

AN ECONOMIC HISTORY OF THE DISTILLING INDUSTRY
IN SCOTLAND: 1750 - 1914.

Part 2.

by

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**CONTAINS
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Technological Change:

The Patent Still

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During the latter part of the eighteenth century, it is clear that distillery legislation was inducing experimentation, and most significantly, faster distilling. The latter had a logical end point in continuous processes of distillation, and to this the Stein family made an outstanding contribution, which has perhaps been overshadowed by subsequent innovation and improvement.

There was experimentation before Stein's invention. For example, Edmund Cartwright (1742-1823) developed an alcohol engine about 1797. It is described in the Report upon the Distilleries (July, 1798) in the following terms:

Mr Cartwright's steam engine is a still and steam engine conjoined, and it may also be observed that a steam engine fitted to a Scotch fast going still would have great power ... for the quantity of steam that rises from these stills in a given time is prodigious. There is no doubt that such an engine would grind the malt, turn the mash-stirring machine, work the pumps etc., and it is ... likewise obvious, that under survey it would aid the Excise in detecting frauds; for it would show when the still was at work.¹

To judge by the paucity of patents taken out by Scots in the field of distillery equipment, their contribution was negligible in the period 1790-1850. Stein's patent is the only one of consequence.

The Patent Still was invented in 1826 by Robert Stein, a cousin of the Haigs, who was the proprietor of the Kilbagie Distillery. A Stein still was erected in the Haig establishment at Cameronbridge in the following year, and a premium of 1d. per gallon distilled was paid to the Steins. The Stein apparatus was patented in 1837 and 1828. Nettleton writes that these stills were once largely used in Edinburgh, Glasgow, and the Lowlands of Scotland, but that by 1895, they had been almost completely replaced by the Coffey type of Patent Still.

1. P.P., 1798: Report from the Committee upon the Distilleries in Scotland, p. 307.

specific heat of the spent wash, being utilised to pre-heat the cold wash. Simultaneously a gradual process of condensation was induced by the warm and cold wash. There was one defect in the equipment: copper reacted to hot acid wash, and acid vapours; hence copper salts were discernible in the distillate, and were subsequently precipitated as white anhydrous salts in spirit receivers and vats.

The Stein still was revolutionary in that it was heated by steam, instead of by a fire; secondly, it was capable of distilling continuously, whereas the pot still, no matter how refined its design, had to be charged and emptied when in production. Stein performed some of his experiments with stills at Kirkliston distillery, which was the property of Andrew Stein & Co;⁵ indeed, one of the Stein stills was operating there before 1831, and another was erected by a cousin, John Haig at Cameronbridge distillery, Fife, in 1832. A Stein still was probably installed in the Port Dundas distillery, Glasgow, shortly thereafter.⁶ Robert Stein also investigated continuous distillation at Wandsworth, near London, where gin, not whisky, was the distiller's object.

The Port Ellen distillery in Islay is also associated with the patent still. The premises were erected in 1825, and by 1836, the owner was John Ramsay, M.P. He was interested in technical innovation; he introduced the first spirit safe, the equipment by which the still man regulates distilling, and through which the Excise may supervise the process. The spirit safe was used for some years at Port Ellen before being widely adopted by the Customs and Excise. Ramsay's influence is said to have been crucial in obtaining duty free warehousing of whisky in bonded stores; indeed the earliest distiller's duty free warehouse in the United Kingdom is still in use at Port

7. S.R.O. RH15/135: Andrew Stein & Co. Kirkliston: Sederunt Book, I (1831).

8. Information provided by D.C.L., 3 June 1966.

Ellen. It was at this distillery that a Stein still probably worked experimentally from 1841 to 1843.⁷

Stein's still was also described as being on the 'St Marc' principle;⁸ this system was a fire heated pot still with a number of rectifying chambers imposed on it. The apparatus was set up at Vauxhall in London, after its patenting in 1825. St. Marc then invented a fire heated continuous still, which was patented in 1827.⁹ Robert Stein was thus experimenting in a field where other innovators were achieving success.

An official report for 1854 notes that there were only two stills in Scotland on the St. Marc principle - one at Cameronbridge, and the other at Kirkliston. Robert Stein is described as being 'formerly of Kirkliston', and he first obtained the sanction of the Board of Excise, for using them on 11 January, 1830. From a revenue point of view, the process was stated to be 'quite unobjectionable.'¹⁰ As early as 1810, still heating had been attempted with steam, and an Irish distiller, Birch of Roscrea had also used steam for this purpose. His success excited the opposition of the Dublin distillers, who petitioned the Board of Excise not to permit the system. The outcome was that the Board refused to allow steam to be used for distilling, alleging that illicit distillation would be facilitated.¹¹ Stein met with little opposition, because after the trials at Kirkliston, officials reported that the spirits produced were 'from the absence of the essential oils', much more 'pure and wholesome than those produced by common distillation.'¹²

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7. Port Ellen Distillery, Harper's Wine & Spirit Trade Gazette, 28 Jan. 1966
 8. P.P. 7th Report, op. cit., Appendix 67, p. 229.
 9. Wilson B., The Evolution of the Patent Still, (II), W.S.T.R., 16 Nov. 1962, p. 1538.
 10. Ibid.
 11. Nettleton, op. cit., p. 18.
 12. Wilson, op. cit., p. 1538.

In 1834, there were several Stein enterprises in operation, viz:

	Duty paid:
Robert Stein & Co. Kilbagie	£30,000
John Stein & Co. Clackmannan	£4,000
John Stein & Co., Wilsontown	£ 450
Andrew Stein & Co., Helensburgh	£ 600 ¹³

The Kirkliston distillery was by then under the Patent Distillery Company which paid £11,000 in duty.

Unfortunately for Robert Stein, his still was supplanted by the Coffey patent still. While Stein's still was extensively employed in Lowland Scotland, by 1893, it had given place to Coffey's invention, although in some distilleries, the old stills were to be seen 'standing silently', their rival working close by.¹⁴ The replacement of Stein stills by Coffey stills will be considered in a later section. A survey follows of the affairs of Andrew Stein & Co., of Kirkliston.

Andrew Stein & Co., Kirkliston:

Shortly after the patenting of the Stein Still, the Stein enterprise at Kirkliston was sequestered.¹⁵ The partners in the distillery of Andrew Stein & Co., also, included William Brown, John Dudgeon, John Burton and Walter Ainslie. Robert Stein, described as residing in London, was a creditor of the company to the extent of £117, and his occupation is given as that of a lawyer. The variety of the claims against the company gives some guidance as to the nature of the firm's business contacts. There were debts owing to corn merchants in Dunbar (Dudgeon and Denham) for £24 13s. 8d., to maltsters in Newburgh (Burton and Turnbull) for £1,506 1s., and to wood merchants and saw millers in Leith (D. & J. Dickson & Co.) for £5 12s. 1d.¹⁶

13. P.P. 7th Report, op. cit., Appendix 67, p. 229.

14. Nettleton, op. cit., p. 19.

15. S.R.O. BH15/185: Andrew Stein & Co., Kirkliston, Sederunt Book, I, (1831), p. 1.

16. S.R.O. op. cit., I, p. 5.

There were other debts of greater magnitude, such as that to Archibald Ainslie, tenant of Peaston, for £5,325 6s. 10d., and £580 5s. 9d., being a statement of rent at October, 1829.¹⁷ There were more debts owing to corn merchants, and saw millers, farmers, and merchants, ranging from £70 to over £350. The interim factor appointed in the bankruptcy was Thomas Stevenson, and an inventory of papers relevant to the affairs of the Stein company was prepared. Bills drawn on Stein show that his whisky trade extended to Perth, Arbroath, Campbeltown, Elinburgh and Glasgow; bills accepted by him came from such persons as spirit dealers, coopers and carters.

A survey was carried out of the stock and utensils at Kirkliston, which had been insured for £9,550 with the Sun Fire Office in February 1830. The company seem to have been negotiating for the purchase of a steam engine, because reference is made to a missive from Timothy Burstall about such equipment, and it is dated April, 1831. There then follows an account of the plenishings and whisky at the distillery.¹⁸ The measuring devices consisted of '2 hydros, 5 sacchos, 11 thermos (2 old ditto), and five chrystal hydros.' The cask supply is given as 450 puncheons, most of which were in the hands of spirit dealers, 112 hogsheads, 115 small casks, and 400 others. In the warehouse were 3 puncheons of spirits, worth £18 per puncheon, and 500 gallons of duty paid spirits. A quantity of peats, estimated to have cost £120 was lying in store, and indicates that the Steins were preparing a malt whisky, requiring peat to dry the malted grain in kilns. Their transport system involved five horses, two waggons and four carts.

Among the old machinery and scrap, there was an eccentric with parallel motion, and a large iron cylinder with piston, the lot valued at £6.¹⁹ There was an old copper still, with part of a worm (£4), and a small still in the

17. S.R.O. op. cit., I, p. 6.

18. S.R.O. op. cit., I, p. 9.

19. S.R.O., op. cit., I, p. 10.

bonded cellar (£1.10s.). An assortment of measures, pails, shovels, '2 mill hurleys',²⁰ scoops, mattocks, beam scales, weights, coppersmith's tools, cooper's tools, and wright's tools was estimated to be worth about £170.²¹

Stein's household goods are included in the inventory, being valued at £167 4s., while those of Brown, one of the other partners, were put at £112 5s. 10d. A Statement of Affairs was made in September, 1831, which shows that Brown contributed £1,000 to the partnership, while Dudgeon and Burton each put up £2,000. The gain during the partnership of Stein and Brown was calculated as £720 4s. 3d., in the period March to November, 1827, but this was followed by a substantial loss in trade from November 1827 to September 1829, of £1,999 13s. 10d. During that phase of decline, the cash advanced to the partners was as follows:-

Andrew Stein	£ 989	6	8
Wm. Brown	£ 275	6	11
J. Burton	£ 148	8	0
J. Dudgeon		18	10 6
			£1429 12 1

The capital transferred to the firm of Stein and Brown was £2,290 18s. 4d., while the amount of debts due was no less than £15,218 4s. 5d. The bad debts against Andrew Stein, and his partner, William Brown, were only reckoned to be £449 2s. 2d., while those due to the previous co-partnery amounted to £2,170 18s. 4d.

There then follows a second summary of cash advances to the company post September 1829; Stein received £1,066 19s. 5d., and the others sums ranging from £400 in the case of Dudgeon, to £50 in the case of the new partner Ainslie. The most revealing and interesting entry occurs at this point; it is a brief note stating that the sum of £1,273 18s. 10d. had been expended on 'a patent still and other repairs', which leads to the conclusion that

20. A mill hurley is a mill barrow.

21. Ibid.

the equipment was installed between September 1829, and September 1831. Whether it was in use for experimental or commercial purposes, or both, is not disclosed, nor are any particulars given of its construction, but it seems to have been costly. The moveable utensils and houses at the distillery were rated to fetch £1,205 15s; the loss on the operation of the enterprise was given as about £3,500. The bad debts to September 1831 were computed to be £1,887 18s. 6d.

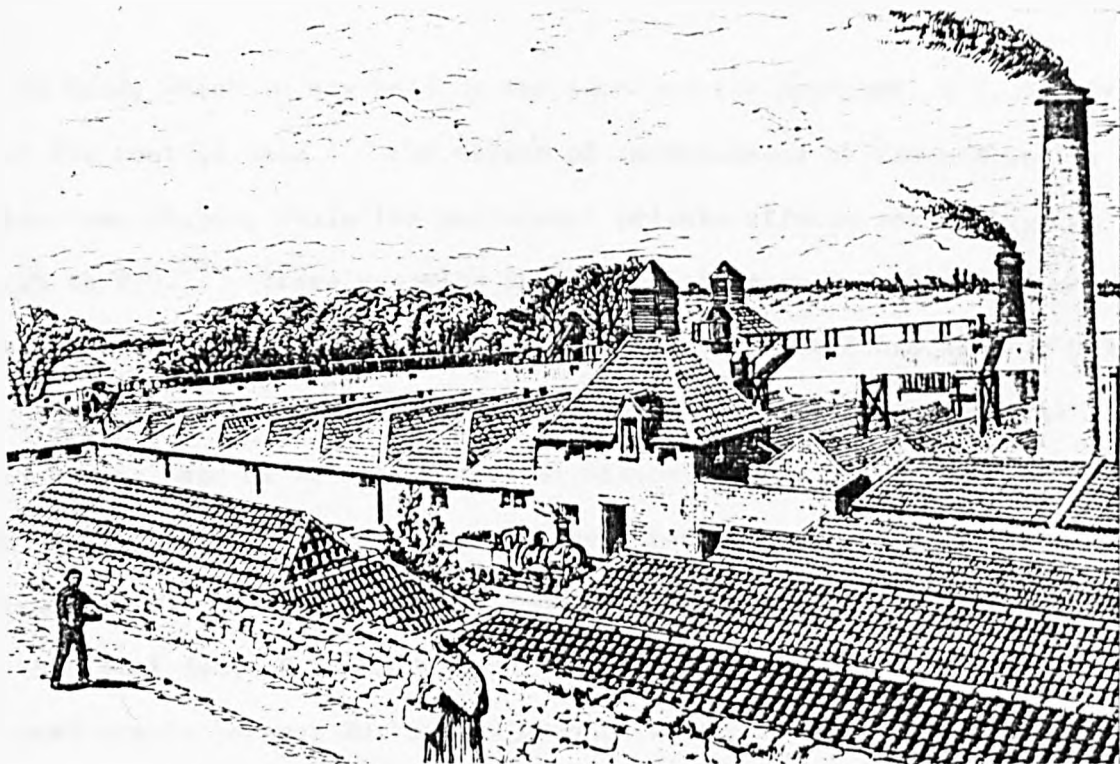
An analysis is given of the possible funds that could be raised for the company's benefit:²²

Good debts	£554	14s.	1d.
Doubtful	149	15s.	4d.
Debts against which contra			
accounts	735	5s.	0d.
Stock on hand	318	2s.	6d.
Cash	35	15s.	7d.
Error on bills	2	13s.	7d.
	<hr/>		
	£ 17,509	17s.	2d.
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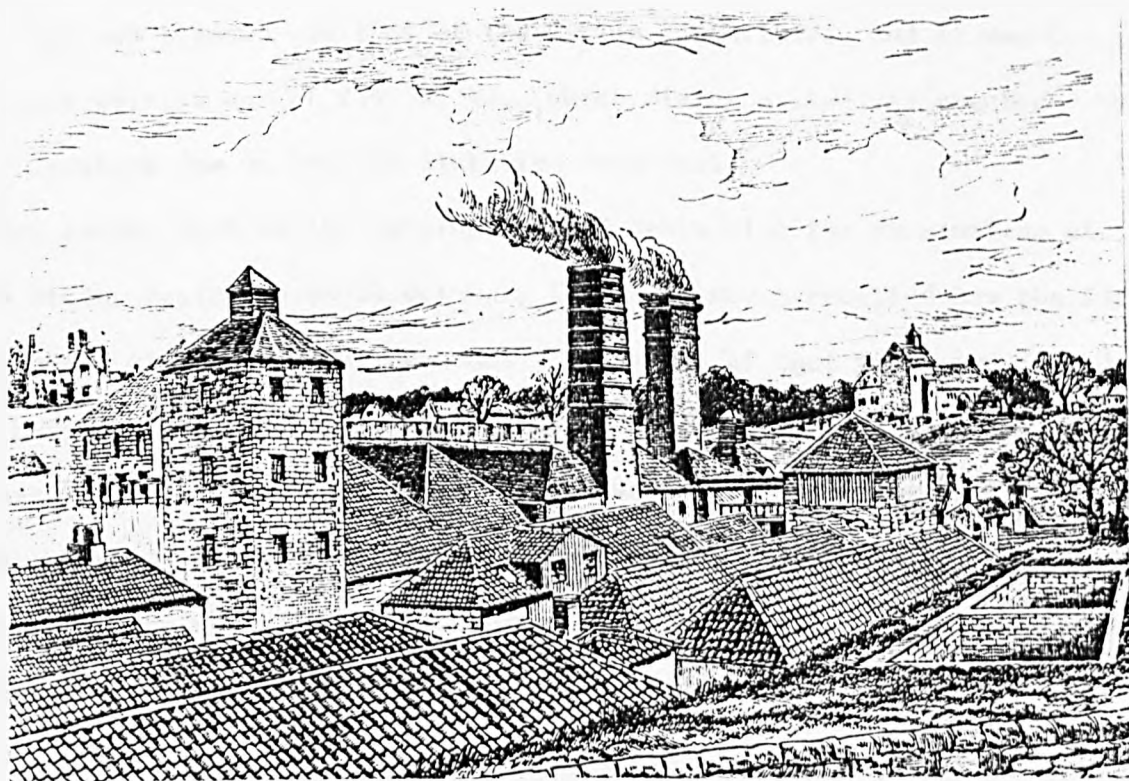
The firm of Stein and Brown, described as having commenced in November 1827, had built up extensive trade connections in Montrose, Broxburn, Newcastle, Portobello, Aberdeen, Airdrie, Arbroath, Ayr and elsewhere. Some of their consignments were handled by the London, Leith, Edinburgh and Glasgow Shipping Company. Stein and Brown were seriously troubled by disputes over discounts, and also by delays in payment. One such delay was due to bankruptcy when Burton and Turnbull, maltsters in Leith, suspended payment.²³ Hence the partners in Andrew Stein & Co., were intertwined in a financial nexus, on the basis of which their interests tended to stand or fall together. Burton and Turnbull's creditors were informed that the firm 'had nothing but what is likely to result from their claim upon Andrew Stein & Co., and their

22. S.R.O. op. cit., I, p. 18.

23. S.R.O. op. cit., I, p. 27.



Kirkliston distillery (west end) c. 1886.
The Distillers' Company, Ltd., showing the
range of warehouses and branch line.



Kirkliston distillery (east end) c. 1886.
The site of Robert Stein's experimentation
with a system of continuous distillation.
(From Darnard).

stock in hand, which is now held by the landlord for hypothec, will be given up when the rent is paid.' The degree of indebtedness of Stein & Co. to the maltsters was £1,506, while the maltsters' private effects were valued at only £25 to £50.²⁴ There was also the firm of Dudgeon & Denham wood merchants in Dunbar which was in difficulties, and to which debts of £1,890 were due. Their stock was investigated, and they had supplies of Memel and American timber on hand as well as 'Easdale' slates from Argyll. Dudgeon & Denham held shipping company shares to the extent of over £2,000. The volume of bills in their possession was £1,286, their actual debts were £746, from which the total debt of £1,890 was derived. The financial complications were considerable because Burton and Dudgeon were Stein's partners.

Reverting to the situation of the Steins, it was brought to the creditors' attention that Mr A. Stein had a claim against his eldest brother, Mr Charles Stein of Hattonburn for £1,000 patrimony left to him by his father, but that the private debts of the younger brother exceeded £3,000. Another claim that was pressed was that of the Excise authorities, and it was for a relatively trivial sum of £54 5s. 4d., which Steins stated was countered by £54 of drawback due on spirits distilled from malt.

The second part of the Sederunt Book I deals with the examination of Andrew Stein, beginning on 14 October, 1831.²⁵ Stein recalled how the firm had tried to continue in business until 20 August of that year, and indeed might have so continued if it had succeeded in getting funds to carry on the business without stopping payment. There were irregularities in the conduct of the company's affairs; for example, no invoice book was kept, and errors were made in the recording of bill paper. Stein's attention was drawn to the fact that a bill dated 23 May, 1831, was only entered on 7 August; he commented that this 'must have been a mistake.' The bill was for 20

24. Ibid.

25. S.R.O. op. cit., I, pp. 59-75.

punchoons of spirits. In particular, questions were asked about payments to Robert Stein of about £1,000 between 15 and 20 August, 1831. Andrew Stein averred that this was a final payment to his brother, because he 'did not find it convenient to accommodate him further', which may indicate that Andrew had helped to support his brother's experimentation. Another member of the family who received funds prior to the bankruptcy was Charles Stein, whose company account was closed on 17 August, by a transfer of £66 12s. 3d. because Andrew Stein alleged he had 'happened to be in Edinburgh and Charles Stein received the money.'

Stein's partner, William Brown was also called to give evidence, about the company's business practices. He disclosed that the custom was to send 15 to 20 punchoons at a time to a centre like Aberdeen or Montrose, where the whisky was placed in bond, and that thereafter he remitted the accounts on receipt of a bill of lading. Dudgeon, the wood merchant, and Burton, on the other hand, seem to have been sleeping partners.²⁶ Ainslie left Kirkliston in January, 1830, giving as his reason a dislike of the business, and strongly denied that he had suspicions that the concern was a bad one. He was the landlord of the distillery premises.

Arrangements were next made for the assets of the company to be realised; the horses were sold for £116 5s., because they were said to be 'fast consuming their own value.' The whisky was put up for sale, at 6s. 10d. per gallon cash, or 7s. credit. The problem of the collection and disposal of the casks was a formidable one, because these were out in the various districts where the bankrupts' customers resided. The Edinburgh area could be handled, but the bankrupts' agent in Glasgow, a Mr Bell was asked to take charge of the collection in the West Country, and in Ireland - evidence which again proves that the Steins' business ramifications were widespread. Meantime, a

26. Ibid.

Mr Black was to perform the same task in Aberdeen, Montrose and Perth. It was however reported that the agents intended to hold the casks as payment, which obstructed the realisation of the casks' value. As to the distillery itself, a tenant was to be sought, but no offer had been made at the end of September, when a Mr William Wyld of Leith expressed a wish to be the tenant 'provided he be satisfied regarding the productive power of the distillery.' He proposed taking it for a trial period, during which time no rent would be paid, and provided repairs to the extent of £30-40 were made. Counsel's opinion was to be sought regarding Wyld's enquiry.²⁷

Yet another inventory at Kirkliston was prepared, probably as a basis for negotiation with Wyld. It is clear that the premises were sizeable, incorporating a malt barn, barley loft, and malt kiln for processing the barley. There was a counting house, smithy, distillery yard, joiner's shop, and mill, with a steam engine, 'which of course is no fixture, but always excluding chimney stalks connected therewith being part of the building', valued at £270. In addition, there was a wash house, store room and bonded cellar. A variety of moveable articles in copper, brass, lead and tin, along with some casks, was to be assigned to Ainslie to settle his claim for rent, and he was to dispose of them as best he could. Thomas Stevenson, a merchant in Leith and interim factor was appointed trustee in the sequestration.

A Minute of an Adjourned General Meeting shows that Robert Stein began attending meetings in person during 1832.²⁸ Ainslie was alleged to have made a private offer to sell the Kirkliston distillery to the trustee, Stevenson, for £5,000, because the former had also been driven to the brink of bankruptcy. Stein's company had taken a sub-let of the property from Ainslie for five years, Lord Hopetoun being the main proprietor. The Steins ranged themselves against Ainslie; they alleged that the works might well

27. S.R.O. op. cit. I, p. 80.

28. S.R.O. op. cit. I, p. 115.

have sold for a sum in excess of £5,000, and that Ainslie had enjoyed 'peculiar opportunities' of acquainting himself with Stein business affairs. For instance it was disclosed that besides carrying on a distillery at Helensburgh 'on behalf of himself and his nephew', Andrew Stein was operating another unit at Greenock.²⁹ The Helensburgh plant was being supported with money supplied by a friend experimenting in the practicability of establishing a distillery there. The 'friend' turned out to be another Stein - Andrew Stein of Kennetpans in Clackmannan. The distillery at Helensburgh seems to have been very small, being capable of producing only 150-160 gallons of whisky a week.

When Ainslie's claim on the distillery and its utensils was examined, the equipment was re-assessed at £1,871 8s. On this occasion, the 'supposed value' of the patent still was put at £300 - a sign perhaps that its commercial possibilities were unknown - whereas the distillery buildings were valued at £3,369, giving a total estimate of £5,500 8s., which upheld the Steins' objections to Ainslie's offer.

By 1852, more claims against the distillery company had accumulated. The Glasgow Union Banking Company, Robert Allan & Son, bankers, and others were pressing for payment. The instruments such as thermometers, supplied by an optician, Alexander Adie, had not been paid; one thermometer alone cost £25 9s. Robert Stein of London was demanding settlement of a bill for £117, and the affair was rapidly degenerating into disputes among the creditors.³⁰ Among the Stein family there was wrangling; Charles Stein of Hattonburn would not admit the claim of Andrew Stein of Kirkliston to £1,000 patrimony.

Ainslie was eventually persuaded to renounce his preferable claim to the distillery, in return for which the Steins agreed that a charge of

29. S.R.O. op. cit., I, p. 134.

30. S.R.O. op. cit., p. 164.

perjury preferred against him would be dropped.³¹ The distillery was to be exposed for sale at £5,000, or alternatively to be let on such terms as the Trustees thought proper. An offer soon came. It was from William Wyld, of Leith, who had already enquired about the premises in November, 1831; he was willing to take up a lease at £300 per annum, terminable on a month's notice, but the Trustees deemed this insufficient, and demanded two months' warning. An agreement was reached between the parties in December, 1832.

Thereupon, the legal strife again broke out, first with Robert Stein of London contesting an action brought against him by the Trustees, and second, a claim for compensation on account of the damhead at the distillery being placed on Lord Hopetoun's ground. Amid the arguments, there are gleanings of interest; for example, Andrew Usher, a spirit dealer, whose family are believed to have initiated the art of blending Scotch whisky, disputed an account, which by a change of legal opinion reversed his position as debtor to that of creditor.³²

The distillery was again exposed for sale in the autumn of 1832, its upset price being progressively reduced from £5,000 to £3,500, and in 1833, falling to £3,000. William Wyld had in the interval become tenant, and he was seeking reimbursement for money expended on repairing equipment; the Trustees were prepared to allow him 'the price of the Solder got for repairing the Patent Still,' and for furnace bars from the Edinburgh Foundry.³³ Perhaps, the Patent Still was having teething troubles; the fact may have had currency among distillers, because no offers for the premises were forthcoming, until the price of £2,200 was reached in July, 1833, when 'a gentleman of respectability', who did not wish his name disclosed, expressed an

31. S.R.O. Sederunt Book II, p. 1

32. S.R.O. op. cit., II, p. 48.

33. S.R.O. op. cit., II, p. 50.

interest.³⁴ This gentleman subsequently revised his offer to a rent of £300 per annum; he was none other than Andrew Philp, the distiller of Dolls, Menstrie, a Stein relation by marriage. The Trustees let the premises to him, and the arrangement continued in 1834, even although Philp refused to find security for the rent.

Philp's endeavours did not meet with much success, because he himself became bankrupt in 1841 when he is described as 'formerly distiller at Kirkliston, now brewer and corn merchant in Dundee.'³⁵ Other distillers were also in difficulties in the late 1830s. The bankruptcy of William Haig of Seggie, and John Mason of Kelso are recorded in The Edinburgh Gazette for 1837.³⁶

Andrew Stein's estates yielded less than 1s. in the pound to his creditors: the final dividend in the sequestration was itself paid in 1837.³⁷ The Kirkliston distillery continued in production. When Barnard visited it in 1886, he described how it was about 8 miles from Edinburgh, beside the river Almon. The premises covered 12 acres of ground, having been much enlarged and improved (probably by Andrew Stein) about 1825.³⁸ No mention is made of the Stein occupancy, the works being described as 'formerly the property of Messrs John Stewart & Co., who purchased them in the year 1855 from Messrs Buchan & Co.', when the plant was capable of producing about 2,000 gallons a week. In 1878, Kirkliston was acquired by the Distillers' Company Ltd., the Stewarts managing the distillery, which by then had six pot stills, and

34. S.R.O. op. cit., II, p. 107.

35. S.R.O. Minute Book of the Court of Session, 1841-2, Vol. 61, p. 38; Bill Chamber, First Division, 18 Nov. 1841.

36. The Edinburgh Gazette, 22 Feb. and 16 March, 1837.

37. Op. cit., 17 May, 1837.

38. Barnard, A., The Whisky Distilleries of the United Kingdom, (1887), p. 333

'a powerful Coffey's Patent Still capable of distilling 3,5000 gallons of wash per hour.' Kirkliston is now a maltings for the Distillers' group, and its significance in the evolution of the Patent Still has been largely overlooked.

The Coffey Still:

The Coffey still (also known as the Patent Still) has been described as 'one of the most enduringly successful inventions of an age of invention', and it is to-day unrivalled as the most efficient apparatus for the purpose for which it was designed.³⁹ Although the basic principles of operation have remained unchanged, there have been modifications, such as the increase in size of patent stills, which in the time of Aeneas Coffey were capable of processing 3,000 gallons of wash per hour, and which are now distilling 20,000 gallons per hour. Similarly, the early stills incorporated much wood, whereas to-day copper is almost entirely used.

During the nineteenth century, there were experiments to adapt and modify the Coffey still. In 1877, McFarlane carried out experiments to purify new spirit, and to neutralise acids, while the following year, McPherson introduced additional vapour pipes between the analyser and rectified. There were also attempts to combine Coffey and pot stills by Walker (1878), and by Board (1882).⁴⁰ Hence although there were minor improvements, there were no outstanding developments in the Patent Still except in its scale and construction materials.

Aeneas Coffey was born in Dublin about 1780, and was educated at Trinity College. He progressed with distinction from Excise Officer to Inspector General for Ireland, and thereafter he was associated with the Dock distillery

39. Slater, A.W., A London Firm of Still Makers, Business History, Vol. VIII, No. 1, Jan. 1966, p. 49.

40. Nettleton, op. cit., pp. 23-7.

in Dublin. Coffey experimented with the continuous distillation of alcohol, devising his own stills, but he was also improving other distillery apparatus; for instance, he invented a refrigerator for cooling worts in 1850. Messrs John Dove & Co. Ltd., successors to the firm set up by Coffey in London, have a patent granted to him for a new and improved distilling apparatus for Ireland only, to run for a period of 14 years, dated 5 March, 1831, and sealed 11 April, 1832.⁴¹ Coffey had entered a specification (No 5974) for a continuous distilling apparatus in 1830, which was sealed on 5 February, 1831, in which he describes himself as a distiller, at the Dock distillery, Dublin.⁴² Wilson states that Coffey had conducted earlier experiments at Carrickfergus.⁴³ The treasury warrant permitting the use of the still was issued on 10 September 1832.

The following is the description of the Coffey still, as given in his specification:-

Coffey, Aeneas, "Improvements in apparatus or machinery used in the process of brewing and distilling".

The still consists of a tall cylindrical or rectangular column, the lower half of which, about one half, is divided into compartments by horizontal plates of thin metal, each of which turns down at one end, until it nearly touches the plate beneath it, and leaves a passage by which any liquid falling on a plate may descend to that next under it, and so on from plate to plate at the alternate ends, until the liquid falls through a pipe in the last plate into a vessel below. Holes and valves in the plates open upwards.

The wash is charged from an elevated vessel or by a force pump: falling from plate, to plate, the wash is met by steam from a boiler sent into the vessel below, which deprives it of its alcohol, and carries the alcohol through a pipe at the top of the column into a condenser.

41. Wilson, op. cit., p. 1738.

42. Abridgement of Specifications, op. cit., p. 118.

43. Wilson, op. cit., p. 1738.

A small worm could be led into a water bath; a slight quantity of steam being allowed to pass up uncondensed, and to issue at the orifice of the worm contracted to a jet, and the smallest quantity of alcohol escaping would cause it to burn, and thus "warn the attendant to increase the supply of steam from the boiler, or to diminish the supply of wash, or both, as he may see fit".

It is known that Coffey came to London as a maker of patent stills, about 1835, previous to which he may have been in Liverpool; he acquired a workshop at Bromley-by-Bow. As to the construction of the Coffey still, Wilson quotes a comment made by Coffey's grandson, Aeneas, in which he wrote that 'the first apparatus constructed was made with iron pipes.'⁴⁴ The acid of the wash reacted with the iron, to give the spirit a foul taste, so that distillers rejected the apparatus. Thereafter copper was employed, and stills were supplied with success throughout Britain, and in the colonies.

It was in March 1839, that the Board of Excise issued an order to Excise personnel, regarding the Patent still; the law specified that stills must be made of copper, and the distillate from the patent still had only been classified as low wines. Coffey had therefore to run the alcohol through a low wines still before it could be described as spirits. In fact, this second distillation was unnecessary. Wilson believes that this was one reason why Coffey's still was late in being adopted, citing evidence produced by W.H. Ross of the Distillers Company Ltd. to the Royal Commission of 1908-9.⁴⁵ D.C.L. believed that the first patent still in Scotland had been installed at Port Dundas Distillery, Glasgow, about 1840, and that it then became widespread.⁴⁶

There is some doubt as to the timing of the Coffey still's adoption in

44. Wilson, op. cit., p. 1539.

45. Ibid.

46. P.P., Royal Commission on Whisky and other Potable Spirits, 1908-9 (C.A. 4876) Digest of Evidence, W.H. Ross, 5021, p. 52.

Scotland. Nettleton mentions that a Coffey still was functioning in the premises of Ross T. Smyth, in Londonderry, Ireland in 1834.⁴⁷ The earliest reference to a Coffey still in Scotland is dated 1836, and it relates to the Grange distillery in Inverkeithing, Fife:-

There is a large distillery in which whisky is made, both for the English and home markets, by Coffey's steam apparatus The distillery employs about 80 men when in operation.... The employments are healthy and the payment good.⁴⁸

The premises had been erected in 1784 on a site occupied by a malt barn, near the Keithing burn, and were used as a brewery and maltings by Messrs Duncan Montgomerie and Pinkerton. Three years later, it was converted into a large distillery.⁴⁹ Duncan Montgomerie was accounted a leading distiller in the east of Scotland. Under successive proprietors a flourishing business was done: James Gibson, Edinburgh, owned the premises in 1813, and was followed in 1825 by Andrew Philp, a Stein relation by marriage, and who was for a time distiller in Dublin, as well as interested in the Dolls and Kirkliston distilleries. The Haigs operated Grange distillery in 1843, but ceased operations there about 1864, when in the year following, the premises were converted into an 'oil works' for distilling and refining petroleum. The refinery went on fire in 1866; the buildings decayed until 1899, when the ruins and the water rights were acquired by Caldwell's Paper Mill Company.⁵⁰

Correspondence in the possession of Messrs Dore, quoted by both Wilson and Slater, shows that during the 1840s, Aeneas Coffey was much preoccupied in supplying his patent stills to Scottish distilleries; he wrote from Edinburgh, Linlithgow, Seggie, Kilbagie and Haddington. His creators were

47. Nettleton, op. cit., p. 535.

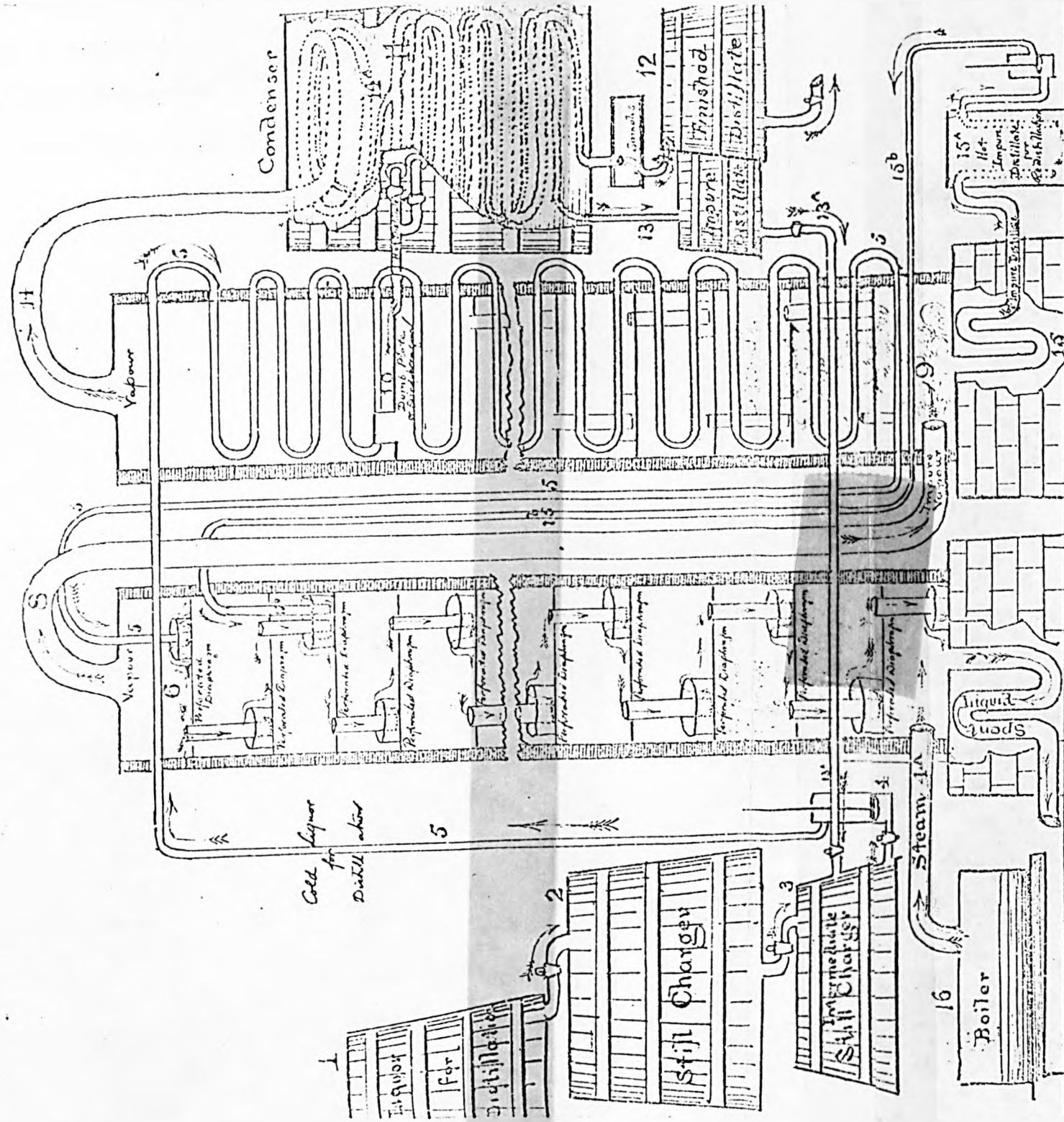
48. N.S.A. Parish of Inverkeithing (1836) ix, p. 244.

