

### **New British Ambassador**

H.E. Mr. John Buck has been appointed Her Majesty's Ambassador to Portugal who succeeds our Patron H.E. Dame Glynne Evans DBE, CMG. The new Ambassador will arrive in September. He was Head of Chancery in Lisbon between 1988 and 1992 and his last position was as Director for Iraq at the Foreign Office.



### **Inauguration of the Bust of Queen Catherine in London**

Tim Fargher's bust of Queen Catherine of Braganza, in London, is to be formally inaugurated at the Royal Hospital in Chelsea on May 19<sup>th</sup>. Members will recall that its twin was placed before the Palace of Bemposta (which the widowed Queen built for herself when she returned to Portugal). The Royal Hospital was a creation and built by the Queen's royal spouse King Charles II. The bust has been kindly accepted as a gift by H.M. the Queen, commemorating the Golden Jubilee and, therefore, enters the Royal Collections. The bust was sponsored by the Espirito Santo Financial Group.

### **Glass**

### **The Strange History of the Lyne Stephens Fortune By Jenifer Roberts**

**Templeton Press. 366 pag.**

You may recall that in Newsletter nr. 8 we published a short review of a new book on the Stephen Brothers of Marinha Grande. This provoked a spirited exchange of letters with the

author, which we here publish so that you can make up your own minds. Of course, you should read the book itself. We begin by reprinting the original review:

Those who wander near Cais do Sodré will suddenly find themselves in a small square called “Praça Irmãos Stephens”. Most of us know vaguely about these English brothers who, at the time of the Marquis of Pombal, founded at Marinha Grande a glass manufacturing factory. In Lisbon they lived in the square, which still bears their name. Indeed up to the Revolution of 1974 and beyond the Fábrica Irmãos Stephens still existed. I think (but I am subject to correction) the name has now disappeared.

In the late XVIII century, the author tells us, several visitors to Batalha and Alcobaça such as Mickle (who first translated the “Lusiadas” into English) and Robert Southey, and many others visited the glassworks at Marinha Grande. The Chapters on the Napoleonic Invasions (the Peninsular War) are especially interesting. The factory was eventually bequeathed to the Portuguese nation in 1825. Today among the funds, which are administered by the British Charitable Fund there are monies which have their origins in the Stephens fortune.

However, the great fortune of the Stephens family in the XIX century is never really explained. The Marinha Grande factory did not have the dimension to justify such riches. Where did they come from?

The author e-mailed our President on the 22<sup>nd</sup> January 2004:

“Dear Dr. Lowndes Marques,

I was at the New Year party of the Anglo-Portuguese Society in London on Wednesday evening and Ann Waterfall kindly gave me a copy of your review of my book, for which many thanks.

However, I was a little concerned at your final two sentences, as the factory at Marinha Grande did indeed have the dimension to justify the size of the Stephens fortune, as I think I made clear in the book.

The great profitability of the factory was due to a number of privileges grant to William Stephens. In 1769, he was given an interest-free loan to rebuild the factory, which was only fully repaid after sixteen years. He was also given free use of fuel (one of the main costs of production of glass), together with exemption from all taxes. In 1772, Pombal raised import duties on glass to such an extent that William was given an effective monopoly of supply in Portugal and its colonies. As well as guaranteeing a large volume of

sales, this monopoly also enabled him to set high prices. Maria I endorsed all his privileges in 1786, as did Prince João in 1794 and 1799. (See chapter 5, pp. 53-54, Chapter 6, pp. 64-65, Chapter 9, p. 102, Chapter 10, p. 113 and Chapter 11, p. 124. My sources are fully listed in the end-notes and bibliography.)

A monopoly of production, coupled with free use of fuel, in the recipe for making massive profits – and, at Marinha Grande, these profits were exempt from all taxes. This highly profitable situation continued until the first French invasion of 1807, a period of almost forty years. William Stephens and his brother not only enjoyed this wealth, but repaid their good fortune by establishing a welfare state for their employees, and developing the agriculture and horticulture of the region.

