

THE BREWING TRADE IN NORTH EAST ENGLAND, 1869-1939. PART IV

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Part 5: 1921-1939

Chapter 7: The structure of the Trade

Introduction

The fact that by 1921 brewers large and small, modernised and unmodernised, operated side by side was a result of special circumstances. Normal competitive instincts had given way to the exigencies of war-time, profitability had risen and cooperation between firms had been stimulated by government intervention. Such circumstances however, could only be temporary: by 1921 it was clear that some brewers were in a better position than others to take advantage of the return of a proper competitive environment and that some, whose lives were perhaps artificially prolonged by war-time conditions, would have difficulty surviving.

The organisation of production

Contraction in the Trade

Following the end of the war and the relaxation of restrictions, UK beer output at first rose dramatically from its level of 13,816 thousand standard barrels in 1918, declined sharply in the slump of 1921-23, and then settled on a plateau for the remainder of the 1920s (Table 60). There was a drop in standard barrelage of 22% between 1920 and 1930. After 1930 the depressed economic environment caused a sudden fall in standard output such that by 1933 it was back to the immediate post-war level, to be followed by a gradual recovery until the 1930 level was being approached again by 1939. Standard barrelage did however decline by 6% during the decade. Thus it was that the 1939 level of production of standard barrels was down approximately 49% on its 1914 level. The decline in bulk production was not as marked, only 34%, because of the fall in the average gravity of beer over the period.

Falling consumption was the signal to brewers that leisure patterns were changing and responses were necessary. Some smaller brewers were to surrender to the new market conditions and close down. The leading North East firms, however, sought to protect output levels and retain sales by merger and acquisition, and almost all surviving firms were to re-structure capital and modernise facilities.

Concentration of ownership

Against the background of declining demand which followed the short-lived post-war boom, there was a more than proportionate 70% fall in the number of breweries operating.¹ Many brewers left the industry but the most significant influence on concentration was a wave of mergers and take-overs, followed by subsequent rationalisation as firms sought to recover levels of production which would secure scale economies. The disappearance of smaller firms and the amalgamation of many survivors into larger concerns greatly increased the size of units: the average output of 'brewers for sale' in 1920 was 12,027 bulk barrels but was up to 27,881 in 1939,² an increase in size of some 131%. There were no new entrants to the industry: new companies were created but these were formed to facilitate the merger of existing firms.

In 1929 a visitors' guide to the North East said that

we find a good deal of derelict breweries, which have now passed out of use as the encroachment of the Scotch ales and South of England beer has made progress; although there still remains a number of breweries, and at least one with an extensive export trade, it must be confessed that with the importation of several ship loads per week from Scotland and a good supply by train from Burton and Yorkshire, that the brewing industry does not occupy the important place it once did in the industrial life of the North East Coast.³

The number of firms brewing in the region was more than halved between 1920 and 1939 as the number fell to 15. In a

Year	Standard	Bulk	Year	Standard	Bulk
1920	25,115	35,048	1930	19,551	25,062
1921	26,730	34,505	1931	18,488	23,900
1922	23,514	30,719	1932	15,514	20,791
1923	18,564	23,949	1933	12,899	17,950
1924	19,890	25,425	1934	15,043	20,182
1925	20,954	26,827	1935	15,578	20,864
1926	21,034	26,839	1936	16,387	21,970
1927	19,745	25,168	1937	16,985	22,724
1928	19,963	25,435	1938	18,056	24,206
1929	19,253	24,608	1939	18,364	24,675

Table 60. UK beer output 1920-1939 ('000,000). Source. Baxter, J. (1945) *The Organisation of the Brewing Industry*. Unpub. Ph.D. thesis, London University, Table 30.

statement given to *The Times* in 1934, the vice-chairman of the Northumberland & Durham Brewers' Association said that over 30 firms operated in the North East Coast district, and of these approximately half brewed locally.⁴ Whilst this statement confirms the importance of outside firms in the region's beer trade, it suggests that the trade association had overlooked some of the smaller brewers still operating in the mid-1930s. Nonetheless, the process of market concentration had continued through the 1920s and early 1930s, and was essentially one of the absorption of smaller firms by larger ones being accompanied by the merger of the larger firms. In this respect the growing concentration of ownership in the region's brewing industry in the twenty years before 1939 is principally the story of the Associated Breweries Ltd.

The 1920s witnessed the amalgamation between the primarily Durham-based North Eastern Breweries and Vaux, and the fusion of the two Berwick firms of Border Breweries and Johnson & Darlings. The amalgamation scheme between Vaux and North Eastern Breweries consisted of the formation in 1927 of a company under the title Associated Breweries Ltd. with a capital of £1,500,000 in £1 shares (1,000,000 ordinary and 500,000 cumulative preference) to acquire the shares and other interests of the two concerns. The purchase consideration was £1,184,497 made up of cash of £268 and 869,716 ordinary and 314,513 preference shares satisfied as to

3 £1 ordinary shares in Associated Breweries and 10d cash for every 2 £1 preference shares in North Eastern Breweries

9 £1 7% preference shares in Associated Breweries for every 2 £5 5% preference shares in North Eastern Breweries
14 £1 ordinary shares in Associated Breweries and 6s 4d cash for every 1 £5 ordinary share in C. Vaux & Sons
9 £1 7% preference shares in Associated Breweries for every 2 £5 6% preference shares in C. Vaux.⁵

When the Associated Breweries scheme was in its formative stage, F. Nicholson, managing director of Vaux, approached both Rowell's and Newcastle Breweries in the hope of including them in the new holding company. It is not known why Newcastle Breweries rejected the overture but Rowell's directors felt that the terms offered were out of line with the market value of their shares and were unhappy that the purchase consideration was to be in the form of a scrip issue. The company's minute book records the view that 'a cash consideration may have been different'.⁶

Before the Vaux and North Eastern Breweries linkup, Vaux purchased the Norton Grange Brewery of Heslop and joined with Calders' in 1925 to acquire the business of Robinson Bros. who ran the 22-quarter Houghton-le-Spring Brewery. The 63 licensed houses were split between the two companies. In 1925 North Eastern Breweries had taken over the Hartlepool firm of Harker & Co., and after the formation of Associated Breweries, the new holding company acquired the whole of the shares of the Hetton-le-Hole firm of Thos. Larnb. Thus by 1927 six brewery companies had relinquished their independence and become part of Associated Breweries.⁷

In late 1923 the chairman of the Border Brewery Co. reported on protracted negotiations with the neighbouring firm of Johnson & Darlings and advised shareholders to accept the offer being made. The offer was subject to Johnson & Darlings being able to obtain 90% of the preference shares and 75% of the ordinary shares. In the event, the whole of the preference shares and almost all the ordinary shares were acquired. However, because Johnson & Darlings were also seed and grain merchants and fertilizer manufacturers, they felt the need to separate the brewery business from the agricultural side. The company therefore transferred the Tweed Brewery and licensed houses to the newly formed Berwick Breweries Ltd. in 1925 for a total price of £109,309.⁸

The only other takeover in the region in the 1920s was that in 1925 by Cameron's of the Darlington and Leeming business of Plews & Sons, in a deal stated to involve a sum approaching a quarter of a million pounds.⁹ Further takeovers in the early 1930s meant the end of brewing in Darlington. In 1930 the business of T.M. & E.W. Hinde was sold outright to the Tadcaster Tower Brewery Co. Ltd. As well as its brewery and 14 licensed houses, the firm also owned considerable private property. Although still controlled by a surviving member of the Hinde family, those most involved with its management had died by the mid-1920s. The brewery ceased brewing after the takeover but most of the staff were retained to run bottling stores and allied activities serving the Tadcaster Tower's growing trade in County Durham. This left the Haughton Road Brewery Co. as Darlington's only brewer, but in 1934 it was absorbed by John Smith's of Tadcaster, who successfully bid £82,000 for its production facilities, 35 fully-licensed houses, six beerhouses and eleven off-licences. About 30 staff were employed at the time but numbers were to fall as brewing was curtailed.¹⁰

Associated Breweries revived its takeover activities in the late 1930s to make a significant capture in the north of the region where it was badly represented in terms of its tied trade. In 1937 it acquired a controlling interest in, and shortly afterwards the whole of the share capital of, the Berwick Breweries Ltd. This provided Associated Breweries with around 60 licensed houses, mainly in north Northumberland but with six in Scotland. The Berwick Breweries' board had accepted an offer from Associated Breweries to exchange all the 50,000 £1 ordinary shares in Berwick Breweries for 45,000 £1 ordinary shares in Associated Breweries plus £7,000 in cash. In 1938 Associated Breweries took over two smaller concerns; the Blyth & Tyne Brewery Co., which no longer brewed but had ten licensed houses, and the Newcastle firm of Ridley, Cutter & Firth. The latter was a private company with £80,000 debenture stock and it was therefore necessary to sock the authority of the debenture holders to release the company from maintaining the Manor Brewery

and its plant. When this was done the brewery was closed down.¹¹

The leading firm of Newcastle Breweries appears to have remained aloof from merger and takeover activity, apart from its 1923 £4350 purchase of Turnbull & Wood, a Newcastle wine and spirit merchants, and its 1939 £3717 takeover of John Miller & Sons, a Hexham firm of mineral water manufacturers. There were, however, detailed and lengthy talks with John Rowell's of Gateshead. The Newcastle Breweries board was told in 1927 that preliminary negotiations pointed to 'an advantageous arrangement being made for the amalgamation of the two companies'.¹² Discussions had taken place following the two companies' decisions not to become involved with the Vaux and North Eastern Breweries merger. The chairman of Newcastle Breweries had said that whilst he saw no advantage in his firm joining with Vaux, the position of Rowell's was different, largely due to the siting and nature of the properties held. At a later meeting a representative of Newcastle Breweries stated that the object of the proposal was 'to secure output and so reduce the cost of standing charges'.¹³ A formal offer was then made for the £100,000 share capital and assets of Rowell's, including the proposal that Rowell's continued as a separate entity and leased its property on a 35-year basis to Newcastle Breweries. The consent to the closing of the brewery was to be obtained from debenture holders before any contract could be finalised. The Rowell's board felt that the offer undervalued their firm's properties and it was unacceptable. However, given that Newcastle Breweries' approaches had been of a 'friendly and courteous character', it was felt that 'the matter should be left in such a way as to make it possible to re-open negotiations later if deemed desirable'.¹⁴ No link up between Rowell's and Newcastle Breweries actually took place until 1956.

Newcastle Breweries was therefore content not to combine with any other North East firm, nor could they be tempted to expand outside the region. An offer in 1924 which would have given them control of three Lancashire breweries with 170 houses was not entertained by the company's directors.¹⁵ One other proposed regional amalgamation was aborted in the 1930s. The chairman of Berwick Breweries had conducted a series of meetings and exchanged correspondence with representatives of the Alnwick Brewery Co. which resulted, in 1933, in the Berwick Breweries suggesting terms for a merger between the two firms. The directors of the Alnwick Brewery Co., however, rejected the final proposal saying that 'they did not think the time was opportune to amalgamate'.¹⁶

Those takeovers and mergers that did take place in the period 1921-1939 are, of necessity, clearly documented. But these

merely represent the final outcome of the concentration process and what is less clear is the nature of that process itself, the proposals that did not result in amalgamation and the identity of any failed suitors. Some indication of this relatively unknown aspect of mergers can be gleaned from the minute books of Rowell's. This particular firm ended the period as the same independent brewer that began it, but it did negotiate and did consider possible mergers and takeovers. As well as the Newcastle Breweries and Associated Breweries offers already mentioned, Rowell's showed some interest in Robinson's of Houghton-le-Spring before it was bought by Vaux and Calder's, and in 1926 it carefully investigated the 27 freehold and 8 leasehold houses of the Brampton Brewery Co. before deciding not to purchase. Similarly, Rowell's had preliminary talks with Warwick's of Darlington before deciding that their tied trade did not warrant the price. The company also opened up negotiations with two other Darlington breweries that eventually went onto the market, Hinde's and Clayhill's. With regard to Hinde's, a number of visits to the brewery, interviews with directors and inspections of licensed premises took place over a period of fourteen months. Negotiations stalled, however, when Hinde's owners refused to release details of barrellage because the recent slack trade would have shown the brewery in an unfavourable light and the owners were also reluctant to name a price. Negotiations with Clayhill's over the Haughton Road Brewery also became bogged down in the estimates of barrellages and vagueness about price required. Later, when the brewery came up for auction, Rowell's inspected some of the properties, deciding that those in rural areas would be of little value but the town houses, although generally in need of modernising, had potential. Rowell's minute book does not record their attendance at the auction but the press reported John Smith's of Tadcaster outbidding an agent representing a Gateshead client. In 1935 Rowell's were also involved in some preliminary talks about the possible purchase of the other Gateshead brewing business of Isaac Tucker, but nothing came of it.¹⁷

Some North East brewers made further incursions into Scotland during the period. In 1922 Jas. Deuchar bought the Union Mills, Montrose to convert into a malting and then in 1923 Vaux acquired control of Lorimer & Clark Ltd. of the Caledonian Brewery, Edinburgh. This latter firm had been registered as a limited liability company in 1920 at which stage F. Nicholson of Vaux was described as the sole partner. Lorimer & Clark had been engaged in a trading arrangement with Vaux since 1919 and as a Vaux subsidiary held the share capital of the Durham & Northumberland Licensed Victuallers' Syndicate.¹⁸ Concentration also took place amongst some of those 'outside' firms most prominent in the North East. Arrol's entered an agreement in 1921 with Calder & Co. (brewers) and Calders (Newcastle) under

which Arrol's secured the right to brew the beers of the Calder companies, which were closing down their brewing facilities. The profits of the three companies were to be pooled. By 1926 Arrol's had agreed to brew lager beer for Allsopp & Sons. This provided so valuable a trade that in 1930 Allsopp's moved to acquire a controlling interest in Arrol's. By the end of the decade the Arrol's and Calder's tied estate in the North East was rationalised, with most going to Allsopp's.¹⁹

Whilst the concentration of ownership and market power was strongly determined by takeover and absorption, it was also assisted by the disappearance in the 1920s of five relatively small firms. The closures in 1925 of Lamb's Warkworth Brewery, Warwick's Victoria Brewery at Darlington in 1927 and Ovingham Brewery in 1929 were triggered by the death of elderly proprietors. In 1923 the liquidators of John Turnbull & Co. of South Shields failed to dispose of the Victoria Brewery as a going concern.²⁰ This was an early indication that, in an industrial structure far from conducive to new entrants, some small-scale operators with small numbers of licensed houses survived perhaps for historic, family reasons rather than because of strong commercial or economic justification. Buchanan's brewery was an exception to this trend. Here death of the owner triggered its sale, but its brewing facilities proved to be conveniently sized and situated for another brewer, the Northern Clubs' Federation Brewery, which was considering expansion.²¹ At Monkseaton the brewery survived into the 1930s. Yet another company, the Northumberland Brewery Co., was formed to take over the running of the brewery in 1920. This private company with a capital of £15,000 bought the brewery and its two licensed houses, and amongst its directors were members of the Gateshead-based wine and spirit merchants Davison & Wood. By 1935, however, the firm had been wound up and its public houses taken over by Newcastle Breweries.²²

Capital restructuring

Between 1921 and 1939 the capital structures of a number of brewing companies were altered. On some occasions it was merely a matter of tidying up what were thought to be inappropriate share denominations but in other instances efforts were made by companies to raise additional capital or to compensate for the redemption of loan capital. The one incorporation during the period, representing a reconstruction of a family-based private company, was that of Isaac Tucker of Gateshead in 1929 with a capital of £78,800.²³

Significant changes took place in the 1920s in Cameron's capital structure. In 1923 a decision was taken to increase the ordinary share capital to allow them to exercise an op-

tion to redeem part of their income stock by the issue of shares at any time they wished. In 1925 outstanding 7% income stock of £280,320 was issued at £50 per £100 stock to ordinary shareholders on a pro-rata basis. An outstanding £80,000 of 5½% notes in £200 denominations were also issued at par to ordinary shareholders. 500 ordinary shares were then offered to subscribers of the 5½% notes on the basis of one share at £12 for every £200 notes allotted. In 1928 another 13,986 ordinary shares were issued at par.²⁴

Other firms that raised extra capital in the 1920s were the Berwick Breweries and Rowell's. Shortly after the amalgamation that formed the Berwick Breweries the new company offered the outstanding 27,475 £1 7% cumulative preference shares to the public and the issue was doubly oversubscribed. Then, in 1928, the company increased its capital from £100,000 to £130,000, and issued a further 10,000 £1 7% preference shares. Anticipating a strong demand, these were offered to existing preference shareholders at £1 ls per share in the proportion of one for every five already held, and the issue was considerably oversubscribed. In 1926 Rowell's launched a £175,000 issue of loan stock, £120,000 of which was applied for by existing debenture holders whose earlier debentures had been due for repayment in 1925. Some of the proceeds of the new issue were used to repay the balance outstanding on the old debentures, but most of it was applied to the rebuilding and extending of properties and the purchase of additional houses.²⁵

Capital restructuring continued into the 1930s amongst those firms with the largest estates and those most intent on improving them. In 1932 Newcastle Breweries 5% first mortgage debentures became due for redemption and a majority of holders agreed to a 21 year extension in return for a capital bonus payment of £5 per cent. The remaining debentures were redeemed at par and held available for possible re-issue.²⁶ In 1934 a Northumberland & Durham Brewers' Association spokesman wrote in *The Times* that

the total capital of the companies which trade solely on the North East Coast is nearly £7 millions, while probably a sum almost as large can be added to cover the proportion of capital of outside concerns represented by their holdings in the area. The three largest local undertakings are Association Breweries, Newcastle Breweries and Cameron's, controlling between them a capital of approximately £3.5 millions.²⁷

Before the period ended the largest companies were to further increase their capital. In 1936 Associated Breweries increased their nominal capital by the addition of 611,987 5% £1 preference shares. The registered capital of the company at that time was £1,388,013, having recently been reduced by the cancellation of 111,987 7% cumulative preference shares

which had never been issued. The net increase was therefore £500,000. Of the new shares, 300,000 were issued: they were offered to existing shareholders by whom 93% were taken up. Also in 1936 Rowell's 5½% debentures were redeemed and replaced by an issue of 4¼%, saving the company around £2,400 per annum in interest. Most of the previous holders converted and the issue was oversubscribed. At Cameron's in 1937 a bonus issue of £490,020 £1 ordinary shares increased the company's issued capital to £1,280,520.²⁸

In 1938, after its acquisition by Associated Breweries, the new directors nominated by the parent company set about increasing the capital of Berwick Breweries. 30,000 new shares of £1 each were created, to be issued as either preference or ordinary shares as the directors decided. Later in the year, the capital of the company rose to £245,000 with the creation of an additional 115,000 £1 ordinary shares. Although there was some opposition, the chairman pointed out that if all the shares were issued 2/6d paid it would raise £16,000 which was the immediate cash need of the company. A meeting agreed to this capital increase and that such shares would not be offered to the public before registered members, but also agreed that the directors could dispose of the shares in such a manner as they thought fit. A little later, all the 115,000 shares and 20,000 remaining of the previous 30,000 addition were allotted to the Associated Breweries and their nominees.²⁹

The period 1921-39 also saw alterations which were no more than a reorganisation of capital into more appropriate denominations. At Rowell's in 1926 and Jas. Deuchar in 1928 £10 and £5 shares were subdivided into £1 shares. By 1937, when Cameron's converted their £10 preference and ordinary shares into stock transferable in £1 units, the £10 shares were felt to be 'somewhat unusual these days and less popular and marketable than shares in lower denominations or stock transferable in small units'.³⁰ It was also thought that the work of the company in its transfer department would be eased and lessened. In 1938 Newcastle Breweries converted shares to stock.³¹

Thus, the well-established, large firms also operated on a large scale when it came to raising capital; but some small firms still survived. For example, the Alnwick Brewery Co. was operating successfully, albeit largely confined to north Northumberland, with an authorised capital of £50,000 and only £23,000 issued.³²

Rationalisation of production

The concentration of ownership was but the first step in the concentration of production, and those firms which had ab-

sorbed smaller ones quickly closed subsidiary breweries. Vatrix ceased manufacturing at the Norton Grange Brewery and, after the merger which produced Associated Breweries, dismantled and sold the former Lamb's and Robinson's breweries at Hetton-le-Hole and Houghton-le-Spring. In 1926 the newly-fused Berwick Breweries consolidated its activities in Berwick by selling off its plant at the old Border Brewery and other branch properties. The whole of its output was brewed at the Tweed Brewery which was modernised and re-fitted to brew on a larger scale. One of County Durham's two Fenwick's breweries, the Chester-le-Street brewery, was closed in 1921.³³