49. Stephen, W., The Story of Inverkeithing and Rosyth (1938), pp. 97-9.

50. Ibid.

Column No I

Column No II



COFFEY'S DISTILLING APPARATUS.

Order of process - 1. Vat for crude liquor. 2. Charger for still. 3. Additional Charger. 4. Pump. 5. Pipe conveying liquor to be distilled. Col: No II containing No 5 Pipe, impure Vapour from Col: I and dumb-plate where hot distillate is drawn off Col: No I containing liquor descending from diaphragm to diaphragm and ascending steam from boiler. 6. Liquor spreading over diaphragm. 7. Spent liquor. 8. Vapour from steam and liquor to bottom of Col: II. 9. Vapour ascending to Col: II. 10. Plate where hot product condensed is drawn off. 11. Hot product condenser. 12. Finished product. 13. Impure product for re-distillation. 13^a Impure product to still charger. 14. Uncondensed Vapour to be condensed in 14^a and conveyed by 15 and 15^a to still charger. 15. Impure spirit liquid for re-distillation through 15^a and 15^b to Col: No I. 16. Steam boiler.

Distillation in a Coffey Patent Still: diagram from H.C. on Whiskey and Other Potable Spirits, Cd. 4181 (1909), App. B., p. 382.

liable to encounter difficulties because of the weather and the distance from their home factory.⁵¹

A copy of Aeneas Coffey's contract with Messrs. Currie & Co., Bromley, Middlesex, dated January 1835, discloses that a premium of £5,700 was proposed for the use of two patent stills. It was usual to demand payment of a sum roughly divided into one-third premium, and two-thirds cost of the apparatus. There are very few records of the transactions of Coffey with his customers, and none of these show the complete cost of a still; hence only an approximate estimate of the investment made by a Scots distiller may be made. The following is an extract from the earliest contract of Coffey which survives:-

London, 30 January,
1835.

Gentlemen,

Agreeably to your desire I hereby propose to erect at your Distillery two apparatus on my patent principle capable of Distilling thirty thousand gallons of wash each per day: the price of which, premium for Patent rights included, will be Three Thousand seven hundred pounds - they may be worked either by steam raised in your present stills or in Boilers provided for the purpose which should be of sufficient capacity to supply each apparatus with as much steam as would work a Common Low pressure Horse Engine.

The above sum is for the two apparatus strictly so called, and the expenses of attending the erections of them on your premises, the connections with your Stills or Boilers, and with the worms, wash charger, spent wash cistern, also pumps for supplying the apparatus continuously with wash, will be extra expenses depending in a great degree on the distances at which the various utensils may be placed from each other.

I engage for the performance of these apparatus as follows:-

Each of them shall be capable of distilling at least fifteen hundred gallons of wash per hour when at work or thirty thousand gallons per day, allowing four hours per day for the delays that may take place after working off a Back before you have another ready to begin.⁵²

51. Wilson, op. cit., p. 1542.

52. Contract for Patent Still, Aeneas Coffey, London, 1835: by permission of Mr. James A. Dore, of Messrs. John Dore & Co. Ltd., Ilford, Essex.

They shall convert the whole produce into clear spirits of greater strength and purity than can be obtained by the usual re-distillations of the common process. I engage, in fact, that the produce shall if required be of an average strength of 56 to 58 per cent over Proof in the Spirit Receiver, and of corresponding purity and freedom from feints.

The consumption of fuel will not exceed one Ton and a half of good Coals for the distillation, of Ten thousand gallons of wash, which I understand to be about one fourth part of what you consume in the ordinary process with Wash and Low Wines stills.

The wash shall be as perfectly exhausted of its alcohol and shall yield as much spirits as you obtain from it with your present stills.

The two apparatus [sic] shall be ready for putting up on or before the first of September next, and supposing the site cleared out, I would undertake the erection should be completed within six weeks from the day I commenced putting it up.

Every part of the two apparatus shall be constructed in the best and most substantial manner and I will be responsible for any repairs they might require for two years.

I am, Gentlemen,
Your obedient Servant,
Aeneas Coffey.

Messrs. Currie & Co.,
Distillers,
Brookley 53

The offer was agreed on 31 January, 1835, and one may infer that similar arrangements were used in the supply of Coffey stills to the Grange Distillery, and to the Port Dundas Distillery. As to the installation of Patent Still in Scotland during the 1840s, there is a gap in the records in Messrs Currie's possession. Had documents been extant, they might have thrown light on the Port Dundas innovation. A Coffey still, supplied to the Bristol Distilling Co. in 1841, may be of a similar specification to those sent to Scottish distilleries in the 1840s. It was to process 50,000 gallons of wash per day, and was to cost its owners £2,500, of which £1,800 was for

the use of the patent and £700 for the apparatus delivered and erected, so that it is difficult to estimate what the actual cost of the plant was. To-day, a ^{still of} similar capacity ~~might~~ might cost approximately £20,000.

Coffey's patent still gradually supplanted Stein's still; Nettleton believed that there was a Coffey still functioning in Edinburgh about 1837, and that patent still spirit was being widely marketed in Scotland by 1845, although there is no evidence that it was used as a beverage.⁵⁴ Because of the number of contracts in Scotland, Aeneas Coffey was supervising construction work there in 1846. He was busy installing a patent still for Menzies of the Caledonian distillery in Edinburgh, when he wrote to his son in London:-

Edinburgh, 21st Sept. '46.

My dear Aeneas,

Carter came down from Kilbagie early this morning and went with Philip to Haddington by the 11 o'clock train. I expected Philip back by the train leaving Haddington at 4.25 but he has not come and I therefore dined alone.

Carter reported to us this morning that all the rectifying frames were completed, the pipes proved and caulked and the whole stowed away in a secure place - that the rectifying sheets were also complete and the valves on - that the valves were not yet on the Analysing plates but the sheets were put together and Conway would very soon have the rest done.

I told him Salter was coming by the day's boat and that I intended to send him to Kilbagie in the morning. "He will have nothing to do there; Conway is more than sufficient" was Carter's reply, adding, "You had better send him to Haddington." "No", said I, "The refrigerating pipes will be at Kilbagie when Salter arrives there."

Carter: "But what use is that, Sir, when he cannot put them together?"

I: "Why, cannot he solder?"

Carter: "Certainly not, Sir."

I: "Why, I understood he made all, or almost all the joints of the Thames Bank refrigerators."

Carter: "I don't know anything about who made them, but if Salter has made any joints it must have been on small pipes short enough to have a hot iron inside and he cannot make the joints of the refrigerating pipes."

Thus I fear his coming here is a great blunder and that we will find no use for him. It was Philip's misconception as to his (Salter's) accomplishments that prevented my trying to get from Robert Hay the loan of his Coppersmith, the quickest solderer except, perhaps, Tom Coffey, I ever saw. 55

There is nothing, however, in this matter except a little waste of money in sending an inefficient man, for whom we will find some work at Kilbagie or the Devil is in it and, after all, I am glad you kept Dore /Foreman/ at home instead of Salter and think we ought to look out for some way of paying him (Dore) some little compliment in compensation for setting him aside after giving him notice to be prepared. If nobody had been sent Dore would have no cause of feeling hurt, but in sending another man in his place conveys the supposition that we consider Salter the superior man.

I had a letter from Dawson of Linlithgow this morning offering the ton for seven shillings per cwt. At this price the cost, I am pretty sure, would be about £85, or possibly £90. I have not time to copy his letter for this post but shall send it tomorrow. While Philip went to Haddington this morning I went to Linlithgow and saw Dawson. I told him I did not consider his price unreasonable but explained to him the delicate position I felt myself in regarding Haddington Dunlop. I am too near the post to write more. You shall have the rest tomorrow.

No estimate yet from Rollox. 56

This letter is of interest for two reasons: firstly, it shows that Coffey was carrying out work at Kilbagie, the former Stein distillery, at Dunlop's distillery at Haddington, and at the St. Magdalene distillery owned by Messrs Dawson at Linlithgow. 'Rollox' may indicate Coffey's interest in a distillery in the north west of Glasgow, where there were units at St. Rollox and Bockvillia, as well as Port Dundas about 1850. Secondly, Aeneas Coffey mentions John Dore, his foreman, and the great grandfather of the present directors of John Dore & Co. Ltd., who took over the business on 23 March, 1872, at a time when the family fortunes of the founders were at a low

55. Copy letter: Aeneas Coffey, Edinburgh, Sept., 1846, by permission of Mr. James A. Dore, of Messrs. John Dore & Co. Ltd., Ilford, Essex.

56. Ibid.

ebb, possibly as a result of the over production of grain whisky in the country - a factor which also led to the formation of the Distillers Company Ltd. in 1877.

Coffey's patent surmounted the pot still's disadvantages, namely, its interrupted pattern of working, and its waste of heat and fuel. Stein's still was an attempt to devise a distillation system to pre-heat wash, and rectify the distillate, but it was based on the pot still apparatus. The spirit produced by Coffey stills is 86 to 95 per cent alcohol, and the principal economy is in labour and fuel - the wash being heated by ascending steam, while the alcoholic vapours are condensed by the cold descending wash, which economises cooling water. Even boiling spent wash may be utilised to heat the water for the boiler supplying the still with steam.

Costs: Patent Stills v. Pot Stills:

No figures have come to light for comparative patent still and pot still whisky production costs prior to 1803 when an analysis of these were made by Nettleton based on the cost structure of that year.⁵⁷ These figures prove an incontrovertible fact - that patent still distilling was very much cheaper than pot still production. The mash bill in each case was differently constituted, because by the 1860s maize was being used in patent still production.

In Stein's process, malted and unmalted barley provided the worts, and when the Coffey still was introduced in Scotland only these materials were employed for mashing. Various regulations controlled mashing materials. In an Act of 1825 (6 Geo IV, c. 3) the materials listed for use in pot still units were grain, sugar, and mangold wurzel, special notice being required if potatoes were included, indeed, one month's notice had to be given to the Excise if there was any change in the mashing materials. Malted barley was

⁵⁷ Nettleton (1895) op. cit., p. 246, and (1913), p. 252.

the general mash in both Scots and Irish distilleries at that time, being encouraged by an allowance of 1s. per gallon on spirits thus derived. After 1847, sugar and molasses were added to the list, the drawback on malt continuing in Scotland until 1855, and in Ireland until 1842. After 1855, malt was duty free at all distilleries.⁵⁸

The repeal of the Corn Laws in 1846 resulted in an increasing importation of maize, but mash bills with maize were unusual in Scotland until about 1859. In 1864-5, maize is recorded as being employed at the patent still distilleries of Cameronbridge and Cambus.⁵⁹ Molasses was more generally used. By the 1870s, other materials were found sufficient for mashing - potatoes, rice, madder root, dates, currants, starch, locust beans, saccharum, and malt extract.

Restrictions regulating the actual making of malt at distilleries were however in force until 1880, being 'of a severe character' - they extended to kilns for grain drying, mill rooms, and stores which were under Excise supervision to prevent frauds on the revenue, e.g. the substitution of other grains, or the removal of malt for use elsewhere. Even after the regulations were discontinued, many distilleries worked the old malting routine, which added to costs.⁶⁰ Pneumatic malting in rotating drums was unknown prior to 1880; a malting floor of concrete was standard, on which the grain was spread in a conch to germinate, after being steeped. (This old system may still be seen at some malt whisky distilleries at the present time: 1968). The malting floor method required more labour to turn and ventilate the green malt.

It was in the patent still establishments, that the diversity of raw

58. Nettleton, *op. cit.* (1913) p. 779.

59. Wilson R., Letter: 5 Oct. 1971.

60. Nettleton, *op. cit.* (1913) p. 170.

materials was tried out. For example, in the Port Dundas distillery of Macfarlane & Co., in Glasgow a standard mash bill in the 1860 period consisted of 260 cwts. of grist (ground barley and other grains) with one-sixth to one-quarter of malted barley: this mixture was then put into a mash tun to which 28,368 gallons of hot water was added in successive stages. In the Dublin distilleries, the practice was to have a mash bill with seven-eighths unmalted or raw grain to one-eighth malted barley.⁶¹ When Nettleton made his cost analysis, one part malt was being used to four parts maize in patent still distilleries in Scotland.

By the 1890s the patent still plant selected by Nettleton, had stills processing 8,000 and 6,000 gallons of wash per hour. Yeast was an important byproduct, over 44,000 gallons of yeast washings being collected per day. He computed that 524,000 gallons of wash gave 16,782 gallons of spirit, at a gross cost of ls. 0½d. per proof gallon. As much as half the cost of the mashing materials could be earned through the sale of waste products - fusel oil fetching ls. 6d. per gallon, spent grain 4s. per quarter, and yeast 24s. per cwt. In 1912, malt cost 11s. 4d. per cwt, and maize 5s. per cwt, giving a total cost for mashing materials of £1,600.⁶² Regrettably, Nettleton failed to include overheads, labour, fuel and transport costs; his examination of pot still distilling gave a sum of ls. 10d. per proof gallon, when based on mashing materials alone.⁶³ By disposing of spent grains, ^{and} the sale of brewing yeast, the net cost of materials was ls. 7½d. per proof gallon, whereas in patent still distilling, the net cost could be as low as 6d. per proof gallon, when the byproducts were sold to advantage. Nettleton did caution that there were considerable fluctuations in their selling prices.

The difference in cost structure was attributable to the patent stills

61. Muspratt, S., Chemistry (1860), Vol. I, pp. 61-2.

62. Nettleton, op. cit., (1913) pp. 261-2.

63. Nettleton, op. cit., (1913) p. 232.

undoubted economy in operation: it saved fuel by heating the wash to boiling point - using latent and specific heat from the vapours to heat the cold wash, which meanwhile acted as a condensing fluid. Secondly, the apparatus was in continuous production - no recharging or discharging occurred, and it was a self-contained unit, unlike the pot stills, which were separate vessels. Rectification was an essential part of the process, and the operation was easy to regulate: a thermometer showed the temperature for proper functioning: a tap controlled the entry of wash - a greater flow reduced the temperature, while more steam raised it, 'very little nicety being required, a few degrees up or down making no difference.'⁶⁴ Finally, the patent still needed less cooling water per proof gallon of spirit produced, and fewer personnel to work it; it conferred the economies of scale on the Scotch whisky industry, which were early appreciated:-

Very few persons have any idea of the enormous size of some of the distilleries in the United Kingdom. One of Mr. Coffey's stills at Inverkeithing works off two thousand gallons of wash per hour, and one which the inventor has subsequently erected at Leith, for the same proprietors, upwards of three thousand gallons. There are several of equal magnitude, and it is stated that those now at work or being erected, are capable of distilling half a million gallons of wash per day - this wash yielding on average from 11 to 12 per cent proof spirit.⁶⁵

In Coffey's time, the Scottish Highland and Irish whisky distillers had small pot stills, whereas the Lowland capitalist and the English distillers had large scale equipment. The English distillers, for instance, had stills capable of handling 5,000 gallons of wash, and in contrast to the Scots and the Irish, they preferred a high gravity wash, which gave a high yield of

64. Nettleton, op. cit., (1913) p. 215

65. Muspratt, op. cit., (1860) Vol. I, p. 78.

alcohol which was sent to rectifiers for re-distillation and flavouring to make gin. Slater emphasises the differences in structure of the distilling industry in the United Kingdom at the time of the Patent Still innovation,⁶⁶ differences which are supported by a Commission of Inquiry in 1834.⁶⁷

Year ended	Duty paid	No. of Distillers	No. of Rectifiers
5 Jan. 1833			
England	£1,420,525	12	108
Scotland	£1,329,844	260	11
Ireland	£1,541,767	87	19

Source: 7th Report of the Commissioners of Inquiry into the Excise Establishment (1834) Appendices 64-6: p. 226 et. seq.

Although the revenue yield from each country is very similar, the composition of the industry shows remarkable differences. Whereas in Scotland and in Ireland, distilling was in the hands of a majority of small scale enterprises, and very few rectifiers were in operation, in England the industry consisted of about a dozen big firms, and a very large number of small rectifying units. Large scale establishments with sizeable outputs tended to be to the advantage of the Excise authorities; Excise legislation was easier to operate therein, and they conserved manpower. It was this sector of the distilling industry which gave Coffey his best market. As an Excise-man, Coffey was well placed to have his innovation sanctioned.

In Lowland Scotland, there was equally an incentive to supplant rapid pot stills by the new patent still, and thereby to produce grain spirit both for whisky and for gin making in England. Slater believes that many patent still distilleries were set up in the Scottish Lowlands from 1840 onwards but little evidence has come to hand regarding this phase of proliferation.

66. Slater, op. cit., p. 52.

67. P.P., 7th Report, op. cit., Appendix No. 65, n. 227.

Bruce-Lockhart asserts that 'Patent still distilleries sprang up almost in a night but as many of them soon disappeared I conclude that their business cannot have been profitable.'⁶⁸

A similar statement is reiterated by Ross Wilson, who relates the growth in patent still distilling in Scotland to the development of blending to create cheap popular whiskies. The passing of many of these establishments due to the bankruptcy of the participants is also noted, but again no evidence is adduced to support this observation.⁶⁹

If this 'proliferation' of patent still units was in fact occurring in Scotland between 1840 and 1870, it would be expected that the Revenue statistics would demonstrate the extent of the movement. The number of Scotch whisky distilleries was declining between the high point of 1825 when there were 529 licensed distillers and 1870, when there were 110. Few new grain whisky distilleries with Coffey stills were constructed between those years: Caledonian (Edinburgh) was built in 1855, and North British (Edinburgh) opened in 1885. The other Coffey stills were installed in existing premises, which were simply converted for the purpose. Production figures for whisky prepared from malt and from grain are difficult to analyse because some distilleries made both malt and grain whisky, having both pot stills and patent stills, and the output was not always distinguished.

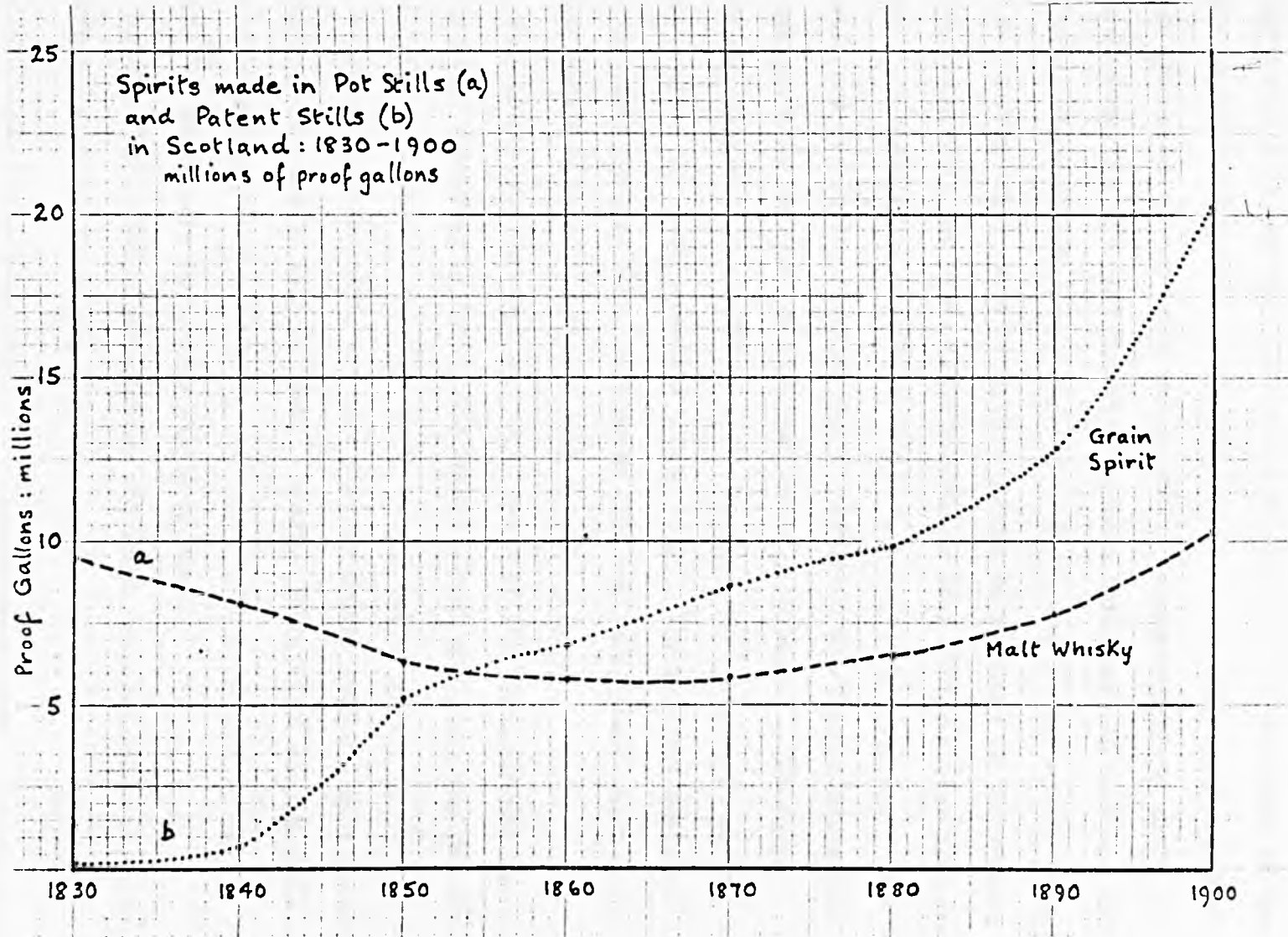
Production of Spirits: Still types: (Th's of Proof Gallons)

Year	England		Scotland		Ireland	
	Pot	Patent	Pot	Patent	Pot	Patent
1830	4,604	-	9,594	144	8,595	106
1840	2,609	3,257	8,274	670	7,020	1,831
1850	-	5,747	6,351	5,258	5,345	3,267
1860	-	8,012	5,704	6,886	4,122	2,299
1870	-	7,569	5,969	8,603	4,219	3,126
1880	-	9,828	6,502	9,855	5,831	4,072
1890	-	9,556	7,744	12,832	6,079	6,382
1900	-	12,581	10,398	20,418	4,136	10,391

Source: Appendix to Royal Commission on Whisky, 1908, and Customs and Excise Reports.

68. Bruce-Lockhart, Sir R., Scotch (1959) p. 60.

69. Wilson, R., Scotch Made Easy (195), p. 244 and p. 295.



The patent still was adopted wholesale in England, where the spirits it yielded were consigned to rectifiers and art manufacturers. The Irish distillers were also attracted by its possibilities - there were 7 of Coffey's stills in operation in Ireland by 1833.⁷⁰ In Scotland, as the number of pot still distillers declined in the early nineteenth century, so did production of pot still whisky fall. Meantime, patent still output rose steadily, the most dramatic increase being between 1840 and 1850, when it is clear that the most rapid introduction of Coffey stills occurred.

The Coffey still certainly gained ground in Scotland at the expense of the Stein still, but some firms elected to have Coffey stills from the outset. Inverkeithing distillery has been cited as an example. Port Dundas probably had its Coffey still by 1833. Coffey's surviving letters give a rough guide to the pattern of installation in Scotland - Edinburgh, Linlithgow, Seggie (Fife), Kilbagie, Haddington, and Glasgow all being possible sites for still erection before 1850. The greatest spate of activity seems to have occurred between 1850 and 1885, about which time Barnard made his tour of Scotch whisky distilleries.

Kirkliston, the location of one of the earliest Stein plants, had a Coffey still operating by 1885; the annual output of whisky was 700,000 proof gallons. At Cameronbridge there were 2 Coffey stills by 1885, but one of Robert Stein's stills was also working there, making a malt spirit; it continued in use as late as 1928. Another Stein still was observed at Yoker distillery, whereas at Cameronbridge, it was producing a malt spirit.⁷¹ There were two Coffey stills at Yoker.

Besides Kirkliston, Cameronbridge and Yoker, Barnard recorded Coffey installations at the following distilleries:-

70. Slater, op. cit., p. 50.

71. Barnard, op. cit., p. 309 and p. 40.

1. Carsebridge, Alloa: converted to pure grain spirit output about 1850, when the property of John Bald & Co.: in 1885, its two Coffey stills had a joint output of $1\frac{1}{2}$ million proof gallons.
2. Cambus, Alloa: formerly the property of Robert Mowbray & Co., one Coffey still, with an output of 900,000 proof gallons. (Possible conversion about 1850).
3. Glenochil, Menstrie: formerly the property of McNab Brothers; two Coffey stills, probably erected about 1846, with an output of 1 million proof gallons.
4. Bonness, West Lothian: owned by James Calder & Co: converted to a grain distillery about 1876: one Coffey still with an output of 870,000 proof gallons.
5. Glennavis, Bathgate: John MacNab was the proprietor: a Coffey patent 'malt' still was installed about 1855: it processed 2,000 gallons of wash per hour. (Nettleton lists it as a patent still). 72
6. Caledonian, Edinburgh: built about 1855 by Menzies & Co: it had one Coffey still: its annual output was 2 million proof gallons.
7. Saucel, Paisley: owned by J. Stewart & Co: it underwent expansion in 1855 and 1857, when its one Coffey still may have been set up; its output was 1 million proof gallons.
8. Adelphi, Glasgow: A. Walker & Co. were owners: it had one Coffey still in 1885, capable of producing $\frac{1}{2}$ million proof gallons.
9. Port Dundas, Glasgow: established by Robert MacFarlane about 1780. A Coffey still was installed about 1838, but there were 3 such units by 1885, with a total production of 2.5 million proof gallons per annum.

By the turn of the nineteenth century, these grain distilleries had been joined by Ardgowan (Greenock) owned by the Ardgowan Distillery Co. Ltd., and by Gartloch (Lanarkshire) owned by James Calder & Co.

Each of the Coffey stills was capable of processing more spirit than the largest pot still distillery; for example, Bon Accord distillery in Aberdeen was producing over 300,000 proof gallons per annum in the 1880s; whereas even modest patent still establishments distilled over 500,000 proof gallons. Wilson quotes figures to show the surge in grain spirit

70. Nettleton (1913) op. cit., p. 70.

production in Scotland in the late nineteenth century.⁷³

Year	Output: grain whisky: proof gallons:
1857	5,410,000
1867	5,525,000
1877	11,381,000
1887	9,596,000
<u>c.1899</u>	17,300,000
<u>c.1904</u>	14,340,000

Source: Wilson, R., The Wine & Spirit Trade Record,
16 Feb. 1967, p. 162.

The dramatic increase in patent still output therefore came between 1867-7; the intensity of competition among the grain distillers pared margins to the minimum. The pot still distillers developed a lasting antipathy to the patent still entrepreneurs, who had eroded their traditional market, and they tried to deny grain spirit the title of whisky. Blending of the two types of whisky began - some of the distillers had both varieties of still - which led to a downswing in whisky prices, and catered abundantly, but sordidly, to the demands of the growing urban working population. It was against this background that the Distillers Company Ltd., arose to dominate grain whisky distilling.

The Emergence of D.C.L.

After 1850, there was a tendency towards combination in very many forms of economic endeavour - among entrepreneurs as well as among wage earners. The organisation of industry was becoming more complex, and hence industrial and other groups responded to the growing complexity of the day; from the 1870s onwards, they also responded to the loss of momentum in economic growth.

There was a movement towards controlling markets, by evolving trade

73. Wilson, on. cit., 16 Feb. 1967, p. 162.

associations, to fix prices, by adopting restrictive selling practices, and resale price maintenance, and by the amalgamation of firms. The pace of competition during the downswings in prices towards the end of the century to some extent stimulated concentration.⁷⁴ Between 1880 and 1914, manufacturing groups came together; the phase is marked by an increasing size of firm aiming at bigger markets, and having more elaborate equipment, and more sophisticated administration. Giant firms, like the Distillers' Company Ltd., began to emerge, and to enjoy the economies of scale in buying, selling and in production.

As far as the Scotch whisky industry was concerned, there were two main lines of development: firstly, there was a growth in the size and capital of larger firms, and secondly, there was amalgamation among the smaller units. These tendencies were also supplemented by the formation of associations among trade rivals, principally to make price agreements, but there was also interest in the establishment of cartels through which control was sought over sections of subsidiary or associated industries. Horizontal and vertical integration was also in evidence - some firms expanding outwards to absorb as many makers as possible of one type of product, while others extended their interests upwards to the source of raw materials, and downwards to manipulate selling and marketing outlets. Just as some firms aimed to promote amalgamation, there were others that 'failing to expand, or to survive the new, often international competition, became ripe for amalgamation.'⁷⁵ The Scotch whisky industry had both firms determined to widen markets and earn bigger profits, and firms pursuing policies of conservation before 1914.

74. Court, W.H.B., British Economic History 1870-1914. Commentary and Documents, (Cambridge) 1965, pp. 240-2.

75. Wilson, R., Seventy Years of the Scotch Whisky Industry, XXIX., W.S.T.R., 16 Feb. 1967, p. 154.

As early as 1856, the first tentative steps towards the development of a grand amalgamation were discernible; the movement began among the grain whisky distillers whose Coffey stills were flooding the market with cheap grain spirits. The glut had eroded profit margins to the point where the producers were in acute difficulties. Accordingly, the following patent still distillers made a trade arrangement for a year, dividing the market among them in the proportions shown -

Menzies, Bernard and Craig, Caledonian distillery	: 41½ per cent
John Bald & Co., Carsebridge distillery	: 15 " "
John Haig & Co., Seggie distillery	: 13½ " "
McNab Bros. & Co., Glenochil distillery	: 11½ " "
Robert Moubray, Cambus distillery	: 10½ " "
John Crabbie & Co., Haddington distillery	: 8 " " 76

Their stocks of spirits amounted to only 17,000 proof gallons - a trivial volume considering that the output of grain spirit was in excess of 5 million proof gallons a year. Blending grain spirit and malt whisky was however beginning to be an accepted practice, and increasing quantities of the former were finding an outlet there. Crabbies were pioneer blenders.

The trade agreement only survived one year, and by 1857, competition became as intense as ever - a situation which lasted until 1865. Wilson states that by that time one Scottish patent still owner had actually prepared circulars calling a meeting of his creditors, when the suggestion of negotiating a new business treaty was put to him. The second trade arrangement was therefore concluded in May, 1865, and was intended to run for 14 months. On this occasion, Crabbies left the group: Macfarlane & Co. of Port Dundas distillery joined, and Haig's distillery at Seggie was replaced by their Cameronbridge establishment.⁷⁷ John Haig, who controlled

76. Bruce-Lockhart, op. cit., p. 61.

77. Wilson, R., London: Letter, 11 May, 1968.

the latter, became chairman, and the volume of spirits to be marketed by the parties was again regulated in fixed proportions, MacFarlane & Co., and Menzies, Bernard & Craig having the lion's share of 28 per cent each.

MacFarlane & Co., Port Dundas distillery,
 Menzies, Bernard & Craig, Caledonian distillery,
 John Bald & Co., Carsebridge distillery,
 John Haig, Cameronbridge distillery,
 McNab Bros. & Co., Glenochil distillery,
 Robert Moubray, Cambus distillery.

Proposals were also made for a similar arrangement to be promoted with the Irish and London grain distillers. The price of grain spirits in Scotland was raised to 1s. 7d. per proof gallon in August, 1865, in step with increases made by the London distillers, and during the autumn, the group's working life was prolonged in order to conclude an agreement with the Irish distillers. Subsequently, a Liverpool distiller, (A. Walker & Co.) also joined them, and the quota system was reorganised. The home market was to be supplied with 7 million gallons from the 'Scotch Association', and 1.4 million gallons from the Irish distilleries. The cash price of spirits was raised forthwith to 1s. 8d. per proof gallon. When the London distillers set their price at 2s. per proof gallon, the grain spirit price in Scotland went to 1s. 9d.⁷⁸

A persistent difficulty was that the London distillers remained outside the Trade Arrangement. In June 1866, they were persuaded to enter an agreement by which the Scottish grain distillers undertook to limit their exports to London, in return for which the London distillers were to hold their minimum price. Accordingly, the price of Scottish grain spirits went directly to 1s. 10d. per proof gallon. Prior to the date of dissolution of the arrangement, it was continued in force for a further two years,

78. Wilson: W.S.T.R., op. cit., p. 156.

with a revised market sharing system among its members who numbered eight firms. A similar renewal occurred in 1868, while that with the Irish distillers was to run for three more years.

