the appearance of *oidium* in the early 1850s and *mildew* at the end of the century. At the beginning of the nineteenth century a detailed survey suggests that there were 43 different varieties of grapes to be found in the Sanlúcar – Jerez region but, even at this early date, a handful of varieties predominated. The *Palomino* or *Listan*, a white grape, was found on about 50 per cent of the *albariza* soils, and the *Perruno* on another 20 per cent. However Sherry, being a blended wine, required a number of different grapes, and so it was natural to find farmers growing more than just one variety.

Because of the high labour costs associated with bringing into production a vineyard and the high level of care required in annual cultivation tasks, most of Europe's vines in the nineteenth century were worked by their owners<sup>18</sup>. But this was not true in Jerez. In 1840, about forty per cent of owners on the best soils (*albariza*) worked the land themselves – if we assume that the supply of family labour was sufficient for holdings of up to 10 *aranzadas* of vines (4.5 hectares). However, this area represented only 11 per cent of all vines, and there appears a strong tendency for property to have been more concentrated on the better soils such as Marcharnudo (see Appendix). The better prices paid for quality grapes allowed landowners to afford the high costs of monitoring wage labour in the vineyards. Only on the poor quality *barros* and *arenas*, which produced cheap wines, was the use of family labour widespread (Graph and Table 3). Finally,

<sup>16</sup> Parada y Barreto – *Noticias sobre la historia...*, p. 59 and 79.

<sup>17</sup> For the area of vines, see especially López Estudillo – *La vid y los viticultores de Jerez...*, pp. 50-3, Simpson – *La producción de vinos en Jerez...*, p. 175, and ZAPATA – *La producción agraria de Extremadura...*

<sup>18</sup> For a detailed discussion on these points, see especially Loubère – *The red and the white...*, Carmona and Simpson – *The 'Rabassa Morta' in catalan agriculture...*, and Simpson – *Cooperation and cooperatives...*



there appears an absence of very large vineyards. Although there were four in Jerez that had over 100 aranzadas, 85 per cent of all vines on the albariza soils were on vineyards of between 4.5 and 45 hectares (Appendix). This suggests that owners supplied a high degree of supervision, even if wage labour was not used.

**Table 3.** Distribution of holdings in Jerez de la Frontera

a. *Albariza soils*

	Area (aranzadas)	Number of owners	Average size of vineyard
1840	10,035	442	22.70
1864	11,643	421	27.66
1877	11,417	311	36.68

b. *Barro and arenas soils*

	Area (aranzadas)	Number of owners	Average size of vineyard
1840	3,711		
1864	4,025	594	6.78
1877	4,726	639	7.17

1 aranzada = 0.4472 hectares.

Sources: See Appendix and Simpson, 1985, Table 6.

The grapes after the harvest were often pressed on the farm and the must then sold to the *almacenistas* who lived in the town. In the early part of the nineteenth century the minimum age when good Sherry was exported was at least five or six years<sup>19</sup>. The storing of large quantities of wines for many years required both special skills and large quantities of capital. One peculiar characteristic of Sherry, which increased these requirements, was that two butts of wine matured separately could produce very different types of drink, despite having come from the same vineyard, having been pressed together, and subsequently stored side by side. This made it very expensive for exporters, who would have to carry a large range of stock to meet demand. In fact, Sherry was virtually never sold according to its vintage, but rather was a blended wine. However the careful maturing and blending to produce fine Sherries required skills which most exporters did not possess. Instead they relied on the *almacenistas* for their stocks.

To reduce costs, the *solera* system developed throughout the second half of the eighteenth and first third of the nineteenth centuries<sup>20</sup>. Wines were initially

<sup>19</sup> RVJ 1/21, 10.11. 1866, p. 164.

<sup>20</sup> Maldonado Rosso – *La formación del capitalismo...*, p. 170. Solera were used for finos and olorosos.

kept separate, as in the traditional añada system, before entering the solera that most suited their characteristics<sup>21</sup>. The solera consists of wines of a similar type, but at different stages of development, stored in large casks. When a quantity of wine is drawn from the oldest cask, it is replaced by a similar quantity from the second oldest, and the process is repeated down the solera. Therefore, as matured Sherry is being removed from one end of the solera, new wine enters from the other. Surprisingly, this does not reduce the quality of the wine, as if only small quantities are removed, the new wine will assume the characteristics of the older wine in a few months<sup>22</sup>. Initially the solera did not reduce the skills or capital requirements significantly, as it was used in the production of both young and old Sherries<sup>23</sup>. The development of the solera system was important for two reasons, First, it gave greater consistency to the wine – essential if the sale by brand name was to be used, and second it was particularly useful for production of the lighter Sherries, the *finos*. Although storing the wine for a long time could produce excellent finos, it required a considerable outlay of capital. The solera system on the other hand produced an equally acceptable drink after only a few years. Therefore the slow decline in the importance of the almacenista can be attributed to both the growth of the solera system *and* the switch in demand for younger, lighter wines.