One brewer, Joseph Johnson, who as a result of a much earlier takeover operated in two districts, closed down its Durham City operations in 1923 to concentrate all activities at the Westoe Brewery. The move necessitated the extension and improvement of the Westoe facilities. A mineral water factory and bottling plant were built, and new offices, cellars and garages were completed. Storeys were added to existing buildings and the final result was a fivefold increase in the capacity of the brewery. To reflect its new location, the company changed its name to the Westoe Breweries Ltd.³⁴

In the 1930s Newcastle Breweries further consolidated its operations at the Tyne Brewery as it closed down many of its outlying branches. The old Forsters' malting at Sunderland was vacated in 1932, the lease of the High Brewery at North Shields was not renewed in 1933 and in 1937 Wood's Market Place Brewery in South Shields was sold to the Tyne Dock Engineering Co. for £2,550.³⁵ The Associated Breweries also concentrated their manufacturing operations: brewing was stopped at the former North Eastern Breweries' Wear Brewery in 1932 and by the late 1930s all brewing and bottling was done in Sunderland with 'an important saving in production costs'.³⁶ The old Blyth & Tyne Brewery was dismantled and partly demolished, and the North Riding Maltings sold.³⁷

During the period both Deuchar companies centred their brewing operations in Scotland. In 1925 the Lochside II, a 140 ft steel screw-steamer was built for Jas. Deuchar. Fitted with specially designed machinery, the boat began a bi-weekly service from Montrose to the company's private dock at Newcastle, where a new jetty had been constructed in 1934 and mechanical unloading gear developed to handle the cargo of barrels. Warehouses were maintained by Jas. Deuchar in Newcastle and Sunderland but the Monkwearmouth Brewery was vacated in 1930. Robt. Deuchar also found it worthwhile to concentrate brewing in Scotland and brewing ceased at Newcastle in the late 1930s. Robt. Deuchar's products were shipped to the North East by rail. The company had private sidings at Duddingston Station where the beer was loaded into wagons and joined a daily service

to Newcastle's Forth Goods Station made up almost entirely of ale traffic.³⁸ In contrast to this movement northwards, one Edinburgh firm, John Aitchison, expanded its operations southwards into the North East. By 1930 it had acquired the Victoria Bottling Co. of South Shields and was building extensive new premises in Tyne Dock.³⁹

The Northern Clubs' Federation had finally begun brewing in 1921 and expanded quite dramatically during the decade. After the debacle of the Alnwick purchase, the Federation negotiated for a small Newcastle brewery that was closed down. The building had been used during the war by Jas. Deuchar in conjunction with a representative of Bass to brew and bottle beer for the armed services. Bought for £4300, it was the brewery at which Sewell, the Federation's brewer, had previously worked and with which he was therefore familiar. The condition of the premises was such that brewing was able to take place a few weeks after its purchase in early 1921 when the weekly output was 75 barrels. The Federation's output expanded fast and by the latter half of 1926 it had a six-monthly output of bitter and mild ales of 10,182 barrels. The organisation needed to expand its capacity and was able in 1927 to rent the Hanover Square Brewery of John Buchanan on a three year lease with an option to purchase at a given price. In the first six months in the larger brewery output rose to 18,700 barrels. In 1929 the brewery was bought outright for £20,000 with the intention of carrying out another £10,000 worth of alterations to lift the capacity from 300 barrels per week to 750 barrels. This then left the older Hedley Street brewery free to be used for bottle stores and aerated water manufacturing.⁴⁰

Technology and scale

The concentration of ownership and the rationalisation of production into larger units offered advantages: scale economies in the use of plant and manpower, the application of better methods and a greater consistency in product quality were all made possible. But there was little in the period to change brewing itself. The emphasis was on large scale and cost reduction using existing technology, although some advances were made in metallurgy and the use of new materials (or new combinations of materials) for certain vessels was a small feature.⁴¹ For most brewers the potential for improvement lay in the newer activity of the additional link in the productive chain that was the bottling of beers, and also in the peripheral but increasingly lucrative activity of wine and spirit merchandising. Transport fleets also continued to offer an opportunity for enhancement.

The principal exhibits at successive Brewers' Exhibitions in the period 1920-39 were concerned with bottling. 1922 was

typical, when it was reported that 'numerically, bottle-washing, filling, labelling and corking machines form the most important item'.⁴² A few years later the trade press lamented that as regards general brewer's plant there was 'little fresh',⁴³ but with regard to bottling there was plenty of evidence that the mechanical side was steadily forging ahead. By the end of the decade there was 'little to be said about plant or processes in practical brewing' and brewers engineers 'could be having a bad time but for the installation of plant in bottleries'.⁴⁴ Ten years later, by the end of the 1930s, the largest number of exhibits were in the classes covering bottle washing and sterilising.⁴⁵

Bottling stores had been common since the turn of the century but the increasing demand for bottled products and the continued improvements in speed of machinery, coupled with the potential for reducing labour costs, offered a substantial competitive advantage to those brewers with the best facilities. An analysis of Baxter⁴⁶ of information contained in Census of Production put the percentage of total brewery output in bottled form at 4% in 1907 and 7% in 1925. Its growth in importance into the 1930s, however, is confirmed by the 1935 figure of 17%. With a declining overall market for beer, the brewers were unable to ignore the technical advances in bottling, although the larger brewers were more able to meet the capital costs. Vaizey outlines the importance of bottling on structure:

First, it led breweries to acquire bottling stores, a process often accompanied by the acquisition of wine and spirit merchants who were themselves bottlers. Secondly, it led them to develop bottling plants of their own, so making technical changes in the brewing process which required quite complicated arrangements. Thirdly, it raised both costs and prices of the better beers, because bottling was an expensive process, involving an additional stage in the brewery operations and additional transport and storage costs ... By the nineteen-thirties most breweries of large size had extensive bottling stores in which expensive machinery bottled large quantities of beer. The small brewer was placed at certain technological and organisational disadvantages ...⁴⁷

The larger North East brewers equipped themselves to take advantage of the growing bottled market. At Newcastle Breweries, by 1925, the old St. Cuthbert's building had been transformed in to a new bottling hall where 240 dozen bottles were filled, corked and labelled each hour. All the new plant was British made, except for an American automatic bottle washing machine. There remained, however, the need for a human element: girls were employed to inspect the bottles against an illuminated background to ensure cleanliness. Similarly, after filling and corking, labels were still attached by hand. It was said that each girl was capable of labelling 10,000 bottles in a seven hour shift (one every two

seconds), working in continuous bursts of one and three-quarter hours each.⁴⁸

The bottling process also required modifications to ensure beer was properly conditioned for bottling and proper arrangements made for the conveyance of bottles to loading bays. At the Newcastle Breweries, where half a million bottles of beer were turned out in 1928, the beer would stand in tanks for between three and six weeks and then in the cool room for up to 28 days. Glass lined steel tanks, each with a capacity of 3,000 gallons, were installed for this purpose. When finally bottled, the beer was sent by conveyor to be packed into boxes travelling from another floor, and then by gravity conveyor to loading docks. These integrated improvements and extensions at the Tyne Brewery site were possibly the most advanced in the region and certainly attracted the attention of local professional bodies. By 1937 further extensions and improvements were carried out in the bottling factory.⁴⁹

Other North East brewers improved their bottling operations. In 1925 Rowell's directors acknowledged the need to modernise their bottling plant, although renewal did not take place until 1928 and 1929, to be followed in 1930 by the installation of electricity. Berwick Breweries extended their bottling store in 1931 and the Federation Brewery started bottling in 1934. At Cameron's in 1936 there was an expansion and re-organisation of the bottling plant and in the same year the Associated Breweries purchased the Avenue Theatre next to their brewery and at a cost of 112000 converted into a centralised bottling store.⁵⁰

As well as bottling, other more piecemeal improvements were carried out at North East breweries. At the Berwick Breweries the capacity of coppers were increased and in the malting buildings alterations included the removal of old kilns and the conversion of the ground floor into a bonded warehouse. One intended improvement that failed, however, was the unsuccessful boring for the brewery's own independent water supply.⁵¹ At the Berwick Brewery 'scrupulous cleanliness'⁵² was said to be the motto and the increasing stress laid on hygienic processes was a feature of the brewing trade at this time. As for Newcastle Breweries, the local press spoke of 'perfect cleanliness and absolute sterility maintained at the Tyne Brewery' and on another occasion reported that 'the outstanding feature was the cleanliness of the process and the care taken to ensure absolute purity'.⁵³ Cameron's also made much of their 'thoroughly hygienic conditions'.⁵⁴

Amongst the alterations made in the 1920s at Newcastle Breweries were an extension of the cellerage by adding new floors which could accommodate 1,500 barrels, modifications to hopbacks and various structural works. By way of

contrast, at the small Blandford Brewery of Ridley, Cutter & Firth capital expenditure was largely confined to repairs to fermenting vessels suffering from dry rot. An indication of the capacity of the Tyne Brewery in the mid-1920s is given by a series of advertisements run by Newcastle Breweries. These described a three-roller malt mill capable of grinding 200 bushels of malt in one hour, mash tuns with individual capacities of 40 quarters of malt, coppers which could each brew sufficient at one boiling to provide 5,000 dozen pints, and fermenting tuns which each contain 3,000 gallons. In the 1930s the Newcastle Breweries continued to extend their 4 acre site and further work was carried out on extending the malt-milling intake and storage buildings.⁵⁵ At another Tyneside brewery, Rowell's, the early 1920s had seen an extension of electric lighting to bonded stores and new yeast presses were installed. Towards the end of the decade improvement centred on the installation of the most modern refrigeration system. Work in the early 1930s was restricted to replacing where necessary such items as racks when the old ones became dangerous. By the end of the decade, however, Rowell's was planning a major alteration to the brewery, but the threat of war deferred execution of such plans.⁵⁶

The most spectacular example of growth in size during the period was that of the Federation Brewery. From 1930 extensions and improvements had continued at the new brewery but by 1935 it was clear that it was inadequate for the steadily increasing level of business. Particular constraints on the volume of brewing were the capacities of fermenting vessels and cellarage. The Federation therefore began negotiating with the owners of adjoining land and buildings, and by 1939 opened a new block of four floors and a cellar for storage, loading and garaging. This new building could accommodate 7,000 full and 2,000 empty barrels and included the region's first electronically operated barrel hoists. In the original buildings the fermenting rooms were extended and the bottling stores and washing sheds were remodelled and re-equipped. The work had cost £70,000 and had raised the capacity of the brewery to 2,300 barrels and 1,000 bottles per week.⁵⁷

A feature of brewing in the period was not only size within the brewery itself but ventures into wine and spirits on some scale. Newcastle Breweries had developed a five-storey bonded warehouse to serve its considerable wine and spirit trade. Its wine cellars, faced throughout with ceramic tiles, along a complex of corridors and lit by electricity, were thought to be 'unsurpassed, both as regards constitution and arrangements'.⁵⁸ By 1925, the old beer bottling stores had become additional bonded stores and by 1939 the company was meeting its shortage of storage space by using a bonded store belonging to another brewer, W.B. Reid.⁵⁹ At Cameron's, large bonded stores provided accommodation on five

floors for about 300,000 gallons of wines and spirits.⁶⁰ Again, the scale to which this department of the trade was carried out was a function of the company's overall size, and suggests that scale may have acted as an entry barrier to this section of the trade for the smaller brewer. The extent of the capital outlay was itself prohibitive and the carrying of stock - the Newcastle Breweries had stocks of port going back to 1887⁶¹ - meant a great deal of working capital tied up. The growth of the wine and spirits and bottling activities during the period 1921-39 necessitated many brewers, not only the very largest, expanding their storage facilities. For example, Rowell's and Tucker's expanded their cellarage and North Eastern Breweries extended their bonded stores in Stockton.⁶²

Transport had become a critical issue for brewers during the First World War and in the post-war period changing transport methods were contributing to the changing structure of the industry. In 1927 the *Brewing Trade Review* commented upon

The decrease in the use of the railway and horse and the increase in that of the motor lorry. The main effect is to eliminate the small country brewery because the large town brewery has a far wider circle of delivery in the working day. With improving roads, and wider use of the telephone, the larger towns are brought, economically speaking, close together and can compete with the smaller local brewer on more level terms.⁶³

In 1920 the Brewers' Exhibition had contained no petrol wagons, only five steam driven wagons. But the future of the steam wagon was soon being called into question. The emergence of petrol vehicles capable of pulling trailers of equal tonnage to those handled by slow-moving steamers allowed delivery speeds to improve between 50% and 100%. High railway rates also encouraged the switch to road transport and the brewing press could say, as far as transport was concerned, that the 'advent of the oil-age has put a different complexion on things'.⁶⁴

Some indication of the transport practices in North East breweries during the period can be gauged from pieces in the journal, *Motor Transport*. An article on Vaux's transport fleet illustrates two trends: firstly, the steam wagon which had superseded the steam tractor was itself being displaced by the petrol lorry, and secondly, electric vehicles were replacing horses for town deliveries. Detailed records kept by the company were used to produce the summarised results in Table 61.

The trade press pointed to the Vaux statistics as 'more convincing proof of the economic advantages of motor transport'.⁶⁵ As well as being cheaper to run, the petrol lor-

	Cost per mile s d	Cost per barrel s d
3 ton petrol wagon	2 4.8	3 3.8
5 ton petrol wagon	2 6.0	3 2.5
Steamer	5 2.1	3 6.6
Horse transport	6 6.6	4 3.3

Table 61. Delivery costs for different methods of transport at Vaux Brewery, 1924. Source. *Brewing Trade Review*, 1 October 1924.

ries were able to deliver over a larger radius, which reduced dependency on the rail network. In addition, empties were returned immediately, thus reducing the total number of barrels in circulation at a time when the industry was suffering a shortage of suitable wooden casks. Electric wagons were regarded as complementary to other forms of transport, being suitable only for short distance work as an alternative to the horse. Although clean to run and maintain, electric vehicles involved a high initial outlay and were limited to districts where electric power was available at a reasonable price. It may have been considerations like these which led Vaux to re-introduce five pairs of horses for town deliveries in 1929. Newcastle Breweries was also finding it worthwhile to use horses in addition to its fleet of 17 motor lorries, although the company made one break with the past in 1927 when it disposed of its steam wherry. Meanwhile, the Berwick Breweries were testing the reliability of pneumatic tyres on their motor lorries.⁶⁶ An account of transport arrangements at Joseph Johnson's brewery was published in *Motor Transport* in 1926 as an example of a 'medium-sized fleet of mixed vehicles of various capacities'.⁶⁷ In an average year the five vehicle fleet travelled a total of over 60,000 miles and carried between 6,000 and 8,000 tons of product. The firm had reduced its dependence on railways to almost nil and made large cost savings through pursuing a policy of 'big mileages, big loads and a high standard of maintenance'⁶⁸ which had been carefully built up since 1919.

North East breweries continued to develop their transport fleets in the 1930s. Newcastle Breweries took delivery of four new motor lorries in 1933 and in the same year the Federation Brewery began to run its own vehicles. The Federation's purchase of its own fleet was considered an immediate financial success and by 1939 the brewery had 13 vehicles in commission and records showed a big saving per barrel on the previous system. At Vaux their transport fleet included a small tanker which made twice daily trips from Sunderland to the Wallsend depot carrying ale in bulk.⁶⁹

The retail trade

The licensed property market

The market for retail licensed property, which had been so buoyant and influential before the war, now had only a very marginal effect on the overall structure of public house ownership. This was only to be expected given the already high proportion of brewery ownership of licensed houses and, more particularly, the depressed state of the trade. The demand for licensed property weakened considerably as the difficulties of running a public house became more acute when the short-lived boom evaporated, sales decreased and profits fell. Some impression of the problems encountered by the retail trade can be gleaned from the experiences of local licensees in the tied sector. The end of the boom and falling consumption can be seen, for example, in the figures for turnover shown in Table 62.

As the 1920s progressed, tenants operating on the basis of agreements drawn up with brewers during the optimistic post-war years found that rates at an unexpectedly high level combined with diminished takings to make covering costs problematic. Hard evidence is not available but statements made by participants in the trade, even after allowing for their overtly propagandist motives, give an indication of the seriousness of the problem. A director of Arrol's estimated that something like half of the houses in Newcastle in 1924 failed to pay their way and by 1929 the Durham Licensed Victuallers' Association claimed that 75% of tenants were nearly bankrupt. In 1933 another local licensed victuallers' defence organisation spoke of members 'falling by the way in an appalling way' and in South Shields that year there were 44 changes of landlord.⁷⁰

This bleak picture of the landlord's plight was confirmed when appeals against rating systems were heard. In one instance in 1933 four brewers appealed and their representa-

	Beer (barrels)	Spirits (gals)	Aerated water (dozens)	Bottled beers & stouts (dozens)
1921	351	137	250	263
1923	301	110	130	89

Table 62. Turnover of Duke of Sussex, North Shields, 1921-23. Source. *Brewing Trade Review*, 1 February 1924.

tive argued that 'since the war beer, in an area like County Durham, had been a luxury with the result that a new generation had never acquired the habit of consuming in substantial quantities.' Added to the competition from other forms of entertainment and clubs was 'the enormous growth of cheap transport which enabled people to get away from small isolated places to the big centres of population' which 'applied with enormous force in County Durham.' As a result 'there was no doubt that the fall in value of small public houses has been something more than a modest decline - it has simply been a catastrophe'.⁷¹

Such statements are indicative of the conditions faced by the trade and which hit the single-house licensed victualler particularly hard. Bankruptcy hearings revealed the difficulties of running licensed premises, especially in poor areas. In one example, near Leadgate, a public house was operating in a locality with 40 dwellings and three licensed houses. The licensee became aware of his insolvency in 1929, when customers fell to as low as one person on weekdays.⁷² Under these market conditions there were clearly no longer the incentives that existed in previous periods for the enterprising private individual to come forward and purchase or lease a licensed house.

Whilst the demand from private individuals had all but disappeared, many partnerships and small firms involved in licensed victualling also found it difficult to survive. One notable feature of the period was the demise of the public house trust movement in the North East. In 1923 the Northumberland Public House Trust, which once managed seven public houses, went into voluntary liquidation. The Durham and North Yorkshire Public House Trust survived a little longer but as early as 1921, when it had eleven houses, it was experiencing considerably reduced profits. By the mid-1920s concern was being expressed about the very uneven results of particular houses and two were closed. By the end of the decade the trust had folded and Nimmo's took over the remaining houses.⁷³

One factor in the trusts' failure may have been their lack of involvement in the complementary and growing trades of wines and spirits and bottling. Those firms with more broadly-based interest in the trade went through the 1920s in a more confident mood and proved to be less fragile. R. Emerson, for example, who had ceased brewing shortly after the war but carried on as bottler, licensed victualler and wine merchant, was incorporated in 1923 with a capital of £60,000; a testimony to both the difficulties of continuing as a small-scale brewer and the possibilities of growth that existed in allied aspects of the trade. Likewise, John Fitzgerald, a Newcastle licensed victualler and beer wholesaler who briefly flirted with brewing in Scotland, was incorporated in 1926 and purchased further properties; and John Rees, a former Burton brewer's agent who had bought licensed property on Tyneside and developed his own beer, wine and cider merchant's business, was also incorporated.⁷⁴

Nevertheless, there were more people leaving the licensed trade than wishing to enter it. The deaths of proprietors of firms engaged in licensed victualling brought collections of licensed properties onto the market but with little immediate success. For example, none of the ten licensed houses offered by the executors of F.W. & F.H. Lamb were sold when auctioned in 1929, Horace Baxter's three Newcastle properties were also withdrawn in 1931, and of John Gibb's eight houses offered in 1932 only two were sold.⁷⁵

It seems that the brewers more or less had the buyers' market to themselves but were becoming more reluctant to add to their tied estate through piecemeal purchases of individual houses. In the Newcastle licensing district brewers acquired 21 houses in the first six years of the 1920s but in the nine years thereafter only 13 changed hands with brewers as the new owners. In 1929, after a series of licensed property auctions at which most lots failed to make their reserves, a prominent local brewer told the press that buying additional premises was no longer an attractive proposition. Surveying the trade nationally in 1930 the *Economist* stated that the

policy of buying houses at high prices had been abandoned.⁷⁶ Brewers were becoming more selective about their portfolios of licensed properties. Newcastle Breweries, for example, bought 20 houses (some at auction and some by private treaty) in the period 1921-29, but only five houses, three of them residential, in the period 1930-36. In these last six years they turned down, on 20 occasions, offers of licensed houses. In 1934 they also sold a group of public houses at Staithes and Whitby to the Scarborough and Whitby Breweries Ltd.⁷⁷