In Scotland the group was beginning to be known as the 'Scotch Association'; even firms outwith it entered into treaties regarding pricing policy and quotas during this phase. Because these tentative arrangements worked satisfactorily and generated a climate of relative confidence and stability, the Scotch Association was in time perpetuated for an indefinite period, although a member firm had the right to terminate its participation on 5 months notice. Two firms did take advantage of this option, and in December 1872, the six remaining Scotch Association members reconstituted themselves into a new group, of a similar pattern, but for a year's duration, and with a new allocation for the home market. At this time, changes were made with regard to warehouse charges. Already, in 1865, the Scotch Association had determined to have a charge for warehouse rent for whisky in bond, but distillers had not uniformly applied it. A new system of rent charges was therefore devised and enforced; even distillers outwith the Association were sometimes prepared to adopt it. The work of the Association was consolidated between 1874-6, perhaps in preparation for a closer and more permanent organisation.⁷⁹

A Memorandum proposing a scheme for integrating the member firms' activities was prepared in 1875, by Alexander Moore, C.A., of Glasgow, who was auditor to Robert Stewart of Kirkliston distillery. It was felt that cohesion and central control were lacking, and that amalgamation might provide a solution. Hence it was proposed that the principal firms engaged in grain spirit production in Scotland, should form themselves into a single company, with limited liability.⁸⁰ The firms were already parties

79. Ibid.

80. Memorandum; Alexander Moore, C.A., Glasgow, 1875.
The Distillers' Company Ltd: Letter 14 March, 1969.

to an association for the advancement of their mutual interests: the formation of a company would consolidate the advantages of the old Association while conferring additional benefits. Moore argued that -

Such a Company would differ entirely from any Limited Company hitherto formed, in as much as it would not require to appeal to the public for subscriptions to its capital, and it would be entirely under the direction of men practically acquainted with the business. The capital of the Company could be fixed at the sum equal to the Capital ascertained to be in the firms amalgamating, with such additions as may be agreed upon for future extensions, and the Stock of the Company would be allocated to the parties as the consideration for the transfer made of their respective businesses.⁸¹

It was further pointed out that joint action was bound to bring economies in the purchase of raw materials for the distilleries; indeed the company could have a purchasing division under a manager responsible to its Board of Directors. Similar organisations could be set up for marketing and distribution purposes. Cut throat or 'unlue' competition would be controlled, if not eliminated; it was thought that new sources of grain spirit supply would be unlikely to come forward in the face of such a robust and comprehensive production group. This hope was to be disappointed before many years had passed. Perhaps the greatest benefit was seen as the regulation of supply to demand requirements - the equation would be more readily made than under a diffuse association.

The grain spirit distillers accordingly met in Edinburgh during November 1876 to promote the new company to take over the distilleries of member firms. Menzies & Company who had established the Caledonian distillery in 1855 backed out, but negotiated a trade agreement based on a quota system with the other participants. Finally, six firms amalgamated to

81. Ibid.

constitute the Distillers Company Ltd., which was registered in April, 1877, its head office being at 12 Torphichen Street, Edinburgh.⁸²

The six firms which came together were:-

M. Macfarlane & Co., Port Dundas distillery, Glasgow.
 John Bald & Co., Carsebridge distillery, Alloa.
 John Haig & Co., Cameronbridge distillery, Fife.
 McNab Bros. & Co., Glenochil distillery, Menstrie.
 Robert Moubray & Co., Cambus distillery, Alloa.
 R. Stewart & Co., Kirkliston distillery, West Lothian.⁸³

The nominal capital was £2,000,000 composed of 40,000 shares of £50 each, of which only 12,000 shares were issued initially. These shares, as Moore had proposed, were divided amongst the companies in part payment of the purchase price of their interests, the proportion corresponding to the quota system of the old trade arrangement. In the interval, the balance of the purchase price was apparently met by issuing 5 per cent loan stock and debentures payable at fixed intervals.⁸⁴

While the patent still distillers were negotiating with a view to stabilising output and prices, the malt whisky distillers were not neglectful of their own special interests. A meeting of distillers was held in the Gordon Arms Hotel, in Elgin, in January 1874, at which it was agreed that an association, to be known as 'The North of Scotland Malt Distillers' Association,' should be formed.⁸⁵ The minute of this meeting indicates that the desire to have an association came from keen competition in the market for whiskies, and to allow the friendly interchange of ideas among pot still distillers. They also wished to see obstructions to the performance of their business, such as improvements in the Excise laws, and

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82. The Distillers' Company Ltd: Memorandum of Association, April, 1877: see D.C.L. and Scotch Whisky, (1966), p. 6.
83. Bruce-Lockhart, Sir R., Scotch (1959), p. 62.
84. Wilson, W.S.T.R. op. cit., p. 162.
85. A.F. Black, Secretary, The Pot Still Malt Distillers' Association of Scotland, Elgin: Letter, 23 Aug. 1968.

the making of new arrangements as to customs of sale, which would put both buyer and seller on a more equitable footing and ensure ^{that} uniform practice was carried out. All distillers north of the Grampians were to be eligible for membership.- The following gentlemen were appointed office bearers for the year -

Walter Scott, Glendronach, chairman.
John Ross, Teaninich, deputy chairman.
J. Geddes Brown, Keith, secretary. ⁸⁶

Among the distillers present at the meeting were:-

Robert Fraser, Brackla
Wm. Alex. Fraser, Brackla
James Wilson, Inchgower
Wm. Longmore, Keith
George Cowie, Tufftown
Andrew Mackenzie, Dalmore
D.P. McDonald, Ben Nevis
James Ross, Dalblair
James Simpson, Banff
Alex. Fraser, Miltonduff
James McGregor, Balmenach
James Fleming, Dalmore.

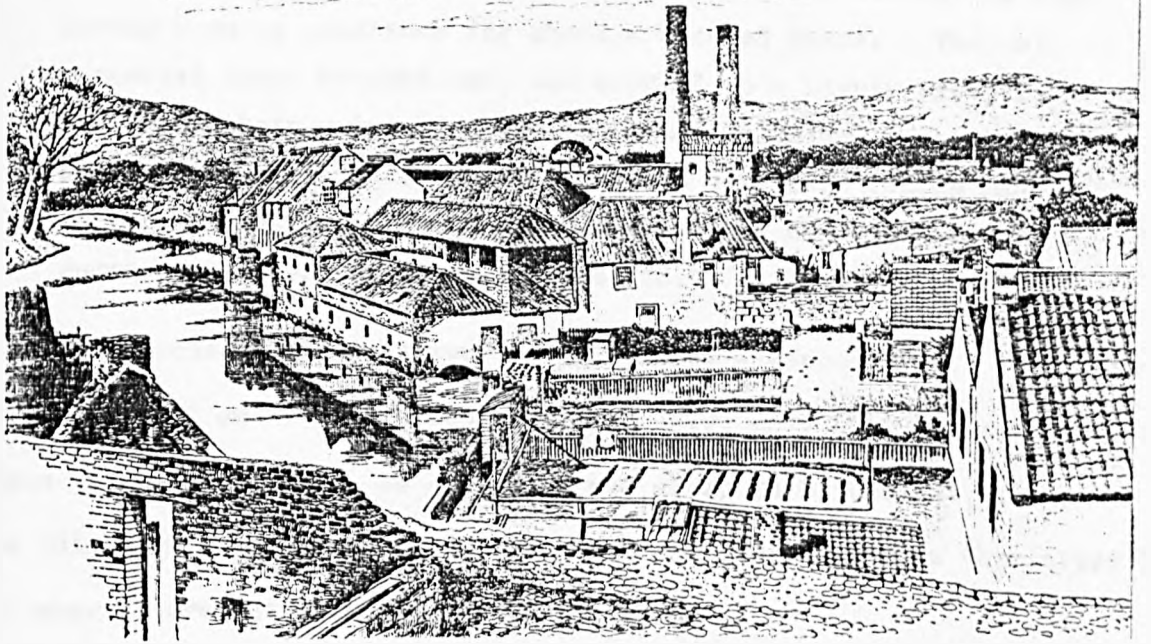
Others intimated their intention of becoming members, one of these being David Edward of Bentrines distillery, whose son, Alexander Edward played a conspicuous part in the great distillery promotion. ⁸⁷

Business Problems for the New Combine:

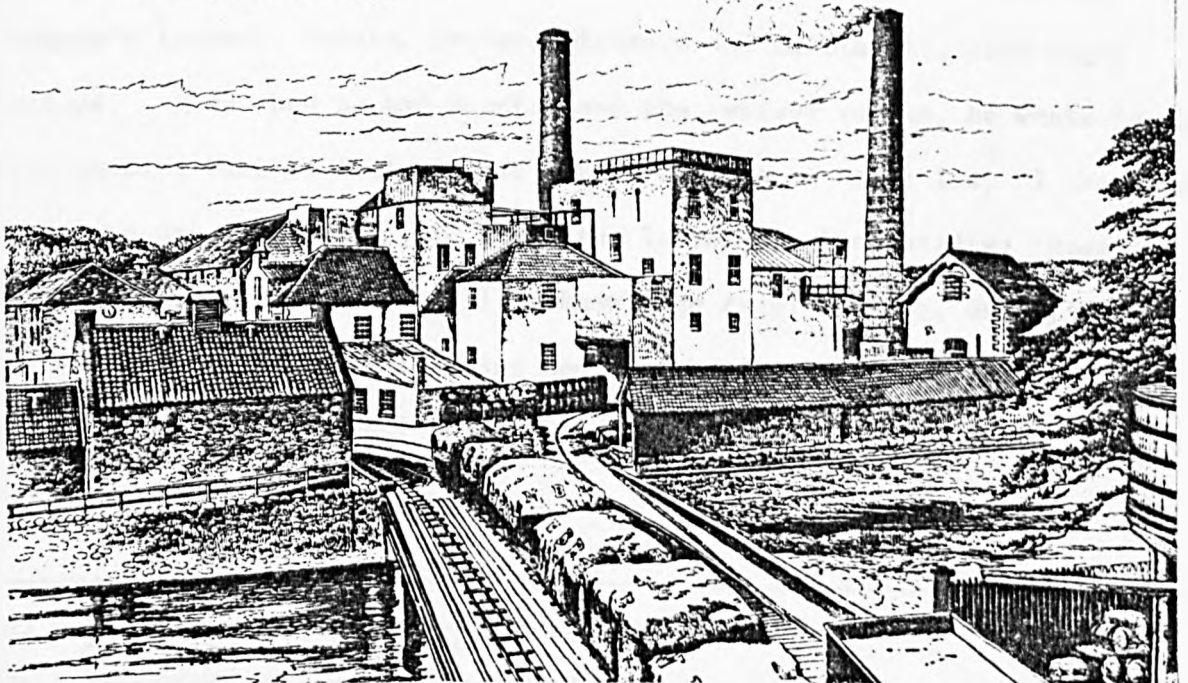
The Distillers Company Ltd. showed fair progress in its first three years of business, and by 1880 the group was eager to obtain a Stock Exchange quotation, and to offer a proportion of its shares to the public. The nominal capital was reduced from £2 million to £1 million, composed of 100,000 shares of £10 each. Of these, subscriptions were invited for 43,334 fully paid up £10 shares at £13.10s. per share. To reassure prospective buyers, the documents stated:-

86. Ibid.

87. Ibid.



Cambus distillery, Alloa, c. 1886.
Formerly operated by John Dald & Co.,
business associates and rivals of the
Steins.



Cameronbridge distillery, Fife, c. 1886:
The Distillers' Company, Ltd. Formerly
operated by John Haig & Co., and the site
of an early Stein still. (From Barnard).

'These firms were all old-established houses, several of them having been in existence for about a hundred years. They all possessed large connections, and carried on a highly prosperous trade ... their main object in amalgamating being to secure the benefits of combined experience and the advantage (which manufacturing and trading on a large scale alone can command) of reduced expenses and increased profits.'⁸⁸

The market response however was extremely disappointing. The offer first appeared on 16 June, 1886, and by 7 July, only 6844 shares had been taken up. Furthermore, no quotation was given on either the Glasgow or the Edinburgh Stock Markets until March 1887. Seven months thereafter the £10 shares were fetching £23.⁸⁹

The reception in London was also unpromising. Due to a technical oversight in the original issue of shares, D.C.L. had to surmount formidable barriers. New certificates had to be issued, and the public became alarmed by the rumours regarding these precautions. The strong opposition of a Mr Grundy was encountered; he was a member of the London Stock Exchange, who took it upon himself to foil D.C.L.'s application. He bombarded the company's lawyers, Messrs. Fraser, Stoddart and Ballingall, with angry letters. Even when he had scrutinised the revised scheme, he wrote to the firm stating that if their letter was an example of Scots law, "I thank God that I am not a Scotsman", to which the lawyers replied acidly: 'Messrs Fraser, Stoddart and Ballingall, acknowledge receipt of Mr. Grundy's letter ... and join with him in thanking God that he is not a Scotsman.' When two years of tedious legal dispute were concluded, D.C.L. gained a quotation in October, 1886.⁹⁰

88. D.C.L. and Scotch Whisky (1966), p. 6.

89. Bruce-Lockhart, op. cit., pp. 64-5.

90. Ibid.

Within the new company, there were other problems to be faced. For instance, the amalgamation had been carried through on the basis that each proprietor should continue to act as manager of his own distillery while also having a place on the Distillers' Company board. William H. Ross, who joined the company in 1878, and who afterwards became managing director and chairman, recalled the troublesome outcome of this well intentioned arrangement in 1927:⁹¹

'While as a temporary measure, to allow of the several businesses being properly consolidated, the arrangement was no doubt beneficial, it had the distinct disadvantage that each manager was inclined to regard the distillery under his charge as still his own, and to shape his policy as if the other distilleries were still his competitors. Strange as it may seem, it was many years before this feeling was overcome, and it was only after the removal of the original vendors from the direct management and the placing of the control under one head with a staff of well qualified officials under him that the real benefits of the amalgamation were realised.'⁹²

These teething troubles should only have been expected, when one considers that the six enterprises, and the entrepreneurs who guided them, had been in strenuous competition for many years, and that even their trade association had had a vicarious existence. Indeed, had it not been for the collective action of the London distillers in setting minimum prices in the first instance, the Scotch Association might not have been in a position to raise theirs at all. Regarding price agreements, the Scotch grain distillers seem to have acted very much in the shadow of the London group.

The Distillers' Company thus had to contend with the suspicions and quarrels of independent men, with minds of their own, who were not yet

91. Ross, W.H., *Memoirs*: D.C.L. Gazette (1927).

92. Ibid.

capable of unity of thought, or compromise. At a luncheon in 1898, W.S. Fraser, an Edinburgh lawyer, highlighted the problem by referring to 'the determined Haig, the politic Bald, the impetuous MacFarlane, the subtle Moubray, the anxious Stewart, the cautious McNab, and the bold Menzies.' The clash of personalities was formidable: Menzies had not been a party to the amalgamation. It was in 1885 that his Caledonian distillery passed into D.C.L. control, agreement being reached on the basis of the original plan for amalgamation. The only stipulation was that a London rectifying business, in which Menzies & Co. had an interest, should also be absorbed. Shortly after agreement was reached, another offer of D.C.L. shares appeared.

The Distillers' Company Ltd. was long regarded as the 'bogey man' of the Scotch whisky industry. In some quarters, it still tends to be regarded in this way, because fear and suspicion persist. In 1886, a Glasgow newspaper, The Scottish News, made a bitter attack on the combine, forecasting a brief existence for it, finding fault with the management. It was alleged that several distilleries in the group would be shut down, while dividends would be cut back to 5 per cent. Destructive criticism of this kind was damaging to a public company, and it probably stemmed from a hatred of monopoly which D.C.L. was alleged to be.⁹³

Those who were particularly jealous of its scope and influence were firstly, other grain spirit distillers outwith the amalgamation, and secondly, as blending was developing rapidly in the 1880s, malt whisky distillers who feared that their product would be largely replaced by grain whiskies in the new brands that were evolved. Among the grain spirit producers were James Calder & Co. of Bo'ness, J. Stewart & Co., Saucel distillery, Paisley, J. & W. Harvey, Yoker distillery, A. Walker & Co., Adelphi distillery, Glasgow:

93. Bruce-Lockhart, op. cit., p. 65.

Stewarts of Saucel had been interested in joining D.C.L. when Menzies' Caledonian distillery was merged, but their offer was rejected. Three new grain spirit distilleries were established thereafter to break the monopolistic tendencies of D.C.L. which were interpreted as a threat to the interests of the industry.

The first of the new plants was that of the North British Distillery Company Ltd., registered in Edinburgh in October, 1885. It was the remarkable response of the whisky trade when the Caledonian distillery fell to D.C.L. Blenders were much concerned about independent sources of fine quality grain whisky. The directors of North British were Andrew Usher who became chairman, and who was a well known blender, William Sanderson, John M. Grabbie, George Robertson, John Somerville, James McLennan and Alexander Marloch.⁹⁴ The shares were held, and still are held by firms in the Scotch whisky industry. Supplies of grain spirit for such leading blends as Ushers 'Green Label' were therefore ensured, and the distillery's capacity was doubled within four years of its opening; two Coffey stills each capable of processing 10,000 gallons of wash per hour were installed. The output was over 2 million proof gallons a year, and the distillery was wisely located beside rail facilities.

The creation of an independent source of grain spirit has also been attributed to the refusal of an organisation, the United Kingdom Distillers' Association, to reduce their prices as London distillers had done. This Association had been formed in October 1878 to encompass all the grain spirit distillers outside London; it was a five year arrangement, renewed in 1883, and subsidiary agreements were negotiated with firms which were not members of it. In an attempt to secure lower prices for grain spirit,

94. North British (The North British Distillery Co. Ltd: 1885-1935)
p. 7.

discussions began between blenders, merchants and D.C.L., but these were unsuccessful.⁹⁵ When the supposed monopolistic position of D.C.L. was broken by the promotion of North British, there were remarkable consequences for the Scotch whisky industry. The North British Directorate, for example, regulated their prices and conditions of sale in accordance with the U.K. Distillers' Association rules, although the Association itself broke up in 1886.

The Distillers' Company Ltd. regarded the intruder very adversely. W. H. Ross recalled in 1923 that when the N.B. distillery was built, the directors of D.C.L. looked upon it as a direct attack on their province as grain distillers. Their reaction was strong; partly from the necessity of securing other outlets for their production, and partly as a reply to what they considered an unfriendly act, they proceeded to enter the export business in blended whiskies.⁹⁶

The Scotch whisky trade utterly disliked the arrival of D.C.L. on the export field. Hitherto D.C.L. had manufactured cheap grain spirit and unremarkable malt whiskies. In 1886, several of D.C.L.'s patent still units also had pot stills - Port Dundas, for instance, had five pot stills, and there were others at Cameronbridge and Kirkliston. Cameronbridge also had two Stein stills making a 'malt' version of patent still whisky - indeed it advertised its wares as 'malt-whisky', 'silent malt', and 'pot still Irish.'⁹⁷ The group had however to seek fine quality malt whiskies, and hence it had to approach firms which had not looked with favour on the amalgamation. D.C.L. had to start developing markets in competition with enterprises like Ushers and Crabbies, who had over twenty years' experience in blending whiskies. Even relatively modest firms like Thomas Rodger &

95. Wilson, W.S.T.R., op. cit., p. 164.

96. Ibid.

97. Barnard, op. cit., p.

Co. of Glasgow⁹⁸ had constructed extensive networks of agencies and other outlets for exports. The blenders were using the grain spirit as a bland base, or to make expensive malt whiskies go further. In the 1880s, the export of whisky from Scotland was dominated by the Australian market, and the principal export firms appear to have favoured a preponderance of grain to malt whisky.⁹⁹ Grain spirit for quantity, and malt whisky for character was blending practice.

The Distillers' Company thereafter pursued a policy of expansion into every aspect of the Scotch whisky industry. The directions it followed were initially the buying of both grain and malt distilleries, and in 1893-4, Knockdu distillery was set up for Haigs. After 1898, and the Pattison failure, the problem of glut had to be solved, and attempts were made to limit output by purchasing and then closing down distilleries. Ardgowan in Greenock, and Adelphi in Glasgow were bought in 1902. Former distilleries were often retained as warehouses, or were converted into maltings. The Scotch whisky industry was at its nadir at the beginning of the century, and thus the market price was very low.

The development of markets, both at home and overseas was another major activity: from its inception, D.C.L. had had a limited trade in blended whisky for export because the various enterprises absorbed to make the combine had been exporters. During the 1880s, there were however world tours and promotional visits by D.C.L. directors and personnel: advertising of blended Scotch whisky accelerated, and ever increasing volumes of 'Scotch' were shipped to Australia, the British Empire and the U.S.A.¹⁰⁰

Amalgamations had also occurred in Ireland where a group known as

98. Thomas Rodger & Co., Scotland Street, Glasgow: Ledger No. 1, 1885.

99. Wilson, R., Seventy Years of the Scotch Whisky Industry, XXXIII, W.S.T.R., 16 May, 1967, p. 538.

100. Bruce-Lockhart, op. cit., p. 66.

the United Distilleries Ltd. had emerged; it had strong interests in grain spirit production, and D.C.L. entered negotiations with it with a view to stabilising their grain whisky share of the industry. The results were inconclusive, and therefore D.C.L. were encouraged to set about further reducing output in Scotland after 1900. Ardgowan in Greenock was shut down: when Dundashill in Glasgow was acquired from J. & R. Harvey it too was put out of production, and the premises are now a cooperage. The Irish distillers proved capricious. To add to D.C.L.'s troubles, their rivals tried to foster alternative trade associations, but they found difficulty in agreeing among themselves. A feud over prices took place between the United Distilleries, and D.C.L.'s Phoenix Park (formerly Chapelized) distillery in Dublin. The price war led to a slump in grain whisky prices - the Irish patent still spirit was for a time cheaper than either the English or the Scottish product. Not content with bitter price competition, United Distilleries had the effrontery to purchase a brewery in Edinburgh for the purpose of converting it to a grain whisky distillery. Contact was however re-established, and an exchange of shares took place whereby the Distillers' Company Ltd. took possession of 50 per cent of the issued shares in United Distilleries Ltd., paying in return one ordinary D.C.L. share of £10 as equivalent to two United Distilleries' shares of £10. A quota system apportioned the Irish market between the two firms, and there was an exchange of directors.¹⁰¹

Acquisitions and agreements were pursued until the interruption of the First World War. D.C.L. became responsible for selling existing malt and grain whisky stocks at Saucel distillery, Paisley. The offer of the actual premises was refused, but the group disposed of the stocks on condition that the owners, Stewarts, closed down and dismantled the unit.

101. Wilson, W.S.T.R., op. cit., p. 166.

Subsequently, the proprietor, W.D. Graham Menzies, became first a director and then the chairman of the Distillers' Company Ltd. Vauxhall distillery in Liverpool, the property of A. Walker & Co. of Adelphi distillery, Glasgow, came under D.C.L. control in 1907, and its associated businesses were absorbed. The group had already begun to exploit by-products of distilling, with the establishment of the United Yeast Co. Ltd. in 1899, and the production of industrial alcohol went ahead from Liverpool, which was a convenient location from which to serve the English market. During the First World War, the contribution made by D.C.L. to the nation's supplies of industrial alcohol was of strategic importance, and many potable alcohol distilleries in Scotland went over to making industrial spirit.¹⁰²

The consolidation and security which the Distillers' Company brought to the Scotch whisky industry were first demonstrated in the production of grain whisky from the patent stills. Prices rose, and output fell by almost 20 per cent between 1877 and 1887; by that time rivals had come on the scene so that production had surged upwards to over 17 million proof gallons in 1899, prior to the collapse of the whisky trade.

The combination of grain distillers had by 1907 taken control of the major share of the grain whisky trade in Scotland, leaving only six nominally independent companies outside. Its Irish purchase had largely prevented D.C.L.'s policy of restriction being spoiled by the Irish distillers. With a capital of over £2 millions, it was paying a regular 10 per cent dividend despite the overproduction afflicting the distilling industry.¹⁰³

In 1905, D.C.L. ranked forth-fifth among the fifty largest companies in Britain, and was under the management of fourteen directors. At that

102. Ibid.

103. Macrosty, H.W., The Trust Movement in British Industry, (1907) p. 241.

date, it is interesting to note that 17 of the largest U.K. companies were concerned with brewing.¹⁰⁴ There had also been big amalgamations in branches of the textile industry, in iron and steel, cement, wallpaper and tobacco. The company had secured more than half the productive capacity for grain spirit in the British Isles.

As a postscript to the phase of technological change, and structural upheaval to which it gave rise, Coffey's patent expired in 1844, at which time the market was invaded by competing manufacturers. This left Coffey's firm increasingly dependent on the goodwill of old customers for routine maintenance and repair work. In 1872, the business was taken over by his foreman, John Dore. Patent stills made over 70 years ago by John Dore & Co. Ltd. are presently in use in grain whisky production in Scotland.¹⁰⁵

104. Payne, P.L. The Emergence of the Large Scale Company in Britain, 1870-1914; E.H.R., 2nd series, XX, 5, Dec. 1907, p. 520.

105. Slater, op. cit., p. 53.

NOTE:

A.J. Tedder, Chief Inspector of Excise, at the time of the Royal Commission on Whiskey (1908-9) submitted evidence about the introduction of Patent Stills which endorses the opinion advanced in this section.¹

On 15 April, 1826, Jean Jacques Saintmarc of Belmont Distillery, Vauxhall, London, petitioned the Treasury to allow the trial of a still in the presence of Excise Officers. The apparatus was a pot still with a rectifying head, and its subsequent application was in rectifiers' premises. A year thereafter, on 26 December, 1827, Robert Stein petitioned the Treasury for permission to experiment with wash at Mr Atlee's distillery at Wandsworth. Authority was granted, and a further application for experiments at his brother's distillery at Kirkliston in August 1828 was approved. The trials occurred on 8 August 1829, the spirits produced according to the officials were 'much more pure and wholesome than those produced by common distillation.' The first Stein stills were erected at Kirkliston and Cameronbridge distilleries. In March 1830, Stein asked leave to carry out experiments at Leith distillery as his stills had not apparently been satisfactory.

Aeneas Coffey petitioned the Treasury on 26 July, 1832, and in August of that year the Collector of Excise at Dublin reported that the still was in use at Mr Coffey's Dock distillery, and also the two Haig distilleries in the city. Its output had to be run through a low wines still, not to be redistilled, but to meet the law's requirements. A Treasury Order sanctioned the apparatus on 10 September 1829. Although the original type was more complex than later models, there were three of Coffey's Patent Stills in Ireland by 1829.

1. P.P., Royal Commission on Whiskey and Other Potable Spirits, 1909: Cd. 4791, Minutes of Evidence, Vol. II, App. T, pp. 251-2.

The Stein stills at Kirkliston and Cameronbridge, were followed by one in Glasgow in 1833. Altogether the Irish were readier in adopting patent stills; thirteen distillers in Ireland used patent stills by 1840, while only two were being operated in Scotland and five in England.

Until 1835, malt only was employed in patent still units in Scotland; Leith distillery then began to introduce raw grain. For several years (c. 1841-3) a Stein still was worked at Port Ellen distillery in Islay. By 1848 all the distilleries in England were patent still units, while in Scotland, four Stein stills and nine Coffey stills were producing spirits. There were no less than fifteen patent stills in Ireland in that year. According to A.J. Tedder, the innovation of the patent still reached high water mark in 1848.²

To saccharify the grain in patent still units, where little or no malt was employed, sulphuric acid was applied. As much as 40 tons of vitriol a week were used in some patent still units in the 1860s - a practice which was deplorable in preparing potable alcohol.³ Hence the insistence in the Royal Commission's definition of whisky on the inclusion of the phrase 'saccharified by the diastase of malt.'

In compiling his written submission, the Chief Inspector of Excise would have access to Treasury and other papers of a uniquely authoritative kind.

2. Ibid.

3. P.P., Royal Commission: 1909, Digest of Evidence, Cd. 4876, p. 42.

New Statistical Account

The New Statistical Account has a more limited value in terms of its content of material of economic interest regarding distilling than does the Old Statistical Account which preceded it by some fifty years. The second Account does however have the merit of giving a picture of the state of distilleries in Scotland about 1836-44, a period which lacks documentation from other records. As in the Old Statistical Account the information was compiled by parish ministers whose opinions and views about distilling, and its sorry consequences, are reflected in the reports. Sometimes, as in the entry for Glasgow, contemporary distilleries are not mentioned at all, but in other sections, as on Campbeltown, there are adequate particulars. Distillers themselves occasionally refused to furnish information - as did William Aitchison of St Clements' Wells distillery in the Lothians.

The division of material has been made on a regional basis, taking the Highlands and the Lowlands, the former being presented in three sections viz:

1. The North East: the Counties of Aberdeen, Moray, Nairn, Elgin, Banff etc.
2. The Northern Highlands: the Counties of Ross & Cromarty, Sutherland, Caithness, Orkney & Zetland.
3. The Central and Western Highlands: the Counties of Argyll and Perth.

The establishment of legal distilleries was swift after 1823: indeed by 1825 there were over 250 licensed distillers operating in Scotland - a number which thereafter declined steadily from 249 in 1830 to 167 in 1850. The New Statistical Account thus straddles a phase of contraction in the number of pot still distilleries, and their replacement by fewer and larger commercial units, capable of supplying areas greater than the immediate district around a small distillery. The Patent Stills both of Stein and of Coffey were being installed in certain progressive lowland distilleries. Hence contraction in the numbers of distilleries did not mean a decline in the total output of spirits; indeed, although production varied from 8 million

gallons to 11 million gallons between 1830 and 1850, the trend was an upward one.

The decline in illicit distilling had been rapid, although it was by no means entirely suppressed in some districts as late as 1840. A new stability in the legal framework for the industry was enabling it to consolidate itself commercially, and to introduce technological changes. The growth of towns and industry, which induced excessive consumption of whisky, brought new attention to the question of licensed premises. The mid-century therefore saw the beginnings of the Temperance and Total Abstinence movement in Scotland.

1. The North East:

Distilleries:

The Accounts from the Parishes repeatedly stress the benefits of the 1823 Act of Parliament which revised duties and distilling legislation. In Meldrum, two distilleries 'upon a small scale' had been set to work since the Act - one in Old Meldrum, and the other on the estate of Tullo, where it had replaced a long established brewery: (Amory's Denny Distillery was a similar type of conversion - distilling was only an additional stage in the process of brewing).¹

One of the sizeable works at Drumblade, close to Huntly was a distillery, employing 13 persons, and having a considerable trade because '40,000 gallons of superior spirit made from malt only', were marketed, and yielded a revenue to the Exchequer of £10,000 a year: English coal for its supply was brought from Banff or Macduff, because peats were not abundant in the parish.²

Other distilleries are briefly mentioned for King Edward parish (1840),

1. N.S.A. XII, Meldrum (1840) p. 480.
 2. Op. cit., XII, Drumblade, p. 305.

Monymusk (1840) and Huntly (1842), but the activity was clearly in contraction. For example in Peterhead (1840), the former existence of a distillery is noted, while in Longside parish (1842), a distillery had been carried on for at least fifteen years, but the proprietors 'becoming disposed to employ their capital otherwise have lately advertised the building and apparatus for sale.'³ By contrast, the Glendronach distillery (1842) in Forgue is described as an 'extensive, thriving and rather celebrated distillery.'⁴ It had been established in 1825.

The Glendronach Distillery Company was formed by a group of farmers and merchants - James Allardes of Boynsmill, John Richardson Thain, of Drumblair, Robert Stuart, of Little Forgue, and John Allardes of Boynsmill. As early as 1831 this company had agreed to appoint an agent in Edinburgh whose business it was to take orders for their whisky, receive payment of accounts, and find caution for his intromissions. When the agent absconded insolvent in 1832, his guarantors were called on by the company to make payment. The agent had had a promissory note sent to Glendronach for £98 12s. 6d. payable at 4 months, which was the balance due by him, while another £93 was also outstanding. One of the guarantors, James Balfour a spirit dealer with premises in Princes Street, Edinburgh was also discovered to have left the country insolvent, but the others - a barm brewer in Leith, a merchant in Leith, a grocer and a spirit dealer in Edinburgh were prosecuted.⁵

A serious fire damaged the distillery in 1837, and the success of the establishment after this was limited: three of the partners retired. Mr Allardes brought Walter Scott, first clerk and then manager at Teaninich distillery, Ross-shire into the business. He became a partner, along with

3. *Op. cit.*, XII, Longside, p. 864.

4. *Op. cit.*, XII, Forgue, p. 601.

5. S.R.O. U.P; G/31/11 Glendronach Distillery Coy. Ltd. v. Wm. Neilson & others, (1853).

James Allardes of Boynsmill, John Allardes, farmer at Raich, George Smith, farmer, North Balnoon, and William Pittendreigh, farmer, Pitfancy. On the insolvency of the Allardes's about 1842, the rest of the company took over their shares. In the early 1870s, Walter Scott had the distillery enlarged, and greatly increased the scope of the firm. On his death in 1886, the distillery was leased to the Glendronach Distillery Company, controlled by Messrs Somerville and Macallum, for 28 years. In 1920, Captain Charles Grant, son of William Grant of Glenfiddich and Balvenie distilleries in Dufftown, bought the small estate of Boynsmill and the distillery for £9,000.⁶ The Glendronach distillery has been in the possession of Teachers Ltd. since 1960.

Outside Aberdeenshire, some of the outstanding malt whisky distilleries of the present day were already functioning - ones like Macallan, at Craigellachie, Milton Duff, near Elgin, Mortlach at Dufftown, and of course, the Glenlivet distillery. During 1840, the Glen Grant distillery at Rothes was built - 'one of the most extensive distilleries in worth has been established by Messrs. J. & J. Grant, in which establishment between 30,000 and 40,000 gallons of whisky are annually made.'⁷ The distillery was built with a productive capacity of nearly 1,500 gallons per week. John and James Grant had owned and worked the Aberlour distillery, which had itself been erected in 1826: hence their immediate success with a new venture on Speyside was 'not altogether dissociated with experience.'⁸

For Knockandhu parish (1855) it is recorded that two distilleries 'one at Cardow, conducted by Mr. Cumming; the other at Macallan, by Mr. Reid' were in production, both already being 'well known for the very superior

6. Glendronach Distillery, The Banffshire Journal, 10 Feb. 1920.

7. N.S.A. XIII, Rothes, p. 235.

8. Moray and Banff Illustrated (1895), p. 35.

quality of the spirit distilled.' They relied heavily on peat, 'very few coals being consumed,' due to the distance from the sea, but they were unfortunately exposed to the competition of individuals who did not scruple to sell whisky without a licence.⁹

Further north, in the County of Nairn, Fraser's distillery at Brackla was prospering: it was said to be the only one privileged to use the Royal Arms, and supply the Royal table, and by 1842, it had been in operation on a large scale for many years.¹⁰ The distillery later adopted the title of 'Royal Brackla!'

Some miles distant, in St. Andrews Lhanbryd parish, was the old Linkwood distillery, directed by a Mr Brown, who had invested a large capital in the buildings and utensils 'all in the most commodious arrangement, and of the most substantial construction, in the malting, grinding, brewing, distilling, and in the store.' The stills were respectively of 800 and 170 gallons content; the plant absorbed 1,200 quarters of barley a year, and produced from 16,000 to 20,000 gallons of fine whisky 'consumed mainly between the rivers Spey and Ness', yet a small quantity was also being disposed of in London, and in other of the larger cities of Britain. There the competition of brandy, rum and gin was stiff, but the great distilleries of Lowland Scotland, which made a coarser and cheaper spirit, probably from patent stills in several instances, gave producers like Brown most formidable competition.¹¹

Two distilleries which have since gone out of existence were making whisky at the time of the Account: these were Tochiencal, the ancestor of Inchgower distillery at Fochabers to which the plant was ultimately transferred, and the Mountblairy distillery on the estate of that name, which was

9. N.S.A. VIII, Knockandhu, (1835), p. 77

10. Op. cit., XIII, Cawdor (1842) p. 26.

11. Op. cit., XIII, St. Andrews Lhanbryd (1835), p. 31.

controlled by Alexander Scott. Tochieneal distillery was erected near Cullen in 1824, and flourished to such a degree that it was considerably enlarged in 1828. The average annual quantity of spirits distilled from malt over the 1837-42 period was 25,292 gallons of proof spirit, while the annual average duty paid for malt and spirits was £5,188 13s. 3d. Only 12 persons were employed, including two Excise officers. Coopers' wages were 12s. per week in Cullen.¹² The promotor John Wilson, Esq., of Tochieneal, had provided the statistics for the report; he was tenant of Tochieneal farm and 'a man of substance', being keenly interested in agricultural improvements. He introduced a drain plough from Stirlingshire, which when pulled behind 16 oxen, cut drains for tiles, which he manufactured at Tochieneal itself.