Unlike the production of grapes and the maturing of wine, the export trade was concentrated in the hands of a few companies. Between 1852 and 1865 for example, the houses of Garvey, Domecq and González accounted for a third of all exports from Jerez, and the leading five houses rarely exported less than half of all the Sherry. However, although at times there were suspicions of collusion between the largest firms<sup>24</sup>, the fragmentation of business in England and the low entry costs to exporting implied that shippers were required to compete both on price, and the supply of a wide range of different quality Sherries to their foreign agents.

### 3. THE RESPONSE TO HARVEST FAILURE AND FRAUD: THE 1850s AND 1860s

Although the division between cosechero, almacenista and extractor changed over time, and probably was never as clear cut as shown in most books, it does

<sup>21</sup> Parada y Barreto – *Noticias sobre la historia...*, p. 129 and Vizetelly – *Facts about Sherry...*, p. 105, both give 4 years.

<sup>22</sup> Jeffs – *Sherry*, p. 193.

<sup>23</sup> Cosens, in his evidence to the Select Committee on Wine Duties, PP 1878/9, xiv, p. 121.

<sup>24</sup> This is hinted at in Ridley's (February 1856), p. 3.

summarise fairly well the organisation of production in 1850. However the harvest failures of the early 1850s followed by widespread fraud had a major impact on the nature of the industry during the next couple of decades. In the first instance, demand was strong and the period 1846-50 and 1868-70 saw exports to Great Britain doubling. Unfortunately for exporters, the four harvests between 1853 and 1856 were deficient both in size (because of oidium and drought) and quality. According to one report in 1858:

*«The disease in this district became general in 1853, prior to which it yields annually from 60 to 70,000 butts of Mosto valued at £7 per butt: since then the produce has been 18,000 to 20,000 butts, realising £16 to £20 per butt. As Sherries are never exported under three or four years old, since 1855 they have been supplied from the large stocks on hand, – and not by late vintages»<sup>25</sup>.*

The lowering of duty on imported wine into the United Kingdom after 1860 benefited all wines, but especially the cheaper ones. As we have noted, there was a surge of imitation Sherries. Prices started falling from 1863, and exports peaked in 1873 and this was followed by widespread concern in Jerez. In this section we shall look briefly at the response of the three groups to these changes in the Sherry trade.

The extractor or exporter faced two separate problems, namely the search for quality wine to meet orders, especially prior to 1863, and the need to protect the name «Sherry», a problem which became especially important after this date. A study of the early 1840s suggests that shippers annually exported the equivalent of 40% of their stock, with some selling in excess of 50%, implied they were still heavily dependent on the *almacenistas* for their supplies<sup>26</sup>. One possibility was to integrate backwards. John Haurie (nephew) in 1857, for example, claimed that he had secured the «stocks of the three largest *Almacenistas* in Jerez»<sup>27</sup>. Although Gonzalez & Co apparently bought 92 butts of old Sherry for £10,000, by the early 1860s virtually all the Sherry being shipped was from harvests after 1858<sup>28</sup>. Most *almacenistas* continued in business, but it seems likely that after harvests recovered the leading export houses increased their own stocks of wine.

Sherry prices were determined in Jerez and, because of the level of demand, shippers were able to pass on their higher costs caused by poor harvests to the consumers. Despite the shortage of quality wine, the leading exporters increased considerably the amount of Sherry they shipped. In this respect it was irrelevant to the exporter, as one newspaper noted, if «he buys at four and sells at six,

<sup>25</sup> Ridley's, (February 1860), p. 5.

<sup>26</sup> Maldonado Rosso – *La formación del capitalismo...*, p. 221. See also Montañés – *La empresa exportadora del Jerez...*

<sup>27</sup> Ridley's (October 1857).

