

NATION'S LIQUID ASSET

Beer Duty fills the War Chest

A Cockney walked into a bar after one year of the war and, plonking a sixpence on the counter, said: 'Pint o' mild an' bitter and 'arf ounce o' shag.' Then he paused, gazed down at the sixpence, and sighed: 'Strewf, I'm livin' in the past again.'

The war changed the relationship between the pint and the pocket beyond recognition. It also altered the relationship between the Government and the brewing industry. Beer duty funded the fighting.

The taxation on a tippie was increased three times in the first year, first doubling the basic duty from 24s a barrel to 48s at the start of the conflict in September 1939, then increasing to 65s in April 1940 and then shooting up again to 81s in July 1940. The combination of these three rises meant beer was now taxed at a rate 22 times greater than in 1914. These were the first changes since 1933 when duty had been reduced because Snowden's punitive budget of 1931 had led to a massive drop in consumption.

The brewers held their breath. While they knew they could not complain too loudly about helping to meet the cost of the war, they feared the worst. Each increase added a penny on a pint. Such a substantial hike in peace time would have seriously dented demand. Yet to everyone's surprise customers carried on drinking, swallowing the steep price rises – which saw the cost of a pint of mild leap from around 5d to 8d – with barely a grumble.

'The buoyancy of the beer output . . . has been remarkable, and is proof, if proof were needed, that British beer firmly maintains its position as the national beverage of the British people,' commented the Brewers' Society's Annual Report for 1940.

The only effect of the much higher prices appeared to be a certain amount of 'drinking down' where customers switched to cheaper beers and so accelerated the increased production of lower-gravity brews. Some also transferred their loyalties from the more expensive saloons to the public bars, helping to break down the old class barriers. *The Brewers' Journal* welcomed this new spirit of comradeship in adversity, even if it cost the trade higher profits.

It is surprising how much less of an outsider the other fellow

is after a conversation over a glass of beer. And the incidence of the beer duty which puts into the mind of the man to go into the public bar to take his glass of beer at the same price as he paid a month or two ago in the bar parlour is likely to further this good fellowship, whatever repercussions it may have on the pocket of the licensee.

The sharp tax rises also left the brewers no room in which to add their own price increase – even though their costs had surged dramatically. Some brewers felt this patriotic sacrifice on their part was not being recognised. After the first war budget, Sir G L Courthope, chairman of Ind Coope & Allsopp of Burton, pointed out at the end of 1939:

Practically everything we require for production and distribution has increased in cost. Barley and malt have risen steeply. Hops have risen by an average of 10s a hundred-weight. Brewing sugar has practically doubled in price. Fuel, petrol, casks, bottles and cases are all up, while wages have risen considerably and will probably rise further.

Yet not a farthing of this had been passed on to the customer.

At least the drinker received due recognition from the *Daily Sketch* newspaper in a lengthy editorial under the title: 'Patriot with a beer glass' on 27 April, 1940, following the second beer-bashing budget.

A few days observation since Sir John Simon opened his budget has established one fact which is always astonishing when we have a new revelation of it . . . it is the happy stoicism of the beer drinker under all assaults. He it is whom all Chancellors of the Exchequer elect as their first victim whenever they find themselves in a tight corner. So it was in 1914 in the first war budget, when Mr Lloyd George, explaining his new impost, said something to the effect that he knew the noble community which it affected would take it in good part. That noble community did . . . It obviously does not resent the additional tax as an injustice. It is happy enough to contribute what it can.

And there is a good reason for that. A good deal of the enduring life of our community has been built up round the places in which the noble community holds its meetings. Here, with talk and song and good comradeship, with darts and shove-ha'penny and devil-among-the-tailors, the spirit has been maintained which makes our people go into war as friends who know and trust one another. Waterloo was not

only won on the playing fields of Eton. The tap room of **The Red Cow** had a good deal to do with it as well.

So let us give the noble community its due for patience and good humour. Not all of us drink beer . . . but even those of us who do not, ought to lift a glass of something, even if it should only be barley water, to the beer drinker who pays his taxes with so little complaint.

One teetotaler was even moved to express solidarity with his beer-drinking brethren. 'Aquarius' wrote to the *Western Mail* in Cardiff: While I am profoundly convinced that those who indulge in intoxicating drinks are grievously mistaken, I am nevertheless compelled to realise that they are shouldering a very heavy proportion of the financial burden imposed upon us by the war.

If only therefore as a thank offering for the blessings of temperance, I feel that total abstainers in all parts of Great Britain should be only too pleased to contribute to a special fund for the purchase of Spitfires. I am enclosing £1 for the Spitfire Fund, and hope my fellow total abstainers will follow suit.

The brewers public protest was reserved for the way cider dodged the burden, receiving complete immunity from taxation. The rival alcoholic drinks industry had enjoyed this preferential treatment since 1923. 'The injustice of this discrimination in favour of cider is widely felt throughout the licensed trade,' said the Brewers' Society. Some companies feared cider – at half the price of beer – would sweep their products off the bar. A letter in the *National Guardian* from a Scotsman while on a visit to Yeovil in Somerset in the summer of 1940 demonstrated the value-for-money attraction of the apple drink:

The evening of the day we arrived here I went out with some of the boys to sample the cider. Drawn specially from the wood, and costing 3 d per pint, it tasted rather bitter and sourish, but I soon acquired the taste. I had 1s 2d worth. Anyhow there were no bad effects the following morning except for a sourish dry taste on the roof of my mouth. It is a cheap drink for fellows who haven't much to spend.