The distillery on the estate of Mountblair in Alvah parish, was built about 1825, and in 1842 it was described as being in 'full and active operation.' The premises were large, as well as being 'most complete and convenient'; although sited on a rocky ridge, they had an abundant supply of pure water; the whisky was of first rate excellence, and 'greatly celebrated for its genuine flavour.' The investment in the plant was £4,000, and capacity was 40,000 gallons per annum. The proprietor, Alexander Scott, ranked it among the largest distilleries north of the Tay.¹³

Other references to distilleries are less full: in the city of Elgin, besides a tannery and brewery in the town, two distilleries were in action in the landward part of the parish¹⁴ and in the market town of Keith, a distillery with an annual output of about 20,000 gallons of whisky, is listed along with a tannery, a tobacco factory, mills and bleachfields.¹⁵

Banff was noted for its breweries, but in 1836 the business was in the

12. Op. cit., VIII, Cullen, (1842), p. 341.

13. Op. cit., XIII, Alvah, (1837, revised 1842), p. 174.

14. Op. cit., XIII, Elgin, (1842), p. 15.

15. Op. cit., XIII, Keith, (1842), p. 390.

oldrums, production only being geared to home needs, because the demand for beer had been so immensely reduced by the increased distillation and consumption of spirits. There was a distillery at Mill of Banff, a mile outside the town, where 11,000 to 12,000 gallons of spirits were yearly produced. There 6 to 8 persons were engaged, working about 15 hours a day.¹⁶

In the notorious smuggling districts, the new legal distilleries had made a foothold. In the Cabrach, two small licensed distilleries were in existence; perhaps the expertise of smuggling days accounted for the excellence of the malt whisky made there; one at Lesmurdie, was owned by John Taylor, and another at Tomnairn by James Robertson. They were very small plants, of the type of installation that Barnard castigated as being so old fashioned, when he saw Grandtully distillery in 1887. It had an annual production of 5,000 gallons; the two Cabrach ones consumed about 640 quarters of malt each year, and yielded jointly about 10,000 gallons of spirits.¹⁷

The most outstanding transformation in distilling had occurred in Inveraven parish, where lay 'Glenlivet, a country well known to Scotchmen by name.' By 1836, instead of the smuggling houses, formerly to be seen in every hamlet, there were two legal distilleries in Glenlivet, and another in process of erection. From these whisky 'of the very best quality' was produced, and it always commanded 'a great demand and a high price.' One at Aucherachan, about the centre of the glen, had recently been enlarged, and employed four persons; using 160 bushels of malt derived from bear - not barley - each week, the yield of whisky was 300 gallons, giving a tax revenue of about £45 in duty.

The other was at Upper Drumin nearer the river Avon, whose proprietor, George Smith, also had an interest in a distillery in Buchan, but he had discovered 'after the most careful and repeated trials, that, with the same hands and materials, he cannot produce (there) a spirit equal to what he obtains in

16. Op. cit., XIII, Banff, (1856), p. 45.

17. Op. cit., XIII, Cabrach, (1842), p. 198.

Glenlivet.¹⁸ The whisky from his Glenlivet premises was so much sought after, that he never knew what it was to have a stock - demand is described as coming from all quarters, because the fame and quality of the whisky was equal to that of any smuggled whisky. The market was rather exclusive, notwithstanding the pressure of demand: orders came principally from private families, although spirit dealers would readily give 6d. more per gallon for the Glenlivet whisky than for the spirit made in Buchan.

In the Spey valley at Aberlour there was also a whisky distillery - it was large and commodious, being intended as 'an accommodation to the surrounding farmers in affording a ready and convenient market for their barley.'¹⁹ Forres had a brewery as well as a distillery; the latter was probably Glenburgie, which was founded in 1810.²⁰ There was a distillery at Port Soy, which also had a bone, thrashing, and saw mills, in addition to its thread manufactory and bleachfields.²¹

Like the distilleries at Peterhead and Longside in Aberdeenshire, one at Gollachie in Rathven parish had also been out of production for some time in 1842.²²

This survey of the distilleries in the north east at the approach of the mid-nineteenth century discloses that distillery capacity ranged from approximately 5,000 gallons to 40,000 gallons per annum. Some units were already well established, having won recognition for the outstanding character of their whisky, and demand for their products was beginning to be at more than just a local level.

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18. Op. cit., XIII, Inveraven (1836), pp. 137-8.
 19. Op. cit., XIII, Aberlour, (1836), p. 120.
 20. Op. cit., XIII, Forres (1842), p. 235.
 21. Op. cit., XIII, Fordyce (1842), p. 191.
 22. Op. cit., XIII, Rathven (1842), p. 255.

Smuggling:

Glenlivet had been infested by smuggling and illicit distillation prior to 1823. Between that year and 1836, illegal distilling was practically extinguished. Initially, George Saith of Glenlivet had been glad to have the protection of a pair of pistols given to him by the Laird of Aberlour, in order that he would be able to protect his life and property when conveying his whisky to market.²³ Other regions with no less a repute for illicit distilling were Strathdon and Glenbuchat. Firstly, in Strathdon one of the economic mainsprings for the community had been smuggling; 'the inhabitants of Corgarff, the glens, and not a few in the lower part of the parish' being professed smugglers. The Revenue officers were defied. To be occupied in illicit distillation, and to defraud the Excise, was neither regarded as a crime, nor considered a disgrace. The results were pernicious, and 'productive of the grossest demoralisation, irreligion and sin, and destructive of every habit of regular industry.'²⁴

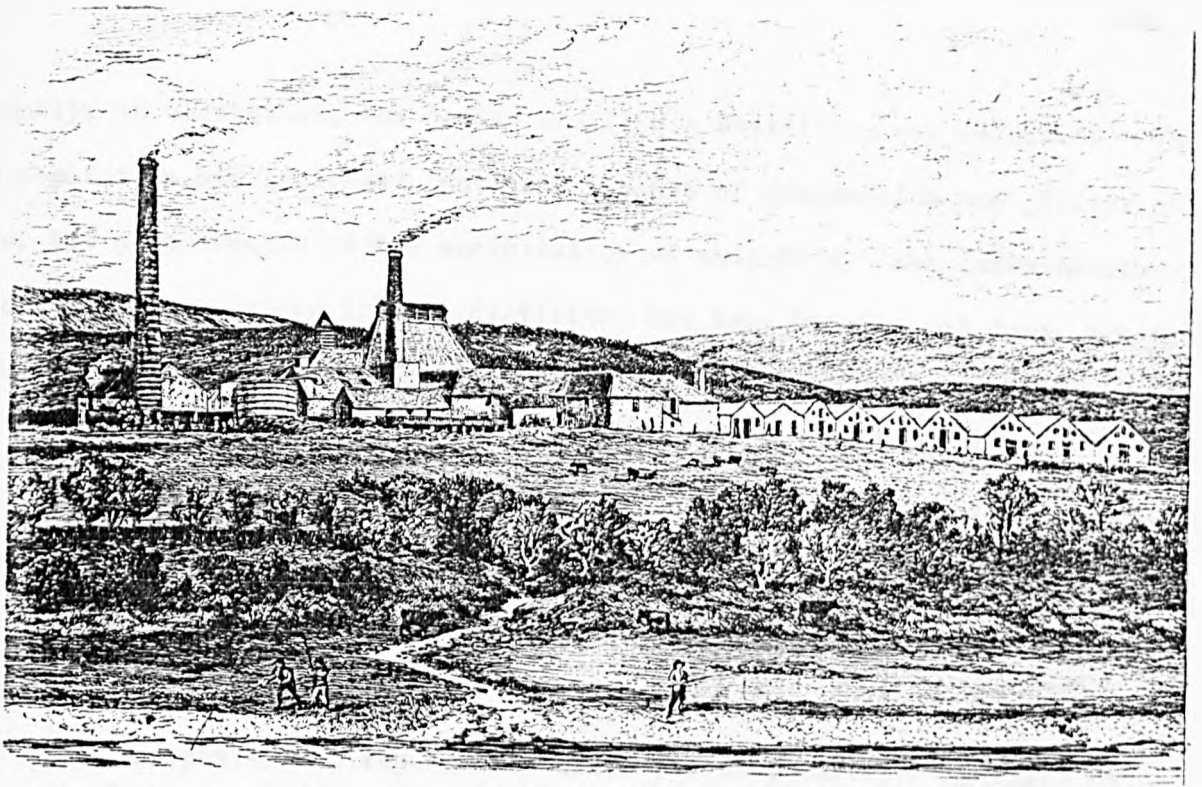
After 1823, an astonishing change took place: vigorous measures were adopted by the government, which from 1827 to 1831 had Corgurff Castle near Cockbridge garrisoned by a captain, a subaltern and 56 men to support the civil authorities in the suppression of smuggling. The proprietors' assistance led to a decline in illicit distillation; termination of tenancies, prosecutions and sentences were measures which struck at the very root of the activity, so that illicit distilling soon became extinct.

'The lawless life of the smuggling bothie was wholly abandoned, and the honest labours of agriculture substituted.' The Account remarks that a subject for congratulation was the industrious spirit, healthy tone of moral feeling, and religious principles which were spreading among the inhabitants.²⁵

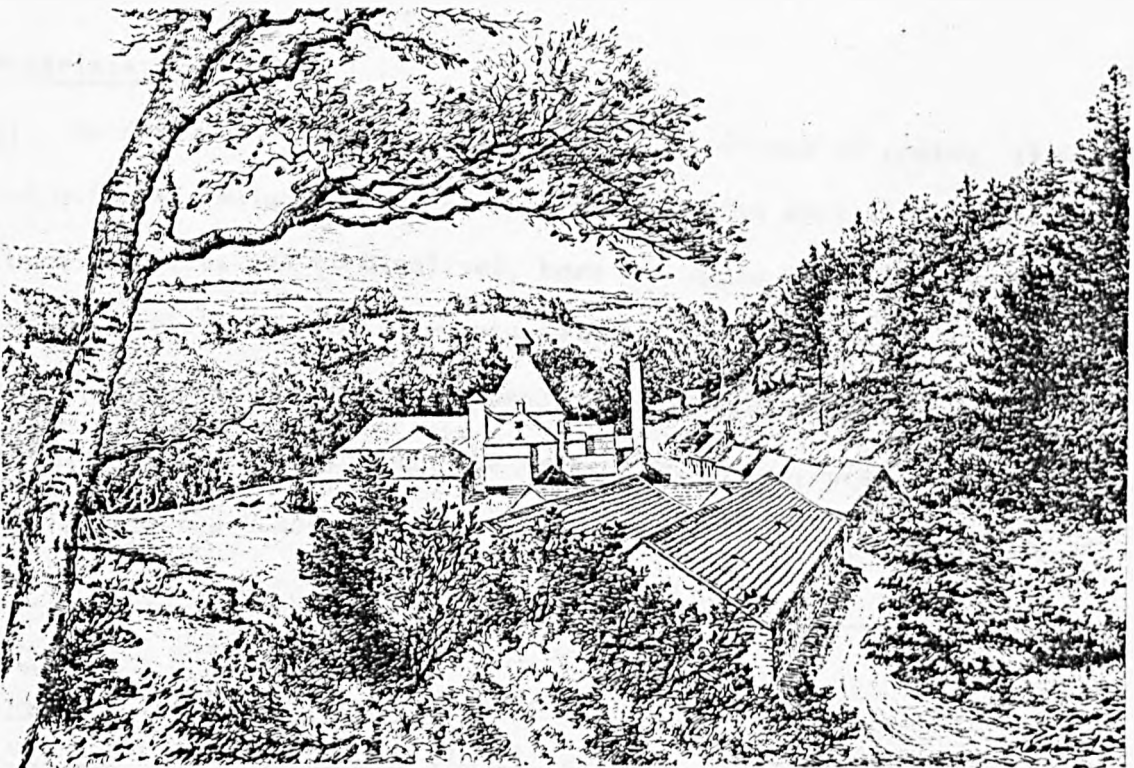
23. Sillett, S.W., *Illicit Scotch*, (Aberdeen 1965), p. 61, quoting from Bremner, D., *The Industries of Scotland* (1869) pp. 447-8

24. *N.S.A.*, XII, Strathdon, (1838), p. 549.

25. Ibid.



The Glenlivet distillery, Banffshire c. 1886. G. & J.G. Smith. The first licensed distillery in the area the excellence of whose whisky attracted others to lay claims to the title 'Glenlivet'. Note the steam traction engine for haulage.



Dailuaine distillery, Carron, c. 1886. Mackenzie & Co. A distillery with illicit origins; a branch line from the Speyside railway served it until 1967. (Both from Barnard.)

Secondly, in Glenbuchat, the demise of illicit distilling was welcomed. There the population had increased, not just because of vaccination and greater child care, but also because of the annihilation of smuggling, 'the improvements in every respect, since illicit distilling has been happily put down, are truly astonishing ... whereas, falsehood, swearing, and drunkenness lingered among the old and hardened, these traits were disappearing among the young.'²⁶

Throughout the parish of Kirkmichael, where Tomintoul was located, private distillation and whisky smuggling which had been universal in the early 1820s were by 1842 entirely unknown.²⁷ Smuggling was entirely absent in Upper Strathspey.

A similar pattern is repeated in other parish reports. Ardelach which had been the scene of much illegal traffic might still have some smuggling, but it was 'a very rare happening.'²⁸ On the coast of the North East, suppression of illicit distilling inland had taken place in step with the elimination of contraband smuggling along the Moray Firth; thus smuggling 'both foreign and domestic' had been rooted out.²⁹

Raw Materials:

Grain: In North East Scotland, there was an abundance of grain: it has been pointed out that whilst barley was generally used in distilling, this was not a uniform practice, and at Glenlivet, here was employed as late as 1836. In the Elgin district, the small tenants usually sold their grain to a corn merchant, whereas the large farmers disposed of their barley to brewers or distillers, or else sent it out through the Moray Firth ports, along with wheat and oats, to the Leith, London and Liverpool markets.³⁰ Large quantities of

26. Op. cit., XII, Glenbucket (1840), p. 457.

27. Op. cit., XII, Kirkmichael, (1842), p. 303.

28. Op. cit., XIII, Ardelach, (1842), p. 34.

29. Op. cit., XII, Belhelvie, (1840), p. 254.

30. Op. cit., XIII, Elgin, (1842), p. 17.

grain were exported annually from Gamrie parish, but the barley and here also found a ready market among home brewers, and distillers.³¹ In Dufftown, dealers in grain visited the village to dispose of supplies to any who would buy.

Unreliable weather made the problem of preserving the grain a difficult one. Hence grain drying kilns were often attached to mills. In the parish of Old Deer, in Aberdeenshire, several meal mills had special machinery for dressing pot barley, the only fuel used in the drying of the grain being the sides or husks of the previous batch.³² At St Fergus, pot barley was prepared at the local mill by tacksmen 'on their own account.' Over 100 sacks of it were made in 1836 and sold for local usage.³³ The Glenlivet area had no public grain drying kiln, and so the grain had to be dried in small kilns on the farms.

Malt was however liable to a tax: it had been the practice in Alford for malting to be done on the farms, by the tenants and their servants, during autumn or winter months, when there was time to spare. So many irritating and complicated regulations had been introduced that the practice of private malting had virtually been abandoned by 1840. A system of public malting, which had been started, was less satisfactory because it involved the expense of transporting the grain, was conferring a monopoly on the public maltster, and was altogether a waste of time and money. The chief cause of complaint at Monymusk was also the malt tax, which had placed 'that necessary and wholesome beverage, a drink of good beer, beyond the reach of the labourer and poor artisan.'³⁴

The continued decline in agricultural wages, and the depression in prices

31. Op. cit., VIII, Gamrie (1842), p. 17.

32. Op. cit., XII, Old Deer (1840), p. 157.

33. Op. cit., XII, St. Fergus (1840), p. 205.

34. Op. cit., XII, Monymusk (1840), p. 405

which was 'not only encountered in agriculture but in every branch of productive industry' were described in many reports.³⁵ Barley prices stood at 30s. per quarter in parts of Nairnshire in 1842, but throughout upland areas, like Strathdon, prices ranged from 25s. to 27s. 6d. per quarter for a poorer quality grain.

Fuel: It has already been shown how widely peat was employed at distilleries, both in malting processes, and in heating stills (e.g. at Cardow, which was too far from the sea in pre-railway days to use coal). Aberlour also relied heavily on peat: abundant supplies were on hand, a load costing 1s. 6d. to 2s. 3d. depending upon the quality. Much better placed were the areas adjacent to the Moray Coast ports, like Lossiemouth, whence 'English coal' was imported for domestic use, and was transported to Elgin, and the surrounding country. 'Scotch coal' from the Lowlands was utilised in breweries, distilleries, limekilns and brickworks. Findhorn, at the mouth of the river of that name was a coal port of note, numerous ships using its harbour in summer, while Nairn was also a coal importing centre.³⁶

The cost and freight of a keil of coals from Sunderland to Lossiemouth was £15, and the transport to Elgin added another £4.10s. The people on the outskirts of the parish therefore burned peats, but the cost of casting, drying, and carrying them was so great, that coal was gradually superseding peat.³⁷ Newcastle coal could be had by the ton for £1.15s. in Alford, while in Huntly, 'English coal' landed at Port Soy, and thence carted a distance of 17 miles, sold at £1.5s. per ton.³⁸ In the North East, much of the coal was brought in by the carts which took grain to the coast for export.

35. Op. cit., XII, Alford (1840), p. 501.

36. Op. cit., XIII, Drainie (1842), p. 157.

37. Op. cit., XIII, Elgin, (1842), p. 27.

38. Op. cit., XII, Huntly (1842), p. 1041.

At Cullen peats were 2s. per cart-load; this amount was reckoned to be equivalent in heat output to a barrel of coal. Huntly had peat mosses five miles from the town, and peat per cart-load sold there at 5s., whereas in Boham[†] parish a cart-load could be had from 1s. to 1s. 10d., because peat was plentiful. Wherever peat banks were becoming exhausted as in Rathven, that fuel was becoming more and more expensive: imported coal at 1s. 6d. a barrel from Buckie or Port Gordon was an attractive proposition.³⁹

Distilling like other manufacturing industry where the application of heat was an essential part of the process, was changing its fuel base from peat and wood to coal, with peat being used in malting only. Distilleries which were advantageously placed for sea transport benefitted in this phase, at the expense of those located in landward areas. This initial locational advantage was eroded by the construction of the railways from the 1850s onwards. Furthermore, water transport was the cheapest way of sending out exports of whisky in barrels. Among articles recorded as being transported on the Aberdeen Canal from Port Alphinstone in 1840, were 8¹/₂ tons of whisky.⁴⁰

Retail Outlets: The references relating directly to distilling tend to confirm the view that the newly found licensed distilleries of the North East were mainly catering for a local market. Except in isolated examples, where the whisky was of outstanding quality, as from the Glenlivet Distillery of George Smith, or from Royal Brackla near Nairn, little impression had been made on markets outside the region. Public houses and other licensed premises formed the principal customers for the distillers: these establishments were reckoned to be far too numerous and ill conducted by the ministers who wrote the reports. For example, in the parish of Lonmay, there were a few petty public houses, and five or six licensed whisky shops, which were considered an evil in the parish, being a continued source of intemperance; whenever fairs or feeing markets were held, booths for the sale of whisky were

39. Op. cit., XIII, Rathven (1842), p. 269.

40. Op. cit., XII, Inverury (1842), p. 683.

set up and all bargains were settled with a dram.⁴¹

Similarly in Birse, one half of the licensed accommodation was said to be superfluous, and the remainder was 'merely a tax upon the industry of the neighbourhood.'⁴² Up country in Glenauick, there were no fewer than 11 inns and alehouses ('most of them respectable in their way') and the pattern was repeated at Tarland, there being 12 shops where spirits were sold, as well as an inn in the village 'in which all the district courts' were held.⁴³ Strathdon too had more than its share of licensed premises, with one inn, and five houses retailing spirits in 1838. Five years earlier, there had been no fewer than 11 tippling houses: since that time, the minister had resolutely refused every application that was made to him for a certificate to retail spirits, and with the co-operation of the heritors in the parish, seven had been closed, and he hoped to reduce the number still further because of his concern for the welfare of the community.⁴⁴ Not all the licensed premises however were regarded as harmful. The market town of Turriff had its share of 'respectable inns and taverns where travellers can enjoy every comfort', but there were also numerous tippling howffs, which could have been shut down with benefit to the inhabitants.⁴⁵ Huntly had five inns, 12 public houses, and several licensed grocers, but there 'The Total Abstinence Society' had been established by 1842; it was achieving good results, in reclaiming intemperate persons, and persuading people to reduce their consumption of liquor.⁴⁶ Elsewhere few bad effects on the morals of the people were observed,

41. *Op. cit.*, XII, Lonmay (1840), p. 235.

42. *Op. cit.*, XII, Birse (1842), p. 798.

43. *Op. cit.*, XII, Tarland & Migvie (1842), p. 859.

44. *Op. cit.*, XII, Strathdon (1838), p. 549.

45. *Op. cit.*, XII, Turriff (1842), p. 1014.

46. *Op. cit.*, XII, Huntly (1842), p. 1041.

because the publicans were decent and respectable characters: it was the whisky shops in remote areas which were the chief source of trouble.⁴⁷

2. The Northern Highlands:

An examination of the entries in the New Statistical Account for this region confirms the trend in distilling shown in the North East. Outstanding distilleries, like Teaninich and Clynelish are surprisingly omitted, only Balblair Distillery, in Edderton parish being well documented.⁴⁸ Balblair was set up about 1800, and according to the report was the first in that area of Ross-shire. By 1840, it was distilling 120 bushels of malt a week, which were estimated to yield about 2 gallons of whisky each. The whisky fetched an average price of 9s. 6d. per gallon, and the proprietors were permitted to sell it at three strengths - 11 under proof (U.P.), 11 over proof, and 25 over proof (O.P.): the last was rarely required or made.

As with the best of the whiskies from the North East, the flavour and quality of the Balblair whisky was pronounced unequalled by connoisseurs in such matters: it was suggested that this might arise 'from the use of peats as fuel, and other secrets of distillation acquired from the old smugglers.' Another factor in the repute of Balblair was the esteem in which its founder, John Ross, was held: 'a man of most benevolent dispositions, Christian principles, and strict attention to business.'

Near Beauly, Ord distillery had been set in operation about 1838, under the management of Messrs D. MacLennan and Robert Johnstone.⁴⁹ The Stornoway distillery in the Isle of Lewis is mentioned as operating in the Parish of Barvas in 1835.⁵⁰ The northernmost distilleries were the two licensed ones

47. Op. cit., XII, Auchterless (1840), p. 292.

48. Op. cit., XIV, Edderton (1840), p. 452.

49. Op. cit., XIV, Urray (1840), p. 401.

50. Op. cit., XV, Barvas (1835), p. 140.

near Kirkwall, which exported considerable quantities of whisky, over and above what was consumed on the island.⁵¹ At Helmsdale, a large distillery had been located, but like several in the North East region it went out of production in 1840, 'when the circumstances of the distillers caused the work to be stopped'. Thereafter, both the distillery and a brewery connected with it closed down.⁵²

The Morangie Burn near Tain was furnishing water for a brewery in 1840; this establishment supplied the neighbourhood with ale. The distillery called Glenmorangie cannot then have been in existence. Barnard states that the conversion of the brewery to a distillery took place in 1843. This type of adaptation was not uncommon: Greenock distillery was converted from a brewery in 1824, and the Edinburgh distillery of Andrew Usher & Co. became a distillery in 1849. Auchtertool distillery at Kirkcaldy was a reconstructed brewery, the change occurring in 1845.⁵³ The transfer of capital from brewing to distilling may reflect the greater profitability of whisky making. Brewery firms also established distilleries. Glenadon distillery, Old Deer, was built in 1845 and owned by Milne & Co., who had the Biffie Brewery close by, while Strathdee distillery, Aberdeen was erected about 1825 by a Mr. Ogg, the principal partner in the Ferryhill Brewery in that city.⁵⁴ The Devanha' distillery in Aberdeen exemplifies the same trend; it was set up by the proprietors of the brewery of the same name. From the point of view of process, distilling was merely a logical extension of brewing, requiring similar skills, equipment, and market knowledge. It is thus not surprising that switches of enterprise were made from the one activity to the other.

51. Op. cit., XV, Kirkwall & St. Ola (1841), p. 7.

52. Op. cit., XIV, Helmsdale (1841), p. 209.

53. Barnard, A., The Whisky Distilleries of the United Kingdom (1887) p. 311.

54. Barnard, op. cit., p. 244 and p. 258.

A distillery and brewery existed at Wick about 1841, but it is not clear whether they were run jointly.⁵⁵

As in the North East of Scotland, smuggling and illicit distilling had been put down by the 1840s: even areas like Strathglass, the scene of numerous affrays between smugglers and Excisemen, was quiet. A transformation had taken place in Strathglass after leases were granted in 1853; at that time, the arable land was worth only 10s. per acre, presumably due to neglect, but by 1841, 'such effective measures had been resorted to for the prevention of smuggling, [that] the same land may be considered worth at least £1 per acre.'⁵⁶ In Dornoch parish however there is some inconsistency of fact - on the one hand, poaching and illicit distilling are said to be scarcely known among the inhabitants, yet in 1833, there were 20 prisoners in the local jail, 6 of them for smuggling.⁵⁷ The extermination of illegal distilleries was ascribed in large measure to the exertions of proprietors like the Duke of Sutherland.⁵⁸ Prebble, writing of the efforts of the Duke, when he was Lord Stafford, makes observations about the policy of James Loch, his agent:-

'Another advantage of the Loch policy ... [was that] the removal of the people from the interior had struck a hard blow at an old Highland custom - the illicit distilling of whisky. To all respectable people this was uplifting news for the practice had a terrible effect on the moral fibre of the mountaineers "nursing them in every species of deceit, vice, idleness, and dissipation." To regularise the consumption of whisky among his tenants, to secure for the farmers a regular market for the grain they had been selling to the illegal stills, Lord Stafford was proposing to build a distillery at Brora.'⁵⁹

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55. N.S.A., op. cit., XV, Kirkwall & St. Ola.
 56. Op. cit., XIV, Kiltarlity, (1841), p. 499.
 57. Op. cit., XIV, Dornoch (1854), p. 8 and p. 16.
 58. Op. cit., XIV, Tongue (1841), p. 178.
 59. Prebble, J., The Highland Clearances (1963), p. 115.

This establishment was Clynelish distillery, whose tenant, James Harper was bankrupt in 1827, at the instance of John Ross, the founder of the Balblair distillery in Edderton.⁶⁰ Over £460 was owing to the factor to the Marquis and Marchioness of Stafford.

In Loch's publication 'An Account of the Improvements on the Estate of Sutherland belonging to the Marquis and Marchioness of Stafford', special emphasis is laid on the depopulation of Strathglass, which resulted in the decline of illicit distillation and the clearing of the smugglers: throughout Rogart parish, smuggling had also been entirely put down.

Trade: Regarding the export of whisky, and costs of raw materials to make it, there is little information given in the parish accounts for the Northern Counties: the Fleet river near Golspie is described as having a harbour at Little Ferry, 'frequented by trading vessels, which import lime, coal, bone-dust, and merchant goods ... and export grain, wool, whisky, &c.'⁶¹ There was thus a similar basis of trade taking shape as in North East Scotland - coal at 2s. per barrel from Newcastle being brought into the area, and grain surpluses transported from it by sea. Whisky was also sent outwards to Southern markets.

Retail outlets: There is a plethora of detail about the problem of dram shops, and the evils resulting therefrom, which reiterates the anxieties of the parish ministers in other regions of Scotland. Nevertheless a tone of optimism is discernible in the Survey of the Northern Counties.

In Dornoch parish there were two houses licensed to sell whisky, and three inns, but the local magistrates had succeeded in closing down several dram shops. Similarly in Assynt, a number of public houses had licences, but all

60. S.D.O., 101 15/150: James Harper, Distiller, Clynelish, Sed. Book: 1827.

61. N.S.A., XIV, Dornoch (1834), p. 16.

tippling howffs had been strictly prohibited from selling ardent spirits, and 'a decided change for the better' had occurred.⁶² Northwards, in Caithness, Thurso had 3 inns and about 50 ale houses in its parish, with visible injurious effects, but improvement was foreseen as both their number and influence was on the decrease.⁶³ The minister urged that these establishments should be further reduced, because of their pernicious influences; they repeated that there were far more retail outlets than were necessary. Apart from restricting the number of licensed public houses, there was another avenue to more temperate habits. Parishioners themselves were becoming alive to the evils of excessive whisky drinking and the miseries associated with intemperance. In Watten,⁶⁴ the inhabitants gave four inns little support, and in Bonar Bridge, the people seldom exceeded 'a necessary refreshment.'⁶⁵

Causes of excess were the annual fairs - such as the October market at Brora when brisk business was done in the inns and numerous tents set up to sell whisky. By 1840, such had been the impact of the Total Abstinence Societies, that tastes and habits had been much improved, and the Brora innkeepers complained loudly 'that their calling was gone', and that spirits consumption was reduced by two-thirds of its former volume.⁶⁶

Against these tendencies towards a slackening in demand in some areas, must be balanced increasing purchases of liquor in others. From Durness it was reported that 'habits of dram drinking were acquired by both sexes in their annual migrations to Caithness' possibly in association with the herring fisheries, and that moral degradation ensued from drunkenness and crowded lodgings.⁶⁷

62. Op. cit., XIV, Assynt (1840), p. 117.

63. Op. cit., XV, Thurso (1840), p. 5.

64. Op. cit., XV, Watten (1840), p. 59.

65. Op. cit., XIV, Bonar (1834), p. 23.

66. Op. cit., XIV, Clyne (1840), p. 159.

67. Op. cit., XIV, Durness (1840), p. 97.

This is confirmed by experiences in Halkirk in Caithness, where tipping houses were surprisingly being allowed to increase to an unwarranted extent.⁶⁸

3. The Central and Western Highlands

There is only one reference to distilling in the Account relating to the County of Inverness. It shows that in Kilmornaig, near Fort William, there were 'no manufactures except that of whisky at the Bennevis Distillery, carried on by Mr John Macdonald.'⁶⁹ He was the renowned 'Long John', who is commemorated in the modern blended whisky of that name. The Skye distilleries at Carbest and Lyncadale are overlooked. Only the former,^{now} known as Talisker is extant. It was erected in 1830 by the brothers Hugh and Kenneth Macaskill, who were sheep farmers; they obtained a lease of the ground from MacLeod of MacLeod. The lease was transferred to a son-in-law, Mr McLellan, after whom Messrs John Anderson & Co. became the proprietors in the year 1848. The firm of Anderson & Co., distillers, was sequestered, and in 1870, the business was acquired by A. Grigor Allan, who took Roderick Kemp as a partner, trading under the name of Roderick Kemp & Co., to whom the Trustee on Andersons' estate assigned the lease.⁷⁰ Roderick Kemp was an Aberdeen wine merchant, and Grigor Allan, a solicitor in Elgin. Their partnership was dissolved in 1892, Allan taking over the distillery; he died in 1895, and his heir, William Grigor Allan, along with trustees entered into a new partnership with Thomas Mackenzie of Dailuaine Distillery, Speyside, forming the Dailuaine Talisker Distilleries Ltd., a private limited company. The Distillers' Company Ltd. acquired control of this enterprise in 1916.⁷¹

68. Op. cit., XV, Halkirk (1840), p. 82.

69. Op. cit., XV, Kilmornaig (1842), p. 511

70. Moray & Banff Illustrated (1895), p. 42.

71. Talisker Distillery, information provided by the Distillers Company Ltd., 1 June, 1966.

Both the distilleries at Carhost and 'North Dale' are included in a list of distillers for 1834: Hugh M'Askill was in possession of the former, and Alexander Stewart & Co., were at the other.⁷²

In the West Highlands there were by 1840 two well defined foci of whisky distilling - in Islay, and at Campbeltown, which will be examined in turn.

I Islay: The parishes of Killarrow and Kilmeny in the N.W. of Islay had only one manufacture which was distilling, which was alleged to be carried on 'to a considerable extent' on the island. There were three distilleries in the united parish, - Lossit, Talant and Bowmore, producing in excess of 60,000 gallons of whisky between them in the course of a year. By 1841, the Islay whiskies had become very much famed for their exceptional flavour, and commanded good prices in the market.⁷³ The S.W. part of Islay boasted no less than six distilleries, situated in Kildalton parish. All of these had been established since the elimination of scuggling; the new legal distilleries had been warmly welcomed by the islanders as an additional and legitimate source of employment and income.⁷⁴ The modern distilleries in the parish are at Laphroaig, Lagavulin, Arbeg and Port Ellen, which was founded in 1825. There was also an extensive distillery at Port Charlotte, probably the ancestor of the present Lochindaal distillery, now used as warehouses by D.C.L., which in 1844, having had fluctuating prosperity and having passed through a number of hands, was not in regular operation.⁷⁵

Raw Materials:

The section for Kildalton parish states that peat was the main fuel, although coal had to be used in some localities because the mosses had been

72. P.P., Seventh Report ... into the Excise Establishment: (1834), Appendix 67, p. 229.

73. N.S.L., VII, Killarrow and Kilmeny (1841), p.

74. Op. cit., VII, Kildalton (1844), p. 667.

75. Op. cit., VII, Illichoman (1839, revised 1844), p. 655.

'improved' and converted to agricultural land, while others had been completely exhausted. Coal was imported from Glasgow; the freight charge was 5s. per ton, and the cost was 12s. to 16s. per ton, whereas peat could be bought for 1s. 6d. to 2s. per cart load.⁷⁶

The benefits of new transport systems were being appreciated in Islay; 'a powerful steam packet' had begun to ply regularly between the island and Tarbert. Lochindaal was a busy and popular harbour, and by 1841, a fine quay had been constructed at the village of Bownore.⁷⁷

Large quantities of barley were being produced on Islay, 800 to 900 bolls being grown each year in Kildalton alone, and much of this harvest found its way into the local distilleries.⁷⁸ Kilchoman raised 4,116 quarters of barley at 26s. each, which added over £5,000 to the value of the produce of the parish. These increases in productivity were interpreted as a direct result of the disappearance of illicit distilling, which in its hey day, had led to the neglect of farming, and had of course been inimical to good conduct.

Smuggling:

The records of the Customs and Excise authorities on Islay contain many graphic accounts of illicit distilling and smuggling at this period. For instance, the correspondence between the Excise officers on the island and the Crown authorities during 1857-49 disclose many hair-raising episodes, reporting the seizures of stills, malt and wash from 'hovels on the muir', or from 'caves on the shores at Proaig and Dallichratigan', with Excisemen much occupied in manning cutters, patrolling the coast, and climbing ropes up rock faces to reach caves which might shelter malefactors.⁷⁹

76. Op. cit., VII, Kildalton, p. 664.

77. Op. cit., VII, Kilchoman, p. 658.

78. Op. cit., VII, Kildalton, p. 664.

79. Storrie, M.C., The Scotch Whisky Industry, T.L.B.G. No. 31, (1962), p. 98.

In the adjacent isles of Tiree and Coll, illicit distilling had been strictly prohibited for a period of 25 or 30 years on the instructions of the landlord, the Duke of Argyll. Prior to 1825, some legal distilleries were created to give a market for the barley surpluses of the island, but these had proved unprofitable because of the high level of duties before the major reforms of 1822-3. Accordingly, the licensed stills were discontinued. Thereafter, sizeable quantities of smuggled whisky were imported from Northern Ireland and the mainland. By 1843, this practice had died out.⁸⁰ Across the Sound of Islay, Jura distillery set up by Campbell of Jura was in production at mid-century, and tenanted by a Glasgow distiller.⁸¹

Retail Outlets:

Like the mainland parishes, those in Islay had an excessive number of tippling houses and licensed shops, as well as inns kept by 'respectable persons', where travellers could be lodged. The draw shops were 'a great public nuisance', but drunkenness had been less prevalent since illicit distillation had been practically stamped out. Consignments of whisky were being shipped to the mainland in quantity. Indeed, entrepreneurs from Glasgow were already developing business interests in distilling in Islay and Jura, and hence the whisky output was increasingly flowing to the expanding urban markets of the Lowlands.