The minute books of Rowell's show that they were approached on many occasions in the period 1922-35 by licensed victuallers or their agents offering a total of around 80 properties for sale. The company only bought five of these properties and negotiated, unsuccessfully, for another eight. Of the remainder, two thirds had been declined immediately whilst the others had been inspected before being turned down. Rowell's only other acquisition of licensed premises in the inter-war years was by default: the company took over three Newcastle houses for which they were mortgagors when the premises failed to reach reserves at auction. By the mid-1930s, the directors of Rowell's were stressing the need to acquire more houses, arguing that it was imperative that they should replace houses lost through redundancy. They therefore turned their attention to small tied estates that may have been available. For example, they considered making an offer for some of the houses of Newcastle licensed victuallers, Robinson & Anderson, and more advanced negotiations took place in 1938 with the proprietors of C. Collins & Sons, wine and spirit merchants. Rowell's had hoped to purchase the share capital of Collins but the owners wished only to sell their seven licensed houses for cash. Rowell's did not pursue the matter, finding the price asked 'excessive'.⁷⁸

Houses were being bought by North East brewers but in a very selective way. One minor movement that continued was the conversion of leaseholds into freeholds when the opportunity arose. In this way, Newcastle Breweries became the owners of houses belonging to Pease & Co. in the Darlington area and the Colpitts estate in Durham. W.B. Reid and the Tadcaster Tower Brewery also bought groups of premises they had previously leased.⁷⁹ Another way in which brewers were tempted into the market was with the possibility of buying a particularly prestigious property. One example of this was Jas. Deuchar who in the 1920s bought two of Newcastle's biggest hotels, the County and the Royal Turks Head, to add to the firm's ownership of the Grand.⁸⁰ In regional terms, however, individual transactions by brewers counted for very little. The significant method by which brewers added materially to their tied estates was by takeover of another brewer. In this manner, for example, Cameron's

picked up almost 100 closely situated houses from Plews and Vaux acquired forty conveniently located houses with its takeover of Thos. Lamb.⁸¹

Brewers from outside the region displayed a particular propensity to move in and out of the North East licensed trade. Bass, for example, purchased eleven public houses from Bell & Taylor, a Tyneside wine and spirit merchant, in the early 1920s, but put four up for sale in 1928. Charrington's advertised fourteen licensed properties, mostly in Middlesbrough and Stockton and some already modernised at considerable expense, in 1926. The company was said to be concentrating on its London business. Of the Scots brewers, Calder's released three Newcastle houses in 1936.⁸²

Redundancy

In the North East during the period 1920-38 there was a fall in the number of on-licences of in excess of 550, about 15% of the 1920 total.⁸³ Only one-sixth of the overall reduction can be accounted for by owners leaving the trade or being forced to close because of an offence against the licensing laws. The main cause of licence reduction was the operation by licensing authorities of compensation proceedings and the surrender of licences by large tied-estate owners in exchange for permission to build new premises.⁸⁴

Since 1918 the authorities in some of the bigger licensing districts had pursued the question of redundancy in a systematic way, focussing on certain neighbourhoods in particular years. Newcastle justices, for example, followed up their efforts in the immediate post-war years by specifically targeting the Westgate area in 1922 (7 referrals for compensation) and Shieldfield/Jesmond Vale in 1925 (12 referrals). Similarly, at Tynemouth the magistrates concentrated on different parts of the borough in 1923, 1927, 1931 and 1934. In Gateshead in 1938 the chairman of the bench called for a drastic reduction in the 29 licensed houses in the High Street.⁸⁵

Magistrates in the North East also arranged for more comprehensive surveys of the premises under their jurisdiction. These were usually carried out by the police and sometimes involved inspections by the magistrates themselves. In 1927, for example, the Chief Constable of Newcastle was instructed to furnish the justices with a full and detailed report on all retail licensed premises in the city. In Blyth the magistrates themselves made a four-day tour of 42 licensed premises and a sub-committee of the Norham bench personally visited properties.⁸⁶ Evidence from such surveys was used by magistrates not only to justify closure on redundancy grounds but also to grant conditional renewals linked to the improvement of premises.

The increased tendency for magistrates to compel owners to improve the structural condition and appearance of their houses gathered force in the 1920s, although the 1910 Licensing (Consolidation) Act had bestowed powers in this connection. In pre-war days, however, substantial alterations proposed by brewers were often blocked by the authorities who subscribed to the consensus view of that time that increasing the comfort and facilities of licensed premises was encouraging drinking. Two parliamentary investigations of the trade found that the justices had stood in the way of valid improvements, but in any case the improving statistics on drunkenness had forced magistrates to abandon this stance.⁸⁷

The new pressure on licence holders for improvement can be illustrated by the behaviour of the Newcastle bench. The Chief Constable's Report for 1927 had argued that as it was becoming increasingly more costly and difficult to close houses on the grounds of redundancy, it was 'essential that improved structure and accommodation should not only be countenanced but insisted upon for such premises.' His survey of licensed houses covered 'structural, sanitary and decorative condition; general accommodation for the public; and the situation and convenience for public supervision'.⁸⁸ As a result, he was able to recommend twenty of the city's 379 licensed premises as suitable for redundancy, 46 for sanitary and decorative improvements, and 18 for reconstruction. At the next brewster sessions the justices made recommendations for rebuilding and improvements, and considered formal objections to the renewal of the 20 houses nominated for redundancy. Only eleven of these were referred for compensation, however, the remainder being renewed with stringent conditions. For the Bull & Mouth, for example, an order was made that the following alterations were to be carried out within three months:

floors to be repaired and made secure, ceilings heightened ... proper lavatory and sanitary accommodation for both sexes to be provided on the premises... all dilapidation to be made good, and plaster work renewed... additional seating in bar... passage to sitting room widened and door to cellar safe... ventilation to be improved.⁸⁹

This same routine was followed in other years (in 1931 there were nine objections with five conditionally renewed and in 1932 20 objections with fourteen receiving qualified renewals)⁹⁰ and in other districts. This policy of initial objection to a larger number of licences, and then renewing what appears to be an increasingly higher proportion on strict conditions, proved to be an effective way of improving public houses. For the licensing authorities, of course, this may have represented only second best; their preference being for a greater reduction in absolute numbers but the size of compensation funds was a real constraint. Nevertheless, there was always some reluctance amongst a fraction of those granted quali-

fied renewals to meet the conditions and their licences thereby lapsed.

Because closure on the grounds of redundancy was dependent upon the availability of funds,⁹² referrals tended to go in waves. (See Table 63). What records of the deliberations of licensing committees survive suggest that the criteria for redundancy adopted by magistrates was based on the density of licensed houses in the vicinity, the size of the local population, the level of business for a particular house, or some combination of these elements.

In a period of declining consumption a redundancy argument based on an over-abundance of licensed outlets was not difficult for magistrates to sustain. Thus, an admittedly well-conducted Berwick Breweries inn at Berwick could be found to be unnecessary because there were another four licensed houses within a radius of 200 yards and eleven houses within 500 yards. In the same way, Robt. Deuchar lost the licence of a Morpeth public house because there were 23 others within 500 yards. In Newcastle, eight Scotswood Road licences were reported for compensation because there were 25 full licences and ten beerhouses in a mile and a half stretch.⁹³ But there had also to be some qualitative judgement made by magistrates on the condition of houses. Whilst the state of the premises may not have been bad enough ordinarily to qualify it for a conditional renewal, its condition relative to others in a densely-populated neighbourhood may have been enough to ensure its inclusion amongst those chosen for referral. Ridley, Cutter & Firth, for instance, lost the licence of the Victoria Inn at Cowpen Quay because it was an old building in a 400 yard area served by eleven public houses and two clubs.⁹⁴

Movements of population were also regarded by magistrates as evidence of redundancy and this was especially so in the 1930s as slum clearance schemes got under way. In 1934 Newcastle magistrates closed six houses, three in the lower Ouseburn area and three in the Close, because a large proportion of the former residents had moved out and their housing converted to warehouses. In the same year six Tynewmouth houses were dealt with for compensation in one small neighbourhood embraced by slum clearance. Likewise in Middlesbrough in 1933 four licences were lost on the north side, the older part of the town. Two houses were closed by South Shields justices in 1937 when the demolition of old properties shifted 300 people to other areas.⁹⁵

As well as movements in housing, the disappearance of employment opportunities within an area could mean referral. For instance, Wallsend magistrates closed two public houses in 1934 because the closure of the Tyne Iron Shipyard and Eltringham's shipyard affected trade dramatically. When

No. of publicans & beerhouse licences in 1921	Licensing authority	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	Total
1613	Durham County	8	7	6	4	4	1	2	10	37	28	33	9	17			3			169
136	Gateshead	5				4		4		1		6	1						1	18
147	South Shields	3			2	1			2	2	2	3				4	2	2	2	23
276	Sunderland	2		5	3	5	3		3	4	3	3	3	2	3	3	4	6	4	56
78	West Hartlepool	2			1			1	2		3	1				2			1	13
601	Northumberland County	1		1	3	2	2	1	2	1	4	3	3	4	5	5	6	6	4	47
419	Newcastle	7		6		12			11		7	2	8		6	6	6	6	7	78
142	Tynemouth			5				5				4	5		8		3			30
109	Middlesborough	1					1								1					4
	Total	9	28	23	13	24	7	13	30	45	47	55	29	23	23	5	19	26	19	438

Table 63. Renewals refused under compensation proceedings in the North East 1921-38. Source: Licensing statistics 1921-38 (Cmd. 1703, 1936, 2257, 2469, 2743, 2913, 3173, 3393, 3644, 3928, 4165, 4457, 4727, 5034, 5585, 5869, 6145).

Durham County Licensing Committee referred 34 houses in 1931 it was because most were situated in mining areas badly hit by depression. In Willington, for example, six licenses were taken away, leaving another 15 which were still said by the committee to be more than sufficient to meet the needs of the district. Significantly, only one owner of the 34 houses offered any opposition to closure.⁹⁶

The level of business done by some houses was taken by magistrates as evidence of redundancy. The Northumberland County Licensing Committee referred three licences in 1936. One, owned by the Blyth & Tyne Brewery, was in the centre of a slum clearance area and had weekly takings of £15. A Jas. Deuchar house at Morpeth, which competed with 18 others within a quarter mile radius, had weekly takings of £21. Another, leased by Rowell's and situated near recently demolished housing and closed shipyards, was visited by an inspector on 19 occasions between December and April. He reported that the average number of people on the premises at peak periods was two.⁹⁷ Such figures, although extreme, are of course indicative of the state of trade generally and raise the question of the extent to which statistics seized upon by magistrates at the height of an acute trade depression are a reliable guide as to the need for a licence in more normal circumstances. Low takings were widespread at this time. There is no better illustration than the referral of the White Swan, Crook. The owners, John Smith's of Tadcaster, pointed out that despite its position and level of business, the public house was the fifth best for trade in the town.⁹⁸

Local brewers, anticipating that in a period of declining trade an overall reduction in licences on redundancy grounds was irrefutable, set in train their own schemes to try and take the initiative away from the magistrates. A meeting of the Northumberland and Durham Brewers' Association held in 1930 discussed arrangements whereby they themselves would cooperate with one another in drawing up a suggested scheme for redundancy in those obviously congested areas which grabbed the magistrates' attentions, but no decision to proceed could be reached. A few years later members with houses in Jarrow sought to agree on a temporary closure of a proportion of all premises (in the hope of forestalling the magistrates' inclination to close some completely) and allow them to ride out the worst effects of the depression with all licences intact. Such self-regulation also failed when it was impossible to reach agreement. There was, however, one minor act of cooperation at South Hetton in 1933 when, at the suggestion of Castle Eden magistrates, an unofficial meeting of licence-owners met to submit houses to be treated as redundant.⁹⁹

Given the degree of brewery ownership of public houses by 1920, the brewers were bound to lose some houses by the

operation of compensation and no brewer in the North East was immune. But it would be a different matter to present this as brewers suffering at the hands of magistrates through the loss of profitable businesses taken away against their will. Only rarely was closure on the ground of redundancy ever objected to, although owners often contested the amount of compensation. The very concentration of licensed property in brewers' hands, which meant they lost licences, also ensured that they were more than likely to have other properties in the vicinity in a position to compete for the trade of the closed premises. Two, perhaps not entirely typical, cases from Newcastle Breweries illustrate this point. In 1932 Blyth magistrates closed the Percy Arms but Newcastle Breweries also owned another house 34 yards away. A year later the licence of the Locomotive, Riding Mill, was refused but it left the village's only other licensed property, also owned by Newcastle Breweries, open 200 yards away.¹⁰⁰ Given that on the whole the various licensing authorities' conclusions about the redundancy of premises were essentially correct, the closure of houses was something that the brewers themselves may well have been contemplating and indeed practised under amalgamation. In this sense the magistrates probably speeded up a process which economic considerations on the part of the owners would have eventually dictated, albeit executed in a more discriminating fashion. In any event the brewers' eyes at that stage were set not on the preservation of non-viable properties but on the prospects of building new houses in the newly emerging residential areas and on the extension or reconstruction of their existing tied estate.

Rebuildings and new licences

Chapter 8 looks in detail at the degree of construction work carried out by brewers as an important element of competition. However, the results of such building activity impacted on the overall size and ownership pattern of the retail trade, and two general conclusions can be usefully referred to here. Firstly, there were few examples of persons other than brewers promoting rebuilding or new build projects.¹⁰¹ Secondly, it was the most important brewing firms in the North East, and some leading firms from outside the region, who were the most active. One obvious reason for this state of affairs was the availability of finance: brewers were likely to have access to greater financial resources than private individuals and the largest brewers were more likely to have the greatest funds. But having finance was not itself a sufficient condition for building and it is the other vital ingredient - permission of the licensing authority - that concerns us in this chapter.

Because the magistrates' powers were not confined to renewal of existing licences but included also the transfer of

licences and the award of new ones, they could determine not only the extent of reduction through redundancy but the whole process of redistribution. So it was that even though magistrates in most areas had, by the early 1930s, adopted a policy of granting permission to rebuild and sanction removals to areas where new licences were clearly required, they usually looked for a more than equal exchange of licences.

The first task for the brewer wishing to rebuild an existing house or construct a completely new one was to convince the magistrates of the need to build or rebuild. In a small number of cases this was unnecessary if a compulsory purchase order removed the premises. In the vast majority of cases, with the property still standing, the unsuitability or inadequacy of the building was not too difficult to prove to magistrates who were generally ill-disposed towards the current state of most licensed premises. When, for example, in 1936 Newcastle Breweries told magistrates of up to 200 customers crowding the passages, yards and outhouses of the Green Tree, Benwell because of a fivefold increase in trade due to housing development, the bench readily agreed to a new building with a floor space of 4,610 square feet compared to the 924 square feet of the old building.¹⁰² When it came to the construction of entirely new premises in a new locale the magistrates could drive a hard bargain. The development of a new residential area was a clear justification, accepted by most magistrates, for the provision of licensed premises. Yet this was a necessary but not sufficient reason for the granting of permission. This is why, for example, brewing firms sought licences for new premises to be erected on housing estates at South Shields, Gateshead, Jarrow, Sunderland, Thornaby and Middlesbrough, but did not receive the go-ahead until they showed a willingness to transfer one licence and surrender others.¹⁰³ The insistence by magistrates on a trade-in of a number of existing licences - amalgamation as it was called - led to both an overall reduction in the number of premises and an increase in the standard of those remaining. The surrender of licences also waived the owner's right to compensation.

This practice of surrendering licences in return for permission to enlarge or rebuild premises, or to obtain a new licence, was deplored by the Brewers' Society which in 1936 argued that united action from brewers would lead to its demise. There was some agreement in principle by the Northumberland & Durham Brewers' Association but practical considerations about the actual operation of such a policy prevented any binding resolution being passed.¹⁰⁴ It became customary for owners to surrender an additional licence but in many cases the number given up was greater. When Nimmo's went before Castle Eden magistrates in 1932 for permission to remove the licence of a South Hetton public house to new premises being built at Deaf Hill it surrendered three other

licences at Trimdon. Similarly, Newcastle Breweries offered to trade in four licences for permission to build a new hotel in Sunderland in 1936, and in the same town a year later Vaux relinquished two public houses and two off-licences in exchange for a new licence.¹⁰⁵

With this system of amalgamation operating the leading brewers, as holders of extensive portfolios of licences, had a distinct advantage in applying to build new premises; but that is not to say that their plans necessarily proceeded unopposed. Whilst the licensing justices seemed increasingly willing to grant new licences, sanction removals and favour plans for improvement, strong representations were made by temperance workers and church groups opposing such developments, although their influence was gradually being weakened by the marked decline in both consumption and drunkenness. Indeed, often the more persuasive objections came not from those traditionally hostile to the trade but from fellow brewers who came forward to argue that an area was already adequately served by their own premises. For example, Vaux and Westoe Breweries came forward in 1938 to oppose a Calder's development at Durham, Associated Breweries (in the separate guises of Vaux and North Eastern Breweries) opposed Cameron's in 1939, and Associated Breweries again (this time as Robinson Bros.) combined with anti-drink protesters to block the West Auckland Brewery's plans for a new hotel at Lanchester.¹⁰⁶

In the vast majority of cases attempts to block new developments failed, although it was recognised in the trade that some licensing authorities were more amenable to the transfer of licences to new premises than others. Whilst not refusing outright to allow rebuilding or new construction, magistrates varied in the degrees of stringency (the trade, of course, regarded it as pettiness) with which they imposed restrictions and conditions. Newcastle in particular was regarded as a difficult authority from which to secure new licences and transfers, and in 1937 was praised by the president of the United Kingdom Alliance as an 'enlightened authority'¹⁰⁷ which for the sake of temperance was reluctant to have licensed property on its new housing estates.

Ownership of licences

Analysis of surviving licensing registers permits us to account for the ownership of 56% of the North East's total on-licences in 1920 and 62% in c.1939.¹⁰⁸ The brewers' ownership of those licences for which information exists rose from 60% in 1920 to 75% by 1939. For brewers from within the region the corresponding figures are 52% in 1920 and 64% in 1939. Within this overall picture of ownership variations exist amongst the 30 or so authorities.

	% of all licences recorded	
	1920	1930
Associated Breweries	-	14.8
Newcastle Breweries	7.5	10.6
North Eastern Breweries	5.9	-
Cameron	5.3	8.1
W.B. Reid	4.6	5.6
J. Johnson	2.6	2.9
West Auckland Brewery	2.4	3.1
Robt. Deucher	2.3	4.8
Jas. Deucher	2.2	3.7

Table 64. The extent of ownership of licensed houses for which records exist, by leading brewer-owners in the North East, 1920 and 1930. Source. As Appendix 8.

From the available statistics (Appendix 8) a number of general patterns are discernible. Firstly, there are a group of predominantly urban authorities (for example, Hartlepool, Wallsend, Blaydon, Gateshead, Jarrow) which began the 1920s with brewers owning well over half the licensed houses and who continued to make progress such that by 1939 they held very high percentages. Secondly, there were those areas, like Middlesbrough and Wolsingham, which began the period with very high degrees of brewer ownership and consequently found it difficult to increase their shares significantly. In a third group of mainly smaller, rural areas (eg South West Darlington, North and East Coquet) the brewers pushed their share of licences up during the period until they owned around half by 1939. The inability of brewers to make more powerful inroads into public house ownership in other rural-districts could be explained by the high number owned by landed estates.¹⁰⁹

In those cases where figures for only one decade exist (for example, Durham City, South East Darlington, Bedlingtonshire, Tynemouth) they confirm the overall pattern of increasing brewer ownership displayed in the more complete statistics for similar areas. The cases of Morpeth and the Middle and West Divisions of Chester Ward, where information is only available for the end of the period, endorse the picture of higher brewer ownership in the more densely populated authorities.

Not only did brewer ownership of houses increase in the period, it became more concentrated (Table 64). In 1920 half the North East licences for which we have information were

shared amongst 19 brewers; by 1939 only seven brewers accounted for half the ownership. The top five licence-holding brewers in 1939 held 44% of the total as against 25% in 1920. But this remains the aggregate regional pattern. Because of the geographical distribution of breweries within the region very marked concentrations could be found in some localities, with the Borough of Hartlepool for example, having Cameron's owning 46% of the houses in 1939.¹¹⁰ The overall increase in brewers' ownership was determined by the closure of houses by magistrates and the purchase of additional houses by brewers. The increase in concentration of ownership by individual brewers was due to both the differential patterns of closure and purchase, and in the substantial influence of takeover and merger. In this sense the concentration of licensed house ownership was a function of the concentration movement within the regional brewing industry itself.