<sup>28</sup> Ridley's (July 1862), p. 2 and 3.

than if he makes the purchase at eight and realises it at ten»<sup>29</sup>. Domecq shipped in 1864 and 1865 large quantities of «light low» wines which did not carry his brand name, but in 1866 all the leading shippers were supposed to have had profits of £20-30,000<sup>30</sup>. By this date *Ridley's Wine and Spirit Trade Circular* had added a sixth quality wine – «Sound Cadiz White Wine» – which sold at between £14 and £16, to the five traditional qualities of Sherry which ranged from £22 to £250 a butt<sup>31</sup>. Part of the growth in exports was supplied by the expansion of viticulture in the Jerez region itself. However, in 1863 a group of 29 exporters from Jerez gave the *Trade Circular* a gift of £100 for «*discovering, exposing, and frustrating traffic in spurious Wines*». Wine had been shipped from London to Cadiz, and returned as Sherry<sup>32</sup>. However whilst volume soared, as it did until the early 1870s, the lot of the shippers was generally a happy one.

In the 1850s the *almacenistas* suffered from increasing competition from shippers for the small supplies of must. They also failed to benefit from the large shipments of low class Sherries and local wines. Some undoubtedly were able to use the high prices of the 1850s and early 1860s to buy up new must to produce quality Sherries in the 1870s and 1880s. Others simply lost their independence, by being taken over or entering into closer partnership with exporters. However, the general trend towards lighter, younger Sherries, and the growth of brand varieties in England such as *Tio Pepe*, implied that there was less need for the traditional maturing of Sherry, encouraging shippers to carry larger stocks.

The greater part of the increase in wine production between the 1850s and 1870s was achieved by extending the area under cultivation and by increasing labour inputs per hectare. Falling prices did not see a reduction in the area of cultivation, as the uprooting of vines would have been expensive and would have destroyed costly capital assets. Instead, planting came to a halt on those soils which had supplied the best Sherries (*albarizas*) but continued on those which produced larger quantities of poor wines for the French market (*arenas* and *barros*). Likewise as the major increase in productivity per hectare was achieved through greater labour inputs and not through technological change, the growers responded to lower prices by reducing labour requirements. As early as December 1866, the *Revista Vinícola Jerezana* wrote:

*«the cultivation of our vines, the basis of our wealth, is decaying visibly, and this can be shown by the fact that, finding ourselves at a period when certain tasks should be carried out, and with favourable weather conditions, one*

<sup>29</sup> RVJ 1/6 25.3.1866, p. 44.

<sup>30</sup> *Ridley's* (January 1866), p. 7 and (February 1867), p. 2.

<sup>31</sup> *Ridley's* (September 1867), p. 2.

<sup>32</sup> *Ridley's* (September 1863), p. 16.

*cannot discover in our vast countryside those numerous teams of workers that are a sign of a good state and advance in agricultural production»<sup>33</sup>.*

Employers cut costs not just by using less labour, but by paying less for that labour which they used. A petition from a group of workers to the Mayor of Jerez in the summer of 1866, noted that the wages of day labourers had declined by half from those of the early 1860s, but the price of food had not fallen<sup>34</sup>.

The consistent low prices of must, together with the relatively high labour costs, led some owners to introduce sharecropping. The British Consul reported in 1884 that:

*«within the last 18 months the proprietors of vineyards have generally adopted a system of giving up their ground to day labourers who, for the consideration of receiving from one-third to one-half of their produce, agree to cultivate and to properly keep up their possessions»<sup>35</sup>.*

However the experiment was short lived. The short term nature of these contracts encouraged the sharecropper led to attempts to maximise harvests with little concern for the future of the vines.

## CONCLUSION: WHO WANTED AN APPELLATION CONTRÔLÉE?

By the early 1860s it was becoming apparent to all involved in the Sherry business that the high wine prices were attracting numerous imitations. Three major types of imitation can be distinguished. First, the purchase by almacenistas and exporters of wines from regions outside of Jerez, which were then mixed with local wines or simply shipped as Sherry. Second, the production of «Sherry» in countries such as South Africa, and sold in the British market at lower prices than genuine Sherry from Jerez. Finally, the «manufacture» of Sherry using ingredients other than just wine, which on occasions proved a severe health risk. All tended to depress prices in London for the real drink, but the different activities were met with different types of response from among producers and consumers. Only the last type of abuse was condemned by both those involved in the Sherry

<sup>33</sup> RVJ 1/23, 10.12.1866, p. 179

<sup>34</sup> RVJ 1/9, 10.5.1866, p. 70. For salaries in Jerez, see Simpson – *La produccion de vinos en Jerez...*

<sup>35</sup> *Consular Reports 1885*, part vi (Cadiz for the year 1884), p. 928. *El Guadelete* (Jerez de la Frontera) of August 12th 1882 wrote, «The majority of the vineyards in Jerez are found badly cultivated or virtually abandoned, covered in weeds or handed over to tenants who, with few resources, cultivate themselves obtaining a very small salary for their work with the selling of the grapes».

trade and consumers. The diversity of interest concerning the other two types of «abuse» in part explains the limited action taken by all parties.