II Campbeltown:

By the 1840s, malt whisky distilling had become the major economic activity of the burgh of Campbeltown. The whisky made there was held in high repute, and was sold wholesale principally to agents in Glasgow. Much of it was also exported to Ayrshire, while some was already finding its way to

80. N.S.A., VII, Tiree and Coll, (1840 revised 1843), p. 209.

81. See Case Study: The Isle of Jura Distillery.

England and overseas.⁸² Indeed its resemblance to Irish pot still whisky may have appealed to immigrants seeking their fortunes on Clydeside, in Ayrshire and in N.W. England.

The New Statistical Account reveals that no fewer than 25 distilleries were flourishing in the town, which between January and December 1842 consumed 503,711 bushels of barley, liable to a duty of 2s. 7d. per bushel, and 79,508 bushels of bere, carrying a duty of 2s. per bushel. Before 1823, the Campbeltown distillers had succeeded in passing off imports of barley as imports of bere - and had thus paid less duty than they ought.⁸³ In 1837 Pigot's Commercial Directory lists 27 distillers and 21 maltsters in the town.⁸⁴

The total output of Campbeltown whisky in 1842 was 747,502 gallons, giving an average yield from each distillery of over 30,000 gallons. Of the entire production 12,978 gallons were exported to England, paying a duty of 7s. 10d. a gallon, 3,413 gallons was shipped under bond to Ireland, and 4,346 gallons were consigned duty free to foreign countries. The remainder, 58,700 gallons, was marketed in Scotland, paying duty at the rate of 3s. 8d. per gallon.

Colville investigated the dates of erection of the Campbeltown distilleries, and traced the following:⁸⁵

Campbeltown Distillery:	1817
Kinloch (Ceanloch):	1823
Meadowburn:	1824
Longrow:	1824
Lochhead:	1824
Dalaruan:	1825
Hazelburn:	1825
Burnside:	1825
Rieclachan:	1825

82. N.S.A., VII, Campbeltown, (1845), p. 464.

83. P.P., Fifth Report ... into the Revenue (1823), Appendix (8, p. 188.

84. Pigot: Commercial Directory of Scotland (1837), p.220.

85. Colville, D., The Origin and Romance of the Distilling Industry in Campbeltown, A Paper read to Kintyre Antiquarian Society, Jan. 1923.

Union:	1825
Highland:	1827
Glenramskill:	1828
Argyll (McKinnon's):	1828
Springbank:	1828
One opposite Woodland	
	Place: 1828
Springside:	1830
West Highland:	1830
Lochside:	1830
Kintyre:	1831
Caledonian:	1832
Dalintober:	1832
Scotia:	1832
Lochruan:	1833
Mountain Dew (later Thistle):	1834
Toberanrigh:	1834
Glenside:	1835
Mossfield:	1835
Albyn:	1837

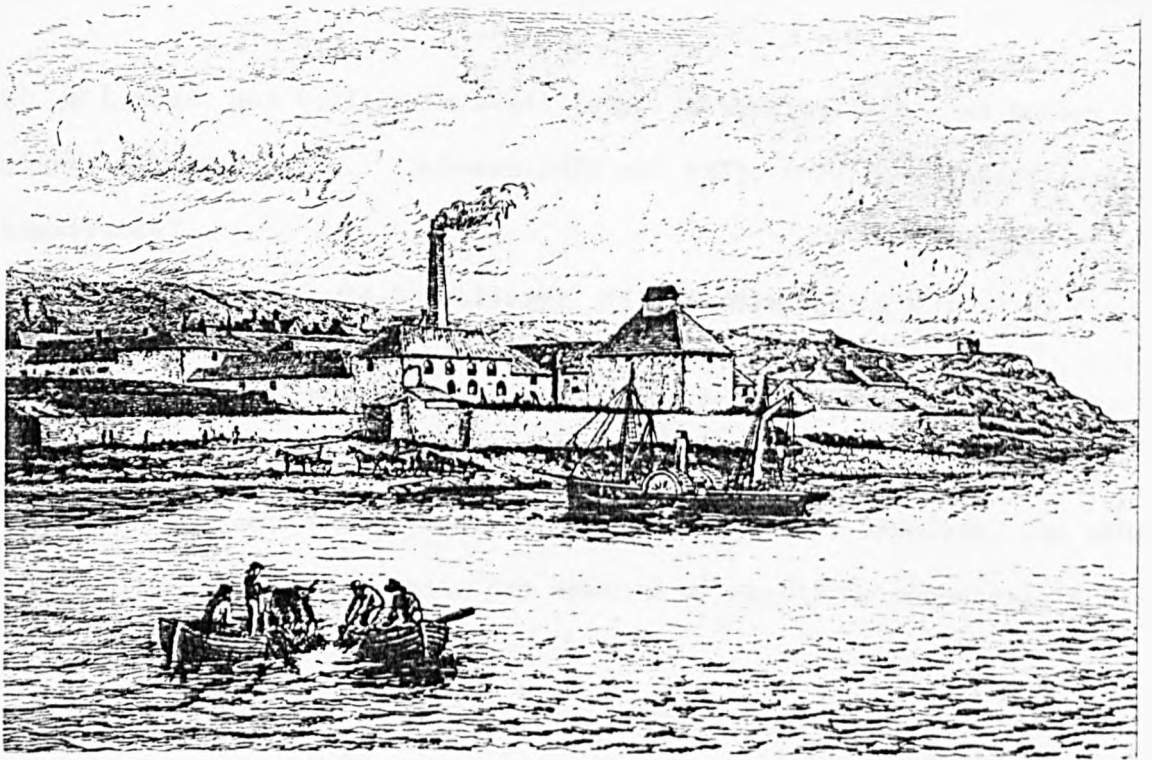
This tremendous concentration of distilleries required a large Excise establishment with a collector, three supervisors, two clerks, and no less than fifty inferior officers.⁸⁶ The intensity of competition from a multitude of small production units created its problems. Financial difficulties proved the undoing of several. Glenramskill was advertised for sale in Kay's 'Argyllshire Magazine', during 1835; the first Argyll distillery, also known as Mackinnon's, became defunct in 1844. The firm which ran the Drumore distillery was sequestrated and the premises were sold in 1847.⁸⁷

The scale of some of the distilleries was very limited: Colville refers to the sale of an entire distillery and its utensils for £378 14s. 6d. complete about 1838.

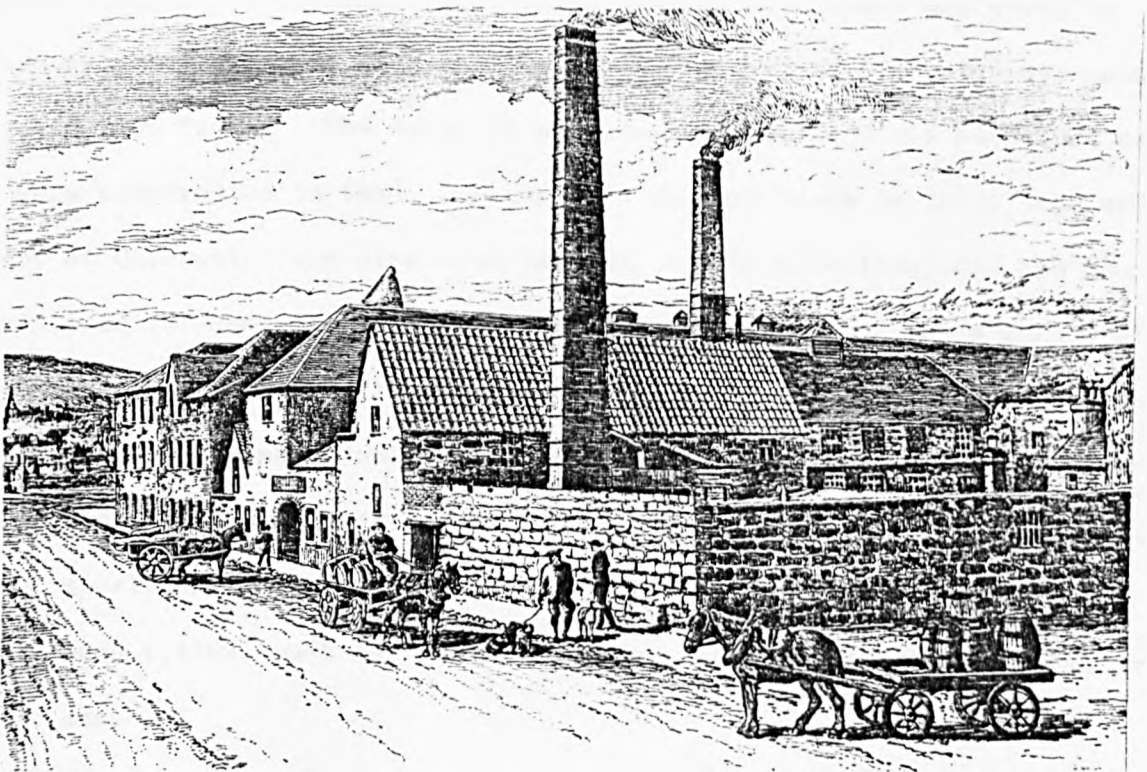
Although there was some contraction, a few new distilleries were subsequently added to the Campbeltown concentration. In 1844, a new Argyll distillery under Colvill, Greenlees & Co. was set up: in 1868, Benmore distillery was built for Dulloch, Lade & Co., the partners of which were Archibald

86. N.S.A., VII, Campbeltown (1845) p. 464.

87. Colville, op. cit.



Bowmore distillery, Islay, c. 1886. W. & J. Mutter. The firm owned a steamship James Mutter, which was sold to Macbraynes Ltd. The harbour at Bowmore is severely silted.



Lochruan distillery, Campbeltown c. 1886. The Campbeltown works, like those in Islay, benefited from the development of reliable sea transport. (From Barnard).

Bulloch of London, and William Carswell Lade, Matthew Bulloch, and Robert Sutherland, all of Glasgow. Between 1872 and 1879, three more distilleries were constructed:

- 1872: Glengyle Distillery: William Mitchell & Co.
- 1877: Glen Nevis Distillery: D. MacCallum & Co.
- 1879: Ardlussa Distillery: James Ferguson & Co. of Glasgow.

Hence there was a trend for capital from Lowland entrepreneurs to supplant local enterprise in the town; wine and spirit merchants, blenders, and other wholesalers, were developing their own sources of supply by investing in distilling capacity.

Much reorganisation of partnerships and business arrangements occurred in the Campbeltown distilleries between 1855 and 1850. This process may indicate the existence of business difficulties which could only be mitigated by fresh infusions of capital and ability; it may also be due to the demise or retirement of the first generation distillers of 1817-50. New co-partneries had to be formed. For example, gas installations from a new gas works in the town were being put in Kintyre distillery about 1840: such improvements might need more funds. The scale of business at Hazelburn was such that new works were constructed in 1845. Meadowburn changed hands in 1854; the co-partnership at Caledonian was dissolved in 1851, as the distillery had not been in production for some time. Earlier, Union distillery had had a change of ownership in 1835, while Springbank had been sold by the creditors of William Reid & Co., its original proprietors to J. & W. Mitchell in 1837.⁸⁸

Reorganisation and change thus typified the mid-century period in distilling at Campbeltown: there were breakaways to form new firms, under more sophisticated titles, such as 'The Glenside Distillery Company,' and similar descriptions.

Distilleries were also functioning in other areas of Argyll. At Loch-

88. Colville, op. cit.

gillhead, there was a distillery, which constituted the sole manufacturing industry in the town; it made about 19,000 gallons of whisky each quarter.⁸⁹ There was another in Kilninver and Kilmelfort parish; this was probably John McAllister's distillery at West Loch Tarbert, which was accounted a big establishment, under such excellent management that no bad effects were visible on the morals of the people employed therein.⁹⁰ A passing reference is given for 'a distiller' in Tobermory, where John Sinclair was established in 1834. Neither John Stevenson's distillery at Oban, nor James Nicol's distillery at Inveraray are recorded, although they are named in the Seventh Report of 1834.⁹¹

Despite the growing significance of the licensed distilleries, smuggling had not entirely disappeared in Argyllshire. For too long it had been the chief occupation of the crofters and fishermen in the winter season, and the peasantry were still tempted to increase their incomes by practising illicit distilling in the parishes of Kilcalmonell, Kilchrenan, and Saddell as late as 1845. The Minister of Kilchrenan had played a leading part in making an appeal to the Board of Excise in 1829 for assistance in eradicating the illegal activity, and his colleagues equally deplored the continuance of the 'unholy and unpatriotic traffic.'⁹²

The New Statistical Account thus demonstrates that Campbeltown was already an outstanding centre of the whisky distilling industry, and that a second focus of some significance was emerging on Islay.

III Perthshire

In several Perthshire parishes too a concentration of very small distill-

89. N.S.A., VII, Glassary (1844) p. 692.

90. Op. cit., VII, Kilninver and Kilmelfort (1843) p. 69.

91. P.P. Seventh Report ... into the Excise Establishment (1834) Appendix 57, p. 229.

92. N.S.A., VII, Kilcalmonell, (1843) p. 410.

eries had grown up by the mid-nineteenth century. These little pot still units had been set up on the initiative of landed proprietors like Sir Neil Menzies, the Duke of Atholl and other lairds. In 1834, the Collector of Excise in the Perth district was able to report an 'astonishing difference about Aberfeldie and Loch Tayside', where there had formerly been over 150 prosecutions a quarter for smuggling and illicit distilling. After 1823, the use of small stills being permissible, persons of limited capital were enabled to enter distilling. Secondly, as being unlicensed became unprofitable and dangerous, illicit distillers took out licences because the fee was modest. The consequence was that far too many distilleries were started relative to the potential consumption in the Highlands. Profits fell, and contraction took place.⁹³

Between 1823-33, the Aberfeldy area had 12 or 14 little distilleries, operated by about 110 men, almost all of whom were former illicit distillers who were 'employed and interested in these distilleries, all making their whisky legally, who had been smugglers in the mountains.' Around Pitlochry and Dunkeld, there were another 20 or so of these premises, some of which were 'patronised' by a Major Patters who encouraged distilling amongst his tenantry.⁹⁴

The intention of the lairds served many purposes - to give farmers an outlet for superfluous grain, to provide whisky for local consumption and thereby remove the need for illicit distilling, while at the same time, bringing whisky making under the supervision of the landowner, who generally erected the premises, supplied the utensils, and sought tenants to run the enterprise. This was what Mackenzie of Seaforth tried to do at Stornoway, and Campbell of Jura applied the same solution.

93. P.P., Seventh Report ... into the Excise Establishment (1834), pp. 52-3.

94. Ibid.

In 1822, Sir Niel Menzies had strongly recommended the reduction of duty on all licensed stills, and he in time established at least two distilleries on his own estate in Strathtay.⁹⁵ Before 1823, the Duke of Atholl was pointing out the futility of encouraging legal distillation, before there was 'a general determination from the landed interest' which was one sure way of beating the smugglers.⁹⁶ He also favoured small stills, reasoning that small ones yielded better whisky, and why should consumers be given noxious liquor from big stills as an alternative?

1) Moulin: On the Atholl estates, the parish of Moulin, which was controlled by Pitlochry Excise collection, had seven distilleries in 1839: there were operating 'with little intromission throughout the year.' Each small unit contained two pot stills for converting worts and wash into spirits, which were then thought fit for immediate consumption 'without any further rectification.' The capacity of the stills varied from 150 to 460 gallons each, 'with other utensils in proportional magnitude'. The works appear not only to have been modest, but even primitive:

'Till very recently, the various operations of pumping, removing worts, spirits &c., from one vessel to another, were performed by manual labour, and the malt mills were propelled by horses; but now these operations are generally performed by machinery propelled by water - a power for which the natural declivities in this country are peculiarly adapted.'⁹⁷

By 1859, it was believed that there were no smugglers within the bounds of Moulin: a switchover had been made from illicit to legal distilleries. Just as at Glendronach distillery, in Aberdeenshire, so here in Perthshire, a few of the more enterprising farmers had come together to finance and operate one

95. P.P., Fifth Report ... into the Revenue (1823), Appendix 45, p. 128.

96. P.P., op. cit., Appendix 56, p. 135.

97. N.S.A., X, Moulin, (1839), p. 658.

or two distilleries, in addition to those promoted by the lairds. It had become a vested interest of both landowners and former smugglers to see to it that legal establishments had a secure foothold in the district: thereafter the illicit variety was quickly superseded.

The farmers greatly appreciated the refuse from distilling as fodder, which enabled them to carry more live stock through the winter, thereby enriching the land with more manure. The most remarkable improvement was however the transformation in attitudes:-

'And when it is considered that many of the partners are persons who were previously engaged in the "duty free trade," certainly the most demoralising scourge that ever visited the Highlands, it may be some consolation to our "temperate friends" to know, that the temperate, industrious and honest legal trader has been engrafted on the once intemperate, improvident and lawless smuggler.'⁹⁸

Costs and Output:

An analysis is given of the yearly production of whisky in Moulin, which averaged 90,000 gallons, giving an output per still of over 12,000 gallons. About 9,000 bolls of barley were needed to supply the stills, but only 2,900 bolls were available in the parish; this amount was further reduced because at least 3 bolls were consumed as barley meal in each family, so that 1700 bolls went to distillation. Hence about 6,000 bolls of barley were brought in from neighbouring districts and from the Lowlands. The quantity of malt manufactured in Moulin was about 24,000 bushels, but this was difficult to compute because some of the 6,000 bolls of barley was already malted when brought to the parish.

Much peat was burned by the distillers, and was procured at great expense - the rapid depletion of peat banks was a cause of alarm:

'In consequence of the immense quantity used by the numerous distilleries in the neighbourhood it is feared that, unless a

more judicious and economical system be adopted of cutting the mosses than is at present in operation, they will ere long be so exhausted as to add very considerably to the present outlay. Should the once projected railroad betwixt Perth and Dunkeld go on, it will tend much to remove all grounds of fear, and to diminish the expense to which, in the article of fuel, we are at present necessarily subject.⁹⁹

The whisky distilled in Moulin was valued at 7s. 6d. per imperial gallon, and the entire annual export from the parish was worth over £35,750: the yearly incidence of Excise duty on both spirits and malt was estimated to be about £20,000. When the price of the malted barley at £1 per boll was deducted from the gross selling price, only a small sum remained whereby the distillers could cover their outlay in time, labour, rent, wear and tear of utensils, and occasional business losses.¹⁰⁰

Marketing:

As far as the Moulin distillers were concerned, their retail outlets were relatively well developed. There were seven public houses in the parish - all being much less demoralising than the imagination would suppose them to be: there were only a few individuals who were notorious tipplers, but they were exceptions to the high toned morality of the peasantry. The greatest proportion of the whisky was so esteemed for its strength and flavour that it was marketed in the Lowland towns like Dundee, Perth and Edinburgh. By 1839 some of the distillers in Moulin were exporting to England, one distillery at least sending regular consignments to several London dealers in wines and spirits. Perhaps over production was compelling them to seek markets further afield.

99. Ibid.

100. Ibid.

2) Logierait

In the neighbouring parish of Logierait, six distilleries were in production in 1842. These absorbed almost 36,600 bushels of malt each year, distilling 65,000 gallons of malt whisky. About 50 per cent of the barley used was raised in the parish. The yield in duty was over £3,600 per annum, assuming a malt tax of 2s. 7d. per bushel, and a spirits duty of 3s. 8d. per gallon, which applied in 1840. As in Moulin, the whisky was transported to Dundee, Edinburgh, and occasionally to Glasgow: those were the principal outlets, but larger consignments were being sold in Perth, and in other parts of the county itself.¹⁰¹

A variety of fuel was on hand: oak cuttings at 5s., peat at 5s., and coal from Perth at £1 5s., all per cart, including carriage. The relatively high cost of peat in Strathtay compared with the more northerly counties, with abundant peat beds, where a load cost half as much, is noteworthy.

5) Aberfeldy

Westwards in Strathtay there were the Menzies estates, where after 1825 there were three distilleries, 'The buildings were erected, and all the necessary utensils and apparatus furnished and kept in repair by Sir Niel Menzies, Bart., entirely at his own expense, for the sole accommodation of his tenants; but, owing to some mismanagement, they were not successful, and after a few years operation the buildings were either pulled down or converted to some other purpose.'¹⁰²

By 1842, there remained two other distilleries in the district and although they were not in the parish of Dull, more than two-thirds of the shareholders in the establishments were parishioners of Dull. One distillery was at Blackhill (Logierait) and the other at Pitilie Burn (Weem), the former

101. Op. cit., X, Logierait (1842) p. 697.

102. Op. cit., X, Dull (1842) p. 775.

making over 14,000 gallons of malt whisky and paying £3,000 duty each year, and the latter distilling 6,000 gallons, and paying £1,320 in duty.

The ruins of the Pitilie distillery, with its dam and lade were described as late as 1954. The water from the Borlick or Pitilie burn was so well suited to distilling that this led Dewars of Perth to build their Aberfeldy distillery below the old site in 1896; before long they discovered that water from the river Tay admirably served their purposes. Pitilie distillery is believed to have ceased operations about 1880. The farmer at Borlick, Alexander MacLean, was the principal partner in the distillery. The malt was prepared at Borlick in a building close to the present farm house. Upstairs there was a lath and plastered kiln room, with its wide funnel shaped chimney-ventilator, and downstairs a pit into which the dried malt was shot, and in which it was allowed to remain until ready for spreading on the specially prepared clay floor where in due course it began to sprout. The construction of the clay malting floor is outlined. First, the clay was spread evenly over the area to be covered; sheep were then driven slowly to and fro over it, until it was trampled down to the hardness of concrete. The Borlick malting floor was extant in 1954 and 'Malt Store No. 1', could be seen on a door there.¹⁰³

This sidelight into industrial archaeology emphasises the simplicity of the premises. Indeed, the present day Edradour distillery at Pitlochry maintains the pattern of small scale equipment and limited production, which dates back to the emergence of the industry from its twilight origins in the area. Edradour has two pot stills each with a content of about 600 gallons; its buildings are of the most modest description resembling a farmhouse rather than a distillery, and they clearly reveal its beginnings as a sideline to farming. It is reputed to have the smallest output of any distillery in Scotland. Just as with the Moulin whisky, the malt spirit from Pitilie and its

103. Mackay, N.D., Aberfeldy Past and Present (1954) p. 42.

neighbours was much prized for its rare qualities, and fine flavour. It always found a ready market and at a high price.

One distillery is noted in Kenmore: it was a still of 150 gallons, which required only 700 bolls of barley or bear in the year, producing 7,000 gallons of whisky, and yielding about £855 duty in that period.¹⁰⁴ Another is recorded at Pitcarmick in Kirkmichael parish; it was the property of Patrick Small Keir, Esq., and in 1842 was being conducted by Alexander Fraser of Pitcarmick.¹⁰⁵

Such establishments had put paid to smuggling on Tayside; the illicit distilleries 'these seminaries of impiety and dissipation' had at last succumbed to a rigid application of wiser Excise laws, and had been replaced by little licensed stills, worked by the same men, in the same locality.

4) Other Areas of Perthshire

Muthill parish had three distilleries in 1837, which were alleged to be a direct response to the needs of the agricultural interests in the area; although these premises gave a useful outlet for grain, food for cattle, and employment to many workmen, their product was described as 'Scotland's scaith'.¹⁰⁶ Their joint output of whisky was 100,000 gallons. In Auchtergaven, near Dunkeld, there were four distilleries, but during 1838, only two were in action, but all were capable of making malt. In addition, there was a maltings in the parish, and sufficient work to employ three coopers.¹⁰⁷

The market town of Crieff, had two distilleries working in 1838, in association with five malt barns. The grain malted each week was 120 quarters, which was entirely employed to make malt whisky: the town's output of whisky was variable but usually ran at 1,400 gallons weekly. The quality was

104. N.S.A., X, Kenmore (1838) p. 485.

105. Op. cit., X, Kirkmichael (1842) p. 788.

106. Op. cit., X, Muthill (1837) p. 329.

107. Op. cit., X, Auchtergaven (1838) p. 441.

considered to be very good, and the major part of it was exported and sold in English markets.¹⁰⁸

As Crieff was the location for the periodical Excise collections for the district, some statistics are given for whisky output, consumption and revenue at Crieff during 1836.

Licensed venders of ardent spirits ...	48
Gallons sold out of stock	2,056 gallons
Gallons retailed	14,622 "
Revenue arising from duties on malt	£5,244 12s. 10d.
" " " the duty on distillation	£7,331 10s. 11d.

In nearby Comrie, a distillery owned by a Mr McIsaac was functioning; it processed 7,098 bushels of malt in 1836, giving a whisky output of 18,546 gallons, of which only 1,498 gallons were sold and consumed within the parish. The rest was exported. This distiller owned a farm on the Dunira estate, which was the largest arable holding in the parish (270 acres of arable/1,200 acres of grazing). There he grew 250 quarters of barley each year, in addition to large acreages of oats and other crops. The distillery must have been a valuable adjunct to his agricultural enterprises.¹⁰⁹

Supply Problems:

The depletion of peat reserves was greatly concerning distillers in Central Perthshire, where peats were the main fuel, and could only be 'procured at a vast expense of time and labour.' The average distance from the peat moors was lengthening, being about 2 miles. Had time and effort been costed, peat might have been as expensive as coal brought 20 or 30 miles from the pits via Perth or Crieff. The transport costs from these towns were 1s. 6d. to 1s. 8d. per cwt.¹¹⁰ English coal was stocked at the Perth depot at £1 a ton.

108. Op. cit., X, Crieff (1838) p. 514.

109. Op. cit., X, Comrie (1838) p. 590.

110. Op. cit., X, Kenmore (1838) p. 485.

In summer, carters hawked coal through villages, and many farmers drove loads to the Highlands from the coal fields of Fife and Clackmannan,¹¹¹ At that season, tenants were busily cutting peats on the Duke of Atholl's moors, or in the Grampian foothills.

Crieff, being near the Highland Edge, was well placed for the receipt of coal, priced at 8½d. to 1s. 2d. per cwt, which was brought from Bannockburn or Alloa to the town, but peat cost 4s. a cartload because of its scarcity.¹¹²

An almost universal hindrance to development in Perthshire was the inadequacy of public transport. For instance in Comrie, which was generously endowed with streams giving a good water power potential for establishing manufactures, it was believed that unless the proposed railway lines were built, distance from markets, and fuel supplies, would always place enterprise at a disadvantage.¹¹³ Probably, whisky, which was of relatively high value in proportion to its bulk, was one of the more suitable products in such a locality: it could be made substantially from local grain, with wood, peat, and water power as sources of energy, during winter, the season of non-agricultural activity, when labour was slack.

Detail Outlets:

It has been shown that the large towns in Lowland Scotland, peripheral to the Highlands - cities like Perth, Dundee, Edinburgh and Glasgow - were major distribution and marketing centres for the malt whisky production of the Highlands. What is impressive is the penetration of this fine quality whisky into the English market, especially to London, by 1839. Nevertheless, local outlets for whisky were also numerous, particularly in the market towns like Crieff. It was the centre of a notable tryst, or cattle market held every

111. Op. cit., X, Auchtergaven p. 441.

112. Op. cit., X, Crieff, p. 514.

113. Op. cit., X, Comrie p. 590.

Martinmas, which was only rivalled by the renowned Falkirk Tryst. To Crieff, came cattle drovers from all over Highland Scotland, bringing herds of black cattle.

To accommodate the drovers, there were 48 ale and dram houses, and one inn, the Drummond Arms; these premises had an injurious effect on the people, and the Parish Minister reported that half of them could be swept away with profit to the rest of the community.¹¹⁴ Comrie had 13 inns and ale houses licensed to sell spirits, whereas four would have been sufficient. Efforts had been made to get the number reduced, with some measure of success - the total having fallen from 16 in 1829 to 11, but in opposition to the Kirk Session, the Justices had then augmented the number of licences issued, and consumption of whisky in the Parish was increasing.¹¹⁵

The city of Perth which had once been supplied almost exclusively with smuggled whisky, was obtaining whisky of a superior kind from legal distilleries at a much lower price than the smugglers had charged. As the city was the regional capital, and an important market, it had a profusion of licensed premises - no fewer than 323 sellers of spirits, 249 inns and ale houses, as well as 74 licensed grocers.¹¹⁶ It is not surprising that the Account inveighed against the evils caused by the over-abundance of drinking premises there.

The landward parishes also had a superabundance of licensed premises. Auchtergaven had 26 houses 'licensed to sell porter, ale and British spirits'; in one district alone there was a public house for every 31 families, and 75 per cent of the total were 'public nuisances.'¹¹⁷ Those that were necessary were on the turnpike and public roads, where accommodation was kept for

114. Op. cit., X, Crieff p. 514.

115. Op. cit., X, Comrie p. 590.

116. Op. cit., X, Perth, (1837) p. 90

117. Op. cit., X, Auchtergaven (1838) p. 441.

travellers and carriers going to and from the Highlands. If a publican had held a licence for any length of time, it was almost impossible to remove it, unless complaints were made about his contravening the laws. Muthill displayed a dramatic increase in the number of licensed premises from 7 about 1830 to 20 in 1837, which together retailed over 1,500 gallons of whisky.¹¹⁸ By contrast, Kenmore had no ale houses, and the one inn was no longer 'ruined by intoxication, brawling and fighting', which had spoiled 'festive occasions.'¹¹⁹

Summary

The parish reports for the Central and West Highlands tend to substantiate the trends in whisky production, and its associated business problems, which have been outlined for the North East and the Northern Counties. Small scale pot still premises were very numerous, especially in Strathtay. Lairds and local farmers were the main source of enterprise and capital for these projects. Smuggling had abated as licensed distilleries became securely established. Marketing was becoming more sophisticated, and the distribution of whisky was occurring even in London in the regular course of trade. The ease with which dram shops supplied local demand was roundly condemned, but perhaps the excess of retail outlets only reflected the over-production of whisky in many localities.

The Lowlands

By the 1840s, patent stills had been installed at several existing distilleries in Lowland Scotland. The immense capacity of this new equipment - to consume wash, and produce spirit - introduced a new dimension into whisky production. The Lowland capitalist distillers had before 1798 been capable

118. Op. cit., X, Muthill (1837) p. 329.

119. Op. cit., X, Kenmore (1838) p. 485.

of rapid working, and large outputs of spirits resulted. The Steins could process 5,000 gallons of wash in 3 wash stills every 5 hours.¹²⁰ No pot still however expeditiously it was operated, or however it was modified, could compete with patent stills in terms of the flood of production generated, at a cost of one third to one half of the pot still whiskies. There was thus a continued dichotomy in Lowland distilling - relatively modest malt whisky distilleries existed side by side with technologically advanced units with Coffey stills. Of course, the ambivalence in whisky making in Lowland Scotland was clearly discernible in the 1780s; the capitalist distillers like the Steins and the Haigs, were catering for the English market, supplying raw grain spirits for rectification, while other Lowland distillers were confined to a smaller scale of business in the home market. Animositities and jealousies of longstanding thus tended to be perpetuated into the nineteenth century, and intense rivalry was also engendered among those distillers who had invested in the new patent stills.

Lowland Distilleries:

There are many omissions in the New Statistical Account concerning the Lowland distilleries; the Seventh Report of the Commissioners of Inquiry into the Excise Establishment (1834), for instance, notes the presence of several distilleries in the Glasgow area, but not one of these is described in the parish surveys. Even in Edinburgh, where the Haigs and others were in active business, only a passing reference is made to the distillation of whisky as being a major industry. The distillers were sometimes reluctant to publicise their doings. In Inveresk, close to the capital, a distillery was functioning, the property of 'W. Aitchison, Esq., of Drumore, who declines permitting any information to be furnished regarding it.'¹²¹ Another reason

120. P.P. Report from the Committee upon the Distilleries in Scotland 1798-9, p. 433.

121. N.S.A., I, Inveresk, p. 292.

why there is a dearth of information about Lowland distilleries is that such a profusion of impressive new industries were clamouring for the attention of the writers. Occasionally the Church authorities utterly disapproved of distilleries, and turned a blind eye to them; the position was an awkward one because teinds were paid to the Kirk for the support and maintenance of the buildings and of the Ministry. The amount of the teinds, and indeed of the stipends (salaries of ministers) often depended on grain prices, which could be inflated by demand from distillers for barley.

1) Fife and Clackmannan:

By 1836 the Inverkeithing distillery was making whisky both for the English and home markets with 'Coffey's steam apparatus'. This is the earliest reference to come to light regarding the installation of one of Coffey's patent stills in a Scottish distillery. The premises employed 80 men, working 10 hours a day, in a situation where 'the employments were healthy, and the payment good.'¹²² In 1834 the occupant of the distillery was George A. Haig, but thereafter the premises were owned by Duncan Montgomerie & Co.¹²³

Other Fife distilleries were at Cameronbridge, where there was 'a very extensive grain distillery', in the control of John Haig; the description 'grain distillery' may well indicate that there was a patent still on the premises. A Stein still set up there in 1832 would probably be in production in 1840, the date of the report.¹²⁴ The Seggie distillery, owned by William Haig is more fully documented; it was extensive, and had been built on the banks of the river Eden about 1810, and until 1836, it had prospered; about 100 quarters of grain was processed daily in the colder months of the year. Over 100 workmen who received 'ample wages' were employed. Several

122. Op. cit., IX, Inverkeithing (1836) p. 244.

123. P.P., Seventh Report ... into the Excise Establishment, Appendix 67, p. 229.

124. N.S.A., IX, Markinch (1840), p. 677.

scores of cattle were fed within the premises, and farmers in the surrounding area much appreciated the reliable market for their grain harvests.¹²⁵

At Burtisland, there stood the distillery of Grange, lying to the north of the town. It was controlled by William Young & Co. Over 11,000 quarters of malt, which yielded 185,000 gallons of proof spirit, were handled per annum. The duty earned by this output was £36,000, or nearly £100 a day. As at Seggie, the practice was to fatten 700 head of cattle a year, which were sold at an average price of £15 10s., thereby earning over £10,850. The labour force numbered about 100, who although exposed to undue temptations, appeared in general to be 'steady and sober'.¹²⁶ The transport of raw materials and whisky required a stable of 50 horses.