I would not normally question a review, but I feel that your last two sentences do not fully reflect what I discovered in the course of my research, I wonder therefore whether you would be willing to revisit the relevant pages of the book and reconsider these two sentences?

With best wishes,

Jenifer Roberts

P.S. You may like to know that the Stephens factory remains in operation, under the ownership of a Danish

industrialist who still uses the Stephens name. William's mansion house has been converted into the National Glass Museum and the workshop for crystal glass now houses the town library."

Meanwhile, Clive Gilbert, on 7<sup>th</sup> February 2004, wrote:

"Dear Jenifer,

Thank you for your letter dated 20<sup>th</sup> January 2004, asking me to write a review on your book "Glass: The Strange History of the Lyne Stephens Fortune" for the Anglo-Portuguese Society Newsletter. I also take this opportunity of thanking you for copying me the e-mail message you sent Dr. Paulo Lowndes Marques on 22<sup>nd</sup> January 2004.

I should point out that although I thoroughly enjoyed your book and acknowledge the great amount of work that you put into the project, I also share Dr. Marques's doubts on the origins of the family fortune. The doubts and points we both raise may be resumed as follows:

- What was the production of the Marinha Grande factory in terms of items/annum and average selling price per piece? What did the total wage bill as well as the raw materials together with sales costs, etc. represent? These do not seem to have been addressed.

- Although the factory functioned profitably for thirty seven years (1770-1807) John James was obliged to pay for the complete reconstruction of the factory after the First French Invasion in 1807 from his own fortune. How much was this?

- It is acknowledge that John James' management was disastrous and "he had plunged the factory into loss, producing large quantities of glass that failed to sell..." p. 209.

- Stocks accumulated at a rate of £ 500,000 per year and the factory had three times more workers than necessary. John James was subsidising the factory by £ 400,000 per year for twelve years (p. 220). He also left three months wages to all the workers plus two years of salaries to the Lisbon clerks, etc.

- Charles inherited £ 5,000,000 of unsaleable stock!

We realize Charles inherited from John James who in turn had inherited from William, Jedediah and Philadelphia i.e. John James's bequest to Charles was £ 700,00 + J.J.'s London assets. Since Charles's own fortune was £ 500,000 and these three items therefore represented £ 70,000,000 in today's values (p. 229) this must mean the J.J.'s London assets represented £ 39,000,000? Also Charles's

son Stephens received an annual income of £ 2.6 million (p. 275).

What Dr. Marques and I query therefore are the numbers you have come up with in the book as these don't seem to justify that most of the fortune originated from the factory at Marinha Grande. Were there, for instance, several other commissions such as the Brazilian gold bullion deal?

I am sure Dr. Marques will be more than happy to revise his review and I, in turn, will enjoy writing a review for the Anglo-Portuguese Society if you manage to clear up our doubts.

With every good wish,  
Yours sincerely,  
Clive Gilbert"

Jenifer Roberts answered on 13<sup>th</sup> February 2004:

"Dear Clive,

Thank you for your letter of 7 February.

I cannot answer your first question because no accounts showing profits from the factory have survived the years. There are a few annual reports (which are referenced in the end-notes), which give price lists, tonnage figures for some of the glass manufactured and lists of employees. In my judgement, this material does not provide an adequate basis on which to estimate profits.

However, there is plenty of other documentary evidence that the fortune originated in the glass factory. Contemporary letters and memoirs (MS letters from William's friend Antony Gibbs, the letter from Manuel Joaquim Rebelo, and the published writings of Marianne Baillie and the Duc du Châtelet among others) all refer to the wealth originating in Marinha Grande. I accessed all relevant contemporary sources in the British Library and in other collections and found nothing to contradict my findings. And the many letters written by John James to his manager at Marinha Grande between 1812 and 1826, letters which went into great detail about all his dealings, make no mention of any other business activity.

Two of Charles Lyne Stephens's nephews and nieces also wrote memoirs. They never met each other, but they both stayed with Charles after his inheritance and both (in their different ways) told the story of how the wealth from Portugal originated in the glass factory. These memoirs carry some weight because the information came from Charles himself and he had lived with the Stephens family in Lisbon between 1778 and 1803, the years of Marinha Grande's greatest profitability.