The brewers real reward came where it mattered – in the esteem of the Government. Even that arch temperance advocate Lloyd George had to admit when Chancellor during the First World War that drinking beer was vital for raising revenue. The words must have stuck at the back of his dry throat, but he forced them out: 'Every half-pint that a man drinks, he will be contributing to the carrying on of the war.'

The important role of beer in bankrolling the barricades (the three rises in duty in the first year of war meant beer raised a massive £150 million) meant that the Government was now prepared to defend the brewers against their critics. When the Scottish teetotal movement protested against the 'destruction' of food in brewing and distilling, Robert Boothby, the Parliamentary Secretary to the Ministry of Food, replied in strong terms in the summer of 1940:

It is not always remembered by the advocates of greater restriction that beer contributes very heavily indeed to the war effort in taxation and that, having regard to the already very low gravity of present-day beer, it would be impracticable to make any further marked saving in the use of materials used for brewing unless it were proposed to impose a most drastic restriction on the consumption of beer with corresponding loss of revenue to the Exchequer – a loss which would have to be made good by heavy taxation in other directions.

The brewers sealed their new relationship with the Government by donating the newspaper and magazine advertising space reserved for their 'Beer is Best' campaign to the Ministry of Information in June 1940. Individual brewers like Whitbread also handed over their poster sites. The move was widely applauded. It was also wisely appreciated. *The Brewers' Journal* commented:

The unanimous decision of the Council of the Brewers' Society to take this action means that brewers, as it were, have left their flank unsupported against the attacks of those who are using the war to press home teetotal propaganda. But the trade believes that both the Minister of Food and the Minister of Supply fully realise the part which a reasonable beer supply can play in encouraging the morale and well-being of workers who are putting their last ounce into the effort to equip the country's forces.

The space was used by a grateful Government to provide practical advice for the public in a popular series of newspaper notices on the theme 'What do I do . . . ?' Subjects covered included: 'What do I do if my home is made uninhabitable by a bomb?' or 'What do I do to keep my Anderson shelter healthy in winter?' Many people cut out and kept the useful articles, provoking a cartoon in *Punch* showing a sentry challenging a passer-by clutching his cuttings. 'Halt! Who goes there?' 'Half-a-minute, while I look up the "What do I do".'

Early in 1941 the Brewers' Society reprinted these articles in booklet form. The Minister of Information, Duff Cooper, thanked

What do I do...

if I am
challenged
by a sentry?

When I hear the words "Halt! Who goes there?" I stop at once. I answer: "Friend!" and wait until the sentry calls "Advance, and be recognised!" Then, and not till then, I step forward and show my identity card (which I always carry with me). If I am with other people each of us steps forward one at a time. Even if I'm in my own district, where I think I'm pretty well known, I still do exactly the same. These are serious times and if I treat the matter as a joke, I run the risk of being shot.

Cut this out — and keep it!

*Issued by The Ministry of Information
Space presented to the Nation
by The Brewers' Society*

WHAT DO I DO? One of the many 'What do I do' notices issued by the Government using the advertising space provided by Britain's brewers (left). This one prompted a *Punch* cartoon (below) showing a soldier demanding 'Halt! Who goes there?' To which the passer-by clutching his cuttings replies, 'Half a minute while I look up the "What do I do" '.



the society in a foreword 'for the help and support which they have given and are still to give in this way.' The minister appreciated 'the liberal and national outlook which has been characteristic of the society in these hard seasons of war.'

The rout of the teetotallers was complete. All the temperance movement could do was complain that the Government had accepted a bribe. But this did not mean the industry could escape further duty increases as the length and cost of the war escalated. The first three tax rises had staggered many. What shocked them even more was the way drinkers absorbed these heavy blows. Even the Government had budgeted for a drop in demand. After a respite of 20 months, the Chancellor followed up his early raids on the drinks cabinet with a vengeance.

The three previous wartime changes had seen the basic rate of duty go up by 24, 17 and 16s per barrel. In April 1942 Sir Kingsley Wood piled on the agony. The basic rate leapt up by more than 37s to 118s 1½d, adding not a penny but at least twopence to the price of a pint. A jar of mild at 10d a pint cost double its pre-war price. Cider escaped untouched.

A stunned *Brewers' Journal* could only comment that month: 'The tremendous heights to which taxation of alcoholic beverages has now risen places those creature comforts beyond the reach of sections of our people.' Breweries and pubs had become 'tax-gathering centres collecting gigantic sums.' The Chancellor expected the rise to bring



in a further £48 million in a full year, making the total revenue from beer froth over the £200 million mark. Or would it?

The Brewers' Journal reported in May 1942: 'The public has taken unkindly to the increased duties on beer.' Many were said to be drinking less. Donald McCullough in a session of the Brains' Trust called the new taxation 'the scorched public house policy.' Yet once drinkers had got over the initial shock, they reached for their glasses and carried on as before. At the end of the year the new duty provided a handsome surplus of £14 million over the estimate of £204 million. Demand remained strong even if the beer did not.

It seemed nothing the Chancellor could do during the war could kill the goose which laid the golden eggs. In April 1943 he pushed the basic rate to 138s 4½d, adding a further penny on a pint, and adjusted it marginally higher again in 1944. *The Brewers' Journal* was no longer surprised 'in view of the astounding buoyancy of the revenue from beer.' Sir Kingsley Wood in 1943 expected over £250 million to pour out of the beer pumps. This target was easily exceeded.

By the end of the war the average price of a pint of mild (still the

nation's favourite beer) was around a shilling. The duty on beer during the war had increased almost six-fold from a basic rate of 24s to 140s 7½d. It now accounted for a substantial part of the price of a pint.

The beer drinker could hold up his glass and claim with pride that he had done his bit to help win the war by filling the Treasury's chests.