The most important single event impacting upon individual brewer ownership was the formation of Associated Breweries. Whilst North Eastern Breweries was the second largest owner across those areas under review in 1920 (Table 64) it held less than 6%. By combining with others, however, in Associated Breweries the new holding company could command almost 15% by 1939. In individual licensing districts the pre-Associated Breweries takeover activity of its constituent firms and their eventual coming together created some high incidences of Associated Breweries ownership. Thus, in Hartlepool, North Eastern Breweries' absorption of Harker's, followed by the merger with Vaux, gave it a third of all

licences in 1939. In Houghton-le-Spring, where Robinson Bros. and Thos. Lamb were strongly represented, Associated Breweries emerged in 1939 with 45% of all licences, and similarly in the West Division of Chester Ward where they had 50%. In Benfieldside, Associated Breweries share of ownership had been strengthened not only by merger but by Vaux's purchase of a group of houses from the Shaftoe Slingsby estate in 1927.¹¹¹

In 1920 the Border Brewery and Johnson & Darlings each held comparable shares of around 30% of Berwick's licensed houses. In 1930, following the merger of the two firms into Berwick Breweries, the new firm held 75%. In 1939, when Berwick Breweries had recently become part of Associated Breweries, this percentage had risen to 78%. This concentration of ownership between 1920 and 1939, over and above the combined shares of the two merged firms, is explained by the differential rates of referral and closure: whilst Berwick Breweries and its predecessors lost seven licences during this period, other owners lost a total of 17.¹¹² The Associated Breweries' takeover activity in the 1930s had a significant effect in the Bedlingtonshire district where the Blyth & Tyne Brewery Co. had most of their houses and in 1930 held 10% of the total. Berwick Breweries and Ridley, Cutter & Firth also owned houses such that by 1939 Associated Breweries had 22% of the total in an area where in 1930 Vaux had only 1%.¹¹³

Other pockets of strengthening individual brewer ownership resulted from the Cameron's takeover of Plews. In part of County Durham this raised the company's share from 6% in 1920 to 12% in 1939. In Bishop Auckland Cameron's ownership of houses rose from 15% to 26%, aided also by the purchase of a handful of houses from Massey's Brewery, Burnley, in 1923.¹¹⁴

Table 65 illustrates the spatial concentration of most houses within comfortable delivery distance of their breweries, given the advances in transport methods. Thus it was that the thrust of Cameron's retailing efforts was in south Durham where its brewery and the traditional custom of Plews were well established. Newcastle Breweries had a strong presence along the Tyne, the West Auckland Brewery's tied estate was most noticeable in south west Durham and Fenwick's houses were near its former brewery in Chester-le-Street. Associated Breweries, because of the geographical spread of the firms absorbed into it, moved further away from its Sunderland base: north of the Wear it competed with Gateshead and Newcastle brewers, but to the south it was the Hartlepool and West Auckland firms which it rivalled.

The picture that emerges from Table 65 indicates that within each licensing district the larger local brewers, although

holding significant shares of total houses, nevertheless faced competition from other leading, usually neighbouring brewers. Although greater numbers of brewers often held houses in each district it was a few brewers with reasonable shares each that constituted the effective competition. In few licensing districts could a particular brewer be said to dominate the retail trade. In Newcastle in 1939, for example, 24 different brewers shared 61% of the publican's licences but 30% were held by just three brewers and the individual share in each case was around 10%.¹¹⁵

Brewers from outside the North East extended their tied estates within the region (Table 66) and at a faster rate, in the case of Scottish and Yorkshire firms, than the indigenous brewers. Their impact was not felt uniformly across the region but tended to be concentrated in those parts of the region nearest their breweries. Yorkshire brewers had substantial holdings in the south of the region by 1939, caused to a large extent by the Yorkshire takeovers of two Darlington breweries in the 1930s which involved a total of 66 licensed properties. The 1934 purchase of the Haughton Road Brewery Co., for example, gave the Tadcaster Tower Brewery another eight fully licensed houses in Darlington itself. Consequently, by 1939 one third of the public house licences in the Darlington County Sessional area were owned by Yorkshire brewers. In Barnard Castle Yorkshire-based brewers owned 10% of the houses and 12% in Middlesbrough. The Tadcaster Tower Brewery moved further north to Houghton-le-Spring in 1936 when it purchased seven houses from the Earl of Durham.¹¹⁶

The tied houses of Scottish brewers were generally clustered around Tyneside and in Northumberland. In Berwick, Scottish firms offered the only brewery-owned public house competition to the Berwick Breweries, later Associated Breweries. Brewers located north of the border owned around 10% of the houses in Gateshead, Bedlingtonshire and Tynemouth; in Morpeth the percentage was 14% and in Jarrow 16%. In Newcastle Scottish brewers accounted for only 9% of the total full-licences, but this had risen from 5% in 1920 due to acquisitions during the period by MacClay and McEwans.¹¹⁷

One exception to this geographical concentration of Scottish brewing interests in the north of the region was Wm. Younger's 8% holding of Hartlepool's houses and its 10% share in Middlesbrough, where it bought some houses from Charringtons in 1937. Middlesbrough was also the strongest area for Burton brewers who together owned 26%, and their relatively minor influence in other areas was nevertheless increasing, particularly in Newcastle. Middlesbrough's position on the edge of the region and its own lack of a brewing heritage gave it a more varied and balanced mix of public

Licensing District/ Brewers	R. Fenwick	Nimmo's	J. Johnson/Westoe	West Auckland Breweries	Cameron's	Associated Breweries	Newcastle Breweries	W.B. Reid	Robert Deucher	Jason Deucher	Rowell's	Tucker's	Alnwick Brewery
Tynemouth							26	21					
West Division of Chester Ward			8			27	11	15					
Jarrow						13	36						
Hartlepool					47	33							
Middlesborough					9	21							
Bishop Auckland				18	26	19	6						
S.W. Darlington					11	6	6	16					
Darlington County				15	15	9							
Wolsingham			12	12	18	41							
Durham County		7				26	8						
Bedlingtonshire						22	19	9					
West Castle						12	13	23					
Houghton-le-Spring	7	8				45							
Middle Division of Chester Ward	23					18	19						
Blaydon						11	13	10	9		14		
Newcastle							11	11	9				
Gateshead							21			9	11	12	
Gateshead							15		8		9	13	
Wallsend							22	13		13			
East Coquet													23

Table 65. Members of licensed houses owned by some North East brewers in some licensing districts c.1939. Source. As Appendix 8.

	% of all licences recorded	
	1920	1930
Yorkshire-based	2.0	3.2
Scottish	3.6	5.4
Burton and others	2.4	2.9

Table 66. Extent of ownership of North East licensed houses, for which records exist, by brewers from outside the region, 1920 and 1939. Source. As Appendix 8.

Associated breweries:		
Berwick Breweries	57	
Thos. Lamb	29	
North Eastern Breweries	251	
Ridley, Cuter & Firth	33	
Vaux	255	625
Jas. Deucher		200
Newcastle Breweries		400
W.B. Reid		147

Table 67. Estimated total number of houses owned by some North East brewers c.1939. Source. *Stock Exchange Office Yearbook*, 1940; Baxter (1945) Table 58, p.231; *Tyneside Industrial Review*, February 1938.

house ownership. In 1939 18 different brewers owned houses; eight from the North East, five from Yorkshire, four from Burton and one from Scotland. The largest individual owners, after Associated Breweries, were Bass and Wm Younger.¹¹⁸

By 1939 it is clear that some North East brewers held large tied estates in the region. This was at the end of a period when some brewers had bought further houses but, more particularly, when concentration amongst brewing firms had concentrated ownership of retail estates. All this was at a time when the total number of public house licences in the region had dropped by some 15%.¹¹⁹ Without a complete set of licensing registers it is impossible to calculate total numbers for the tied estates of every brewer. Towards the end of the period, however, various estimates were made of the houses owned by particular brewers (Table 67).

As well as ownership the other element in the brewers' tied estate was the leasehold sector. One estimate by the local

brewers' association put the extent of North East houses controlled by brewers at 80% in 1938.¹²⁰ In the only licensing authority where a complete record of leases was kept (Durham County Petty Sessions), half the non-brewery owned houses in 1939 were leased by brewing firms. This lifted the share of total houses controlled by brewers to 85%.¹²¹

Summary

By 1939 the North East brewing industry had many fewer firms than in 1921, although its position in the context of the national industry probably remained much the same. The Census of Production data that is available for part of the period shows Northumberland, Durham & Cleveland to have the same percentages of the United Kingdom's total brewing workforce (2.2%) and number of establishments (3.6%) in 1935 as they had in 1924. The region's share of gross output fell slightly from 1.9% in 1924 to 1.8% in

1935, and the absolute output fell by 25% during the period compared with a national drop of 22%.¹²²

What is clear from the Census data is that the average size of North East breweries fell short of the United Kingdom average: gross output value per establishment in the region for 1935 averaged £102,000 against a national figure of £208,000, and the average number employed in the North East was 56 per firm whilst national average was 94.¹²³ A comparison of the output and employment data suggests that the North East firms were not only smaller but also less efficient.

Takeover and merger in the region's brewing industry had important consequences for the ownership of the retail trade. The concentration in brewing itself - along with the continued operation of compensation procedures by the licensing authorities and the accelerated momentum of public house improvement - impacted upon the structure of the retail trade.

Part 5: 1921-1939

Chapter 8: Competition and performance

Introduction

The competitive environment for brewers was unusual in that it was free, to any real extent, from foreign imports. Also, for an industry so reliant upon its ability to control the retail trade, there was no likelihood of any significant new domestic entrants into that sector because of the authorities' unwillingness to grant new licences. Nevertheless, the brewers' market of 1921 embraced a number of different aspects, with them competing as both wholesalers and retailers. As wholesalers they served that sector of the drink trade not itself controlled by the commercial brewers; a sector consisting of the 'free trade' -owned licensed premises and the licensed clubs. As retailers they competed with the tied trade of other brewers and also with free trade outlets and clubs (which they may or may not have supplied). In the expanding 'take home' trade the brewers competed with other brewers, with the free trade, and with wine and spirit merchants and other off-licence owners. Another feature of the retail trade was the manner in which brewers competed on a basis much wider than merely price. In addition, the changing nature of competition from within the trade was underpinned by a gradual acceptance of social change taking place outside of it. A strong component of the economic environment faced by brewers was to be found in all those counter-attractions which competed directly with the brewers for the public's discretionary recreational spending.

The competitive environment

Counter-attractions

As consumption began to fall in the 1920s, the brewers appear to have consoled themselves with the thought that economic revival was all that was necessary to revitalise the brewing trade. Chairmen of North East brewing companies regularly reassured shareholders that improvements could be expected when local industry picked up. Rowell's annual general meeting was told, for example, in consecutive years, that disappointing results 'were due solely to the decreased purchasing power of the public' and the situation would be turned around as soon as the 'basic trades recover'.¹ Cameron's and the Newcastle Breweries blamed 'unemployment,' and Alnwick Brewery Co. blamed 'hard times'.² At first, it seems, the brewers saw the cause of the fall in consumption as the state of the local economy which begat redundancy, short-time working and low wages. By the end of the 1920s, however, the brewers, said the *Statist*, had finally become

convinced that change in public taste was really permanent, due to causes likely to become more powerful with the passing of time. The higher price level was only one of these. Of much greater, though less easily traceable effect was the popular hunger for amusement, a natural reaction from the grey atmosphere of wartime, and the vast increase of facilities for popular entertainment of many and very different type. These facilities attracted more money which would once have been spent among the brewers. The public house has lost its social importance and has become a refreshment shop rather than a home of entertainment.³

Interviews conducted with employers in Middlesbrough by the Buckmaster Group around 1930 give some indication of the factors contributing to the change in drinking habits. Basic economic influences like high prices, low earnings and restricted opening hours were thought by some to have played a part in the tendency towards decreased consumption. But changes in social attitudes were also cited, for example

an increasing interest taken by fathers in their families; and the ambition of girls, fostered by better education and the cinema, to obtain better homes - impelling them to bring their influence to bear on the young men with this object before them.⁴

There were also changes in working conditions and working practices which tended to modify the traditional hard drinking in some occupations; the reduction in hot and arduous shifts, the replacement of heavy manual work by machinery, and, according to a gasworks official, the award of a week's paid leave which encouraged people to save to finance a holiday away from home.⁵

Nevertheless, much of the evidence, though impressionistic, stressed the growing popularity of counter-attractions. It was said that many people now showed a preference for the picture house over the public house; that, despite low incomes, expenditure was increasing on the cinema and bus travel; that men spent more on clothing and recreation; and that people were being lured by games and the desire to keep fit for strenuous sports like cycling.⁶

By 1930 representatives of the trade were publicly admitting that other forms of amusement were making rapid advances and generally acknowledged the principal counter-attractions as sport and the cinema.⁷ Of the mass-spectator sports, it was English league football that proved the most popular, attracting unprecedented levels of attendance during the inter-war years. Throughout the period 1921-39 league football was played at Middlesbrough, Newcastle, Sunderland, Darlington and Hartlepool; and for long parts of the period at Durham, Ashington, South Shields and Gateshead. Ground capacities had been raised to accommodate the growing interest and many of the North East clubs enjoyed higher regular attendances and also their highest individual crowds during the period. Those in the bigger conurbations experienced some massive attendances for particular matches with, for example, over 68,000 people at a Newcastle game in 1930 and in excess of 75,000 at Sunderland in 1933. But even a smaller club like Ashington could boast one crowd of nearly 12,000 and non-league matches also drew spectators with almost 20,000, for example, watching an amateur final at Darlington. The professional football clubs spent large amounts on their grounds, not only to increase size, but also to lift the general standards of comfort. All the North East's league clubs made far-reaching changes to their stadiums in the way of extra seated accommodation and weather protection for those standing.⁸

This greater attention to comfort of customers was most clearly demonstrated in the period's other great popular pastime of cinema-going. Between 1924 and 1939 the number of cinemas in Britain rose by almost 60%.⁹ Although new cinemas had been opened in the North East in the 1920s, it was in the 1930s after the arrival of sound that the 'picture palaces' came into their own. Large, custom-built cinemas were erected across the region, and in the larger towns a number of such buildings would spring up within a few years of one another. In West Hartlepool three new cinemas were built with a 'stone's throw' of one another, in Sunderland five new cinemas opened between 1932 and 1937, and in the three years before the outbreak of the Second World War four cinemas were erected in Gateshead and three in Middlesbrough. In Newcastle 15 new cinemas were built between 1931 and 1939.¹⁰ The growing popularity of cinema and football was something the brewers could not

ignore, and equally the efforts made by the football authorities and the cinema-owners to improve facilities for their patrons was something the brewers would be required to emulate in order to compete.

The free trade and clubs

The free trade can be regarded as all those licensed premises not controlled by brewers. In the North East this represented the market wherein brewers from within the region (and those outside, especially leading Scottish and some Burton brewers) competed with one another as wholesalers. Here, competition was ostensibly confined to the delivery process, but there was a strong element of price fixing by the brewers' trade association.

It was certainly the case that the non-tied licencees, often single-property licence-holders, felt themselves at the mercy of the brewers. The brewers' market power was challenged, however, when such licence-holders themselves combined. In Newcastle in 1924, for example, an Association of Free Licence Holders was formed to secure more favourable terms from suppliers. Representations were made to both the Brewers' Society, the Wholesale Wine & Spirit Merchants' Society and some individual brewers for larger discounts. With a membership of 100 in the Newcastle district, the free licence holders were able to secure some improved discounts. But whilst the brewers generally expressed a willingness to grant a price reduction it was on the understanding that other brewers fell into line. Although they made some concessions, they held to their collective control on prices.¹¹

That the free trade was not seen by brewers as an arena for cut-throat price competition was probably due to two factors. Firstly, given the increasing degree of brewer control of licencees premises, it was but a small market made up, for the most part, of the less prosperous houses. Secondly, the brewers had no control over the other increasingly important components of the marketing mix, especially the structural arid decorative standards of the retail outlet itself. The brewers were, however, much less relaxed about clubs.

The licensed club as an alternative to the public house as a venue serving alcoholic drink caused brewers much anxiety. A Royal Commission had reported in 1932 that

the club, in many instances, has become a formidable competitor to the licensed premises ... we are satisfied that there are many clubs in all parts of the country which have been brought into existence solely for the purposes of supplying intoxicants. In our view such a club, for all practical purposes, fulfils substantially that same function as a public house. The evidence shows that the

competition of such clubs is felt keenly and greatly resented by the licensed victualler¹²

By 1939 almost 17000 clubs were registered in England and Wales, representing 23% of total on-licences. In the North East the number of clubs rose from 722 in 1921 to 894 in 1938, an increase from 20% of all on-licences in 1921 to the national figure of 23% by 1938.¹³ But it was not only the number of clubs that caused concern amongst brewers but the extent of the custom they enjoyed. Calculations made by Baxter show consumption rising in clubs such that by 1930 he could argue that 'notwithstanding the falling trend in the national drink bill, the amount spent in clubs had steadily risen'.¹⁴ Membership was also rising: by 1922 membership of clubs within the Club & Institute Union was showing a 70% increase on the previous ten years. The Chief Constable of Middlesbrough reported in 1925 that the aggregate membership of clubs in the town constituted some 35% of the entire male population.¹⁵ Some care, however, must be taken before equating nominal membership with participating membership. As Selley pointed out in 1927:

It is becoming quite common for clubs to be attached to large works. In Middlesbrough several of the large iron and steel works have working men's clubs bearing the name of the firm. In such places all male employees are, ipso facto, members of the club.¹⁶

Of particular worry to North East brewers was the workingmen's club movement and the additional threatening dimension of their own brewery. By 1939 the workingmen's club movement in Northumberland & Durham had 387 clubs with a membership of 90,000 and the Federation Brewery had long offered the clubs cheaper beer. In 1924, for instance, when brewers were being criticised for their high prices, the Federation was selling beer at 2s per barrel less than the commercial brewers and also paying dividends of 4s per barrel purchased.¹⁷ The brewers had long treated clubs with suspicion, regarding them as a vehicle for circumnavigating the most restrictive aspects of the licensing system. This was recognised by the 1899 Commission and again when the 1932 Commission expressed the view that 'if the law remains unaltered, it is, theoretically at any rate, possible that by the multiplication of clubs, the effective administration of licensing laws may be seriously prejudiced'.¹⁸ But the brewers, whilst criticising the privileged existence of clubs, also spotted opportunities for extra business. The 1932 Commission had

received conclusive evidence that some sections of the brewing industry have not failed to appreciate these possibilities and have, by means more or less direct, lent financial and other assistance

towards the formation, with a view to registration, of clubs in which their wares may find an outlet.¹⁹

In the North East some brewers were able to 'tie' clubs on the basis of loans and, in any event, many had a lucrative trade with clubs as suppliers. It was reported in 1939 that an increasing number of clubs, including those on dog-tracks, were appealing to brewers for financial assistance. It was far from the case that all clubs were supplied by the Federation Brewery, although by 1939 half the total number in Northumberland, Durham, Cumberland and Cleveland were. Not only did the Federation Brewery supply beer but by 1936 was wholesaling proprietary brands, such as Guinness, at a net price which undercut those of conventional bottlers.²⁰ The commercial brewers were therefore forced to pay attention as the Federation steadily gained ground on its competitors between 1921 and 1939.

Prices and products

During the First World War much stress had been put on 'trade defence' whereby brewers came together as fellow producers and licensees to act in their collective interests rather than being engaged in out-and-out competition. Such degrees of cooperation extended beyond the war when the industry perceived a threat of nationalisation and also had to operate under the shadow of the Budget and decisions made by Chancellors in successive economic crises. There was therefore an element of 'trade association' in brewing that ran alongside the normal rivalrous instincts and put increasing emphasis on non-price competition.

Pricing policy, the brewers readily suggested, was out of their hands and was determined by the level of duty. From the early 1920s the brewers argued, by way of explanation to customers and tenants alike, that the price of beer was inextricably linked to the actions of the Chancellor. The chairman of Rowell's, for example, in his reports for 1921 and 1922, blamed the beer duty for the 'almost prohibitive' price which 'could not be reduced unless there was a remission of duty'.²¹ The argument of brewers was always that price-cutting initiatives could not be sustained without seriously impairing their profitability.²²

For most of the period 1921-39 prices were kept firm. They changed only rarely when the beer duty was altered, and on these occasions they were adjusted in unison by brewers. In the North East changes were agreed by the local brewers' association and then adopted by all the region's brewers. For example, following a meeting of the federal Northern Brewers' Association in 1922, a Brewers' Federation Council was formed for England and Wales for 'the purpose principally

of stabilising wholesale beer prices.²³ But North East brewers felt it to be more realistic in terms of beer supply in the region to agree prices not only with neighbouring English associations but to also ensure Scottish brewers were included in any agreement. For instance, when the Scottish Brewers' Association decided to reduce wholesale prices to free trade customers in the North East to match price levels prevailing in Scotland, the Northumberland & Durham Brewers' Association set the same prices. In the tied trade brewers fixed retail prices but recognised that wholesale prices had to be left to individual brewers who decided discounts on the basis of variations in contracts, rentals etc.²⁴

It must not be supposed, however, that the apparent united action taken by the local trade association was arrived at easily. An account given by a Rowell's director to his board in 1931 suggested differences in the ranks of the local brewer's association not revealed by that association's reports. The Chancellor had increased beer duties to the extent, he calculated, of 24s per barrel on average. Some brewers felt that this was rather more like a 31s increase on a standard barrel and a 1d per pint rise (which equated with a 24s increase per barrel) would not be sufficient to meet the duty in the case of the higher gravity products. The Brewers' Society nationally recommended a minimum increase of 1d per pint and the Northumberland and Durham Brewers' Association agreed to this rise. However, before the matter was resolved there was a call by North Eastern Breweries and Vaux to maintain the existing price and phase in a gradual reduction in gravity. Their object, it was said, was to compete on prices with the Federation Brewery. Rowell's (and others, presumably) felt that this was unwise and a reduction in gravity would have deceived the public. Subsequently, it was also felt that the resolution to raise price had not been adhered to by all the members of the association. Rowell's themselves experienced a decline in takings in their managed houses and introduced smaller glasses allowing them to sell a 7d beer at 3d per glass and a 9d beer at 4d per glass. They also considered lowering wholesale prices to free houses to meet competition.²⁵

On the whole, however, the competitive environment was one that embodied price stability orchestrated by voluntary trade alliance. It was in areas other than pricing that brewers found expression for their rivalry. The chief instruments of this non-price competition were the widening range and improving quality of their product and the state of their retail premises, all reinforced by much more energetic advertising and promotion.