All these sources are clearly referenced in the end-notes and bibliography.

There is no doubt that William, like any astute businessman, would have invested his profits wisely over the years to further increase his wealth. In addition to the effect of compound interest over many years, it is likely that he made shrewd investments. He also used his money to help his siblings and cousins in their own businesses, which subsequently prospered. However, this does not undermine the fact that the fortune originated in the factory.

John James did not have to rebuild the entire factory after the third French invasion of 1810/11. Many of the buildings remained standing and it was just the workshop for crystalline glass and the covered yard (which stored the firewood) which were destroyed. Unfortunately, no figures survive as to the cost of rebuilding and John James's letters, although they go into great detail about the physical element of the rebuilding, do not give details of cost.

The figures you quote in your comments, about John James's management of the factory were all obtained from contemporary sources and are fully referenced in the end-notes. In my opinion, they serve as additional evidence of the extent to which the wealth made in

Marinha Grande had accumulated over the years.

With regard to your comments about the size of Charles's fortune in 1827, his own fortune was around £ 500,000 and he inherited £700,000 from Portugal. The value of John James's London assets (which he brought to England from Portugal in 1804 and 1806 and invested in the stock market) was an additional £ 430,000 (not the larger figure mentioned in your letter). Charles's fortune, taking all three items into account, therefore amounted to £ 1,630,000. The Bank of England's list for equivalent contemporary values for the pound gives a multiplication factor of 43.61 for 1827. Ignoring the normal caveats associated with grossing-up (referred to in my Authors Note), this gives a present-day value of about £ 70 million. His son's annual income of £ 2.6 million (in today's values) represents 3.7% of this figure, which is in line with interest rates and dividend yields at that period. Again, I must point out that the actual figures were all obtained from contemporary records and are referenced in the end-notes.

Charles's bullion dealings, by the way, were part of his activities as senior partner of the merchant house of Lyne, Hathorn & Roberts in London and had no connection whatsoever with his cousin in Lisbon.

I was fortunate to be able to collaborate extensively throughout my research in Portugal with Professor José Pedro Barosa. His academic subject is economics, he runs his own glass factory in Marinha Grande (Santos Barosa, the tenth largest bottle factory in Europe), and he is the acknowledged authority on the glass industry in Portugal in the 18<sup>th</sup> and 19<sup>th</sup> centuries. I copied your queries to him and he replied as follows:

"The questions are answerable indeed, although not in accounting terms as there are no accounts to build upon. Your whole reasoning is sound and your picture is broadly right. You don't really "prove" or even say that Charles Lyne Stephens's fortune was "made" by William and John James, but you do show that it all begun in Portugal (as the family had nothing beforehand) and, in Portugal, it all started in Marinha Grande as William was bankrupt before that and none of the others had money of their own.

"You say, as is the conventional wisdom, that the Marinha Grande factory was very profitable in Williams time and anyone can read from your story that these moneys were used to finance trading activities by the other (ever more of them) members of the family. These others certainly made their contribution, BUT they could not

have set up themselves so profitably without the capital and the personal connections of William Stephens. And for this, it all started in Marinha Grande as you show.

"I say "show" and not "prove" to make it clear that the standards of proving in history are not the same as, in mathematics. And your book, being narrative history, wasn't intended to be academic, although I have read many academic history books that are much less convincing than yours.

"To conclude, I am convinced that you presented a very plausible story that is broadly right, and which illuminates and furthers our knowledge."

After eight years of research, and digging deep into both Portuguese and English records, I have no doubt that the fortune originated in the glass factory. Although there are no surviving profit and loss accounts, there is a weight of other evidence to support this conclusion and no evidence whatsoever to support a contrary view.

Nevertheless, if you can provide contemporary evidence, which demonstrates that my interpretation is flawed, I should be more than happy to consider it. Although I have spent eight years following and tracking down all

possible sources, I am neither too closed-minded nor too arrogant to ignore the possibility that, despite my best efforts, something may have slipped through the net. However, it is fruitless to speculate about information which is either not available or which does not exist.