Westwards in Clackmannan, there were several outstanding distilleries in production. Foremost of these was Kilbagie 'a work of long standing and of great extent', which is described in detail in the section on the Steins. Suffice it to say that this establishment provided waste to feed 700 cattle and much of its output was exported to London. Kennetpana distillery seems to have fallen out of use by 1841. The other distillery was Clackmannan, owned by John Stein in 1834. It was on a much smaller scale than Kilbagie, making malt whisky solely for the Scottish market.¹²⁷ Both plants benefitted from the availability of coal from five collieries in the immediate area, from local grain supplies and from the ease of import and export on the river Forth. Not only was barley bought for distilling, but there was also a substantial importation to serve breweries in Alloa. This town was famous for its two major distilleries - that of Carsebridge, owned by John Bald & Co., and that of Cambus, owned by Robert Moubray & Co., both of which were 'in active and

125. Op. cit., IX, Leuchars (1836) p. 226.

126. Op. cit., IX, Burtisland (1836) p. 416.

127. Op. cit., VIII, Clackmannan (1841) p. 128.

constant operation' in 1841. The proprietors freely gave information about them. At Cambus, 400 cattle were fed on draff: over 374 quarters of malt were used each week, giving 6,000 gallons of spirits in the same period or 300,000 gallons per annum: 60 men were employed.¹²⁸ Particulars are noted about duty payments:-

Distilling duty per annum	£50,000
Malt duty do	<u>10,000</u>
	£60,000
Deduct drawback on malt do	<u>9,000</u>
	<u>£51,000</u>

Carsebridge distillery was on nearly the same scale as that at Cambus: the duty paid being similar. An associated industry of note was a glassworks founded by a Danish company to serve the two distilleries and 8 breweries in Alloa by providing bottles; this work covered a site of 6 acres, and was well placed for coal supply from pits by a railway of 'the most approved construction.' The glassworks was greatly enlarged in 1825, when a joint stock company erected three additional cones.

2) Anous. Forfar. and Kincardine:

North of the Firth of Tay towards the Highland boundary, there were pot still distilleries in market towns like Brechin; it had two premises, making 'spirits from malt' in 1833. The proprietors were Guthrie, Martin & Co. in Brechin distillery, and David Scott in Glencadam.¹²⁹

Near Stonehaven, on the banks of the Cowie, was located the Glenury distillery, which had been opened in 1824. It claimed the right to be called the Glenury Royal distillery - the 'Royal' title being also assigned to Fraser's distillery of Brackla, near Nairn. Glenury had known prosperity,

128. Op. cit., VIII, Alloa (1841) p. 49.

129. Op. cit., XI, Brechin, (1833) p. 137.

and had been extended from time to time so that by 1840 it was capable of distilling over 6,000 quarters of barley annually. The buildings were commodious and substantial, while the utensils were 'of the best description.'¹³⁰ The firm was in difficulties in 1842 for the proprietors had offered the place for sale, and distillation had only been carried out intermittently for some time. There was an action in the Court of Session in November 1841, when a petition for expenses involving George Watt of Edinburgh against Barclay, McDonald & Co. distillers in Glenury and others was presented.¹³¹ The partners of the company are given as:-

Robert Barclay Allardice of Ury,
 Thomas Barclay Armstrong, residing in Stonehaven,
 Durness & Kinnear, Solicitors, Stonehaven,
 Thomas Smith, merchant in Stonehaven,
 John Windsor, (formerly of Wiltshire), now in Stonehaven,
 Robert Spring, Baker in Aberdeen.
 James McDonald, A.M., Jesus College, Cambridge,
 John Robert Brown Cave, of Kenilworth House, Warwickshire.

This motley collection of partners found distilling unprofitable, as did many other distilling enterprises, Lowland as well as Highland, in the 1840s. Andrew Philp, formerly a distiller at Kirkliston, had his affairs sequestrated in 1841: so did Archibald Dunlop of Haddington.¹³² The New Statistical Account demonstrates that distilling was in a state of instability at this period - contraction for some was countered by expansion for others.

In Fettercairn, the malt whisky distillery of James Stewart & Co. was situated at Nethermill, where a few men only were working ... 'the nature of their operations necessarily renders their hours irregular'; 'a fair remuneration' was said to be earned by the persons who had invested their capital in the distillery.¹³³

130. Op. cit., XI, Fatteresso (1842) p. 261.

131. Minute Book of the Court of Session: 1841-2: Vol. 61, Bill Chamber First Division, 18 Nov. 1841.

132. Op. cit., p. 58 and p. 93.

133. N.S.A., XI, Fettercairn (1837) p. 123.

Regarding the total production of alcoholic beverages in the eastern Lowlands, it is clear that little breweries were far more numerous than distilleries; towns like Montrose had five breweries in 1835.

Smuggling:

The eradication of smuggling was a welcome feature in parishes adjacent to the Highlands. At Kirkcaldy, smuggling was completely overthrown, whereas in former days, ponies laden with kegs used to be led to Dundee in great numbers. Smuggling of gin and brandy prevailed on the coast until the 1830s. Whisky came by land from illicit distilleries in the Highlands, 'but a subsequent alteration of the law, by improving the spirits of the larger distilleries, and reducing their price, almost suppressed illegal distillation, and if an increase of drunkenness was the immediate result of the reduction of price in that evil ... there has since been a great abatement.'¹³⁴ Hence the putting down of illicit distilleries and smuggling had had the initial effect of making spirits cheaper - the duty fell to 2s. 4 $\frac{3}{4}$ d. per proof gallon, and at once the protection of a high duty level was lost to the smugglers, whose prices were then undercut substantially by the licensed distillers. Ministers held the opinion that smuggling was suppressed by a changed economic climate for illicit distilling, because it had been impossible to convince smugglers of their guilt. Foreign smuggling also ceased because foreign merchants did not receive very regular remittances, and this plus the low price of new whisky from licensed stills, and the establishment of the coast-guard stopped free trading on the coasts of Scotland.¹³⁵ The purchase of Highland whisky from the Grampian smugglers was also rooted out by the vigilance and severity of the Excise on land, and by 1835 was unknown in Kincardineshire.¹³⁶

134. Op. cit., XI, Kinnell, (1842), p. 404.

135. Op. cit., XI, Arbirlot, (1835), p. 334.

136. Op. cit., XI, Kinnettlea, (1835), p. 219.

5. Linlithgow, the Lothians and Haddington:

The absence of documentation for distilleries in Edinburgh and the Lothians has been indicated. Linlithgow had at least two distilleries in its vicinity in 1834 - A. & J. Dawson's St Magdalene distillery, and A.J. Grosse at Bonnymuir distillery, but the parish survey for 1843 only comments on their being one extensive distillery there.¹³⁷ The Bo'ness distillery to the west of the town of that name was in 1843 a sizeable one but because of adverse circumstances was being worked in a limited way, making spirit of superior quality. The revenue paid had sometimes exceeded £300 per week. The farmers obtained a generous supply of excellent manure from the distillery, because there was a unit for the fattening of cattle associated with the premises.¹³⁸ Nearby, a new distillery under the firm of the Glenforth Distillery Company had been functioning, but only on a small scale, making from 1,700 to 2,600 gallons weekly. It was built 'in the most approved manner, and skilfully managed,' yielding spirits of the finest quality; 20 persons were employed and the trade of South Queensferry had been considerably augmented by the imports and exports generated by its existence.¹³⁹ Meantime, a long established brewery had been discontinued. In 1846, the Glenforth Distillery Company was the subject of a dispute in the Court of Session; at that time, the sole partner was a Mr Wyld, described as a distiller at South Queensferry, who was suing James Rennie of Newbridge, Kirkliston for the non-payment of two promissory notes for £42 and £41. Wyld's business was sufficient to enable him to maintain a travelling agent.¹⁴⁰ Glenforth may later have been the site of

137. P.P., Seventh Report ... into the Excise Establishment (1834) Appendix 7, p. 229 et seq.

138. N.S.A., II, Bo'ness (1843) p. 137.

139. Op. cit., II, Glenforth (1843) p. 16.

140. S.R.O. U.P. 1 DR:G:33/11: Glenforth Distillery Coy. v. Rennie & Wood: 25 Feb. 1846.

one of Coffey's stills, because correspondence in the possession of John Dore & Co. Ltd., Essex, refers to an installation being undertaken at South Queensferry about 1940.

Only a brief comment is made in the Account about the existence of distilleries in the Edinburgh area. One is mentioned in Ratho parish; it was connected with the estate of Ratho Hall, and in 1839 was rented by a firm Messrs Duchan. Its total employment was 11, and the quantity of whisky distilled was about 42,000 gallons a year. The whisky was 'much esteemed' by competent judges.

Haddington had few manufactures of significance, but there were in 1835, two distilleries and two breweries in the town. One of the distilleries was in the possession of Archibald Dunlop. No particulars are given about these establishments. Prestonkirk also had a distillery, employing 50 men, and capable of distilling no less than 500,000 gallons per annum, yielding a revenue in duty of £12,000. This was the celebrated Kirkliston distillery, which in 1834 was in the control of the Patent Distillery Company, and was probably operating a Stein still at that time.¹⁴¹

4. Stirlingshire and Dunbartonshire:

Close to the town of Linlithgow, but in Falkirk parish, was the distillery at Bonnymuir, which paid duty of £150 per week to the Exchequer, and was of a sufficient size to employ 12 men. There was also another distillery in the parish at Camelou, but it was a small one, with a labour force of only 5 persons.¹⁴²

The existence of distilleries in Denny was discussed in the section on Captain Amory's distillery. The Account states that two distilleries had been erected, one in Denny itself, and the other at Bankier on the Forth & Clyde

141. N.S.A., II, Haddington, (1835) p. 13.

142. Op. cit., VIII, Falkirk (1841) p. 7.

Canal. The firm of MacPherson and MacNaughton controlled the Denny distillery, which produced 53,500 gallons of proof spirits from two stills - a wash still of 500 gallons, and a low wines still of 400 gallons. The other unit at Bankier, on the river Bonny had a similar capacity, and was making malt whisky.¹⁴³

At Fintry, on the flanks of the Campsies a distillery was set up by Messrs Cowan & Company in 1816. It was in active operation in 1841, distilling annually 70,000 gallons of whisky, entirely from malt. The spirits were taken to Glasgow, where there was a brisk demand, as the whisky had 'long maintained a high character.'¹⁴⁴

A decline in the number of distilleries had occurred at St. Ninians, where there had once been six, but in 1841 only one was extant - that of Chartreshall.¹⁴⁵ It was in St Ninians that Robert Haig, an ancestor of the Haig family, had been found guilty by a Kirk Session of distilling on the Sabbath in January, 1655; no objection was taken to a farmer or any other person having a private still in his home so long as it was not operated on a Sunday. Hence the tradition of distilling in St Ninians parish was a long-standing one.¹⁴⁶

Between October 1839 and October 1840, the St. Ninians distilleries used 23,490 bushels of barley: malt was made at St Ninians itself, at Bannockburn, and Sauchenford; the yearly output averaging 28,980 bushels. Like the distillers, the local brewers were in eclipse: whereas there had been several brewers, by 1841, there was only one, 'nor does he carry on business to a great extent.'¹⁴⁷

143. Op. cit., VIII, Denny (1841) n. 123 and p. 130.

144. Op. cit., VIII, Fintry (1841) p. 46.

145. Op. cit., VIII, St Ninians (1841) p. 332.

146. Laver, J., The House of Haig (Markinch, 1958) pp. 8-9, quotes the Kirk Session Record of St. Ninians Parish Church, 4 Jan. 1655.

147. N.S.A., VIII, St. Ninians, p. 332.

In Nimmo's History of Stirlingshire, a more complete picture is presented of the county's distilleries. He noted the existence of Messrs Cowan's plant at Fintry, and of the Glenguin distillery (also known as Glengoyne) in the Blane Valley. Another is recorded at Gargunnoch, which was sometimes called Glenfoyle. Camelon distillery is said to have been set up in 1842 by a Mr. Rankine.¹⁴⁸ Nimmo also remarks upon the demise of illicit distilling: the activity had never been considered a crime by some communities, being regarded rather as a legitimate industry of the countryside. Hence men of all kinds were connected directly or indirectly with the illegal trade - 'from the lawless ruffian, who would not scruple to commit murder, if need be, to the simple-minded cottar, who was incapable of doing any mischief.'¹⁴⁹

Dunbartonshire had a few notable distilleries in operation about 1840. Kirkintilloch boasted two distilleries in constant activity, and another curiously described as 'an occasional distillery.' Of the two in normal production, one yielded 1,800 gallons of whisky a week, and the other 1,400 gallons: the total annual output was 116,400 gallons, which at the price of 6s. per gallon ('a moderate computation',) would earn £49,920 for the firms. The Edinburgh and Glasgow Railway had opened, and between Cadder Moss and Garn-gaber on that line stood the Lochside distillery, while the other establishment may have been at Luggieside.¹⁵⁰

Littlemill distillery, at Old Kilpatrick, was owned in 1839 by a Mrs McGregor, who made 48,200 gallons of whisky a year, the duty on which was over £8,000. The malt consumption exceeded 11,000 bushels, which paid £1,643 in malt duty giving a total revenue to the government of over £9,600. Another

148 Nimmo, W., History of Stirlingshire Vol. II (3rd edition, 1880), p. 345.

149. Nimmo, op. cit., p. 165.

150. N.S.A., VIII, Kirkintilloch (1839) p. 200 and p. 211.

distillery, extant to-day, was at Auchentoshan, which was in the ownership of Messrs Filshie; it paid only £3,150 in duty during 1838.¹⁵¹ In New Kilpatrick parish, a small distillery employing only 5 hands, and processing only 483 quarters of barley, was making whisky. Its output was about 11,200 gallons per annum. This may have been the Tam Bowie distillery on the slopes of the Kilpatrick Hills, west of Milngavie.¹⁵²

The proximity of the Glasgow market, and improving transport - by canal, and even more by railway, were proving very advantageous to these distilleries.

5. Renfrewshire, Dumfriesshire and Wigtonshire.

Five distilleries were functioning in Renfrewshire, according to the Parish reports; the foremost centre was Paisley, with three - 'two in the town, and one in the country.'¹⁵³ Greenock had one flourishing distillery in 1840. It afforded employment to 20 persons, including boys, and paid £21,000 annually in Excise duty; its yearly sales were estimated to be worth £50,000. Like very many other distilleries in Lowland Scotland, a dairy housing 40 or 50 cows was attached to the premises: the milk yield was 250 to 300 'Scotch pints' per day, which were equivalent to 150 gallons per day. The workmen were paid at the rate of 15s. per week.¹⁵⁴ There had been no distilleries in Greenock until the early nineteenth century: the first was begun 'close by Mr. Hill's Mill'; it was followed by another 'near to the Low West Bridge.' The most imposing establishment was erected in 1824, at the head of Tobago Street, by John Dennistoun. A contemporary description recalls that in 1828 'the Shaws water was introduced into the work', and this had achieved a great

151. Op. cit., VIII, Old Kilpatrick (1839) p. 29.

152. Op. cit., VIII, New Kilpatrick (1835, revised 1876) p. 58.

153. Op. cit., VII, Paisley (1837) p. 275.

154. Op. cit., VII, Greenock (1840) p. 441.

improvement in the flavour of the spirit. The distillery was regarded as 'a complete work', yielding whisky of excellent quality.¹⁵⁵

About 1836, in Renfrew, there was a distillery 'near the river Trust establishment; probably at the mouth of the Pudzeoch, which was canalised to Renfrew in the 1790s. It was an establishment with a long history, making whisky from malted barley, and also from bere, dried with peat. Fully 22 men worked there, and received from 12s. to 16s. a week for their labours. Here too there was a large dairy with 100 milch cows; during winter time, they were fed on draff, and turnips, while in summer, they were put out to pasture. The dairy was staffed by five men, three dairymaids, and four milkers. Both the whisky and the milk were marketed in Glasgow.¹⁵⁶

Subsequently another distillery was set up on the Patrick Burn near Elderslie, and it appears on a map of 1858 as the Glenpatrick distillery.¹⁵⁷

6. Glasgow and Lanarkshire

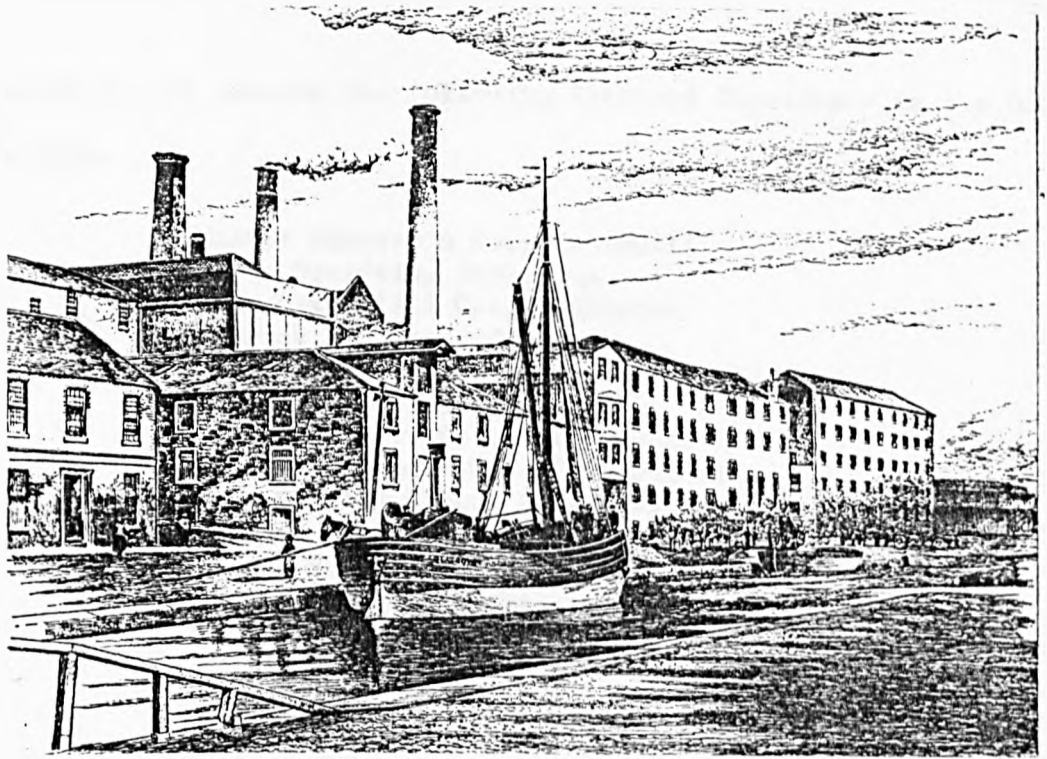
Although there were 16 distillers in the Glasgow area listed in the Seventh Report of the Commissioners of Inquiry into the Excise Establishment in 1834, only a cursory reference is made to distilling in the city in the New Statistical Account. It is noted there that licensed distilling was of recent date in Scotland. The first person in the West of Scotland who had a licensed still is given as William Menzies of Gorbals, Glasgow. He had opened his distillery in Kirk Street in 1786, and his licence was the fourth taken out in Scotland, the houses of Messrs Stein, Haig, and another firm, having preceded him. At that date, duty was modest, and the best malt spirit sold at 5s. per gallon.¹⁵⁸

155. Weir, D., History of the Town of Greenock (1829) p. 96.

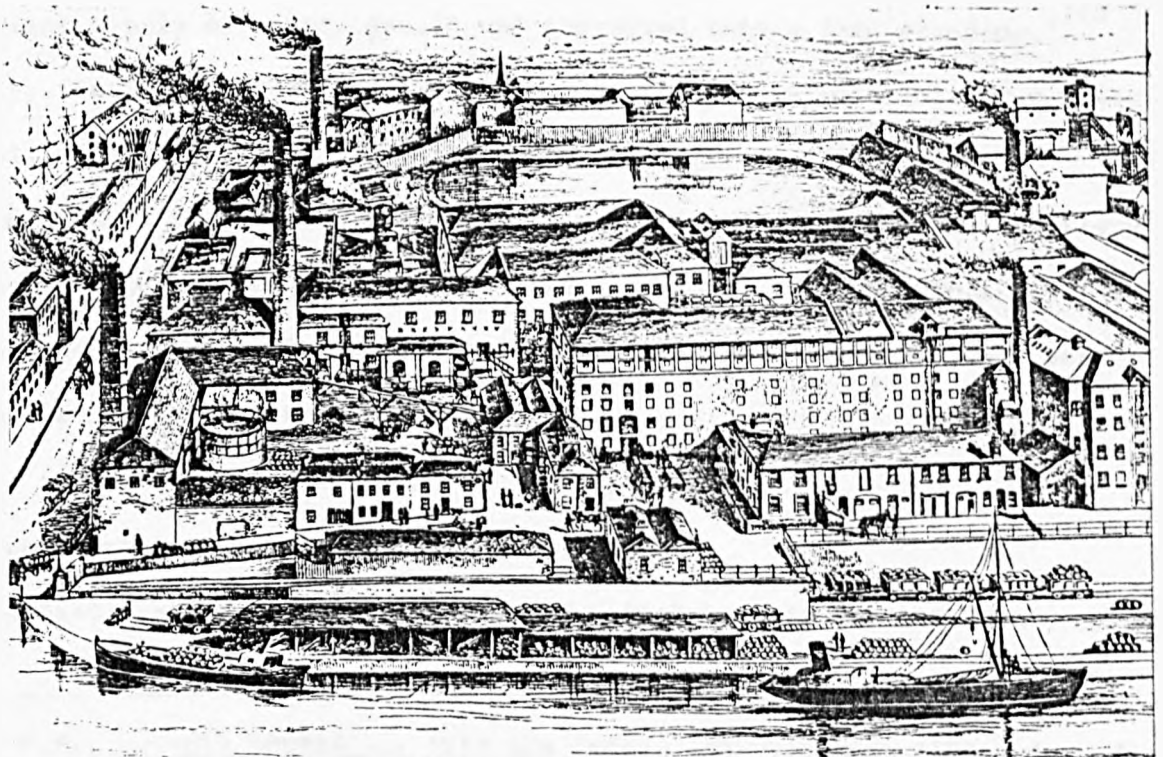
156. N.S.A., VII, Renfrew (1836) p. 25.

157. Ordnance Survey, 1st Edition, 6 inch map: Renfrewshire (1858)

158. N.S.A., VI, Glasgow (1835) p. 163.



Port Dundas distillery, Glasgow, c. 1886
MacFarlane & Co., sited their premises on the
Forth & Clyde Canal; the works were acquired
by the Distillers' Company Ltd. in 1877.



Dundashill distillery, Glasgow, c. 1886.
J. & R. Harvey & Co. Harveys moved their
works from Paisley when the Forth & Clyde
Canal opened; the premises are now a
cooperage for D.C.L. (From Barnard).

The Seventh Report records the following licensed distillers in the Glasgow area for 1834:

Walter Stewart & Co., Kennyhill
 James Dredale, Anderston
 John Mitchell & Co., Anderston
 Patrick Thompson, Glasgow
 John Carnie & Co., Barrowfield
 James Kay, Milend
 Glasgow Disty. Co., Port Dundas
 John McFarlane & Co., Port Dundas
 John Gourlay & Co., Port Dundas
 Glasgow Disty. Co., Port Dundas (larger premises)
 Robert Reid, Castlehill
 James Thompson, Gorbals
 C. & D. Gray, Gorbals
 David Hay, Woodside
 Allan & McAllan, Calton
 James Russell, Wellfield. 159

There was a remarkable concentration in the Port Dundas district, doubtless in order to take advantage of the canal transport facilities. Cadder parish through which the Forth & Clyde Canal passed also had distilleries; there one of these had been recently erected, 'but luckily there was not a sufficient supply of water, and it was converted into a farm steading.'¹⁶⁰ Usually, financial troubles rather than scarcity of raw materials like water or fuel, were reasons for the failure of distilleries.

In Wishaw, Lord Belhaven erected 'a very large and extensive distillery at the west end of the village' just prior to 1836. The buildings were 'of the very best mason work, and completely slated', and, besides, there were 'extensive shades for feeding cattle.'¹⁶¹

7. Dumfriesshire and Wigtonshire.

No distilleries are described in the parish reports for the County of Ayr,

159. P.P., Seventh Report ... into the Excise Establishment (1834) Appendix 67, p. 229.

160. N.S.A., VI, Cadder (1836) p. 415.

161. Op. cit., VI, Cawbusnethan (1839) p. 622.

but there were several in the South West counties. The parish of Kirkmahoe had a distillery 'on a judicious and moderate scale' at Glencarrick - 'above Duncow, near Whitehill, on the banks of a romantic rivulet' - which was in full and prosperous production. Its presence was welcome because it not only gave an outlet for local farm produce, but also yielded draff, 'a very nutritive and agreeable kind of food for fattening cattle.'¹⁶² A distillery had been completed in Dunscore about 1830; although it had been 'on a pretty extensive scale', it was given up after two years on the decease of the proprietor, and it had not returned to production. The reason was that it was distant from fuel supplies, and had other unspecified problems, which threw doubt on its profitability.¹⁶³

Bladnoch distillery in Wigtonshire was flourishing. In 1839, it was consuming 16,000 bushels of barley, and employing 20 men regularly.¹⁶⁴

The survey of the distilling capacity in the Lowlands shows a wide variety of installations - Stein stills, Coffey stills and pot stills of different volumes. The Excise duty payable depended on output and gives a rough measure of productive capacity: it was of course eventually passed on to the consumer, but distillers had to finance the outlay in the first place. The Haig family dominated distilling during the 1830s, and into the mid century-- if their payment of duty is an adequate indication of the production from their distilleries:

James Haig & Co., Lochrin, Edinburgh,	£85,000 duty
James Haig & Co., Sunbury "	£65,000 "
Thomas Haig & Co., Bonnington "	£47,000 "
John Haig & Co., Cameronbridge, Fife	£28,000 "
William Haig & Co., Seggie, "	£50,000 " ¹⁶⁵

162. Op. cit., IV, Kirkmahoe (1834) p. 66.

163. Op. cit., IV, Dunscore (1835) p. 345.

164. Op. cit., IV, Wigtown (1839) p. 6.

165. P.P. Seventh Report ... into the Excise Establishment (1834) Appendix 67, p. 229 et seq.

The Steins were in eclipse in comparison with the Haigs and some other Lowland distillers:

Robert Stein & Co., Kilbagie, Clackmannan	£50,000 duty
John Stein & Co., Clackmannan	£ 4,000 "
J. MacFarlane & Co., Port Dundas	£36,000 "
John Gourlay & Co., Port Dundas	£44,000 "
John Bald & Co., Carsebridge	£28,000 " 166

It was in these high output distilleries, yielding a handsome revenue to the Exchequer that the patent stills were to find ready acceptance. The modest Clackmannan distillery of John Stein & Co., which paid only £4,000 a year, on the basis of its whisky making, in fact brought less revenue in Excise duty than did Highland distilleries like Glendronach, which in 1834, earned over £6,000 for the government. Variation in scale is also demonstrated by employment levels. The labour force at Lowland distilleries was often about 20 men; it could be as few as 12, or as many as 50 persons. One or two distilleries like Haigs distillery at Seggie were in a class by themselves, as they employed upwards of 100 workers.

Raw Materials:

The Lowlands of Scotland had some parishes with a surplus of grain including barley, and there were others where cereals were imported to a considerable extent. From East coast ports, like Montrose, barley was a major item of exportation. The Bo'ness area also had a grain surplus. Although much was malted and used at the Bo'ness distillery, a considerable quantity was prepared elsewhere and exported as malt. The harbour had a big grain trade both to foreign and British ports; the grain merchants having accommodation for warehousing over 15,000 quarters: the increased output of whisky had led to the storing of spirits in those granaries.¹⁶⁷

The distilleries at Denny were welcome purchasers of barley; the practice

166. Ibid.

167. N.S.A., II, Bo'ness (1843) p. 137.

was for farmers to consign grain to the distillery and if it was acceptable for malting purposes, the price negotiations were left to the distillery companies. Bere was preferred to barley for making the best whisky, but it did not give such a high yield of alcohol, and hence was not so profitable to the distillers.¹⁶⁸

About 1839, barley was selling at £2 10s. per imperial quarter, bere was cheaper. Prices at Kilmarnock were £1 9s. a boll for barley, and £1 4s. a boll for bere.¹⁶⁹ The Kirk's finances depended closely on the prevailing demand for grain. The teinds, a source of income to the Church, were applied to the Ministers' stipends and communion elements. In Kirkintilloch parish, the teinds consisted of -

Meal valued at	£102	9s.	4d.	
Barley " "	£133	4s.	5d.	(for 121 bolls)
Money " "	£262	1s.	3d.	¹⁷⁰

Hence the Kirk was not disinterested in the disposal of the barley crop; distilleries were a major outlet for the harvest.

Fuel:

Increasingly, distilleries were finding it advantageous to be close to coal supplies, and the price of this fuel rose considerably the more distant the works were from a colliery. For instance, a distillery beside Renfrew was near coal pits: but quantities were also purchased in Glasgow and in Ayrshire at a cost of 9d. per cwt. Peat was also used, and could be obtained at no great distance. Across the Clyde, at Old Kilpatrick, 5s. bought 12 cwt of coal.¹⁷¹

Carsebridge and Kilbagie were well placed for coal supply, having pits

168. Op. cit., VIII, Denny (1841) p. 130
 169. Op. cit., V, Kilmarnock (1839) p. 545.
 170. Op. cit., VIII, Kirkintilloch (1839) p. 200.
 171. Op. cit., VII, Renfrew (1836) p. 25.

near the premises. Improvements in transport were dramatically altering site values. By 1859, the Bankier distillery on the Forth & Clyde Canal had a tramway laid from the Jenny Lind pit, to serve both the distillery and the canal. The tendency for distilleries to seek canal sites has already been discussed, but in the mid-nineteenth century, the value of the railways had again changed locational priorities. Benefits were conferred on distilleries whose frontage lay on or near a railway line, e.g. Loch distillery in Kirkintilloch parish which was passed by the Edinburgh and Glasgow line.¹⁷² Districts remote from transport developments tended to be bypassed, e.g. parts of S.W. Scotland where in Dunscore parish, a distillery ceased to function because of its isolation from sources of supply and markets. Steamer services from the Clyde to the West Highlands were bringing the whiskies of Kintyre and Islay to the Glasgow area, and undoubtedly the ease of assemblage of whiskies of different origins was a significant factor in the progress of the blending side of the industry. The casks came to centres like Glasgow and Leith by sea, by rail, and to a lesser extent by canal. It was the Lowland distillers who found themselves well placed as the new transport system in Scotland was formed.

Consumption and Social Problems:

In rural areas of the central Lowlands, public houses and ale houses were as much in evidence as in parts of Perthshire or Aberdeenshire: the ministers and heritors were anxious that their number should certainly not be increased, and if possible they should be curtailed. For instance in Farnell, there was neither an inn nor an ale house 'nor is the want of them regretted by any.'¹⁷³ Wherever there were highways, inns grew up along the public roads, and sold whisky; even toll houses retailed it, although forbidden to do so by law.

172. S.R.O. RHP. 560 (1841): Plan showing Loch Distillery.

173. N.S.A., XI, Farnell (1833), p. 114.

Industrialisation was spreading: the presence of works and factories seemed to increase intemperance. Near spinning mills, collieries and iron works, ale houses and whisky shops paying high rents, proliferated. Hence problems of over consumption of alcohol which had been regarded as confined to towns and large villages were becoming more widespread. Much of the misery of the industrial workers was attributed to the ease with which drink could be got, because an excessive number of licensed premises existed. The situation was much worse in the West of Scotland, where coal mining, cotton spinning and weaving, and iron working were at their zenith. Here the drift from countryside to towns was more marked, some dramatic increases in population having taken place in particular localities. The population of the parish of Old Monkland to the north-east of Glasgow had been 1,813 in 1755, but it had soared to over 9,580 in 1831. By 1840, it had no fewer than 110 alehouses to supply its inhabitants.¹⁷⁴ The same could be said of the boom town of Airdrie in the coal and iron producing region of Lanarkshire: inns, alehouses and spirit shops abounded, and there was a pressing need to reduce licences. Local distilleries and breweries inundated the retailers with stocks, which had once been obtained from smugglers. In Dalserf, 'night and Sabbath drinking' was too common, while at Bothwell, public houses were occasionally scenes of riot and Sabbath desecration, especially if they were situated near collieries or public works.¹⁷⁵

Glasgow had by 1835 one licence holder or public house to every 14 families: others openly retailed spirits although they had not been able to obtain a licence, so that it was estimated that one outlet where whisky was on sale was available for every 12 families in the city.¹⁷⁶ Out of a total of 7,700 arrests a year in the city, 3,000 were for drunkenness. The police

174. Op. cit., VI, Old Monkland (1840) p. 667.

175. Op. cit., VI, Bothwell (1840) p. 804.

176. Op. cit., VI, Glasgow (1835) p. 195.

had the practice of detaining drunken women until they were sober, then releasing them uncharged, otherwise the number might have been 50 per cent greater. In 1839, in the Gorbals, there were 4,000 charges for 'being drunk and disorderly', or 'drunk in the streets'.¹⁷⁷ Comparable conditions occurred in other towns and industrial areas in the Lowlands.

South of the Clyde in the burgh of Govan, inns and alehouses were so numerous that they constituted 'a great moral nuisance,' and 'their pestiferous effects' were only too clear among the weaving community.¹⁷⁸ New Kilpatrick had 16 alehouses or one to every 31 families, and a plea was made for proper strictness in the issuing of licences. The number of retail outlets for spirits was definitely growing. Row (Rhu) parish recorded an increase of 11 to almost 50 in 1839.¹⁷⁹ There had been a rapid rise in such premises at Eastwood. Indeed, it is clear throughout the Glasgow and Clyde region that whisky shops and dram houses were multiplying. The Port of Greenock, which had 31 inns and taverns, also supported 275 other places retailing ale and spirits, giving a ratio of one public house for every 25 families in the parish. The number of licences issued had swollen from 233 in 1821 to 306 in 1840.¹⁸⁰

Efforts were being made to tackle the problem, both at a legislative and a personal level in much the same way as smuggling had been suppressed both by changing the legal climate, and by gaining the support of landlords, and other people to eliminate the traffic.

During the 1820s 'temperance' was an individual matter but towards the end of the decade, the drunkenness and social depravity became so desperate

177. Saunders, L.J., Scottish Democracy, 1815-1840 (1950), p. 231.

178. N.S.A., VI, Govan (1840) p. 718.

179. Op. cit., VIII, Row [Rhu] (1839) p. 83.

180. Op. cit., VII, Greenock (1840) p. 441.

that organised resistance began. The temperance movement entered on a phase of intense activity, which had resemblances to evangelical crusades. The educative influence of the movement was considerable, and it particularly enlisted the support of the working classes, and of women of all social groups. A dilemma soon appeared - whether to appeal to the state to regulate the evil of intemperance or to rely on individual restraint.

The eighteenth century practice of heavy drinking had by no means been confined solely to upper classes; but by the 1820s, it was the labouring people who found drink ~~the~~ easier and cheaper to obtain, while some of the aristocracy and many from the middle class were affected by the trend towards sobriety.

Before smuggling's profitable days were brought to an end by the Excise Act and other legislation of 1822-3, less than 2 million gallons of legally made spirits had entered consumption in Scotland; yet in 1825, with the establishment of legal distilleries, the national consumption reached 6 million gallons - a level at which it remained until the 1850s.¹⁸¹

The lower duty on whisky was supplemented by alterations in the retail licensing system. Until 1794, permits to retail wines and spirits had cost between £4 and £7, the actual sum depending on the rent paid for the premises. General licences were comparatively few in number, but there was a big illegal trafficking in liquor. The right to sell alcoholic beverages implied showing responsibility and discretion - hence the innkeeper had a respected position. In 1794 however the first cheap licences to retail whisky only were granted at the reduced rates of 20s. in the Highlands and 40s. in the Lowlands. Thereafter nearly 4,400 of these 'whisky licences' were issued, in addition to those of the 1,300 registered licence holders: hence by 1795, the number of retail outlets had multiplied five times in a single year.

181. Saunders, *op. cit.*, p. 231.

During the Napoleonic wars, consumption of home produced beverages increased at the expense of imported wines and spirits. When the wars were concluded, the whisky licences stood at over 5,700, and the general licences at 2,700. After 1815, the cost of whisky licences was doubled, but their number only declined temporarily. Thereafter, licences rose greatly - and by 1829, there were over 3,500 general ones, and over 7,500 whisky ones. The rise continued with the instituting in 1825 of a £2 2s. 0d. general licence for houses under £10 in rent. Hence the total number of licences exceeded 17,200 five years later.¹⁸²

Only the capacity to pay the licence fee seems to have been the desirable requisite for holding a licence. Magistrates and Justices of the Peace had the right to refuse but in fact rarely did so. There was no substantial reduction in the total number of licences until after 1850.