Competition in the product market was most evident in the field of bottled beers. Demand for such products increased markedly during the 1920s and any ambitious brewer could

not ignore the growing market and therefore had to set about developing the well-conditioned, good-looking products that could compete for the 'take-home' trade. In 1928 the *Brewing Trade Review* commented on the

enormous demand for the light brilliant non-deposit bottled ale which is now becoming a most important part of the trade of many breweries. It meets the general change of public palate in respect of food and beverages and holds a number of consumers who would otherwise drink light wines and cider. The increasing preference of the public for bottled instead of draught beer is also a phenomenon which has become exceptionally noticeable and is, in our opinion, closely connected with modern conditions of living and especially transport.²⁶

North East brewers, as we have seen, responded by gearing up their bottling lines to meet the requirements of the market. Cameron's, for instance, reported on the swing towards bottled beers, telling shareholders that there had been 'a very marked increase in consumption of bottled ales all over the country, and our customers have not been exceptions'.²⁷ In the first five years of the Federation's bottling operations they sold over 1½ million bottles. North East brewers were also required to extend their range to satisfy all sections of the bottled market. The Newcastle Breweries were very active in this respect: in 1931 they launched two new bottled ales to bring their range up to five and introduced further new bottled products in 1934, 1935 and 1937. Other local brewers also recognised the need to develop their own products and Rowell's, for example, in 1931 decided to 'meet local competition' with the launch of three new bottled beers.²⁸

Competition was particularly keen in the North East 'take home' trade because of the strong presence not only of Scottish brewers but also those large brewers - such as Bass, Worthington and Guinness - who built up national reputations for high quality products through a system of country-wide agents and widespread advertising. For the six years up to 1939, for example, it was calculated that Bass spent a total approaching £340,000 on press advertising and Guinness spent over £800,000.²⁹ Some brewers continued to exploit the national advertising of these proprietary brands, being content to carry on bottling and distributing such products through their outlets. Others continued to sell these products but worked hard to develop their own substitutes. This had been successfully achieved by the mid-twenties at the North Eastern Breweries when the company secretary wrote to Bass to explain that the falling off of sales of that firm's beers was 'largely brought about by other beer which has been acceptable to our customers', and informed Worthington that 'I can hardly be expected to shut out our beer from our houses for the purpose of keeping your sales

up'.³⁰ At Berwick Breweries, within a few years of installing their own bottling plant, they were able to report a large rise in the sales of their own bottled ales compared to those of Bass, Worthington and Guinness.³¹

There was a minor threat to the traditional brewers' markets as some consumers appeared to be switching allegiances from beer and spirits to cider and wines. In the mid-1920s the chairman of Newcastle Breweries argued that the excessive taxation on beer and spirits 'was drawing those who wished for alcoholic refreshment to wines'.³² Rising prices as a consequence of spirit duty increases were claimed to be the cause of the halving in consumption of whisky and 'in place of it there has been a large increase in the consumption of foreign and colonial wines. The imports of Australian port, for instance, ... have exactly doubled'.³³ Brewers were able to protest against this tendency with an appeal to the customer's sense of patriotism and a demand for remissions in duty. By the end of the 1930s, however, there had been a rapid increase in the sales of 'British wines', causing the local brewers' association to condemn this 'largely advertised, cheap and highly alcoholic' drink.³⁴ Worries about wine were matched by a concern for the increasing popularity of cider, which carried no duty nor was the producer required to pay a licence fee.³⁵

The extent to which the growing popularity of wine and cider threatened the livelihood of brewers is debatable. Certainly, for leading brewers with a well-developed wine and spirits and cider operation,³⁶ these changes in the public palate may have meant a switch to another, if less lucrative, branch of their business.

The Improved Public House

The question of improving public houses excited considerable debate after the war and although opinions varied as to what it meant and how it was best put into effect, there was a general consensus amongst everyone except prohibitionists that licensed premises could benefit from improvement both structurally and decoratively, and also in the range of amenities they offered customers. The need for reform, therefore, was accepted by brewers, licensing justices and police; albeit for different motives. The brewers embarked upon a calculated programme of modernisation, reconstruction and new building which may have allowed them to claim social responsibility but, above all, was an astute commercial move; a recognition that substantial outlays were necessary as circumstances in the trade and the economy generally dictated that the state of licensed premises had become an important weapon in the brewer's competitive armoury. In 1934 the managing director of Newcastle Breweries judged that 'in

the past it may have perhaps been possible for a good beer to sell itself, but today competition is rapidly expanding to embrace the comfort and amenities provided by the licensed house'.³⁷

The impetus for public house improvement is usually credited to the 1932 Royal Commission on Licensing, where it was described by *The Times* as the 'key to the report'.³⁸ Its origins, however, go back to Birmingham in the late 1890s and the Carlisle Scheme's remodelling of public houses after 1916, which was invariably held up as the example of what could and should be done. The brewing trade itself had also taken early initiatives to promote the idea. In 1917 a sub-committee appointed by the Brewers' Society put forward proposals for the enlargement of licensed houses, the introduction of more catering and wider facilities for recreation. The Brewers' Exhibition of 1920 held a display of designs and plans for improved public houses which had been submitted by a dozen firms, including Vaux.³⁹

In 1928 the Brewers' Society issued an eight page brochure entitled *The Modern Public House* to demonstrate to the general public what brewers had accomplished by way of improvement in licensed houses. The Brewers' Society had collected information from 324 breweries for the period 1923-27 which covered 47,224 tied houses. Of these, 13,542 had been rebuilt or improved at a cost ('quite apart from ordinary repairs') in excess of £12 millions. On the basis of these statistics the society argued that in a five year period a quarter of the houses had been improved at an average cost of around £1,000 and what held for these was likely to hold for those for which no information was available. Similarly, six pages of photographs of improved houses were said to be typical of thousands of others. A follow up brochure in the same vein was issued in the following year. The Northumberland & Durham Brewers' Association posted 3000 copies of these brochures to magistrates, clergy, councillors and other public persons in the North East.⁴⁰

From entries in the *Builder* for 'work planned or in progress' Table 68 has been compiled to show the extent of rebuilding of old licensed premises and the construction of new licensed premises on new sites. Alterations and extensions involving substantial building work are given in Table 69. These tables show that the improvement of houses started at the beginning of the period but did not gather momentum, in the case of alterations, until the very end of the 1920s, and, in the case of rebuilding, not until the latter half of the 1930s.⁴¹ Figures from the annual reports of Newcastle Breweries (Table 70) show the expenditure by the company on licensed houses, after an anxious time in the mid-1920s and mid-1930s, increased noticeably in the late 1930s.

Brewer	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	Total
Newcastle Breweries					1			1		1	1	1	2	4	5	6	5	4	3	349
Associated Breweries													3	3	3	3	5	2	4	20
Jas. Deuchar										1	1	1		1			2	4	5	14
Cameron's							1			1					1	1	6	2	2	13
Arrol							1								1	1	2	2	3	9
Robert Deuchar										1							1	3	4	9
Rowell's							1									2		3	2	8
Calders								1									2	1	2	6
Allsopp										1					1	1	1	1	1	5
Trumen												1	1	1	2				1	5
McEwan															1		1	2	1	5
J. Johnson																		2	1	4
Nimo											1	1					1			4
R. Fenwick/Younger															2		1			3
W.B. Reid																		1	1	3
John Smith's																	1	1	1	3
Total for 9 other brewers (each building less than 3 houses over the period)	-	1	1	-	2	-	3	-	3	2	6	3	2	9	12	16	32	30	36	158

Table 68. Rebuilding and new building of licensed property in the North East, 1920-1939. Source. *The Builder* 1920-39.

Year	Number of projects	Year	Number of projects	Year	Number of projects
1920	1	1927	-	1934	3
1921	-	1928	-	1935	3
1922	2	1929	6	1936	1
1923	3	1930	11	1937	4
1924	1	1931	9	1938	7
1925	1	1932	7	1939	16
1926	-	1933	10		

Table 69. Schemes of additional alterations to licensed premises in the North East. Source. *The Builder*, 1920-1939.

Year	£	Year	£	Year	£
1921	38,649	1928	23,795	1934	28,622
1922	84,673	1929	48,946	1935	68,043
1923	35,837	1930	41,404	1936	84,348
1924	45,929	1931	47,318	1937	72,353
1925	50,941	1932	53,452	1938	88,201
1926	31,607	1933	31,707	1939	67,978
1927	27,815		10		

Table 70. Spending by Newcastle Breweries on licensed houses, 1921-1939. Source. Newcastle Breweries annual reports 1921-1939; Tyne and Wear archive services 1463/125-172 [Entries for 'Repairs and alterations to properties'; Special Expenditure on alterations to properties'; and 'Additions to freehold and leasehold properties (Accounting methods change during this period)].

The decline in spending on construction by brewers in the early 1930s caused some alarm in the building trades. In a letter to a local newspaper one builder said that the carrying out of an extensive rebuilding and reconditioning programme had appeared to have been brought to a stop.⁴² But this was to be only a temporary slump and the policy of public house improvement was vigorously pursued with the growing encouragement of the licencing justices. Rowell's, for example, spent £30,000 on reconstructions and improvements over the four years to 1931, but by the end of the decade was spending £13,000 per annum and contemplating spending considerably more. In 1935 Cameron's began a

major modernisation scheme for its tied estate and in 1936 Associated Breweries reported making considerable progress in improving their public houses.⁴³ By 1938, a prominent North East brewer said that 'the expansion of towns through municipal and private activities, the low cost of building and rising tide of trade prosperity have all during the last few years added impetus to this programme of reconstruction'.⁴⁴

However, the expenditure devoted to the enhancement of licensed premises clearly varied with the individual firm's financial position and aspirations. Thus it was that the Berwick Breweries could talk in 1936 and 1937 of large

Location	Number of projects	Location	Number of projects
Newcastle	33	Jarrow	4
Sunderland	18	North Shields	3
Gateshead	17	Wallsend	3
South Shields	13	Dunston	3
Middlesborough	12	Stockton	2
Tynemouth	8	Murton	2
Durham	5	Wolviston	2
West Hartlepool	5	Seaham	2
Darlington	4	Other locations with 1 project each	18
Blyth	4		

Table 71. Geographical distribution of building and rebuildings shown in Table 68. Source. *The Builder*, 1921-1939.

amounts being spent on improvements and repairs to properties but the new directors, following the takeover by Associated Breweries, were then unable to declare a dividend because of the 'very large sums' being charged against profit for work on properties 'neglected over a period of years'.⁴⁵

Analysis of entries in the *Builder* show that much of the work referred to in Tables 68 and 69 was carried out by what would be regarded as leading brewers. Of the total reconstruction and new building of premises, approximately 75% was carried out by North East brewers, 12% by Scottish brewers and the remainder by brewers based elsewhere in England. Of major alterations, brewers from within the region were responsible for 77%. This is slightly more than the North East brewers' percentage ownership and in that respect indicates a greater propensity to improve houses by brewers from within the region. Table 71 indicates, as one would anticipate, that the bulk of the activity took place in the big conurbations where the larger brewers were strongly represented and the competition more vigorous.

As brewers paid increasing attention to the improvement of their point of contact with the customer, it was only the larger undertakings which had the resources to embark on far-reaching improvement plans. Smaller brewers and private individuals did not have the finance, for example, to build houses with all the amenities - car parks, concert halls, dance halls, bowling greens, quoit grounds etc - which the better-educated, better-housed, more discriminating customer now expected. Improved transport facilities also allowed the public to travel further afield and exercise a wider choice

in licensed premises. What the public house improvement process did was not only to raise standards but, because it was carried out by the larger firms, it served to ensure that in general the better, more profitable houses were concentrated in the hands of the bigger firms and thereby further increased their competitive edge.

The larger brewers had a particular advantage with regard to the 1930s phenomenon known as the 'roadhouse'; newly-built houses on important roads towards the outskirts of conurbations, or rebuilt or enlarged wayside inns in smaller towns and villages. These were expensive undertakings but they proved popular. Around Newcastle, for example, two brewers in the forefront of improvement, Newcastle Breweries and Jas. Deuchar, erected a number of modern roadhouses. At Wolsington in 1935 Newcastle Breweries opened the Wheatsheaf Hotel to replace a much smaller roadside inn. In addition to bar and buffet there was a lounge to accommodate 200 people. Two years later, however, the successful hotel felt handicapped by not having a catering service and a new dining hall was added.⁴⁶ Similarly, at Heaton Jas. Deuchar built a public house with such features as a car park, verandahs, lawns and a wine shop attached. Very soon though an extension was necessary when the original seating for 263 people was found to be 'hopelessly inadequate'.⁴⁷ This kind of enterprise was only possible with the commitment of sufficient funds on the longer term investment perspective that the bigger companies could afford.

The fact that competition was moving away from the product towards the licensed house is emphasised in the advertising

of brewers. Newcastle Breweries, the most prolific advertisers amongst North East firms, began to give the licensed house much more prominence. In a series of newspaper campaigns in the 1930s it featured its more prestigious houses. For instance, in 1930 it ran advertisements showing newly refurbished hotels in such places as Morpeth and Corbridge under the title of 'Ports of Call on the Open Road'. Two later series of advertisements were entitled 'Blue Star Houses' and 'Blue Star Contrasts', which detailed the rebuilding and enlargements that various premises had undergone.⁴⁸

Advertising and promotion

The new slant taken by Newcastle Breweries in advertising its houses was indicative of a growing awareness in the trade of advertising as an important marketing tool to be treated less tentatively. Advertising by the trade until the late 1920s had been described by the *Economist* as 'on a small and primitive scale'.⁴⁹ By the 1930s, however, brewers were spending considerable amounts on advertising with the Royal Commission putting the annual expenditure at £2 millions.⁵⁰ The accounts of individual companies do not disclose their advertising bills and there is no way of obtaining accurate statistics, and therefore estimates of the sums involved vary. Baxter, using published statistics on press advertising, calculated that the annual average spending between 1933 and 1939 in the medium was £425,000. Applying the known overall ratio for all press advertising to total advertising, Baxter found the likely total of the brewing industry's advertising costs to average around £1.4 millions annually.⁵¹ Both Baxter's figure and the Royal Commission estimate at least give an indication of the order of magnitude of advertising and the realisation by brewers of its importance in the increasingly competitive situation.

As well as the bigger brewers pursuing their own campaigns, the trade as a whole was organising a collective approach. A campaign in favour of collective advertising by brewing firms began in the *Brewers' Journal* in 1920 and was regularly repeated with little success.⁵² After the Distiller's Company received a lot of attention for the advertising it produced in 1928, there was some pressure for a similar approach to be adopted by brewers to encourage the public to 'Drink More Beer.' But the reaction was discouraging. The view of the *Brewing Trade Review*, supposedly speaking for the trade, was that

Unlike distilling, however, the brewing industry is carried on by a very large number of individual firms and cooperative and collective advertisement does not seem to appeal to the majority of them. Each firm prefers to advertise on its own account, and the spirit of competition runs very high.⁵³

To many brewers this must have seemed a rather unconvincing argument. Despite reservations about the tactless slogan, objections based on the notion of collective advertising somehow distorting the competitive individualism of firms fell wide of the mark. Individual firms would be free to advertise their products or licensed houses in their own localities as they thought fit. The national campaign would be the chance for brewers to complement individual advertisements by collectively informing the public of the merits of beer in general and to counteract the propaganda of those hostile to the trade. This more enlightened view eventually succeeded.

In the North East a suggested pilot scheme of press publicity was prepared by the Northumberland & Durham Brewers' Association. For three weeks in 1931 advertisements were placed in the principal regional daily newspapers and 500 show cards were printed for display in licensed houses. A national collective advertising scheme was launched by the Brewers' Society in 1933 by which time the price of beer had fallen and circumstances were more propitious. J.W. Nimmo had advised the advertising sub-committee of the most suitable media for carrying the campaign in the North East. The firms were levied on the basis of output and North East brewers participated fully, although entries in the board minutes of Rowell's suggest that this firm at least was somewhat sceptical about the idea.⁵⁴ The campaign continued, however, for the rest of the decade (with occasional amendments) by which time the national bill was approaching £½ million.⁵⁵

The collective advertising scheme coincided with an increase in consumption. Just how much the campaign contributed to rising beer sales is impossible to say, but those in the trade, via their continued support for the scheme and through public statements, were willing to give the campaign much credit. The secretary of the Northumberland & Durham Brewers' Association argued that the campaign had 'done much to broaden the basis of consumption and to remove old-fashioned prejudices against the licensed house'.⁵⁶

As well as press advertising, brewers also indulged in other promotional activities designed not only to reinforce the merits of specific products but also to enhance corporate identity generally. In this latter respect the use of trade marks was vigorously pursued. This was best illustrated by the Newcastle Breweries prominent 'Blue Star' symbol, registered in 1932 although utilised before then; but others recognised the value of trade marks to identify products and premises. Soon after its formation, for example, the Berwick Breweries commissioned designs for a trade mark, produced show cards and trays, and distributed diaries 'for the purpose of advertising'.⁵⁷ Another method of acquiring publicity and

Year	£m	Year	£m
1920-21	29.0	1928-29	24.5
1921-22	19.75	1929-30	25.0
1922-23	22.25	1930-31	26.0
1923-24	23.25	1931-32	23.0
1924-25	25.5	1932-33	16.0
1925-26	26.5	1933-34	18.0
1926-27	24.5	1934-35	23.0
1927-28	24.0	1935-36	26.0
		1936-37	28.5

Table 72. Estimated profits of brewing companies, 1918-1937. Source. Parliamentary Answers (H.C. Deb.5.s. Vol.236 p.2158; Vol. 238 p.651; Vol. 248 p.1085; Vol. 276 p.1905; Vol. 308 p.1973; Vol. 239 p.1408).

enhancing the reputation of a brewery was through achievements in the national competitions for beers held annually at the Brewers' Exhibition. In this way a number of North East brewers, of which the Newcastle Breweries, Rowell's and the Federation Brewery were the most successful, were able to advertise prize-winning products.⁵⁸ Other promotional activities pursued by North East brewers in the period included brewery open days, exhibitions and competitions for customers.

Performance

Fluctuating Fortunes

The period 1921-39 was one of long-term decline in beer production and brewing profits, although within it were shorter spells of varying fortunes for the trade. Table 72 shows the total estimated profits for the brewing industry, based on Inland Revenue returns and given from time to time in answers to Parliamentary Questions. Considered in conjunction with Table 60, which gives output levels for the industry, it demonstrates the fluctuations in prosperity of brewing and points to significant turning points during the period. Indeed, the first year of the period under review, 1921, was when both profits and output were at their highest. The subsequent fall in production and earnings was then followed by a few years of similar results before a slight recovery in profits in 1930-31. Output and profits then began a dramatic plunge at the depth of the depression, before recovering as rearmament began.

Slump followed by optimism

The economy of the North East enjoyed a brief resurgence as it emerged from the First World War, but its heavy industrial base was soon to prove susceptible to national and international economic forces. The effects of industrial depression, growing unemployment and lower wages for those continuing to work were soon being felt amongst those communities where was to be found the brewers' traditional custom. This situation was exacerbated by some long and severe industrial disputes.