I hope this answers your questions.

With best wishes,

Yours sincerely  
Jenifer Roberts"

Clive Gilbert, in his turn, on the 12<sup>th</sup> March 2004, replied:

"Dear Jenifer,

Thank you very much for your very interesting letter dated 7<sup>th</sup> February 2004.

On reading it I was pleased to see that essentially you agree with the comments made by Dr. Paulo Marques re the origins of the Lyne Stephens fortune.

Nobody and particularly Dr. Paulo Marques disputes the fact that the "fortune originated in the glass factory". What is not completely explained is where the whole of the fortune came from. Outstanding investments, commissions, other businesses, etc.? The production at Marinha Grande was relatively small and was only profitable during the years under William but then became a significant loss-making concern under Charles.

There is no doubt whatsoever that your book is an invaluable addition to Anglo Portuguese history and your extensive research has come up with important information.

Quite frankly it was probably an impossible situation from the beginning since, as you say in your letter, the company records do 'not provide an adequate basis on which to estimate profits". Nothing, I suppose, is ever perfect and perhaps this little mystery you leave the reader is an intriguing end to a fascinating work.

With best wishes,  
Clive Gilbert

Finally, the author answered:

"Dear Clive

Thank you for your letter of 12 March and for your kind acknowledgement of my book's contribution to Anglo-Portuguese history. However, I must point out that, despite what you say in your letter, I do not agree with Dr Marques re the origins of the Stephens fortune.

Imagine a celebrity footballer who makes a fortune through his sporting activities and increases his wealth significantly by astute investment. Much later, someone writes his biography. It would be disingenuous and misleading of the biographer not to

attribute his subject's fortune to his activities on the football field, and it would add little of consequence if he wrote a chapter detailing the increase in wealth through financial investment.

Apart from the lime kilns (which closed in 1778 and were never very profitable), there were no other business activities involved in William and John James's fortune. Of this there is no doubt. The real source of the wealth was the extraordinary package of privileges granted to William and his glassworks by Dom José, the Marquis of Pombal, and Dona Maria, a package which was the recipe for exceptional profitability. It consisted of an interest-free loan to construct the factory, a prohibitive level of import duties (giving William, an effective monopoly of supply in Portugal and its colonies), free use of fuel (the biggest material cost in glass production), government approval of a list setting high prices for glass, and exemption from all taxes. All this is clearly set out in the book. William was a remarkable man. Apart from his business skills and his benevolence as an employer, he also had considerable political skills, which ensured that his privileges were first granted and then maintained and extended. It was these political skills, which set him apart from other industrialists of his era and place the

source of his fortune firmly in the glassworks at Marinha Grande.

Throughout my research, I thought long and hard before drawing any conclusions from the sources available and I passed all conclusions relevant to the glass factory through the filter of Professor Barosa's considerable knowledge of the Portuguese glass industry in the 18<sup>th</sup> and 19<sup>th</sup> centuries. It is easy to float theories if one has not delved into the sources, but this, can lead to incorrect assumptions.

Dr Marques wrote in his review that the factory at Marinha Grande “did not have the dimension to justify such riches” and you stated in your letter that “production at Marinha Grande was relatively small.” I do wonder where these ideas come from because I know of no evidence to support them. At the time of Marinha Grande's greatest profitability, it was the only glass factory of any significance in the country and it supplied the entire demand for all types of glass in Portugal and its colonies.

You mention Charles in the third paragraph of your letter. Did you mean John James? I know how easy these mistakes are to make if one is not being careful. I therefore spared no expense in employing copy editors to ensure that lengthy and painstaking research was not devalued by small mistakes of this sort.

I am pleased that you feel my book is an invaluable addition to Anglo-Portuguese history, but disappointed that you are not willing to bring it to the attention of other members of the Anglo-Portuguese Society who, might also find it of interest. However, I am delighted to report that the book has been very well received in England. Reviews are excellent and sales are booming.

With best wishes,

Yours sincerely

Jenifer Roberts”