The people were thus given the facility of drinking on every possible occasion, and they seemed disposed to take it. 'To some of the tenement dwellers in the old towns it was almost as cheap as water and easier to carry.'

The New Statistical Account shows that Total Abstinence Societies had spread to the Highlands by the 1840s, but their mainspring was in the Scottish Lowlands. John Dunlop was the founder of the first Temperance Society; he spent himself in good works - he was a Justice of the Peace, an elder of the Kirk, Secretary to Glasgow Chamber of Commerce, a Sunday School teacher, a supporter of Missionary societies, popular savings banks, and technical education for artisans. Temperance Societies, which had recently been founded in the United States were an example to follow, and the first permanent society was at Maryhill, near Glasgow,¹⁸³ where Dunlop's family were land-owners. The second society was established in Greenock, to be followed by

182. Ibid.

183. Saunders op. cit., p. 233.

others in Glasgow and Edinburgh (1836). Much support was attracted from other quarters; men like William Collins, who was a printer in Greenock joined the cause, and over half a million tracts, were circulated. To some degree, church extension in the industrial centres was part of the temperance movement. Skilled artisans and lay preachers, merchants and ministers came together to promote its advance.

An intensification of reforming enthusiasm resulted in pleas for total abstinence, and in Glasgow, after 1836, there was a rapid membership growth to over 35,000.¹⁸⁴ Political intervention was sought to control the issue of licences, and only allow licence holders to operate on a surety of good conduct. The enforced closure of public houses on Sundays was demanded to prevent desecration of the Sabbath. John Dunlop believed that both moral persuasion and legislative action were essential.

From 1836 onwards, Total Abstinence Societies spread. Groups were active in Brora, Huntly and Inverness by the 1840s. Even in a rural parish like Ruthven in Angus the heritors put down the only ale house, and a Total Abstinence Society was formed.¹⁸⁵ Dundee had had a temperance organisation since 1829; William Cruikshank, a local carter, was its leader. His ability at lecturing, reading, and organising was such that there were over 1,000 members by 1833. Cruikshank became a preacher to a congregation of Wesleyan methodists in Leeds. The difficulty of approach to the question of controlling liquor consumption is astutely summarised in the Dundee report:

'That drunkenness is an evil of wide and increasing prevalence, admits of no manner of doubt. Whether the Temperance societies, restricting the number of licences to venders of whisky, a tax

184. Saunders, *op. cit.*, p. 256.

185. *M.S.A.*, XI, *Ruthven* (1842) p. 420.

upon ardent spirits, or whether a moral remedy is to be looked for to effect a cure, we cannot tell, but that some measure is necessary, few who have reflected on the subject will be disposed to deny.'¹⁸⁶

The town had more than its share of whisky shops which were 'numerous and pernicious', in addition to respectable inns and taverns. It typified the situation in the Lowlands, where urbanisation and industrialisation, with their attendant squalor and misery, gave abundant scope for the demand for cheap potable alcohol to soar. In 1850, over 10 million proof gallons of spirits were made in Scotland from its 167 distilleries. Although the number of the production units was to fall by a third to 1975, the output of alcohol was to grow by leaps and bounds. Patent Stills came into use increasingly in the mid-century, and new market vistas opened up for the distillers both in Britain and overseas.

186. Op. cit., XI, Dundee (1859) p. 47.

The Great Distillery Promotion.

The Scotch whisky industry entered a phase of unprecedented expansion and prosperity in the latter half of the nineteenth century. New distilleries were erected in the Highlands, and new companies were floated to build them. Unfortunately, part of the demand was an artificial one, an insidious evil, whereby people unconnected with distilling or blending began to speculate by purchasing whiskies to hold for future sale. The inevitable result was over-production, followed by a drastic reduction in both the number and output of existing distilleries. There was speculation, both in whisky fillings, and in the shares of Scotch whisky firms.

The development of the distilling industry had depended upon the family firm or small partnership, with unlimited liability resting on the partners, and unlimited freedom for the master to conduct affairs. As industrial and social conditions became more complex, there evolved the private company, and other more sophisticated methods of adjusting business administration and enterprise to the needs of the times. The joint stock and limited liability legislation between 1844-62 removed limitation on the growth and ultimate size of the firm when it broke off the connection between the extent and nature of a firm's operations, and the personal financial situation of its owners.¹ Entrepreneurs responded slowly to the new possibilities; by 1885, limited companies accounted for only 5 to 10 per cent of the total number of big businesses, and the family business was still dominant. The private company (legally unrecognised until 1907) was popular, having grown out of partnerships, or joint stock companies. It was widely accepted in the Scotch whisky industry, where private registration could obtain limited liability while keeping the original management and privacy, but further growth was possible only to the extent of the capital of the shareholders cited in the Articles of Association.² Changes in the techniques of financing and

1. Payne, P.L., The Emergence of the Large Scale Company in Britain: 1870-1914; E.H.R. 2nd Series, XX, 3 Dec. 1967, p. 520.

2. Ibid.

promoting limited liability companies took time to accomplish. The concept of limited liability itself had little appeal to entrepreneurs who believed in partnership liability 'to the last shilling and the last acre,'³ a principle which had racked the distilling industry in Scotland with repeated sequestrations.

By the mid-1880s, professional promoters were emerging in the capital market, 'hovering on the fringes of the financial scene, coalescing into groups to promote one or two schemes, and then splitting up and disappearing into obscurity.'⁴ The Scotch whisky trade gave opportunities to men like Alexander Edward, Peter Dawson and others to promote distillery companies during this phase; they were responding to a new economic environment, where there was an increase in the number of persons eager to invest their savings due to the growing wealth of the middle classes, and the lists of shareholders is evidence of the diversity of occupations and social status of the investors.⁵ For example, the Speyside Distillery Company, which was registered and incorporated in May, 1895, had a capital of £20,000, divided into 2,000 shares of £10 each, of which 1,250 were issued. Its primary object was the erection and equipment of a distillery at Kingussie, Inverness-shire, at a cost of about £21,000. The names of the subscribers were as follows:-

Augustus C. Baillie, Factor, Dochfour, Inverness,
 Donald Grant, Solicitor, Grantown-on-Spey,
 John MacPherson Grant, yr. of Ballindalloch,
 John Nairn, Edinburgh,
 W.B. Rankin, W.S., Queen Street, Edinburgh,
 William Hume, merchant, Hanover Street, Glasgow,
 Peter Begg, printer, West Circus Place, Edinburgh. 6

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3. Jeffreys, J.B., The Denomination and Character of Shares, 1855-1885, E.H.R. XVI, 1946, p. 45.
 4. Morgan, E.V. and Thomas, W.A., The Stock Exchange, Its History and Functions (1962), p. 136.
 5. Payne, op. cit. p. 523.
 6. S.R.O. U.P: S33/14C and M. 27/15: First Division, 1909, Speyside Distillery Ltd: Petition of Lawrence Maxton: 22, Aug. 1908.

Five of these men formed the company, and their occupations and positions are diverse; lawyer, merchant, laird, factor, and printer among others. They belonged to a moneyed middle class stratum. Noticeable by their absence are distillers and blenders, which may be one reason why this company failed - it had no trade connections of significance, although its creditors included whisky merchants.

The period from 1871 to 1900 has been described as a time of slackening economic growth in Britain, although real wages were rising, and there was a business revival about 1885. Nevertheless, the years were marked by drive, resourcefulness, and careful calculation like the mid-Victorian era. Britain had enjoyed an aggregate growth in income which was faster than its population increase during most of the nineteenth century; by 1870, the expansion in real incomes was coming to an end. Prior to the First World War, the economic difficulties of the middle classes were blamed on taxation and adverse foreign tariffs, whereas those of wage earners were ascribed to the rising cost of living. Bowley believed that average incomes in 1913 were at least one-third greater than in 1880. There were therefore funds available for investment.

In the nineteenth century Scotland, as the shipbuilding and heavy engineering sectors grew, acted as a magnet to the coal, iron and steel industries, while the range of textile industries became of lesser importance. Cotton had lost its place as Scotland's industrial leader to the iron industry by 1860.⁷ Avenues of investment terminated, and others opened; the main rail network was almost complete by 1880, and railway investment tended to be overseas. More interest was therefore taken in foreign investment, and the recipients of rising incomes also looked forward to enjoying the fruits of their labours at home.⁸ Their consumption patterns showed in

7. Butt, J., The Industrial Archaeology of Scotland (1967), p. 25.

8. Checkland, S.G., The Rise of Industrial Society in England 1815-1885, (1964), p. 174.

housebuilding, and in the need of leisure, to enjoy food and drink, to partake of holidays, games and amusements. The Englishman showed a steadily rising demand for beer, and the Scots for whisky: brewery companies grew in size, rarely finding any difficulty in raising money, and they benefited by improvements in transport, the increasing size of urban areas, and the mechanisation of the brewing processes.⁹

Distilling firms also expanded: the grain whisky firms amalgamated, the explanation being that they suffered from surplus productive capacity, fierce competition, falling prices and diminishing profit margins. Temporary co-operation among rival distillers of grain spirit postponed absorption for a time; trade associations of varying durability were formed - 'in the files of offices, there existed arrangements and understandings and gentlemen's agreements not meant for publicity'.¹⁰ The amalgamation of 1877 which created the Distillers' Company Ltd., was a response to competition which had been and still was 'intense, persistent, and painful'.¹¹

As to demand, in Scotland the quantity of spirits charged for consumption rose unsteadily from 5 million proof gallons a year in 1870 to a maximum of 8 million proof gallons in 1900. (To put this in perspective, the total Scotch whisky consumption for the United Kingdom in 1967 was barely 8 million proof gallons). Progress in the consumption of whisky in England had been slow, but gradually Irish whiskey began to find favour there; in the decade 1865-74, it attained considerable popularity. By 1878, however, Scotch whisky was challenging Irish. A trade paper, *Ridley's*, noted that Scotch was receiving increased attention, and forecast, 'as it becomes better known

9. Payne, op. cit., p. 530.

10. Clapham, J.H., Economic History of Modern Britain (1938), III, pp. 212-3.

11. Cook, P.L., The Effect of Mergers (1958), p. 458.

among English consumers [it] should be a more formidable competitor to Irish than at present ... all have a prosperous future ... for whisky is in the fashion.¹² Scotch whisky intensified its hold on the English market as the following data shows:-

Imports into England: Whisky.

Year	From Scotland	From Ireland
1888	2,204,000	1,548,000
1900	7,184,000	4,271,000

Source: Wilson, G.B., Alcohol and the Nation, p. 25.

Gin, the traditional English spirit was being deserted by the public, and in 1905, it had lost ground more to whisky than to brandy or other spirits.¹³ Even after the decline in spirit consumption which followed the rise in duty in 1909 of 3s. 9d. extra on a proof gallon, Scotch whisky maintained and continued to keep its lead in England. Between 1870 and 1900 the English market increased its consumption of spirits from 11 million to 25 million proof gallons, whereas Irish consumption remained at about 4 million proof gallons, and Scottish consumption only went from 4 to 8 million proof gallons.

Regarding imported potable spirits, brandy suffered adversely; being prepared from wine, the quantity available depended on the vintage; for example in 1858 the French vines failed; brandy became so expensive that its export was reduced, and substantial volumes of British spirits were sent to France to fortify French wines. The reverse happened in 1870 when there were big imports of brandy for security reasons during the Franco-Prussian war. In 1881-8, the making of legitimate brandy ceased due to the phylloxera epidemic, and thereafter its popularity declined, mainly owing to its

12. Wilson, G.B., Alcohol and the Nation, (1940), p. 8.

13. Wilson, op. cit., p. 24.

high price. Whisky, especially Scotch whisky took over; it had a price advantage, it could be made from home or imported grain, and patent still spirit could be blended with the more costly and flavoursome malt whiskies to produce a consistent, recognisable brand. The opportunity presented to the Scotch whisky entrepreneurs was firmly grasped. The market was rapidly widened, first in England, and then abroad. Exports to Europe were modest, and the most profitable outlets were in the Empire, especially in Australia. After 1900, the United States showed promising development, taking 1.2 million proof gallons in the year before the First World War.¹⁴

Spirit Exports from United Kingdom.
(principally Scotch whisky): proof gallons:

Country	1860	1900
Australia ...	259,000	2,187,000
Canada ...	91,000	500,000
E. Indies, Burma, Ceylon ...	42,000	683,000
S. Africa	21,000	544,000
Other British territories ...	45,000	111,000
Foreign countries	1,563,000	1,384,000
TOTAL	2,058,000	5,722,000

Source: Wilson, op. cit., p. 28.

There was thus a rising trend in the export field, which as time passed, compensated for difficulties which emerged in the home market. These were the inroads made by the temperance and total abstinence movements. Their success was marked by the decline in the number of licensed premises in Scotland from over 12,000 in 1886 to 9,800 in 1916. England also had a decline

14. Wilson, op. cit.

of over 16,000 in the number of its on-licences in the same period.

The Scottish situation was changed for the better by the Forbes-Mackenzie Act of 1853.¹⁵ Its major contribution was the control of the sale of alcoholic liquors, limiting the drinking hours to between 8 a.m. and 11 p.m. on weekdays, and prohibiting Sunday drinking except in hotels for residents and to bona fide travellers. The number of hours during which public houses could be open was gradually cut down, and in 1913, the Temperance (Scotland) Act made it possible for the people of a district to decide whether they should have 'no licence', 'no change', or 'limitation' (fewer licences).¹⁶ Heavy drinking of Scotch whisky was common in Scotland until the Lloyd George Budget of 1909, when the duty was sharply increased, to be followed during the First World War by further additions and restrictions.¹⁷

The Expansion of Capacity

Evidence of expansion in the Scotch whisky industry is provided by Barnard, and others. Distilleries visited by Barnard about 1886 were investigated; these units covered both Highland and Lowland Scotland, including both grain and malt whisky establishments. Since 1870, ten entirely new units had been added - all malt whisky establishments, the majority of which were located in N.E. Scotland, like Inchgower, Glenrothes, Glenspey, Glenglassaugh and Glenugie.¹⁸ Nevis distillery had been built at Fort William, and Dean near Edinburgh converted from a brewery. Improvements and enlargements had been effected at numerous others since 1870; some indeed had been entirely rebuilt, such as Littlemill, near Bowling, Millburn at Inverness,

15. The Act took its popular name from the M.P. for Peebles-shire who introduced it.

16. Wilson, op. cit., p. 120.

17. MacPhail, I.M.M., A History of Scotland, (Part II) (1956), p. 204.

18. Barnard, The Whisky Distilleries of the United Kingdom (1887), pp. 194-246.

and Dailuaine at Carron on Speyside. Both Banff and Bon Accord distilleries (the latter at Aberdeen) had been completely reconstructed because of fire; the former was renewed in 1877 and the other in 1885.¹⁹ Barnard repeatedly noted new still houses (e.g. at Grange, Durntislant), new maltings (e.g. at Auchtertool, Fife), new utensils (e.g. at Blair Athol, Pitlochry), as well as numerous alterations intended to make production more efficient and more abundant. To accommodate the rising output, several distilleries like Talisker, Glenury, and others, were constructing additional warehouses. The bonded store at Glenury was actually double storied. Even at those units which had not made additional investment in buildings and plant, distillers were contemplating such action. Cardow, for instance, was to be demolished and replaced, while a new distillery was also planned at Glenmorangie.

The Distillers' Company Ltd. was not idle in making improvements during the 1880s; the group was having the still house at Cambus remodelled. It should be noted that this was a patent still unit. Contrary to its avowed policies of restriction of grain whisky production, when D.C.L. had taken over Kirkliston distillery in 1878, the output was raised from 2,000 proof gallons a week to over 20,000 proof gallons a week. The combine appears to have been determined not to lose ground to its competitors, and to match the swelling tide of malt whisky with sufficient grain spirit for blending purposes. As the boom in Scotch whisky advanced, it relied upon bigger outputs of grain whisky from existing plant, whereas malt whisky came from new promotions and a proliferation of new units.

Additional evidence is found in Moray and Banff Illustrated, for 1894-5, which shows the expansion at a more advanced phase. It begins by referring to the rapid increase in demand owing to the growing preference for Highland whisky, both at home and overseas. Several new distilleries had come into

19. Barnard, op. cit., p. 240 and p. 251.

operation, and many old ones had been greatly enlarged since the 1880s.²⁰

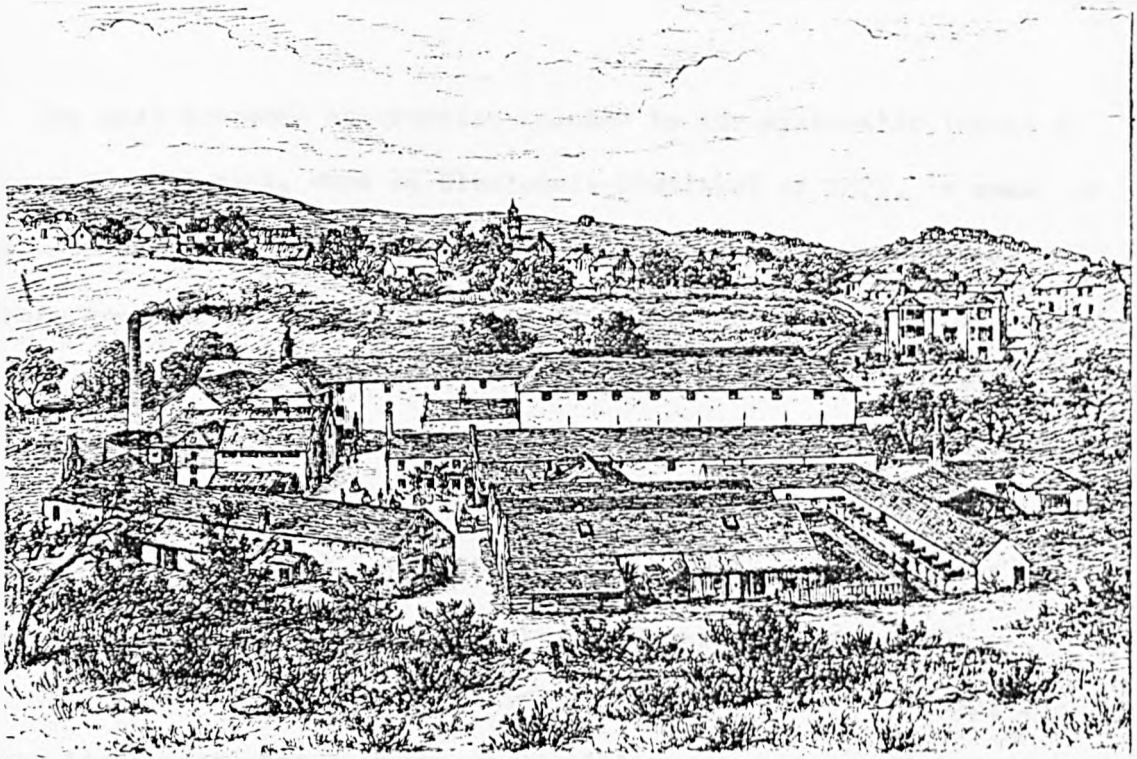
The Dailuaine-Glenlivst Distillery Company was formed in 1890, by Thomas Mackenzie, the son of the founder, who became the managing director. The distillery dated from 1850 and was remodelled in 1883, being so enlarged that it was alleged to be the biggest malt whisky distillery in Scotland, which was almost certainly an exaggeration. Nevertheless, Dailuaine was 'a model of scientific organisation, equipment and management,' with its 'modern labour saving devices' and tile linings for cleanliness.²¹ In 1898, Mackenzie acquired Talisker distillery in Skye, forming the Dailuaine-Talisker Distilleries Limited. Talisker itself was a distillery of long-standing, having been set up in 1830 by two brothers, Hugh and Kenneth Macaskill, who were sheep farmers. In addition to his interest in Dailuaine and Talisker, Mackenzie went on to build the Imperial distillery, adjacent to Dailuaine at Carron; after working for the 1898-9 season, Imperial was closed down until 1919, when it re-entered production for a period of six years. Thereafter it became a maltings, but was completely reconstructed by D.C.L. in 1955. (The latter had assumed control of Dailuaine-Talisker Distilleries as early as 1916).²²

Radical changes also took place at Glenburgie, near Forres; the distillery dated from 1810, but its annual output of 24,000 gallons was increased in the boom years to 125,000 gallons. Distilleries took advantage of electric light, which reduced fire hazards; for example, Glen Grant at Rothes had electricity by 1893, as had the Highland Distilleries' Bunnahabhain on Islay - the first building to have electric light on the island.

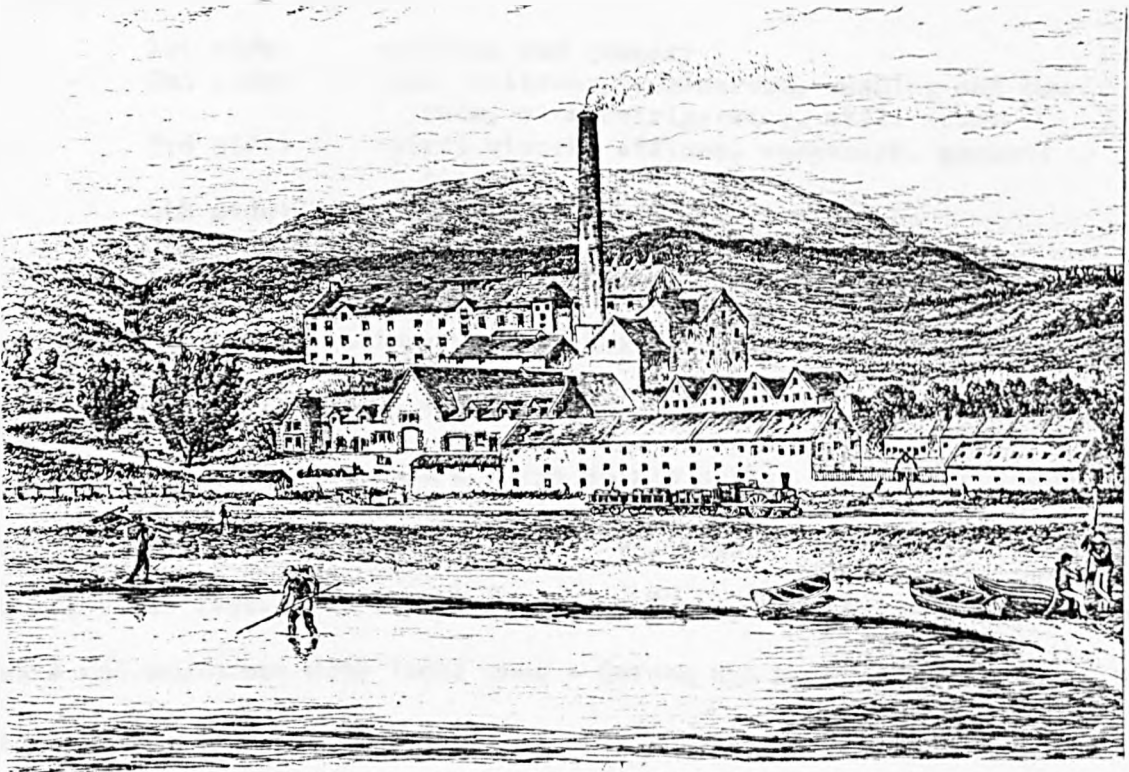
20. Moray and Banff Illustrated. (W.T. Pike & Co: 1895), p. 7.

21. Moray & Banff Illustrated, op. cit., p. 31.

22. Information provided by the Distillers' Company Ltd., 1 June 1966.



Mortlach distillery, Dufftown, c. 1886.
George Cowie. The first of seven distilleries in Dufftown; six were built during the distillery promotion of 1886-1900.



Ben Wyvis distillery, Ross-shire c. 1886
Promoted in the distilling boom, and also known by the name 'Ferintosh', the premises became warehouses for D.C.L. (From Barnard).

The most frequent observation relates to the systematic layout of the newer distilleries, such as Glenlossie-Glenlivet of 1877, 'a model of orderly arrangement and organisation', with its concrete warehouses, and Aberlour, where every attempt had been made to economise labour and ensure 'the most perfect efficiency' post-1880.²³ At Glen Grant, there was provision for 'an enormous output', but despite soaring demand, old unaltered distilleries with antiquated plant did exist, like Miltonduff near Elgin,²⁴ and Grandtully near Aberfeldy; the latter was 'the most primitive work' Barnard had ever seen, having an output of only 5,000 gallons a year.

The distillers achieved a rationalisation of output by using logical assembly line principles. Parkmore distillery, erected on the Fiddich at Dufftown in 1892 was fully described. It was 'an industrial village arranged as $3\frac{1}{2}$ sides of a square, and abutting on the Keith-Dufftown branch of the Great North of Scotland Railway,' for convenient transport purposes.

The plan was as follows:-

1st side:	maltings and granary
2nd side:	Kiln, maltroom, engineroom, washing and tun room, with refrigerator, still room.
3rd side:	Spirit stores, offices, cooperage, general stores
4th side:	Stabling, hay lofts, cart sheds.

This semi-ractangular layout was not uncommon, and an L-shaped plan was also popular. The buildings were arranged in sequence according to the stages of the process of making whisky. At Parkmore, the wash still held over 3,000 gallons, and there was a large spirit still; many stills supplied to Speyside in the boom came from Willisons of Alloa. There was an overshot water wheel of 16 feet, plus a 10 H.P. engine for spells of low water. The architects and engineers were local ones - Gordon and McBey of Elgin and Inverness. The steam boiler was heated mainly by the still furnaces, for

23. Moray & Banff Illustrated, op. cit., p. 45.

24. Barnard, op. cit., pp. 183-4 and p. 277.

economy reasons, while the smoke was carried away by a 90 foot stack. Premises like these cost from £18,000 to £22,000 to construct, and required a labour force of fewer than twenty men. Indeed, a dozen workers could operate such a distillery quite satisfactorily, and there were unprecedented opportunities for advancement. The long length of service of employees at distilleries was remarkable; one mashman at Lagavulin in Islay had held that position for 30 years, and his father the same post for 40 years. Service of 25 to 40 years was common; perhaps the three or four glasses of whisky per day, as practised in the dramming of men at Glenlivet, and other distilleries had a soothing effect on labour relations.

Not only men, but also management was the better of long-standing knowledge of distilling. The success of Glen Grant distillery, begun in 1840, was said to be 'not altogether dissociated from experience', because J. & J. Grant, who owned the premises, had previously worked at Aberlour distillery.²⁵ Similarly, at Parkmore, which was a newcomer to the distilling scene, the manager, George Smith, had long connections with the industry, his father having been brewer at Glenlivet, and his brother, the founder of Cragganmore distillery (1869). George Smith had himself acted as manager at Ord distillery, Beaulieu, and elsewhere in Scotland.²⁶ Smith superintended Parkmore for its proprietors, James Watson & Co. of Dundee, a major blending firm.

Inchgower, near Cullen was established in 1870, by Alexander Wilson, another man with 'great experience in the Highland distillery trade.'²⁷ He had first owned and worked Tochieneal distillery near Cullen, but problems of lease renewal for the farm on which the distillery stood compelled him to erect a new distillery 'on the most improved manner and in the most favourable

25. Moray & Banff Illustrated, op. cit., p. 35.

26. Moray & Banff Illustrated, op. cit., p. 54.

27. Moray & Banff Illustrated, op. cit., p. 56.

position', to which plant from Tochiencal was transferred. When Inchgower was opened, he was joined by two partners named Wilson.

The history of Banff distillery shows a notable continuity of control. The business started in 1823, and had remained in the same family from the beginning; the managing partner, Thomas Adam Simpson, had in 1893 the accumulated experience of nearly three-quarters of a century behind him. Each generation of managers and men had been practically reared in the trade, which must have contributed to the repute of the Banff whiskies.²⁸ By 1887, the firm had to face the problem of acquiring more space to cope with their expanding sales.

Long contact of management with distilling practice is also clear in the example of Mortlach distillery in Dufftown. (It was the only unit in the parish until William Grant's Glenfiddich distillery entered production in 1887). George Cowie joined Mortlach's owner, John Gordon, in 1853, from which time until 1867, the business had the title of John Gordon & Co. Cowie thereafter carried on the distillery on his own account, and by 1893, had over forty years' close knowledge of the industry.²⁹

These persons were essentially distillers, rather than promoters of companies or entrepreneurs. In former days, they had relied on obtaining working capital from farmers and bankers. George Smith, the founder of Glenlivet had had so small a capital in his early years that he was often obliged to dispose of one week's make of whisky, on which he had to pay duty in advance, before having sufficient funds to begin the next mashing.³⁰ There were other ways of obtaining both fixed and variable capital during the distillery promotion. Aberlour distillery was under the direction of

28. Moray & Banff Illustrated, op. cit., p. 59.

29. Moray & Banff Illustrated, op. cit., p. 61.

30. Moray & Banff Illustrated, op. cit., p. 15.

James Fleming of Glasgow in 1893. Although the premises were erected in 1326, they had been 're-erected' by Fleming in 1380, who with the assistance of his agents R. Thorne & Sons of Greenock and London, developed the business with great success. In 1892, Fleming sold the distillery to Thornes, but he remained managing director of the unit, and a large shareholder in their company; ease of access to working capital may have been helped by Fleming being agent of the Aberlour branch of the North of Scotland Bank Ltd., as well as local representative for the Northern Assurance Company. The link with Aberlour provided Thornes with a Highland malt whisky distillery which was in line with the vertical integration of the period, whereby blenders bought up productive capacity for their own use.

Entrepreneurs took the opportunity to advance their interests in Scotch whisky on two levels - by speculating in the shares of companies, and in whisky itself. Mackie & Company was a firm begun in 1856, when Lagavulin in Islay was purchased by J. L. Mackie, whose son, Peter J. Mackie joined the business in 1874, and subsequently became the sole proprietor. He took A.H. Holm of his Glasgow office into partnership with him in 1889, and he joined another distillery promoter, Alexander Edward of Forres to form the Craigellachie Distillery Company: the distillery was built in 1890, and when Edward abandoned his interest in 1900, the premises were entirely taken over by Mackie & Co. Ltd.³¹ Mackie was intent upon acquiring a variety of whiskies for his blend 'White Horse', which had a strong note of peaty Islay whisky.

In the whisky boom, partnerships and companies broke up and were re-established as entrepreneurs saw ways open to them to advance their own cause. Talisker distillery in Skye was acquired by A. Grigor Allan in 1879, who then took Roderick Kemp as a partner, actually trading under the name of Roderick Kemp & Company. In 1892, Allan was left as sole proprietor when

31. Information supplied by the Distillers' Company Ltd., 1 June 1966.

Kemp took over the Macallan-Glenlivet Distillery Company on Speyside, and set about re-equipping it, constructing new malt barns and kilns. Meanwhile, Allan's heir, William Grigor Allan, along with trustees, entered into a new partnership with Thomas Mackenzie of Dailuaine, and as has been shown, they converted Talisker into a private limited company.³²

An early amalgamation of malt whisky distilleries, promoted by a blending firm was that of the Highland Distilleries Company, Ltd., whose offices were in West Nile Street, Glasgow. The group was chaired by William A. Robertson, of Robertson and Baxter of Glasgow, and his local directors were Robert Dick of Rothes, and William Grant of Elgin, who were both bankers. Glenrothes had been started in 1878, and worked by Messrs. W. Grant & Co., until 1887 when it passed to the Highland group. The latter also took over Glenglassaugh, erected in 1875. This development is yet another example of vertical integration in the Scotch whisky trade.

One of the outstanding and ubiquitous promoters of distilleries was Alexander Edward of Sanguhar, Forres, whose connection with Craigellachie distillery has already been noted. His father, David Edward became the proprietor of Ben Rinnes distillery, Aberlour, about 1864.³³ He too was known as a proprietor and promoter of Speyside distilleries, and his business experience and contacts must have been invaluable to his son. The family firm at Ben Rinnes was converted into the Ben Rinnes - Glenlivet Distillery Ltd., in 1897, in whose control it remained until it was taken over by John Dewar & Sons Ltd., in 1922.

Alexander Edward had not only been reared in whisky distilling circles, but he seems to have had valuable contacts in the right quarters - among local builders and distillery engineers, among bankers for acquiring working capital, and for disposing of shares to their clients, and also among land-

32. Moray & Banff Illustrated, op. cit., p. 42.

33. Nettleton, J.A., The Manufacture of Spirit (1895), pp. 411-4.

owners for arranging feu charters for his promotions. He almost certainly knew about the problems of water supply, fuel, grain, and other raw materials, as well as transport possibilities in the Speyside area. With a family connection in distilling of more than thirty years' duration, Edward would have close knowledge of the intending purchasers of malt whiskies, of their tastes, and preferences. The main springs of industrialisation in Scotland were less dynamic by the 1880s than they once were. Coal, iron and steel, heavy engineering and shipbuilding were no longer surging forwards, while the new lines of growth potential, chemicals, the motor car and electrical industries tended to be neglected in Scotland, although much pioneer work in these fields was carried out by Scotsmen. Whisky was not only an article of consumption for which demand was rising in Britain, and abroad, but it was also the product of rural areas; distilleries were one of the few industrial developments which were feasible in the Highland region, and required a capital of only £15,000 to £20,000 or so.

Aultmore distillery, Keith, was one of Edward's promotions, being built by him during the years 1895-6; distilling was commenced in July, 1897. Up to 1899, Alexander Edward was the sole proprietor but, when he purchased the Oban distillery in that year, he floated a limited liability company, named the Oban and Aultmore-Glenlivet Distillery Company Ltd., of which he was managing director.³⁴ There was undoubtedly some liaison with Pattisons Ltd. of Leith, whose stoppage of payment eventually precipitated the collapse of the boom, because along with the name of Glenfarclas-Glenlivet distillery, Pattison's stationery (e.g. invoices, letterheads, etc.) was printed with that of 'Aultmore-Glenlivet.' Pattisons dealt in, and held an agency for Aultmore malt whisky. (In 1923, Aultmore distillery passed into the hands of John Dewar & Sons Ltd.)

34. Information supplied by the Distillers' Company Ltd., 1 June, 1966.

Edward was likewise associated with Ben Romach distillery, Forres, the feu charter for which was granted in 1898 to a partnership trading under the name of the Benromach Distillery Company. The other partners were Duncan MacCallum, a distiller in Campbeltown, and Frederick William Brickmann, a spirit broker in Leith, whose affairs were also entangled with those of the Pattisons. The distillery had several changes of ownership thereafter, finally being sold in 1938 to Train and McIntyre Ltd., who in turn were acquired by the Distillers' Company Ltd. in 1953.

Edward was responsible for the erection of Dallas Dhu distillery, Forres, which was constructed in 1899. Shortly after that year, he abandoned his interest, and control passed to Wright and Greig Ltd., of Glasgow, a firm which retained the unit until 1919 when J.P. O'Brien & Co. Ltd., bought it. After two years, they sold out to Benmore Distilleries Ltd., which in turn was taken over by D.C.L. in 1929.