The period opened with breweries still feeling the effects of a coal strike which had stopped supplies, but most breweries held sufficient stocks of coal and coke to prevent the curtailment of production, although one brewer adapted furnaces to burn oil.⁵⁹ Beer stocks were, in any event, large and were augmented by surplus production as consumption fell. The typical view of the regional brewing firms was expressed by the chairman of North Eastern Breweries at their 1922 annual meeting, when he said that the

disastrous effects upon industry resultant upon coal strikes continued during the year, and the trade within the area of the company's operations had never previously been in such a depressed condition during the existence of the company. Industry has been at a standstill, and the consequences are reflected upon the company's operations.⁶⁰

In a similar vein, brewers drew their shareholders' attention to the impact of unemployment. The chairman of Arrol's,

with about 60% of their business conducted in the North East, spoke of sales being "materially affected by increases in unemployment in mining, engineering and shipbuilding industries", and at a later date, that 'the company had a large number of houses situated in Jarrow and adjoining Armstrong's works, where only about one-third of the normal number of people were at present employed'.⁶¹

The overall decline in prosperity of the brewing industry can be seen in Table 72. North East firms also experienced this setback after the initial restoration of unlimited brewing, which had stimulated bigger profits, was followed by the increased beer duty in 1920. W.B. Reid, for example, suffered a 48% cut in profits in 1921-22, and at Nimmo's a record output of 42,000 barrels during the post-war boom was halved in 1922.⁶² A survey of 27 of the most important brewery companies in 1922 reported reduced profits for 19 and singled out Newcastle Breweries for its very marked decline of 35%.⁶³ This gloomy picture of the industry was one which brewers, faced with public hostility about prices, continually reinforced. However, the Statist, after surveying published accounts, pointed out that the industry had been harmed to a smaller extent than any other business. The reason was 'to be mainly attributed, not as has been suggested, to superior management or improvement in efficiency, but to the relative inelasticity of demand and to the firmness in the price of brewing materials'.⁶⁴

The poor position of the brewing industry, therefore, was relative. Certainly it was worse than the industry's buoyant pre-war days, but better than most industries fared in the slump. Given the economic situation generally, the brewers did well to maintain their profits at a reasonable level; a view confirmed by a 1923 survey⁶⁵ and also recognised by local brewers. The chairman of Rowell's, for instance, could submit in 1922 a 'very satisfactory account' of the company's trading and declare 1923's results as 'highly satisfactory'.⁶⁶

The question of profitability had caused some public discussion in the 1920s because of excessive price levels. There had been a threatened consumer strike but the official boycott of beer initiated by the dockers section of the Transport and General Workers' Union did not materialise in the North East.⁶⁷ The brewers were, however, forced onto the defensive and felt it incumbent upon themselves to answer complaints about high prices. The Club & Institute Union suggested in early 1922 that, leaving aside the issue of taxation, the commercial brewers were in a position to reduce the price they charged clubs by at least 10s per barrel. Since prices had been fixed in 1920, it was stated, the cost of all inputs had fallen, the most important reductions being:

Railway rates
Horse and Motor Transport (wages of drivers in many cases reduced by 15s weekly)
All brewery workers wages reduced (averaging 10s weekly) Barley from £6 10s per 448 lbs to £2 15s
The same barley made into malt from £7 10s (336 lbs) to £3 15s.
Sugar from £3 5s per cwt to £1 5s.⁶⁸

The Brewers' Society responded by repeating the argument that the level of taxation did not permit price cuts but that 'most brewers of any standing were determined ... to pass on the benefits of cheaper materials and lower wages by improving the quality of their beer'.⁶⁹ It was certainly the case in the North East that wages were cut for brewery workers, whilst materials, after rising at the very beginning of the period, fell again. When a local brewer was challenged in 1922 as to why prices had not been altered to reflect falling costs, he argued that they were still using raw materials bought before the slump.⁷⁰ The chairman of Rowell's chose a longer time span to argue that

if they eliminated the beer duty, the actual increase in price to the consumer showed an increase of about 60% as compared with pre-war rates. The average cost of malt showed an increase of from 89% to 90%; hops were upwards of 250% dearer and brewery wages about 100% higher than they were in 1914. Standing charges were also heavier.⁷¹

This statement, and similar ones made by spokesmen for other brewing companies, bore a striking resemblance to a memorandum issued to press and parliamentarians by the Brewers' Society entitled *Why the Price of Beer is High*. After calculating the real increase in beer since the war (ignoring taxation) to be around 60%, it considered whether such a price rise justified a charge of profiteering. It was acknowledged that it 'is true that until recently brewery company profits have not been unsatisfactory and in many cases increased dividends have been paid, and, after all, shareholders, like employees, have had to meet the increased cost of existence generally'. However, it stated that malt had risen by 82% and hops by 254%, and

The prices of other brewers' requirements, including fuel and lighting, machinery, casks, transport, repairs, rates etc., have very largely increased, and wages and salaries are still higher by 70% or more than was the case before the war. In addition to the enhanced costs of production and wholesale distribution, similarly heavy increases in the cost of retail distribution have had to be met.⁷²

The memorandum also added that overhead charges had stayed practically constant. Engaged in this propaganda exercise, the brewers had not only to persuade the public that price falls were still dependent upon tax cuts, but had to

convince the Government that any reduction in tax would have to be of sufficient magnitude to trigger a fall in price. When it was suggested in various quarters that brewers should be able to manage a 1d price cut as a result of a 1d fall in taxation, Nicholson of Vaux wrote to *The Times* to explain how this was not possible because

the brewer whose trade is largely in the more expensive beers - i.e. whose gravity exceeds 44 - may be able, as well as reducing the price by 1d, to give a rather better gravity article to his customers. On the other hand, the brewer whose trade is largely in the cheaper beers - i.e. whose average gravity is less than 44 - must suffer loss in order to reduce his price by 1d. And in many districts where the hardship of the price of beer is most severely felt, it is cheaper and lighter gravity beers which are generally consumed.⁷³

A price fall did eventually take place in 1923. In lengthy talks with the Treasury, the Brewers' Society had said that a reduction in taxation was necessary to the extent of 2d per pint. It was subsequently announced that a rebate of 20s per bulk barrel was to be granted on the condition that the brewers would reduce the price to the consumer by 1d per pint and maintain existing gravities. In carrying out their part of the bargain the brewers were to sustain a loss of 4s per barrel after receiving the rebate. Nevertheless, individual firms were urged to accept this undertaking by their trade association.⁷⁴

The loss sustained by the brewers as a result of their undertaking given to the Chancellor was to be compensated, it was thought, by the additional sales the price reduction would stimulate, and the financial press ventured that the 'sacrifice is not likely to have any effects on profits'.⁷⁵ But the increased sales reported by brewing companies proved disappointing. North East brewers, such as Newcastle Breweries and the North Eastern Breweries, told shareholders that increased output did not increase to the extent anticipated. Rowell's increase in output for the financial year 1923-24 was 6% up on the previous year, but the national increase was 6.7%.⁷⁶ Yet given the degree of unemployment in the region North East firms could comfort themselves with the thought that their results were reasonably good. The main worry for commercial brewers was the Federation Brewery reporting considerably increased output, allowing its secretary to boast that 'many brewing firms were in a serious predicament while as an organisation of clubs they had stepped in and showed increasing results'.⁷⁷

By the end of 1924 there were signs of optimism in the trade. In the Budget of 1924 the brewers gained around 4d per bulk barrel as a result of the halving of the sugar duty, and the chairman of North Eastern Breweries was able to tell shareholders that

the licensing trade throughout the country had been favoured with a greater degree of prosperity during the year than they had had for some little time and there were indications that better trade in general might now be anticipated with the establishment of more confidence and stability and security.⁷⁸

The financial press could talk of brewing companies being in an 'enviable position'.⁷⁹ By the mid-twenties, North East firms were displaying better results. Although beer sales for the North East compared unfavourably with figures for the rest of the country, companies could show slight improvements in turnover and often substantial increases in profits. Rowell's profits for 1925 were 58% up on those for 1923 and W.B. Reid's profits were up 20%. In 1925 Jas. Deuchar reported a 28% increase on the year. Nationally, although 1925's output was down by 22%, profits fell by only 12% (see Tables and 60 and 72). In the North East by 1925 most brewers were paying larger ordinary dividends than in the previous years. Cameron's were paying 20%, R. Fenwick 17%, Rowell's 17%, North Eastern Breweries 15%, Jas. Deuchar 40% and R. Deuchar 10%. Only W.B. Reid (10%) and Newcastle Breweries (8%) were paying lower dividends than a year before.⁸⁰

Improved results of brewing companies raised again the question of costs and prices. The free-trade licence holders having to operate on gross margins of 25% and finding it difficult to meet all expenses, mounted a campaign for greater discounts, saying that

during the war years malt was costing between 170s and 180s a quarter, while today, between 30s and 40s. Since then men's wages have come down, railway rates down, half of the supertax had come off, sugar tax had been reduced, corporation tax abolished. Licence holders had not participated in any of these benefits.⁸¹

The brewers themselves, however, repeated earlier claims that profit margins could not sustain a decrease. For North Eastern Breweries, the chairman argued that the working man should have a reduction in the price of beer but a 1d reduction would wipe out half their profits.⁸² The onus was thrown back on the Government. Newcastle Breweries pointed out that in 1924-25 it had paid - in beer duty, wine and spirit duty, rates and taxes, corporation profits tax, compensation fund charges - around half a million pounds. Rates were again singled out a year later when they had risen from £9,194 in 1914 to £27,917.⁸³ Independent commentators took a more sceptical view. The Statist, for example, reported that

sales have doubtless been smaller than in 1921, but the margin of profit must have been higher in view of the fact that prices have remained practically unaltered despite large savings which have

been effected, not only in the cost of raw materials and carriage, but in working expense.⁸⁴

Indeed, some brewers admitted to lower costs⁸⁵ and, despite their protests about taxation, consumption had started to rise again and profits were growing.

Decline

Any hopes of an improvement in fortunes were dashed in 1926 by the General Strike and the coal stoppage that followed. Nor did the revival materialise when the disputes were settled.

The trade press played down the impact of the General Strike on the brewing industry, saying that it had passed 'without grave trouble or serious inconvenience'.⁸⁶ The Northumberland & Durham Brewers' Association, however, reported 'considerable difficulties'⁸⁷ being experienced by local firms. These arose from the disruption of transport operations when union drivers struck and picket lines held. The pattern of disruption was nevertheless patchy and the picture was also obscured by initial confusion amongst trade unionists as to whether beer was classified as a foodstuff. Local press reports are not entirely clear and brewery chairman naturally attempted to minimise the effects on their own firms. The secretary of North Eastern Breweries wrote to his chairman to say that 'our drivers and assistants, in fact all the men in the brewery, have behaved most loyally all through the trouble. We have not had one man absent.' One newspaper reported Sunderland unaffected by the strike but the letter went on to say that

We are, I think, the only brewery firm in this district that have practically all their deliveries carried out and their waggons running. Vaux's have been in a very bad way, all their drivers struck and refused to go on to the waggons.⁸⁸

It seems that some deliveries were made in Sunderland by brewers from outside the town but these imports quickly came to an end. Draymen were also reported to have stopped the distribution of beer in Hartlepool, but Newcastle Breweries told the press that they had, with the help of volunteers, delivered beer to different districts, although pickets outside some public houses refused to allow it to be put into cellars.⁸⁹ The brewery was able to carry on 'under almost normal conditions'⁹⁰ when some staff returned to work before the official end of the strike.

It was the impact of the continuing dispute in the mines that badly hit brewers in the North East. The larger firms had looked to the colliery districts for a considerable part of their

trade and here the purchasing power of large sections of the community was severely reduced. A 42% fall in Rowell's profits was put down to the 'regrettable and futile coal strike'.⁹¹ Other brewers experienced reduced profits in the accounting periods which covered most of 1926. For example, Newcastle Breweries' profits dropped by 52%, W.B. Reid's by 32%, Cameron's by 27% and North Eastern Breweries' by 22%.⁹² The region certainly seems to have suffered worse than most others. This is confirmed by a survey by the *Economist* in early 1927 of some recently published brewing companies' results. Demonstrating what the *Economist* called 'the astonishing vitality of the brewing trade'⁹³ the figures showed that twelve of the 17 brewing companies reported increased earnings. The remaining five, however, were in the North East and the Rhondda Valley, thereby demonstrating equally vividly the extent to which brewery company results could be hit by labour troubles in their major areas.

The events in the mid-1920s seem to have had a cathartic effect on the North East brewers as they were forced to come to terms with the new circumstances and adjust expectations accordingly. With local business activity remaining in a depressed state, the consumption of beer continuing on its downward path and the various counter-attractions making their presence felt, brewers now judged their performance in the context of the times. The directors of the Alnwick Brewery Co., for instance, said in 1928 that they 'did not think that the company need look with any concern on the balance sheet. In these times ... they ought to be well satisfied'.⁹⁴ By 1929 a similar performance was described as a 'successful year's trading'.⁹⁵ At Rowell's the profit for 1927 was only a 6% return on capital employed, but this was nevertheless a 22% increase on albeit a very modest 1926 profit. In 1929 Rowell's output was on the same level but the company took pleasure in 'receiving its fair share of patronage'.⁹⁶ Looking at the trade nationally in 1928 the *Economist* declared that

whatever the outlook in the trade in the more or less distant future, there can be little doubt but that the average standard of brewery management has improved since the war. Despite the shrinkage in output, profits have attained and maintained prosperity levels ... Earnings figures reflect the stability, with a moderate upward trend, which characterises the results of the best brewing concerns at the present time.⁹⁷

A year later, a survey of the results of brewing companies showed that profit levels for 1928 had been maintained through 1929 in 'practically every case'.⁹⁸ The total profits of the brewing industry for 1930 were 23% down on 1920's level but in the intervening years output had fallen by some 28% (Tables 60 and 72), an indication that the industry was

	1926 %	1927 %	1928 %	1928 %
Newcastle Breweries	4	5	6	8
Rowell's	14	10	12½	12½
North Eastern Breweries	11¼	7	16	16
R. Fenwick	10	15	12½	12½
R. Deuchar	15	10	10	10
Jas. Deuchar	35	35	30	25
Cameron's	11½	12	12½	12½

Table 73. Ordinary dividends declared by some North East brewery companies, 1926-1930. Source. *Stock Exchange Official Intelligence*, 1926-1930.

performing well under the circumstances. Much optimism about brewing came from outside the industry, generated by investors and the interest shown on the stock market. Brewery shares found favour, it was said, because of

the sustained change for the better in the financial position of all concerns since the bad days before the war; on the gratifying consistency of earnings during the last few years; on the conservative financial policy which had resulted in the putting back of large annual sums into various businesses; and on the vitality shown by the food and drink trades as a whole.⁹⁹

This view seems to have held despite the uncertainty by 1929 of an approaching general election, the Labour Party's intention of appointing a Royal Commission and the Liberals' policy of 'local options'. When Newcastle Breweries reported their fourth consecutive rise in profits and dividends in 1929 the *Newcastle Daily Journal* seized upon it as a reflection of 'the steady improvement in the industrial position of the North'.¹⁰⁰ The pattern of dividend declarations of other North East brewers, however, does not necessarily display a consistent trend (Table 73).

By 1930, however, the stock markets were showing signs of doubt. Brewery share prices had fallen by an average of between 10 and 15%, comparable with falls in the price of other stocks, but nevertheless casting doubt upon the continued earning power of breweries. The instincts of investors were confirmed by results from within the trade. In 1930 the chairman of Rowell's spoke of his belief a year earlier that they were on the eve of a more prosperous era but how that promise had not now been fulfilled and the company had to

report a disappointing year.¹⁰¹ The Alnwick Brewery Co. reported reduced profits and Rowell's profits' fall was attributed to 'reduced turnover and an inability to reduce in proportionate ratio the standing charges and working expenses'.¹⁰² The one clear success story was the Federation Brewery. In 1930 its sales were up 11% on beer and 9% on spirits, it had increased the interest paid to shareholders to 7½%, and was paying dividends of 6s per barrel on purchases.¹⁰³

Depression

The early years of the 1930s were the worst years brewers had experienced, with no brewer, local or national, being able to avoid some drop in turnover between 1931-33,¹⁰⁴ when national consumption fell by 30%. An emergency Budget in 1931 pushed up duty by 31s to 114s, which effectively put 1d on a pint of beer. The local brewers' association echoed the industry generally when it called Snowden's measure a 'crippling and unexpected impost'.¹⁰⁵ The instinct of the trade was to assume that nobody would be willing to pay the increased price and therefore sought ways round it. In some cases smaller glasses were introduced and drinkers paid the old price for a smaller measure. Some brewers created new, lower gravity beers to sell at old prices. Trade organisations were also spurred into new efforts in their campaign for a revision of liquor taxation. Resolutions, petitions and lobbies of MPs were used, and around 30,000 pamphlets and posters were distributed by the National Trade Defence Association in its Northern District. For the Northumberland and Durham Brewers' Association it was a

	1930 %	1931 %	1932 %
Newcastle Breweries	8	6	0
Associated Breweries	10	8	4
Cameron's	6¼	3	2
Rowell's	12½	5½	3½

Table 74. Ordinary dividends declared by some North East brewing companies, 1930-1932. Source. *Stock Official Intelligence*, 1930-1933.

case of 'the disastrous effects of the increased beer duty have overshadowed every question affecting our industry'.¹⁰⁶ Any anxieties about the Royal Commission took a back seat and when the majority report appeared it was regarded with relief rather than any sense of alarm.

Brewing firms were rocked by what the Alnwick Brewery Co.'s chairman called 'the thunderbolt' of the additional tax and prophesied that 'considering the dole money had been reduced by 10%, the trade had been abnormally bad, especially through the North of England ..., every brewery in this particular area would have had a very strenuous time'.¹⁰⁷ A year later the same company was reporting the considerable effects of the increase in beer duty which had reduced the quantity of beer sold by 16¾%, which the chairman argued was the same magnitude as the fall in purchasing power of the general public. However, returns from the company's houses showed that they had lost custom rather than customers, as they continued to sell the same number of glasses of beer but in the by now, more popular smaller measures.¹⁰⁸ Annual returns for other brewers confirmed the duty's impact on sales: Rowell's reported a 'great diminution in output' and Associated Breweries spoke of the 'disastrous effect upon brewery output'.¹⁰⁹ Vaux discharged some of their employees as a consequence of the Budget decision on the beer tax. The company's managing director said they had foreseen the damage the rise in beer duty would do at the time of its imposition, but had persevered with manning levels convinced that the tax would be lifted within six months. The serious nature of the beer duty's impact was evidenced by the size of ordinary dividends declared by firms. (Table 74). The Federation Brewery felt itself to be the only brewery in the country that increased its turnover in the first half of 1933.¹¹⁰

The tax yield in the first year of the new beer duty was less than half that predicted by the Chancellor. A resulting rethink was embodied in the 1933 Budget. The old method of levying duty was scrapped; the standard barrel was abol-

ished and a new method of calculating duty was introduced. A new scale, based on the bulk barrel, effectively reduced the old duty by 34s per barrel. But the Chancellor again secured undertakings from the brewers. This time there was to be a 1d price reduction, a raising of gravities by at least two degrees, and the utilisation of as much home-grown barley as possible in the brewing process. North East brewers welcomed the price reduction, the chairman of Newcastle Breweries' reaction was typical:

It is now possible to buy for 6d per pint better beer than previously sold at 7d per pint. The reduction is bound to be of great benefit to brewing and allied trades. Owing to present economic conditions it will be impossible to get back all the lost trade at once, but although beer is still overtaxed, we now have a chance of making some headway, whereas before we had none.¹¹¹

The price reduction did indeed retard the decline in beer consumption, which rose by 12% on bulk barrels in 1934 after its 14% fall in 1933 (Table 60). Dividend declarations for North East brewers in 1934 were up on previous years, firms reported increases in production and the Alnwick Brewery Co. observed that the 'reduction of tax brought people back to the full pint from a reduced pint',¹¹² making a difference to bulk turnover. Figures available for Rowell's (Table 75) show a recovery in trading profits across the company's four departments in 1934. Nevertheless, the optimism of 1934 could not mask a continuing fall in turnover and overall decline in the profits of three of the company's activities across the period 1931-34. Similarly a 47% rise in the net profits of Jas. Deuchar's Newcastle and Sunderland-based operations in 1934 still meant a 14% drop over the period 1931-34.¹¹³ However, brewers were encouraged by their 1934 results as the level of activity increased, unit costs declined, and the improved financial outlook allowed brewers to look towards increasing expenditure on public house improvement. By the end of 1934 the regional brewers were

Year	Brewery profits £	Wine and spirits £	Managed houses £	Bottling £
1931	24,149	1,099	8,210	2,048
1932	20,140	1,278	2,503	1,579
1933	14,204	502	1,033	1,263
1934	16,620	1,871	3,275	1,475

Table 75. Profits of John Rowell, 1931-1934. Source. John Rowell Ltd. Shareholders minute book 15.5.1929-2.9.1960, Tyne & Wear archives service 2319/1.

anticipating better results as the recovery in the economy advanced.