For the cosecheros in the Jerez region, any wine calling itself Sherry that had been produced with grapes from elsewhere reduced their profits. The local press in Jerez is therefore full of complaints and different plans to control the «import» of wine from outside the region. More complicated was the position of the shippers. These usually entered into exclusive contracts with London wine merchants<sup>36</sup>. Most consumers in England relied on two methods in obtaining information when purchasing Sherry. They either used a «reputable» wine merchant who could recommend a Sherry which he had imported, or they recognised the brand name of one of the shippers from Jerez. To reduce problems of asymmetrical information, shippers developed a range of different, clearly defined, Sherries. Relying on information from local wine merchants was realistic when consumers were relatively few, and repeat purchases were expected. It became less successful after 1860 when the market for wines in Britain was significantly widened after Gladstone's licensing act and the lower tariffs. Many wine merchants and shippers now wanted to compete in both the high quality and cheap segments of the market. As we have seen, one option was for shippers to export wines from outside the Jerez region, and selling it as cheap Sherry, but without their brand name. Shippers therefore could play the two markets, the luxury one that was dependent on preserving their good reputation and the cheap one where consumers did not know the name of the shipper. The importance of the trade in cheap Sherries for shippers explains the long conflict between them and the cosecheros, and why it was only in the 1930s that a *denominación de origen* was established<sup>37</sup>.

The attitude of shippers therefore was somewhat ambiguous, which made it difficult for them to promote the name of Sherry in England. Therefore shippers attacked the British authorities for allowing wines from other counties to be called Sherry, although an important part of their profits by the 1860s came from wines produced outside Jerez. Maybe, if the British government had allowed only wines from Jerez to use the word Sherry, then Spanish merchants might have been persuaded to overcome the high transaction costs in establishing and monitoring an *appellation contrôlée* for the region<sup>38</sup>. Perhaps, although this also seems unlikely, if the Spanish government had been willing to assume some of these costs and had monitored closely wine exports, then the British government might have been more sympathetic in restricting other «Sherries». In reality, the twenty

<sup>36</sup> See especially Fernández-Pérez – *Challenging the loss of an empire...*

<sup>37</sup> A good summary of the debate is in Cabral Chamorro – *Observaciones sobre la regulación...*

<sup>38</sup> One possible solution was to establish a government regulatory body, such as found in Oporto. See Duguid and Lopes – *Ambiguous company...*

years it took to disprove Thudichum's totally unfounded health complaints concerning Sherry suggests the weakness of both exporters and the Spanish government in influencing the market.

## APPENDIX

### Area of vines in Jerez de la Frontera in about 1840

Area of vines	Number of owners	Total area of vines. Aranzadas	Number of owners with vineyards of less than 10 aranzadas	Area of vines in vineyards with less than 10 aranzadas	Area of vines in vineyards with more than 50 aranzadas	Area of vines in vineyards with more than 100 aranzadas
Carraola	15	428	4	26	161	100
Barbaina	58	1566	20	118	580	0
San Julian & Ruiz Diaz	34	900	4	21	330	0
Corchuelo	39	594	18	131	0	0
Anina	39	828	8	72	162	0
Tocina	14	177	9	47	65	0
Peonias	9	452	0	0	222	100
Cerro de Santiago	11	257	3	18	130	0
Cerro de Pellado y Tizon	36	707	15	91	60	0
Marcharnudo	55	1895	19	131	1020	560
Carrascal	64	1226	26	160	135	0
Espartina	8	219	1	7	60	0
Ducha	7	285	0	0	110	0
Cuartillo	53	501	44	268	110	0
Total	442	10035	171	1090	3145	760

NOTE: an additional 2,215 aranzadas is given for less fertile soil, but without any breakdown of ownership. Finally 1496 aranzadas is given for the «Pagos de Arena» which produced wine for local consumption and distilling only at this date.

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