Recovery

Although there was a general recovery in the trade in the mid-1930s, the North East region at first enjoyed only a slight share in this. A survey at the end of 1935 considered 30 leading companies outside the 'depressed' areas and 33 inside. This latter group included 22 situated in 'Northern industrial districts' and the general level of earnings for these was well below those outside the depressed areas. Of this 22

only 5 have recorded rates in excess of 20% since 1928, and 14 report rates of less than 15%, while two have yet to show earnings on ordinary capital since the depression years. In contrast, 30 of the companies outside the depressed areas; five only failed to record more than 20% during the past seven years and only one less than 10% last year, while as many as 25 earned more than 15% last year.¹¹⁴

During 1935, when beer consumption rose nationally by around 5%, Rowell's experienced 'no material improvement in County Durham'.¹¹⁵ However, North East brewers did display some noteworthy improvements. Newcastle Breweries' profits for 1935 were the highest for eleven years and seven times those for 1932, and the company's ordinary shares, which were down to 20s on the stock market in 1934, were up to 48s 6d by the end of 1935. Cameron's, who had suffered less than some neighbouring firms during the depression, recovered well and other companies, for example the Alnwick Brewery Co. and Robt. Deuchar, reported better results.¹¹⁶

By 1936 rearmament was starting to bring economic benefits and wages were rising. Whilst the fiscal requirements of

rearmament put paid to any hope of tax reductions, industrial conditions in the North East, particularly in steel and ship-building, continued to improve. Brewery companies began to report better results. Newcastle Breweries' profits were up 25%, Robt. Deuchar's by 30% and Rowell's output increased some 17% against the national rise of less than 3%, which for the chairman was 'fairly conclusive proof that the trade, following increased employment, is beginning to flow our way'.¹¹⁷

By 1937, despite fears about increased rating assessments and the underlying long-term trend in consumption, brewery companies were announcing better results than most other industries and their shares were consistently canvassed as worthwhile investments. The lagged revival of the North East economy had now become an established fact and, like brewers elsewhere, those in the region felt the benefit of the steady upturn in demand, no significant increases in input costs and the advantages of rationalisation of production. Rowell's, for example, reported on the continuance of trade recovery and a steady upward trend in business. Jas. Deuchar showed a 21% increase in profits and the Newcastle Breweries' profits were up by 30% to reach their highest ever figure.¹¹⁸ Table 76 gives the profit record for Rowell's and shows the improvement in fortunes in all departments in 1937, although the wine and spirit performance was largely attributable to the bulk sale of spirit stocks.

By 1938 local brewers had continued their improvement. Newcastle Breweries' profits leapt by another 25% and the Associated Breweries recorded further progress with net profits of £111,023 following the previous three annual totals of £100,045, £82,411 and £76,651. For the 1,200 employees of Associated Breweries (including Vaux, North Eastern Breweries, Berwick Breweries and Lorimer & Clark) there was a bonus of one week's additional wages.¹¹⁹ The trade, of course, still felt the beer duty to be too high, but further

Year	Brewery profits £	Wine & spirits £	Managed houses £	Bottling £
1935	17,147	1,506	4,318	148
1936	15,941	3,885	4,602	1,664
1937	20,066	6,441	8,842	2,836
1938	22,086	1,012	13,925	3,671
1939	22,834	4,979	11,692	3,234

Table 76. Profits of John Rowell Ltd., 1935-1939. Source. John Rowell Ltd. Shareholders minute book 15.5.1929-2.9.1960, Tyne & Wear archives service 2319/1.

Year	Camerons' profits	Newcastle Breweries' profits	Rowell's profits
1934	66,155	100,283	7,710
1935	72,400	109,015	8,396
1936	88,165	139,770	10,176
1937	110,463	175,915	21,145
1938	112,639	218,938	23,220
1939	119,008	249,355	24,451

Table 77. Profits of J.W. Cameron Ltd. Newcastle Breweries Ltd., and John Rowell Ltd., 1934-1939. Source. *Statist*, 6 January 1940; Newcastle Breweries Ltd. Cards recording dividend paid on ordinary shares and net profits 1809-1947, Tyne and Wear archives service (TWAS) 1463/287; John Rowell Ltd. Shareholders minute book, TWAS 2319/1.

pressure failed to reduce it. In fact, in 1939, the beer duty went up 24s per bulk barrel, the equivalent of 1d per pint.

The years 1938 and 1939 had also been years of increasing material costs.¹²⁰ Brewing materials, especially malt, had begun to cost more. Since the 1933 budget the trade had responded to the Government's exhortation to use as large a proportion of home-grown barley as was possible. Before 1933 brewers malted barley from a range of sources: an advertisement for Newcastle Breweries' pale ale listed the barleys used as coming from Australia, India, California, Czechoslovakia, the Mediterranean, Norfolk and Northumberland. By 1939 the brewery was using almost all British barley, although it was 'necessary in some cases to use a little foreign barley - mostly Californian - in the making of light beers'.¹²¹ It was clearly impossible for firms to brew some of their beers without recourse to some foreign barley

but the willingness by brewers to use as much home-grown barley as they could did leave them open to the vagaries of the domestic climate and the fluctuation in harvests and price.

Companies increased sales as the armaments programme increased industrial activity in the region and the brewing trade again demonstrated the traditional correlation between its own performance and levels of employment. Associated Breweries, for instance, with its houses clustered in the iron and steel districts of Middlesbrough and Consett, the ship-building area on Wearside and coalfields in Durham, benefited from the preparations being made for war. The pattern of improved results can be observed in the profits records of Cameron's, Newcastle Breweries and Rowell's (Table 77). The dividends declared by all three companies rose steadily between 1934 and 1939. The period was also a profitable

one for Jas. Deuchar: profits from the business done by the firm on Tyneside and Wearside rose by 47% over the period 1935-39, and 94% of the company's North East managed houses were showing profits as against only 67% in 1933.¹²²

Nonetheless, it was the Federation brewery that continued to outpace its rivals with sales records eclipsed annually. Although it did, of course, start the period from a much smaller base - in 1921 average weekly output was only 121 barrels - it was able to increase its output until it averaged 1,500 barrels per week in 1939. By that time the brewery was employing over one hundred people on wages above the norm for the industry, was reporting half-yearly profits of £32,858, and had spent £167,112 since moving to the new brewery in 1930 on extensions, new plant and vehicles.¹²³

Summary

For breweries, the period 1921-1939 was one in which the impact of the general economic climate was further aggravated by features peculiar to the brewing trade. The long term decline in beer consumption, the growing popularity of counter-attractions and the increasing use made of clubs demanded a strategic response from the trade that reflected the changing nature of competition. The brewers, therefore, channelled their competitive efforts into developing bottled products, improving the standards and services offered by their licensed houses, and advertising more aggressively. In terms of performance, the inter-war years were often difficult and disappointing. However, a new realism tempered the brewers' expectations and there was some recognition that the trade fared better than many industries.

Conclusion

The preceding chapters have described the development of the North East brewing trade in the period 1869-1939. We must now consider what conclusions can be drawn from this study: what generalisations can be made which encapsulate the key elements of change within the region's brewing trade, and its relationship to brewing in general and British industry as a whole. Before doing so, however, we should perhaps pause to consider a fundamental question about our ability to generalise, even on the basis of case material.

What we have done throughout this investigation is to consider in detail some aspects of North East brewing by utilising a variety of documentation. But the specific case material used was not, strictly speaking, chosen from a much larger body of documentation in order to present what could be regarded as a representative sample: it selected itself, in the sense that

there was only a limited range of archive material or primary sources available. There was a wider range of sources from which to consider the overall context and broad shape of the region's brewing trade, yet doubts must remain about the degree to which those regional firms used as specific examples are typical of the whole North East population of brewers. This question mark over the representative nature of the brewers cited looms larger at the beginning of the period under scrutiny, when the number of participants in the industry was great and original records exist for what was only a very small fraction. However, as we move through the period when the overall numbers in the trade are significantly reduced, the firms for which case material is available constitutes a much bigger proportion of the total firms operating. By this stage therefore, we are drawing on examples from amongst those firms which have emerged as pre-eminent in the North East trade. There is therefore a bias, but it is a bias towards that core of survivors that formed the region's brewing trade at the end of the period. This bias towards success and survival has been acknowledged from time to time in the main body of the thesis.

A related question surrounds generalisations about the trade nationally, principally about how much national surveys have relied on a sample of leading brewers or leading brewing areas and the extent to which they may have excluded provincial centres or regions comparable with the North East. It is beyond the scope of this thesis to test how representative statements made on the national trade were, and we have to accept them as being indicative of the general trend or as contemporary views of the position of things in the trade at a particular time. We therefore acknowledge all the dangers inherent in seeking to reach general conclusions and remain vigilant towards what Mathias, with reference to retailing, called 'blanket observations passing current in the absence of case histories'. We proceed in the belief that we can meet that same writer's hope that 'firmly-based generalisations will evolve'.¹ In doing so we accept that some conclusions are reached more confidently than others and that conjecture has a role in some of the more tentative generalisations.

Whatever the complex dynamics at work in the development of the brewing industry during the period, we can identify the most obvious result as one of economic concentration. It has been said that 'the tendency to increasing industrial concentration is one of the better attested facts of the recent economic history of most economically advanced Western countries'.² This was clearly the case in the brewing industry nationally, where the number of brewers fell faster than output in the 70 year period, and also in the North East. Geographical concentration accompanied this numerical concentration (Table 78). The pattern in brewing, and re-

Year	Number of brewers	Number of different locations
1869	152	59
1890	80	43
1914	39	21
1939	15	8

Table 78. Number of brewers operating and number of locations where brewing was carried on in the North East, 1869-1939. Source. As Table 4 & 30 and Chapter 7.

peated elsewhere across a whole range of industries, was one of a fragmented structure consisting of mainly small operators evolving into an industrial structure dominated by a reduced number of larger-sized companies. This being the unquestionable outcome of seventy years evolution, what can we conclude about the manner in which it occurred and the motivation of the prime movers? We can state straightaway that this process of concentration involved to some degree firms which (whether through voluntary or involuntary means) relinquished their place in the market but also, more noticeably, concentration intensified as the more dynamic participants in the trade grew more quickly, combined with each other and absorbed lesser rivals.

We can say with some confidence that many of the factors at work in manufacturing enterprise during the nineteenth century were also at work in the main brewing centres and, on a smaller scale, in the North East branch of the trade. Hannah's work shows that British manufacturing industries of the 1870s still possessed 'a multiplicity of what, by modern standards, would be considered small firms'.³ and although there had been some large firms in brewing nationally in the first half of the century,⁴ Hannah's description fits the state of brewing in the North East. In 1870, as we have seen, the region's trade contained some well-established, factory-based operations of limited size but was nonetheless dominated by smaller, craft-based brewers. In addition, the publican brewers remained important and the geographical distribution of production facilities was still widespread. In the two decades up to 1890, however, there was a rapid fall in brewers' numbers (both nationally and regionally); a change almost entirely attributable to closures amongst small brewers. Nevertheless, North East brewing was still heavily populated (at least in the numerical sense) by small brewers, but was by now a more geographically concentrated industry.

As the nineteenth century drew to a close the process of concentration in British industry gathered pace, and it did so

in brewing also. In the North East between 1890 and 1914 the number of brewers fell by more than half; a reduction which mirrored the overall pattern for the country as a whole. The North East decrease in numbers can be explained by the almost equal impact of small firms leaving the trade and the other influential dynamic of merger and takeover. Whilst the timing and circumstances of some deaths amongst small firms may be obscure, the formal, legal combination and absorption amongst surviving firms was well-documented in some company records, the local press and trade journals. The outcome was a less fragmented geographical distribution with a much heavier concentration of the region's beer production, as well as breweries, in the major urban areas. We are able to come to this latter conclusion because, by the end of the nineteenth century, there was available enough of a range of information on capital structures, annual results and capacities to indicate the relative sizes of a number of the surviving and disappearing brewers.

The forces of structural change were held in abeyance during and immediately after the First World War, such that by the beginning of the 1920s there was a somewhat uneasy presence of some small, unmodernised breweries alongside larger, more progressive firms. But the tendency towards greater concentration resurfaced in manufacturing industry in general, with merger activity described as 'intense both in aggregate and in the history of individual corporations'.⁵ The brewing industry followed suit, but in miniature,⁶ although there were several amalgamations amongst the larger companies in the country. In the North East the inter-war concentration process via takeover and merger was to be seen in the weft and weave of the various ownership changes that were the immediate pre-history and post-formation growth of the Associated Breweries Ltd.

Concentration did not occur, of course, in a vacuum. It happened when circumstances - be they technical, commercial, financial or legal - offered the economic benefits of large scale. The transformation of industry during the nineteenth

century is traditionally explained by the introduction of new (usually steam-powered) technology to manufacturing processes and the encouragement of factory-based production on a greater scale.⁷ Although this argument is more readily recognisable in those industries with more potential for mechanisation such as cotton textiles, the development of the brewing industry can be seen to follow the same path, if a little way behind. By 1869 the brewing trade was starting to recognise the potential offered by science and technology, and the quickening rate of patent registration after the mid-nineteenth century points to the increasing emphasis on innovation in some aspects of brewing. However, for the North East at this time there is very little concrete evidence of the degree of technical development within brewing practice, save for some limited information on the use of steam engines. For later years there is a good deal of individual case material signifying much activity within the region devoted to the redesign, reconstruction and replacement of brewing facilities. After 1880 especially, stress was placed on the design and layout of buildings, with North East brewers joining brewers in other areas in their adherence to the use of gravity and the tower principle. Similarly, the regional firms appeared to follow the national pattern in the adoption of refrigerating and other machinery, the improvement of water supplies and the installation of more powerful steam engines. This impetus continued into the decade before the First World War as the potential contribution of engineering and electricity was exploited. Improvements were also being introduced into the malting process and technology was increasingly being deployed in the area of mineral waters and the bottling of beers.

After the hiatus created by the war, the more significant technical developments occurred not in brewing itself (apart from some advances in metallurgy) but in the bottling of beers. In addition, transport remained a key factor in an industry producing a bulky, low-value product and the improvement of transport fleets allowed the more advanced brewers to extend their individual markets to sustain high output levels in an overall beer market by now in steady decline. The focus was now on scale economies and cost reduction and in this context the potential lay not in new technology but in rationalisation, a policy pursued across British industry in the inter-war years.⁸

The concentration of ownership was, of course, a necessary pre-condition for rationalisation and the pace of rationalisation was ultimately determined by the pace of merger and takeover. And both were dependent upon finance. Increased concentration and investment in technical improvement had taken place in brewing before the late 1880s, but it was the raising of finance on a large scale via the flotation of companies after 1890 which made the more telling amalgamations

and absorptions possible. In the North East brewing trade, as in the country at large, incorporation and flotation went hand in hand with merger and takeover; and later capital restructuring accompanied further merger and takeover activity. Such generalisations can be corroborated because all company registration details were in the public domain. Although there was a range of authorised capital sizes amongst North East brewing firms, all of which fell short of the biggest firms in the industry, the breakdown between the various categories of capital accorded with the national picture. This link between concentration (along with rationalisation and greater scale) and finance was seen to operate again in the inter-war years when some of the larger companies in the region raised additional capital to provide the wherewithal to sustain the trend towards concentration through further takeover and merger.

The imperative of raising extra finance had implications for ownership and control. Up to the mid-1880s brewing had generally been in the hands of sole traders or partnerships, as was most manufacturing. From then on many private companies were formed and public companies incorporated, both ensuring that ambitious brewers now had capital to exploit opportunities for refitting and enhancing production facilities, entering the retail trade and quickly growing in size, especially through acquisition and merger. Although the period 1885-1914 saw more conversions to private rather than public company status,⁹ the most striking structural change came through the formation of a number of private companies or partnerships into a large public company. This occurred in a number of branches of British industry (particularly in textile finishing and chemicals)¹⁰ but also in brewing, both nationally and regionally. Yet, despite the appearance of public companies in the brewing trade and the willingness of the public to subscribe capital, control of the industry remained family-based. Payne's conclusion that 'the vast majority of manufacturing firms of the country continued to be family businesses in the mid-1880s'¹¹ was echoed by Wilson's statement that with regard to that time 'no historian of the industry has argued that change in status of brewing partnerships substantially altered either their ownership or management'.¹² This was found to be the case in the North East brewing trade, although the turn of the century had seen the arrival, in isolated cases, of a more professional management.

The growth of the larger firms in all industries in the period 1914-1939 and the continuing trend of concentration were fuelled by increasing incorporation and merger.¹³ This happened in North East brewing, but it was still the case that the largest companies still enjoyed a strong family input into control, although the process of merger and acquisition and the expansion of the capital base inevitably meant ownership became diffused to some extent.

What emerges, therefore, from our study is that the main influence in shaping the structure of the brewing industry in the North East was the creation of what Cottrell calls "multi-unit" companies; prominent firms established by the simultaneous conversion of a number of smaller companies into one public company, as happened with Newcastle Breweries and North Eastern Breweries in the 1890s and with Berwick Breweries and Associated Breweries in the 1930s. Cottrell's view was that late nineteenth century 'multi-units' in British industry were 'generally formed as defensive attempts by producers to restrict competition'.¹⁴ This can be seen to be equally the case in regional brewing, both before the First World War and indeed after it when beer output fell dramatically. It is reasonable to conclude that the same motives were behind other mergers and takeovers. But the unique feature of the brewing trade, which makes the restriction of competition argument so compelling, is the beer manufacturing industry's singular linkage with its retail trade.

There was a persistent forward integration of the retail sector by brewers over the period 1869-1939. One estimate for the national position suggested that possibly 40% of all licensed properties were controlled by brewers in 1870.¹⁵ We know that in the North East at that time many brewers had a foothold in the licensed house market, usually with an estate clustered close to their breweries and for some brewers consisting of only a small number of houses. After the legislation of 1869 brewers became increasingly concerned with licensed premises, both in the extension of their tied estates and the way in which their houses were conducted. This was done by the acquisition of freeholds and leaseholds, with the 'loan tie' arrangement practised elsewhere having little importance in the North East. The nationwide movement into retailing also happened in the North East but the region was a little behind in the first rush to acquire property.¹⁶ This was due to the slight delay in the wave of incorporation, which was primarily responsible for amalgamating formerly separate estates and providing the financial resources to allow multiple acquisitions of licensed property, reaching the North East. Whilst the piecemeal purchase of freeholds or leaseholds was one method, for the large firms it was takeover of other breweries which was the most effective route. Smaller brewers, often partnerships, normally had to resort to less spectacular, incremental means. So here again with regard to the retail sector, we observe the interdependence of financial strength, scale and the ability to increase market power.

As with the rest of the country, the evidence we have for the North East suggests that the licensed property boom was followed by a slowing down in the pace of acquisitions after the turn of the century. The First World War then saw brewers struggling to supply existing houses and virtually no

activity in the licensed property market. Our study shows that by the early 1920s in the North East, as elsewhere, brewers began again to buy property but in a much more selective manner, as well as converting some leaseholds into freeholds. Meanwhile, the differential impact compensation procedures had on brewer-owned and privately-owned licensed premises continued to increase the overall proportion of licensed property held by brewers. Further takeovers and amalgamations in the period 1921-1939 created stronger holdings by individual firms. Advances in transport meant that what constituted a reasonably situated estate could now extend over a wider area, but within the North East the territories for individual brewers encompassed only part of the region. Even the largest brewers (in terms of houses) could be said to be in direct contest in only certain areas. Analysis of public house ownership in the North East is limited by available records and comparison with other regions is not possible until similar exercises are carried out there. What we can conclude, notwithstanding the impressionistic nature of much national estimation of public house ownership by brewers, is that the North East was probably not dissimilar to others in its experience. By the same token, even though detailed and comprehensive information on the precise nature of the tie is not available, we can, as with the national trade, conclude that on available evidence it looks likely that in the North East managers were rarer than tenants and the terms of supply were similar to those elsewhere.

It is clear that in the late nineteenth century, as the retail sector became an integral part of the brewing industry, it added an extra dimension to competition, ranking alongside the other main considerations of the nature of the product and, in the North East specifically, the successful penetration of the market by outside brewers. In 1869 a wide range of brewery products were available and even amongst the same broad categories there were differences. What was discernible, however, was a pattern of regional specialisation and some agreement that the North East's beers were not regarded as the best. Because of this around sixty brewers from outside the region had opened agencies in the North East by 1869, and the presence of outside brewers in such numbers was a distinguishing feature of the region's brewing trade. In response, some of the region's brewers had already embarked upon attempts to develop better quality beers which could compete against imported products, and this proceeded for the next couple of decades as local brewers who wished to compete effectively recruited the technical expertise necessary to manufacture the more favoured beers and also set about creating the network of travellers and representatives to increase sales to the free trade. In the 1890s, after incorporation had supplied the funds, a few North East firms took the exceptional step of acquiring brewing facilities in Scotland and Burton, two areas regard-

ed as being at the forefront of brewing. As we have seen, North East brewers also began the process of forward integration into licensed premises, tying up more and more of the retail trade and thereby excluding outside brewers who failed to enter the property market on the same scale. Some brewers chose, however, not to meet outside competition head on, but to arrive at an accommodation with an outside brewer which would allow an element of cooperation in areas where the indigenous brewer felt unable to compete. This was done through agency arrangements and sometimes through formal representation at board level.

With regard to the development of brewery products and responses to changing demand, our research suggests that the North East trade had a similar experience to brewers in the rest of the country. Conditions during the First World War made it impossible for brewers to continue the production of draught beer in the same quantities, qualities and variety. As a consequence there was some transfer of custom away from this staple product to bottled beer and spirits. Brewers also began to exploit the commercial value of by-products. In the 1920s and 1930s the importance of bottled beer market grew and the leading North East firms introduced a range of bottled products to both meet demand and match the competition of outside brewers, many with national reputations reinforced by persistent advertising.

From the evidence we have, it seems that whilst price was a frequent concern amongst consumers it was never really the basis upon which producers competed. This was partly because of the nature of the product, the significance of fiscal decisions in determining price (beer duty in 1920 was thought to account for 40% of the total cost)¹⁷ and the existence of an active trade association. Before the First World War the crucial attributes of beer were seen as strength and quality, and this led to an acceptance by consumers that there were good reasons for the existing league table of price differentials. In the inter-war years it became very much the case that the whole package, particularly the amenity value of the premises in which beer was served, was as important as price; and it was on this basis that the leading North East brewers advertised. It was also the case that the determination of the overall price level was essentially in the hands of government and, when there was room for some discretion by brewers, such decisions were relinquished to a trade association controlled by the dominant firms in the region acting in accordance with the recommendations of their national body.

What we find over the years from 1869 to 1939 is that competition clearly intensified. At the beginning of the period a brief announcement in a North East newspaper attesting to the purity or another desirable characteristic of a brewery's

product was considered enough to secure a competitive advantage amongst local brewers and effectively challenge the outside producers. By the outbreak of the Second World War a steady shift in leisure patterns and a consequential long-term decline in demand had put pressure on companies to think not only about introducing new products, but also about rationalising their tied estates. The emphasis was now on the location and facilities offered by licensed premises rather than the total size of the tied estate.

A final and vexed question about North East brewing during the period concerns performance; a question that is impossible to answer in an unambiguous manner for a number of reasons. Firstly, the concept of performance itself embraces many facets,¹⁸ for few of which we have any information. For instance, even when we rely on profitability as the sole test of performance, we are only able to consider it to the extent that we are dealing with public companies and there are surviving records. A second query covers the availability of general, comprehensive surveys for the rest of the country with which to compare the regional performance. Leaving these deficiencies aside, however, we can make some broad judgements.

After the wave of incorporations in 1890s, public disclosure of profits and dividends allows us to assess one aspect of performance for certain regional firms and their counterparts in the rest of the country. For example, it is demonstrably the case that North East brewers immediately rewarded those who had subscribed capital on flotation: this is an era summarised as 'years of exceptional profitability for brewers'.¹⁹ It is also generally the case that lower profits were reported after the turn of the century, although there was an improvement in the few years immediately before the First World War. From contemporary trade and financial publications it appears that the performance of what were the leading North East brewers matched that of the trade nationally and although there were some minor financial failures, the region's brewing trade was able to avoid the severe difficulties endured by some firms elsewhere. By the end of the First World War, the region's brewers had improved their profit performance and shareholders enjoyed higher dividends, although some were not yet in a position to distribute profits. There is no evidence to suggest that the experience of North East public companies was untypical of the national industry as a whole.

The period from 1921 to 1939 was one of fluctuating performance for brewers. After a brief post-war upsurge, the North East economy went into slump and the prosperity of the brewing industry went into decline. Better results in the mid-1920s were short lived but as brewers began to judge their performances in the context of the new circumstances, the

last years of the decade saw a new realism which regarded the maintenance of profits as a sign of great optimism. However, results for the first years of the 1930s were to erode any optimism and it was not until rearmament brought recovery to the region in the latter half of the 1930s did performance improve. National press surveys confirm a similar pattern across the industry.

In essence, this investigation of the development of the North East brewing trade has revealed two main factors at work during the period. Firstly, there was the interdependence of the vital elements of structure, competitive behaviour and performance; and a causality between them that did not run in one direction only. Secondly, these elements functioned in a manner that increased the larger firm's ability to survive and conspired to weaken the position of the smaller firm. In this way the path was smoothed for the seemingly relentless march of concentration. Throughout the period 1869-1939, structural change created bigger brewing units and better-resourced firms, which were then able to rationalise, improve production facilities and add to their holdings of licensed houses. This increased their competitiveness and was reflected in greater profits. In turn, this forward movement of causality from structural change to performance could then be reversed as performance engendered funds in the form of retained earnings and through the enhanced capacity to raise additional capital. These funds could then be used to finance moves designed to enhance competitive standing (such as takeover, modernisation or the expansion of a tied estate), all of which had the effect of further altering the structure of the trade. The most obvious manifestation of this continuous cycle - whereby the more progressive brewers of the North East gradually grew and accumulated more market power - is seen in the waves of merger and takeover. It was also operating, however, through the active pursuance by leading brewers of competitive strategies such as purchasing off-licences, acquiring wine merchants and bottling stores, installing bottling lines and by exercising stricter control over regularly updated licensed houses. By doing so, smaller brewers were rendered uncompetitive and non-viable. It then took little to persuade the owners of the more vulnerable firms of the wisdom of discontinuing and realising a capital gain.

Finally, it should be observed that whilst the history of the North East brewing trade in 1869-1939 is inevitability one of change, there was one important strand of continuity. Some of those names prominent in the trade when the period began—for example, Reed, Cameron, Nimmo Deuchar and Vaux—were still very much involved in the trade in 1939.

References

Chapter 7

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83. Licensing Statistics 1920 (Cmnd 1386) and 1938 (Cmnd 6145).

84. Records of compensation proceedings show that 462 licences were lost through refusal under this process.

85. Newcastle spec Lic Min TWAS MG/NC/7/4, North Tyneside Lic Min TWAS MG/NT/14 and *Newcastle Journal*, 10 February 1938.

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87. In 1927 the *Report of the Committee on Disinterested Management* (Crndd 2862) p.22 said that 'many brewing firms are anxious to improve the public houses owned by them but are prevented from doing so by licensing benches in many parts of the country'. *Report of Royal Commission on Licensing* (England & Wales) 1929-31 (Cmnd 3988) p.50. said 'It was frequently represented to us by witnesses that the justices have hindered the process of necessary and legitimate improvement by refusing their sanction to any alterations involving an increase of the area available for drinking, or by demanding heavy additional expenditure as condition of passing the plans. We think there is some substance in this complaint ...'

The fall in drunkenness can be seen in the following examples of drunkenness convictions:

Average for 1919-23

1938

West Hartlepool	292	141
Darlington	77	49
South Shields	631	214
Gateshead	703	257
Sunderland	348	211
Newcastle	1,509	1,148

Source. Licensing Statistics 1919-23 and 1938 (Cmnd 817, 1386, 1703, 2257, 6145).

88. Newcastle spec Lic Min TWAS MG/NC/7/4.

89. *ibid.*

90. *ibid.*

92. In 1928, for example, the Newcastle licensing magistrates said that they had not taken away any redundant licences for two years because they did not have the money to do so. They had a list of about twenty houses they considered redundant. *Newcastle Daily Journal*, 8 February 1928.

93. For Berwick Breweries see *Newcastle Daily Journal*, 25.5.1927; for Deuchar see *Newcastle Journal*, 26 May 1933; and for Newcastle see *Newcastle Journal*, 27 February 1932.

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101. Such examples that do exist of non-brewers rebuilding or building new properties are by firms involved in the trade themselves on a significant scale as wine and spirit merchants and licensed property owners e.g. Robinson & Anderson, R. Charlton & Co., Davison & Wood Ltd., and Blayney & Co. (*Builder*, 27 March 1936, 10 December 1937, 25 February 1938 and 17 February 1939).

102. *Newcastle Journal*, 14 October 1936.

103. See, for example, *Newcastle Journal*, 8 March 1934, 5 March 1935, 29 July 1935, 15 February 1937, 4 February 1938, 7 March 1938 and 21 April 1939.

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108. Amongst the licensing areas for which statistics are not available are Tindale (the largest petty sessional division of Northumberland) and the Boroughs of Stockton, South Shields

and Sunderland in County Durham.

109. In the Bamburgh licensing area, for example, there were only 20 licensed houses and many were owned by the Duke of Northumberland and the trustees of Lord Armstrong (Bamburgh Lic Reg NCRO 2620/PS9/38,39).

110. Hartlepool Lic Reg CCA PS/Ha 26.

111. Houghton-le-Spring Lic Reg TWAS MG/HS & W Chester Lic Reg DCRO 79.

112. Berwick Lic Reg NCRO 289/3313 PS4/111.

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Chapter 8

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41. Inclusion in the Builder's columns happened, for the most part, when the project was first put into train e.g. when the local and licensing authorities granted permission. The completion of the project may not have taken place until the following year. It is also possible that some projects did not actually make the columns of the *Builder*. However, the entries for licensed premises building, rebuilding etc. appear comprehensive and the fact that they were included in our statistics when they were begun reflects the timing of the brewer's decision to commit himself to the building activity.
42. *Newcastle Journal*, 24 March 1933.
43. Encouragement from the licensing justices can be seen, for example, in 1936 when the chairman of Gateshead brewster sessions pointed out that the bench had willingly given their sanction to alteration that improved public houses and held the view that 'if there were a little more comfort and homeliness in licensed premises it would be all to the good', *Newcastle Journal*, 6 February 1936. For Rowell's see Rowell Min 5 & 6 TWAS 2319/2/3 & 4; for Cameron's see Wood, R. (1963) *op. cit.*, p.31 and for Associated Breweries see *Newcastle Journal*, 3 August 1936.
44. Statement made by Edward Reed of Newcastle Breweries and reprinted in N & DBA Ann Rep 1938 TWAS AS/BA/6/3.
45. Berwick B Min SBA BB2.
46. *Newcastle Journal*, 18 October 1935 and 14 December 1937.
47. *Newcastle Journal*, 6 May 1936.
48. See, for example, *Newcastle Journal*, 26 May 1930, 25 November 1935 and 14 June 1937.
49. *Economist*, 18 January 1930.
50. *Report of Royal Commission on Licensing (England & Wales) 1929-31 (cmdnd 3988)* p.156.
51. Baxter, J. (1945) *op. cit.*, Table 66, p.267 and p.268.
52. *Brewers' Journal*, Centenary Number 1965, p.104.
53. *Brewing Trade Review*, 1 April 1928.
54. For local involvement in the national scheme see N & DBA Ann Rep 1931, 1933, and 1934. For Rowell's see Rowell Min 6 TWAS 2319/2/4.
55. Baxter, J. (1945) *op. cit.*, Table 66, 1).267.
56. N DBA Ann Rep 1934 TWAS AS/BA/6/3.
57. Berwick B Min SBA 13132.
58. See reports on annual competitions published by *Brewing Trade Review* in December of each year 1920-39.
59. See *Newcastle Daily Journal*, 6 May 1921 and *Newcastle Daily Chronicle*, 6 May 1921.
60. *Newcastle Daily Journal*, 14 December 1922.
61. *Brewing Trade Review*, 10 April 1921 and 1 April 1924.
62. For W.B. Reid see *Brewing Trade Review*, 1 April 1922 and for Nimmo's see *Whitbread Magazine*, September 1964.
63. *Statist*, 18 February 1922.
64. *ibid.*
65. *ibid.*, 5 May 1923.
66. Rowell Min 4 TWAS 2319/2/2.
67. *Newcastle Daily Journal*, 21 February 1922.
68. *Club and Institute Journal*, January 1922.
69. *The Times*, 10 February 1922.
70. For discussion of the changes in costs see N & DBA Ann Rep 1923 TWAS AS/BA/2, *Economist*, 27 August 1921, *Newcastle Daily Chronicle*, 28 May 1921 and *Newcastle Daily Journal*, 21 February 1922.
71. *Newcastle Daily Journal*, 25 February 1922.
72. Brewers' Society, *The Deer Duty; Why the Price of Beer is High*, 26 April 22 reprinted in *Brewing Trade Review*, 1 May 1922.
73. *The Times*, 11 July 1922.
74. N & DBA Ann Rep 1923 TWAS AS/Ba/6/2.
75. *Statist*, 5 May 1923.
76. For Newcastle Breweries see *Brewing Trade Review*, 1 February 1924; for North East Breweries see *Newcastle Daily Journal*, 14 December 1923; and for Rowell's see *North Mail*, 22 May 1924.
77. *North Mail*, 18 February 1926.
78. *ibid.*, 15 December 1924.
79. *Statist*, 4 October 1924.
80. For Rowell's see Rowell Min 4 & 5 TWAS 2319/2/2&3; for Jas. Deuchar see *Brewing Trade Review*, 1 July 1925; and for dividends see *Stock Exchange Official Intelligence*, 1924 and 1925.
81. *North Mail*, 25 July 1924.
82. *Newcastle Daily Journal*, 24 December 1924.
83. *Brewing Trade Review*, 1 February 1925 and 1 February 1926.
84. *Statist*, 5 May 1923.
85. For example, Rowell's, *Newcastle Daily Chronicle*, 28 May 1923.
86. *Brewing Trade Review*, 1 June 1926.
87. N & DBA Ann Rep 1926 TWAS AS/BA/6/2.
88. Vaux and Associated Breweries. Copy letter Books. Private Letters 1924.31 DCRO Va/180. The newspaper reporting Sunderland unaffected by the strike was the *Newcastle Daily Journal*, 5 May 1926.
89. *Sunderland Daily Echo*, 6 May 1926, *Northern Echo*, 8 May

1926 and *Newcastle Daily Journal*, 11 May 1926.

90. Newc B Min 3a TWAS 1463/9.

91. Rowell Min 5 TWAS 2139/2/3.

92. For Newcastle Breweries see Newc B Rec of Profits TWAS 1463/287; for Cameron's and North Eastern Breweries see *Brewing Trade Review*, 1 January 1927; and for W.B. Reid see *Brewing Trade Review*, 1 April 1927.

93. *Economist*, 30 April 1927.

94. *Newcastle Daily Journal*, 9 March 1928.

95. *Newcastle Daily Journal*, 8 March 1929.

96. Rowell Min 5 TWAS 2319/2/3.

97. *Economist*, 22 November 1928.

98. *ibid.*, 14 December 1929.

99. *ibid.*, 22 November 1928.

100. *Newcastle Daily Journal*, 7 December 1929.

101. For the general fall in brewery and other stocks see *Economist*, 18 January 1930 and for Rowell's see *Brewing Trade Review*, 1 June 1930.

102. For Alnwick Brewery see *Newcastle Journal*, 6 March 1930 and for the Rowell's see *Newcastle Journal*, 19 May 1931.

103. *Brewing Trade Review*, 1 June 1930 and *Newcastle Daily Journal*, 16 October 1928 and 29 April 1929.

104. see Wilson, R. (1990) 'The British Brewing Industry since 1750', in Richmond, L. & Turton, A. (eds.) *The Brewing Industry. A Guide to Historical Records*. Manchester: Manchester University Press, p.1-22.

105. N & DBA Ann Rep 1931 TWAS AS/BA/6/3.

106. NTDA (ND) Ann Rep 1931 and 1932 TWAS EM/TDA/2/3.

107. *Newcastle Journal*, 4 March 1932.

108. *Newcastle Journal*, 3 March 1933.

109. Rowell Shareholders Min TWAS 2319/1 and *Newcastle Journal*, 3 December 1932.

110. For Vaux see *Newcastle Journal*, 27 April 1932 and for Federation Brewery see *Newcastle Journal*, 1 May 1933.

111. *Newcastle Evening Chronicle*, 26 April 1933. A similar statement is made by Rowell's in *North Mail*, 8 May 1933.

112. *Newcastle Journal*, 9 March 1934.

113. Deuchar Ann Rep 1931-1934 TWAS 2336/22/1-29.

114. *Statist*, 21 December 1935.

115. *North Mail*, 18 May 1936.

116. For Newcastle Breweries see Newc B Rec of Profits TWAS 1463/287 and *Newcastle Journal*, 7 December 1935; for Cameron's see *Statist*, 25 May 1935; for Alnwick Brewery see *Newcastle Journal*, 8 March 1935; and for Deuchar see *Newcastle Journal*, 7 December 1935.

117. For Newcastle Breweries see Newc B Rec of Profits TWAS 1463/287; for Deuchar see *Newcastle Journal*, 3 December 1936; and for Rowell's see Rowell Shareholders Min TWAS 2319/1.

118. For Rowell's see Rowell Shareholders Min TWAS 2319/1; for Deuchar see Deuchar Ann Acc 1937 TWAS 2336/22/1-29; for Newcastle Breweries see Newc B Rec of Profits TWAS 1463/287.

119. For Newcastle Breweries see Newc B Rec of Profits TWAS 1463/287 and for Associated Breweries see *Newcastle Journal*, 28

July 1938 and 9 August 1938.

120. See, for example, Rowell Shareholders Min TWAS 2319/1.

121. *Newcastle Daily Journal*, 4 January 1927 and *North Mail*, 15 March 1939.

122. Deuchar Ann Acc 1933-1939 TWAS 2336/22/1-29.

123. *North Mail*, 28 August 1939, *Newcastle Journal*, 26 April 1939 and Federation Brewery Supplement, *North Mail*, 25 August 1939.

Conclusion

1. Mathias, P. (1967) *Retailing Revolution*. London: Prentice Hall, p.ix.

2. Hannah, L. (1976) *The Rise of the Corporate Economy*. London: Methuen, p.2

3. *ibid.*, p.13

4. See, for example, Musson, A.D. (1978) *The Growth of British Industry*. London: B.T. Batsford, p.135 and Pollard, S. (1968) *The Genesis of Modern Management*. London: Harmondsworth, p.119.

5. Hannah, L. (1976) *op. cit.*, p.111

6. Of the brewing firms in 1938, it has been estimated that the three largest jointly employed only 15% of the industry's workforce and those firms employing more than 50 people accounted for around 40% of the total industrial workforce (Musson, A.D. (1978) *op. cit.*, p.331). This suggests a concentration level which is not particularly high by the standards of other industries. However, calculations on a national basis underestimate the degree of local concentration.

7. see, for example, Church, R.A. (1980) 'Prospects and Perspectives' in Church, R.A. (ed.) *The Dynamics of Victorian Business*. London: HarperCollins, pp.1-45.

8. see, for example, Buxton, N.K. (1979) 'Introduction' in Buxton, N.K. & Aldcroft, D.H. (eds.) *British Industry Between the Wars. Instability and Industrial Development 1919-1939*. London: Scolar, pp.9-23.

9. Cottrell, P.L. (1983) *Industrial Finance: The Finance and Organisation of English Manufacturing Industry*. London: Methuen, p.163 and Lavington, F. (1934) *The English Capital Market*, 3rd edn. London: Methuen, p.201.

10. Cottrell, P.L. (1983) *op. cit.*, p.163.

11. Payne, P.L. (1974) *British Entrepreneurship in the Nineteenth Century*. London: Macmillan, p.19.

12. Wilson, R. (1990) *op. cit.*, pp.1-22.

13. see, for example, Musson, A.D. (1978) *op. cit.* p.290 and Hannah, L. & Kay, J.A. (1977) *Concentration in Modern Industry*. London: Macmillan, p.71.

14. Cottrell, P.L. (1983) *op. cit.*, p.163.

15. Wilson, R. (1990) *op. cit.* Wilson does say that 'this figure is difficult to assess with accuracy'. The whole issue of contemporary estimates of the tied trade is bedevilled with global estimates and little statistical analysis (see 16 below).

16. Vaizey, J. (1960) *op. cit.*, p.17 refers to unidentified Brewers' Society estimates which put the percentage of tied property at 75%

of all licences in 1886 and at 95% in 1913. Unfortunately, Vaizey, like others, talks of purchase and the extent of the tied trade in the same sentence and no clear distinction is made between ownership and control. The high percentage involved suggest that control (ownership, leasing, renting and loan ties) is implied. Our investigations of the ownership of licensed property in the North East (Appendix 8) points to the unlikelihood of 1886's percentage of control being achieved but that by 1913 some brewers had considerable ownership percentages and were known to lease property in some quantities, which could well combine to give

percentages approaching 95% in certain North East districts by the outbreak of the First World War. Wilson, R. (1990) op. cit. says that ownership in 1900 is 'agreed at 75% to 80%'. Appendix 8 shows that the North East districts we know about c1900 could not match these levels, although a number of districts reached 70-80% by 1914.

17. Vaizey, J. (1960) op. cit., p.24.

18. A full account of performance would cover such matters as profits, prices, productivity, technical progress etc.

19. Wilson, R. (1990) op. cit.