Alexander Edward's involvement with distilleries did not end with the collapse of the whisky trade, because in 1923, the Cragganmore distillery at Ballindalloch in Strathspey was purchased by Sir Peter J. Mackie, Glasgow, Sir George MacPherson-Grant of Ballindalloch, and Alexander Edward, described as 'of Edinburgh.' The Cragganmore Distillery Company Ltd. is managed to-day by Scottish Malt Distillers, part of the D.C.L. group, the shares being owned partly by White Horse Distillers Ltd. (12,000) and partly by Sir George MacPherson-Grant's Trust (8,000).³⁵

There is no doubt that Edward weathered the storms which ensued after the Pattison failure, and was ^{man} of wealth. He is described as a notable benefactor of the town of Forres, and he took a keen interest in the finances of the Northern Infirmary at Inverness, offering his sporting estate of Kintail for the benefit of the institution. The estate, which was very large,

35. D.C.L. op. cit.

was a most valuable part of the endowment of the infirmary. Edward also had the small estate of Sanguhar, near Forres, which amounted to about 2,000 acres, and where he resided. In 1923, when housing conditions in Forres were being investigated, Alexander Edward gave the burgh a loan of £10,000 at 5 per cent interest during his lifetime, after which the fund was to become a gift to the town. He also gave ground feus for building at a very reduced rate.³⁶

The five distilleries with which Edward is known to have been concerned are now D.C.L. units, but there are other promotions of the period in which it is possible that he took a hand. The following distilleries were also set up in the 1880-1900 boom:

	<u>Present Owners</u>
Glen Mhor, Inverness (1892)	: Mackinlays & Birnie.
Tamduh, Knockando (1897)	: The Highland Distilleries Co. Ltd.
Glenmoray, Elgin (1897)	: MacDonald & Muir Ltd.
Pittyvaich, Dufftown (1896)	: Arthur Bell & Sons Ltd.
Strathmill, Keith (1895)	: W. & A. Gilbey Ltd.
Longmorn, Elgin, (1894)	: Longmorn-Glenlivet Co. Ltd.
Ardmore, Kennethmont (1891)	: William Teacher & Co. Ltd.
Aberfeldy, (1896-7)	: John Dewar & Sons, Ltd.
Glenfiddich, Dufftown, (1887)	: William Grant & Sons, Ltd.
Balvenie, Dufftown, (1890)	: " " " "
Knockandhu (1898)	: W. & A. Gilbey Ltd.
Craigellachie (1890)	: S.M.D. Ltd.
Bunnahabhain, Islay, (1881)	-do-
Bruichladdich, Islay (1881)	-do-
Glenspey, Rothes, (1887)	: W. & A. Gilbey Ltd.
Aultmore, Keith, (1895)	: S.M.D. Ltd.
Coleburn, Longmorn (1898)	: -do-
Convalmore, Dufftown (1894)	: -do-
Dalwhinnie, (1898)	: -do-
Glendullan, Dufftown (1897)	: -do-
Glen Elgin, (1898)	: -do-
Glenlochy, Fort William (1898)	: -do-
Glentauchers Botriphnie	: S.M.D. Ltd.
Hillside, Montrose (1896)	: -do-
Knockdhu, Grange (1894)	: -do-
Lochindaal, Islay (c. 1880)	: -do-: now warehouses.
Speyburn, Rothes (1897)	: -do-
Towiemore Botriphnie (1898)	: -do-: now a maltings
Tomatin (1897)	: Tomatin Distillers Co. Ltd.
Imperial, Carron (1897)	: Dailuaine-Talisker Distilleries Ltd.
Parkmore, Dufftown (1894)	: S.M.D. Ltd., now a maltings.
(S.M.D. Ltd. = Scottish Malt Distillers Ltd.)	

Sources: The Third Statistical Account of Scotland;
Nettleton, J.A. The Manufacture of Spirit (1893 and 1913)
 and the Distillers' Company Ltd.

There were a few additions to the number of malt whisky distilleries in the 1860s, when units like Nevis near Fort William and Benmore in Campbeltown were constructed; the pace quickened in the 1870s, when three new units were added in Campbeltown alone - Glengyle (1872), Glen Nevis (1877) and Ardlussa (1879).³⁷ By the last decades of the century, as the list compiled clearly indicates, a distillery mania had broken out. Others which were promoted in these years were short-lived - the Speyside distillery at Kingussie has been mentioned, but there were also Glen Cawdor, Stronachie, and Glenskiach which have disappeared, along with Glen Forres and Ben Wyvis. The name 'Ben Wyvis' has however been revived and given to the modern malt whisky distillery which is part of the distilling complex at Invergordon.

Apart from men like Edward, some of the renowned personages from the blending side of the Scotch whisky industry were also engaged in distillery promotion. Peter Dawson of Glasgow was one of these, and he was interested in Convalmore distillery, Dufftown, built in 1894, and three years later, in Towiemore distillery, Keith. The first was built by the Convalmore-Glenlivet Distillery Company Ltd., the directors being John Ferguson of Glasgow, Robert Barr of Kilmalcolm, besides Dawson himself. The distillery was transferred ten years thereafter to W.P. Lowrie & Co. Ltd., and in 1930 it entered D.C.L. management. Towiemore is now used as a maltings and bonded warehouse; it was initiated by the Towiemore-Glenlivet Distillery Co. Ltd., the board of which was composed of Peter Dawson, Richard H. Auty (a director of Samuel Allsopp & Sons Ltd., with which Pattisons were involved), and Alexander Muir of Alloa. Thus at this stage of growth in distilling capacity, brewing interests like Allsopps were investing in Scotch whisky, a trend which has been marked in recent years. The Towiemore company functioned until 1925

37. Colville, D., The Origin and Romance of the Distilling Industry in Campbeltown, A Paper read to Kintyre Antiquarian Society, Jan. 1923.

when it was absorbed by D.C.L.³⁸

The network of promotional activity was deeply interwoven, men appearing now in one venture and then in another. Robert Barr, who had links with Convalmore, was a founder of Glentauchers distillery which was completed in 1898 at Kulben, Banffshire. On that occasion, he was joined by W.P. Lowrie, W.J. Seaman (both of Glasgow), and James Buchanan (later Lord Woolavington), sole partner of James Buchanan & Co. of 'Black and White' fame. This group carried on the business until 1896, when Buchanans assumed the ownership.

While the whisky magnates, like Buchanan, Dawson, Mackie and others were forming new companies, and creating new distilleries, the Dewars had also entered the ring. Aberfeldy distillery was set up in 1897 by John Alexander Dewar, and Thomas Robert Dewar, the partners in John Dewar & Sons, Perth. As blenders, they had been outstandingly successful in the London market, and to secure adequate supplies of new whisky, and probably to use the term 'distillers' on their product, they established this distillery which remained in their ownership until 1930 when it passed to the Distillers' Company Ltd. The list of distilleries created in the boom years gives the current proprietors' name (in so far as this may be ascertained), and almost half of them are to-day being operated by Scottish Malt Distillers Ltd., a subsidiary of D.C.L. This organisation was first formed in an effort to concentrate the resources of five Lowland distilling firms after the slump of 1899; the company was registered at Edinburgh in July, 1914, the first chairman being W.H. Ross, who was then managing director of D.C.L. The five original units were Glenkinchie (Pencaitland), St. Magdalene (Linlithgow), Rosebank (Falkirk), Grange (Durntisland, and Clydesdale (Wishaw). Although S.M.D. Ltd. run the malt whisky distilleries for D.C.L., each distillery is nominally in the possession of a blending firm, in order that

38. D.C.L. op. cit.

the coveted label 'distillers and blenders' may appear on the bottles of Scotch whisky. Hence, John Walker & Sons Ltd. have Cardow distillery assigned to them, and John Dewar & Sons Ltd. are the licensees at Aberfeldy.³⁹

The Distillers' Company itself was forced into investing in malt whisky production in the whisky boom. Knockdhu distillery, near Huntly, was erected, and began production in October, 1894. This was an instance of backward integration which provoked more trade animosity against the combine. In taking over the Haig and other interests, D.C.L. had become committed to developing their blending businesses. A Memorandum of W.H. Ross outlines why Knockdhu was built, and why D.C.L. resolved to have a Highland malt distillery. He believed they would not have done so had not John Haig & Co., proposed that they (Haigs) should build one, because of their 'dealers' business' at Markinch. When D.C.L. took over Haig's distillery, they did not acquire the 'dealers' business' but stipulated that, should it be continued, it must be moved at least 2 miles from the distillery. The business was henceforth conducted from Markinch, and not from the distillery at Cameronbridge. It was suspected by many in the whisky trade that D.C.L. were involved in the 'dealers' business', and this constituted a grievance; W.H. Ross however stated firmly that the group never had the slightest interest in the Markinch business, beyond the contacts of a seller to a buyer of whisky.⁴⁰

One request which was made when the Haig enterprises were separated was that so long as any partner of John Haig & Co., continued to be a director or manager of one of the D.C.L. distilleries, Haigs were bound to draw their entire supplies of whisky from D.C.L.'s units. It was this obligation which the group were unable to meet when they faced the need to supply a

39. D.C.L., op. cit.

40. D.C.L. 'Why Knockdhu was Built': Memorandum of Mr. W.H. Ross: 1927.

Highland malt whisky and this forced the board to construct Knockdhu rather than permit Haigs to build one for their exclusive use. The new distillery was located at Knock Station on the G.N.S.R., about six miles from Keith.

Ross adds

After making certain that the water was suitable for distilling purposes, the contracts for building were placed in May, 1893 ... the distillery took a year or more to build, and eventually it started to run whisky in November, 1894. ⁴¹

This episode confirmed the independent malt whisky distillers fears, and an aggressive division of markets in blended whiskies was fostered. An interpretation contrary to Ross's account might be that when the North British distillery was established, and D.C.L. lost customers, it was compelled to go into blending on a greater scale in order to get rid of surplus grain whisky.

Whether this was an ulterior motive or not, blenders were in the forefront of distillery construction; for example, Coleburn, at Longcorm, was put up in 1896 for John Robertson & Son Ltd., Dundee, while Glendullan, the last of Dufftown's seven famous distilleries was erected in 1897, for William Williams & Sons Ltd., Aberdeen. The latter company had been business associates of William Grant & Sons Ltd., at Glenfiddich and Balvenie, and agents for their whiskies. Speyburn distillery at Rothes dating from 1897, was constructed for John Hopkins & Co. Ltd; it was a pioneer in attempting to reduce the problem of river pollution from distilling effluent, by using an evaporating and drying plant for pot ale, which was marketed in the early years of the century as a low grade manure, known as 'Maltassa.'⁴² Difficulties over waste disposal became more acute as the number of distilleries grew, as will appear in the section on William Grant & Sons Ltd.⁴³ Dufftown had but one distillery, Mortlach until 1887; after 1897, this verse was current:

41. Ibid.

42. Information supplied by D.C.L., 1 June, 1966.

43. William Grant & Sons Ltd., vide infra.

Rome is the city of seven hills,
 But Dufftown's the town with seven stills.

Strathspey, was the main focus of distillery expansion, but there was a rise in malt whisky productive capacity elsewhere. Lochindaal distillery in Islay was built in the van of the others, being erected about 1880 by George Sherriff, who was succeeded by J.B. Sherriff & Co. Ltd. Beyond Speyside, premises once used as flax mills at Montrose were bought by James Isles, whisky merchants in Dundee, in 1896; the plant was sold to Septimus Parsonage & Co. Ltd., the following year. The actual distillery, known as 'Highland Esk', or 'North Esk', was created between 1896 and 1899. Nettleton refers to it in 1912 as a pot still unit.⁴⁴ About 1898, David McAudie, a distiller in Nairn, had Glenlochy distillery built at Fort William, which he sold in the same year to the Glenlochy Distillery Company Ltd. After some changes of ownership, the distillery came into the possession of Train & MacIntyre Ltd., and in 1953 of the Distiller's Company Ltd.

Interests with tenuous connections with distilling or other aspects of the Scotch whisky industry were responsible for three other malt whisky establishments, two of which barely managed to survive the collapse of the boom, while the other was dismantled before the First World War. Dalwhinnie distillery, for example, entered production in February 1898; its promoters were John Grant, Grantown-on-Spey, George Sellar, Kingussie, and Alexander Mackenzie, Kingussie. They became bankrupt when the whisky bubble burst, and were superseded by A.P. Blyth & Son, who continued production until 1906. An American syndicate then bought the distillery and traded under the name of James Munro & Son Ltd., Inverness. This is one of the earliest instances of North American capital being invested in the Scotch whisky industry, although it is a trend which emerged in the 1930s, and which has been much in evidence since the Second World War. Not only did the Scotch

44. Nettleton (1913), *op. cit.*, p. 597.

whisky industry have infusions of American finance and control before 1914, the pattern was pronounced in engineering and allied fields, where Singer, Babcock & Wilcox, and others, came to Britain.

The second distillery, Speyside, was promoted by a consortium which has been described (see p.493). It was dismantled before the First World War, when the company could not by reason of its liabilities continue in business, and was wound up. The third pot still unit, Glen Elgin, was built in 1898, and possibly owing to inadequacies of capital, the distillery was planned on a smaller scale than many of its neighbours. The feu charter for the land was taken out in the names of James Carle, a banker in Rothes, and W. Simpson, a banker in Elgin; the land would be regarded as a sound security for the variable capital for the business, and the banking expertise would be valuable in obtaining funds. In 1907, the distillery was acquired by J.J. Blanche, of Glasgow.

The outcome was that in the Elgin Collection of the Excise by 1912, there were 39 distilleries, of which no less than 21 were new foundations since 1886 when Barnard explored the area. In the Inverness Collection, there were 6 new distilleries in the same period, while two were added in the Aberdeen Collection.⁴⁵ During the subsequent prolonged decline in the Scotch whisky industry, the upstart Speyside distilleries survived remarkably well, whereas long established Campbeltown ones were smuffed out like lights, two alone being extant in 1967 out of a total of 20 distilleries in the Dargh for 1912. Total production of malt whisky in Scotland had doubled between 1880 and 1900, output having risen by 60 per cent since 1890. Grain whisky output at Scottish distilleries had remained about 9 million proof gallons per annum from 1880 to 1890, but in a sudden spurt production soared by 70 per cent to 1900. (See table below.)

45. Robertson & Baxter, Glasgow: Trade List for 1912.

Distilling Output: Scotland
Thousands of Proof Gallons

Year	Pot Stills	Patent Stills.
1870	5,969	8,603
1880	6,502	9,855
1890	7,744	12,832
1900	10,398	20,418

Source: Appendix to the Royal Commission on Whiskey, etc., 1908, and Customs & Excise Reports.

The Reports of the Commissioners of Inland Revenue for 1890-1 and 1897-8 emphasise how much the production of spirits had outpaced consumption. Home consumption (i.e. withdrawals from bond) had only risen by 7 per cent, and exports to a lesser extent, whereas output had gone up 36 per cent between 1890-8.⁴⁶

	Output: Home made Spirits Proof Gallons	Home Consumption Proof Gallons
1890-1	44,624,000	29,829,000
1897-8	60,652,000	31,898,000

Source: Reports of the Commissioners of Inland Revenue.

Just as in the 1960s, it could be asserted that year after year the production of Scotch whisky had exceeded consumption, and exceeded it at an ever-increasing rate. Here one encounters a most significant fact, namely that Scotch whisky is made now for consumption three or more years ahead. Allowing for evaporation and losses due to blending and bottling (permitted by Excise agreements), it is not unreasonable in a period of rising demand for production to be in excess of current demand by a modest amount, say 3 to 5 per cent per annum. It is, however, very serious when output is grossly out of line not just with current consumption, but even with

46. P.P., Reports of the Commissioners of Inland Revenue, 1890-1 and 1897-8; also: Alcoholic Beverages: 1909: Memorandum and Statistical Tables; Board of Trade: Cd. 319.

anticipated demand several years ahead. If production and consumption are not kept in phase, an alarming upwelling in stocks occurs, which was precisely what happened in the 1890s.

Year	Stocks in Bond: proof gallons.*
1890-1	91,297,000
1897-8	137,676,000

* These statistics include all British spirits

Source: Reports of the Commissioners of Inland Revenue.

The rate of increase in stocks had been progressive, beginning with a modest rise of 4 million proof gallons in 1890-1, and accelerating to the figure of 14 million proof gallons in 1897-8. The large number of new distilleries which had been built were entering production just as the crest of the whisky boom was being approached, so that the accumulation in stocks was expected to outstrip 150 million proof gallons; by 1901, there were 161 million proof gallons of British spirits in bond, of which the greater part was grain and malt whisky.⁴⁷

In ordinary conditions where the forces of demand and supply operated, a heavy fall in prices would have taken place, but Scotch whisky is a distinctive commodity. Firstly, it tends to become more valuable with age, and hence it could be advantageous to hold on to stocks until the excess supply had been worked out of the system. This remedy would require a firm to have sufficient capital, particularly variable capital, to weather the adverse circumstances. Secondly, speculators would be interested in whiskies simply because stocks increase in value with maturation; brokers and blenders would thus be willing to soak up stocks of whisky, if the price was favourable, and

⁴⁷. Wilson, G.B., Alcohol and the Nation, (1940), Appendix F, p. 350.

by so doing would tend to put a floor on the decline in market prices.

Financing the Whisky Boom:

In the 1880-90 period, the Scottish banks and the whisky trade had financial arrangements which are not dissimilar from those in force at the present time. For example, there were bills drawn by the distilling companies for goods supplied by them, which were discounted at the banks. Where whisky went direct from distillers to blenders, it was not difficult to detect if the market was under speculative influence, and the banks could reduce support. It was in the system of brokerage in the trade that the greatest possibilities for speculation appeared. The whisky, after being sold to brokers, could pass through half a dozen hands before it actually reached a blending company, and on each change of ownership, where the deal was not for cash, a bill, generally at 4 months, would be drawn. It was in this practice that one of the great weaknesses in the whisky trade had developed. The same parcel of whisky was capable of creating five, or more, times its own value in bills.

This creation of credit based on whisky could have been arrested, because the bankers could stop the circulation of whisky paper if they chose to do so. If it is assumed that A sold whisky to B, and drew on him for £1,000, which he then discounted at his own bank, and thereafter B sold the same parcel, and also drew a bill on his purchaser C, which the latter discounted, then bills for twice the amount of the original purchase would be in existence. The banks would have an opportunity to break the chain, when B offered his banker his bill drawn on C for discount. If the banker believed speculative trading was excessive, then he would be entitled to decline the bill unless the proceeds were used to cancel the debt owing to A.

Another complication was the practice known as 'crossing', which was

a form of whisky exchange. A might buy a parcel of whisky of a particular distillery from broker B, on the understanding that B bought from him a parcel of another distillery, or of a different age. The system could be used unfairly for driving up prices, and it was alleged that bills created out of this swopping of whiskies might not be worth the paper on which they were written.

While it was a general practice then, as now, for new stocks of Scotch whisky to be bought out of the proceeds of the old, which were continually being marketed, other methods of financing whisky existed - it was possible for the Scottish banks to finance stocks maturing in bond by means of advances against the security of 'whisky certificates', which were a form of document of title, and were classed as a bank advance.⁴⁸ The banks had devised a method of taking delivery of the whisky, other than by possession. Whisky did not pass all the tests of a good banking security, because there were risks of a fall in price, or of loss through damage or pilfering. Margins had to be closely watched, and much depended on the integrity and business acumen of the borrower. Under Scots law, the lender must usually take delivery of the goods to have security over them. At law, the banks took constructive delivery of the whisky by having it stored in a neutral warehouse from which it could not be released until duty was paid. The title to the whisky was made over to the bank; the warehouse warrant or delivery order, granted by the owner of the whisky in favour of the bank became the bank's property. When the whisky was to be removed from the warehouse, the bank had to surrender its warrant or issue a delivery order in favour of its client. The whisky would then be blended and sold, the proceeds being paid into the bank.⁴⁹ Immediately, the client acted on the delivery

48. Gordon, J.J. and Mitchell, W.A., Securities for Advances, Institute of Bankers in Scotland (Scottish Banking Practice), 1963.

49. Ibid.

order, the bank's security over the whisky was lost. Furthermore, a time-lag of several months might occur in whisky trading, and duty must be paid before the stocks were released from bond. The bank might have to finance this outlay, in addition to parting with security.

This system is known to have played a considerable part in whisky finance, and it helps to explain why firms with a capital of some hundreds of pounds could carry stocks worth thousands. Apart from the Pattison affair, the Scottish banks have maintained that the advance and delivery order system has rarely been abused by individuals or firms in the Scotch whisky industry.

The Scottish banks also made advances for fixed periods on unregistered transfers, and offered facilities for speculative investors, by lending on the shares of new distillery companies. Sometimes, these advances went to men in the whisky trade; at other times, they were made to the general public. The banks were thus providing funds to float companies, which were quite superfluous to productive requirements, the whisky to be made by them being far in excess of demand. The role of bankers as directors, shareholders and financiers in distillery companies in the boom has already been noted. For its part, the public in Scotland became incapable of using discretion as to the worthiness of an investment so long as the enterprise was connected with Scotch whisky.

As the spate of promotions and new distilleries accelerated, after 1890, bank rate was at times very low. The average rate fell from 4 per cent in 1890, and in fact never exceeded 3 per cent during 1892; fluctuations did happen, but from 1894-5, bank rate stood at only 2 to 2½ per cent. Another summit level of 4 per cent was reached in October 1896, from which it declined to an average of 2½ to 3 per cent during 1897, rising again to 4 per cent in April and October 1898. Just when the crisis in the whisky

trade was acute bank rate went to 5 per cent and then to 6 per cent in the autumn of 1899. Thereafter it fell away, never again attaining such a peak until 1906.⁵⁰ Phases of cheap money thus occurred, and bankers were active in seeking business from distillers. William Grant & Sons Ltd., were much pressed by banks eager to have their patronage when Glenfiddich and Dalvenie distilleries, Dufftown, were entering production.⁵¹ Even before 1890, capital could be borrowed at very low rates.⁵²

Funds were not only tied up in distilleries and their utensils, but also in whisky stocks. Malt whisky was normally left at its home distillery to age. Until 1890, the whisky was insured against fire to the extent of the invoice price; this measure was general among distillers and merchants because of the disastrous fires in bonded premises and distilleries. As the stocks matured, and so became more valuable, it was the purchaser's responsibility to take out additional cover if he so desired. In 1892, a new and fairly widespread arrangement began, which seems to have stoked the fires of the whisky boom; all spirits were to be rent-free for 2 years after bonding. Thereafter the whisky was to be charged at the rate of 2d. a week for casks over 80 gallons, and 1d. a week for those of lesser volume.⁵³ After five years, these rentals were to be doubled.

These rent charges do not always appear to have been followed in practice. Commenting in 1912, The Economist suggested that rent should be charged for large stocks of whisky in malt distillery bonds, remarking that the grain whisky producers had all along levied rent of 1d. per gallon per annum on all whisky left in their warehouses, for the first year, whereas

50. Struthers & Stewart, Glasgow: The Stock Exchange, Highest and Lowest Prices and Dividends, 1902-11, p. 96.

51. William Grant & Sons, Ltd., see p.594.

52. Checkland, op. cit., p. 56.

53. Wilson, R., Scotch Made Easy, p. 289.

'malt whisky was left rent-free, even if, as sometimes happened it was in warehouse for 20 years.'⁵⁴ This was an inducement used to tempt buyers. Rent was however demanded for malt whiskies stored at Glen Albyn in Inverness during the Pattison liquidation.⁵⁵

Warehouse building and maintenance absorbed capital, and purchasers of whiskies contended that these costs, plus charges for insurance, cask examination, and clearing had been included originally in the filling prices of the whiskies. After the Pattison failure, when trade was depressed, they averred that they did not want to pay for distillers' miscalculations in a glutted market, adding that the price of Highland malts had fallen to such a point that they would not stand warehouse rent should it amount to as little as 2½ per cent per annum - which would make an insupportable erosion of slender profit margins.⁵⁶

Industry until the 1870s, had to depend on traditional methods for the supply of capital: forming partnerships for which members provided the means from their own resources, borrowing from the landed interest, and sharing enterprise with them, and ploughing back.⁵⁷ The latter activity was of two types - the firm might use its profits to promote its own development, where the enterprise gave good prospects, or the proprietors might apply the gains in new directions; this possibility gave company promoters their chance. Although the Scotch whisky trade was finding its own funds, and applying them to further its own growth, bankers and investors were still essential to the process. Wilson refers to a distillery erected in the 1880s, which was formed into a limited liability company in 1895, at the height of the boom. Its warehouses were enlarged, and a branch railway built during

54. The Economist, 29 Sept, 1912, p. 574.

55. S.R.O., U.P.: 242 A. 1933: Pattisons Ltd. in Liquidation.

56. The Economist, op. cit.

57. Checkland, op. cit., p. 204.

1896. Business was so flourishing and the boom so expansive, that when shares were offered to the public in 1897, there was a rush to purchase; 'The new company was floated on a capitalisation of 5,000 ordinary shares of £10 each, and 5,000 preference shares of £10 each, and applications were received for 12,620 ordinary shares, and 23,226 preference shares.'⁵⁸ Nor was enthusiasm confined to Highland distilleries; a Lowland pot still unit was so popular and its product so much in demand that its output had to be strictly allocated among its customers from 1890 onwards. In 1894, it followed the fashion and became a limited liability company; in 1897 the capital was increased by a public issue of 4,000 ordinary shares of £10 each at a price of £20. In spite of this huge premium the shares were immediately subscribed.⁵⁹

Raw Materials:

It is worth considering why the distillery boom was focussed on Spey-side to such an astonishing degree. Firstly the area was reasonably well endowed with raw materials. For example, in a good year, the barley crop of Banffshire goes to distilleries: the proportion to-day is 25 - 33½ per cent, but this volume was even higher in the 1890s, when barley was grown for brewing and distilling rather than for livestock fattening. Barley was a hardy cash crop for local farmers, who could cart it to distilleries, and receive back the spent grain or draff as an animal feeding stuff. The lightest grades of barley were considered unsuitable for Highland whiskies.

Secondly, the water supply was derived from an abundance of streams arising in the plateaus and hills of the Eastern Highlands. The water itself has a high degree of purity, especially where it is flowing from granite or granulitic country such as the Cairngorms, and its outliers (e.g. Ben Rinnes); this water was not excessively peaty or acidic, and contrary to popular

58. Wilson, op. cit., p. 288.

59. Wilson, op. cit., p. 289.

belief distillers avoid peaty water. The northern parts of the Spey valley have a more varied geological composition - schists, crystalline limestones and the Old Red sandstone appearing, as well as the ubiquitous fluvio-glacial deposits of the Moray Lowlands. The rainfall of Lower Strathspey varies from 60 to 30 inches per annum, an amount which is adequate in most seasons, but distilleries have been known to suspend distilling on account of lack of water for steeping, mashing and cooling purposes. Distillers formerly tapped local springs and burns, then availed themselves of mains supplies where these were adequate; they also constructed small reservoirs for their own use as at Glenlossie. (Danff distillery had been so expanded since 1862, that its proprietors found the old water supply deficient, and had a channel constructed in 1887 to bring the hill water of an earlier distillery to their premises; the expenditure on this project was said to be 'very considerable.')60

Nettleton argued that it was the quality of the grain, and its preparation which were more significant than water supply per se in producing a good malt whisky. Assuming that 2.8 proof gallons of spirit is yielded by one bushel of malting barley, a distillery with an average capacity of 150,000 proof gallons of whisky a year would need a supply of 45,000 to 50,000 bushels of barley.⁶¹ As total production rose during the boom, local resources of grain had to be supplemented by consignments from Eastern Scotland, England and abroad, but barley was also exported from Morayshire to Skye and the Islay distilleries. Many Strathspey distillers (e.g. George Cowie of Mortlach) took pride in the fact that nothing but locally grown barley was employed in their premises.

Coal had to be imported to Strathspey, but extensive peat beds were close at hand in the low plateaus and moors of the N.E. Highlands. It was once the practice for distillery employees to cut peat during the two months

60. Moray & Banff Illustrated, op. cit., p. 57.

61. Nettleton, (1913), op. cit., p. 310.

silent season in July-August, when water might be lacking, and when temperatures could be too high for satisfactory malting. (In addition to cutting peat, workmen would also overhaul equipment in preparation for the new season). Normally a mixture of peat and small coal would be burned in the kiln furnace; the peaty flavour of certain whiskies was derived from the peat reek impregnating the malt. At Talisker in Skye the peat was dried for 3 to 5 years before use, and large stocks were maintained at other distilleries.⁶² Milton Duff near Elgin obtained peats from Edday in Orkney, because of their superior quality, and its proximity to the coast. Coal was essential for heating hot water boilers, and most importantly to fire the stills. The Grants had long arguments with the railway companies over the freight charges for coal and other raw materials.

In this connection it is necessary to examine briefly the development of the railway system on Speyside. The building of roads under the direction of Thomas Telford and others had aided Strathspey, but it was the coming of the railway that materially assisted distillery operations there. By the close of the nineteenth century, there were few distilleries that were not either on or near main line railways, or branches; those which were not, like Glenlivet over seven miles from a railhead, found themselves at a disadvantage. In 1854, the Aberdeen-Huntly link was made; the following year, Inverness and Nairn had a rail connection, which was extended by 1858 to give through running to Aberdeen. From this basic system, railways proliferated - in 1857, the sea port of Banff was joined by rail to the market town of Keith, and five years later this line was continued to Dufftown, and thence contact was made with the Morayshire Railway at Craigellachie. Both Dufftown and Craigellachie became vital outlets for the Speyside distilleries. Other units were of course served by the Inverness and Aberdeen Junction

62. Moray & Banff Illustrated, op. cit., p. 42.

Railway, but a line was constructed along the Spey valley from Dufftown to Nethybridge; it was opened in 1863. It had access to the direct Inverness-Perth route at Boat of Garten, and from there to Aviemore.⁶³

The creation of a rail network in N.E. Scotland was welcomed as a 'greatly encouraging element' by distillers. At the time of the distillery boom, the Aberdeen-Huntly line was doubled (1896), as was the line to Keith (1898). The existence of a railway tended to favour distillery locations in certain places to the exclusion of others: for example, Glen Glassaugh distillery was built in 1875 close to the Elgin-Portsoy line; later Glenlossie was placed close to Longmorn station. Inchgower, the ancestor of which was Tochieneal, was relocated near the Highland Railway at Rathven station. Some pre-railway age establishments found themselves reasonably placed - like Glenburgie on the Forres-Perth line - but others like Glenlivet and Cardow were at a disadvantage.

The rail traffic received a set back in the whisky slump; after 1899 and during the early years of this century, there was a reduction in train services affecting most parts of the British railway system. Both working costs and interest charges had increased, and a rise in the volume of overall traffic had not materialised. The collapse of the whisky trade, upon which Speyside freight so largely depended, cut goods traffic from the area. Policies of strict economy had to be introduced and train services pruned.

The distilleries with their own branch lines, such as Balmenach and Dailuaine, either worked their lines with their own locomotives, or in earlier days, with horses. The distillery 'halts' were a familiar part of the Speyside scene. The railways meant that the bulk movement of grain and coal, and the transit of whisky could proceed smoothly and conveniently.

The railway helped to lift the scale of operations of distilleries on

63. Hamilton, H. (ed.), The County of Banff, The Third Statistical Account of Scotland (1961), p. 142.

to a new level; they led the way to a delegation of managerial power, whereby head offices in Lowland cities could have their policy implemented in remote areas.⁶⁴ The malt whiskies of Speyside were taken in parcels of hundreds of gallons to the blending centres of Glasgow, Edinburgh, Perth and Kilmarnock, there to be fused with grain whisky from the patent stills into blended Scotch whisky. Without the railway it is difficult to see how the distillery proliferation would have taken place. Several Strathspey distillers were railway company directors.⁶⁵

The question of labour supply would not pose many difficulties. There was a long tradition of whisky distilling in Strathspey, although there had been little evidence of illicit distilling after the 1850s. Speyside, with its neighbouring straths and glens, suffered less from depopulation than some other Highland areas, partly because the drift from the landward parishes was offset by the growth of towns and villages (e.g. Aviemore) post 1860. After the railways were formed, and tourism developed, late eighteenth century village 'cores', like Grantown-on-Spey, had large accretions of villas, cottages and shops. There is no doubt that distilling helped to maintain the employment level in predominantly agricultural areas, and it generated substantial opportunities for secondary employment. Strathspey did not suffer the drastic clearances of population which occurred in Sutherland, when sheep run or deer forest were created, although some resettlement took place in Abernethy. Hence there was present a craft tradition, and a pool of labour which was encouraged by the numerous promotions from the ranks which took place during the expansive years. The total labour force employed in the distilleries under the Elgin Excise Collection during the peak of activity in 1897-8, probably did not exceed 700 men; it is impossible to estimate the volume of secondary employment, but it would certainly be three to four

64. Checkland, *op. cit.*, p. 204.

65. See William Grant & Sons Ltd.

times that number. It is from the 1880-1900 period that the distillery villages, constructed to house the workers, originate; these villages are a characteristic element in the settlement pattern of Strathspey.

The increase in distilling output and capacity caused anxiety over the pollution of rivers and streams by distillery effluent. Strathspey, in particular was celebrated for its fine salmon and trout fishings. Riparian proprietors objected to residual matter which was sedimented being run to waste in rivers, but even clear liquids could pollute. Pot ale was the most objectionable, discolouring streams, and having suspended impurities. At a distillery where 5,000 proof gallons of whisky were made every week, the waste liquids could amount to over $\frac{1}{2}$ million gallons in the same period. Experiments were carried out at several Speyside units prior to 1914 to attempt to deal with the problem.⁶⁶ (These are more fully detailed in the section on William Grant & Sons Ltd.). Methods advocated were the construction of a main drain or pipeline to the sea, or to an effluent disposal plant, to which all the distilleries in a drainage basin would be linked; another was the evaporation to dryness of the most harmful material, using furnace gases and spent steam - the fuel was estimated to cost 5s. to 7s. per 1,000 gallons of liquid to be treated.⁶⁷ The dry residue could be used as manure. The third approach required settling ponds to which chemicals could be added to neutralise deleterious matter, but much liquid remained. Filter beds and coke towers were also investigated. The spent grains or draff was sold to local farmers. In Campbeltown there was however a grain drying factory, which was run jointly by the distillers; it was begun by the Scottish Grains Co. Ltd., which went into liquidation in 1892, at which time, the Campbeltown Distillers' Association resolved to continue the unit. Much

66. Nettleton (1913) op. cit., p. 499.

67. Ibid.

wet grain or draff was disposed of locally at 4d. a bushel, except for a cargo sent to Belfast weekly; frequent cargoes of dried grains were shipped to Rotterdam for supplying the horses of the German army.⁶⁸

Outlets and Tastes:

Locating a new distillery on Speyside, 'the golden triangle' of Moray, Nairn and Danff, had another advantage over other areas - the right to incorporate the name 'Glenlivet' with the product, as the result of a compromise reached about 1884. Only Smith's distillery was entitled to call itself 'The Glenlivet', as it was the only distillery in the parish of Glenlivet. Their whisky alone could thus be described as 'The Glenlivet'. Other distilleries and whiskies could use the term provided it was prefixed by another name. No fewer than 23 units have availed themselves of this distinction, and Glenlivet has been called sarcastically the longest glen in Scotland.⁶⁹ Some so-called Glenlivet distilleries are 20 miles distant. The distilleries that have found it desirable to use the name Glenlivet are:-

Pre-1860 Distilleries:

Macallan
Glen Grant
Mortlach
Glendronach
Glenfarclas
Miltouduff
Dailuaine 70

Post-1860 Distilleries.

Dufftown (Pittyvaich)
Longmorn
Glenburgie
Glendullan
Glenrothes
Coleburn
Strathisla
Glenkeith
Glenmoray
Aberlour
Craigellachie
Aultmore
Glenlossie. 71

Even far off Tomatin once described itself as a Glenlivet distillery, but the name is no longer employed on its labels. The D.C.L. distilleries

68. Colville, op. cit.

69. MacDowall, R.J.S., The Whiskies of Scotland (1967), p. 14.

70. Tovey, C., British and Foreign Spirits (1864), p. 359.

71. MacDowall, op. cit., p. 17.

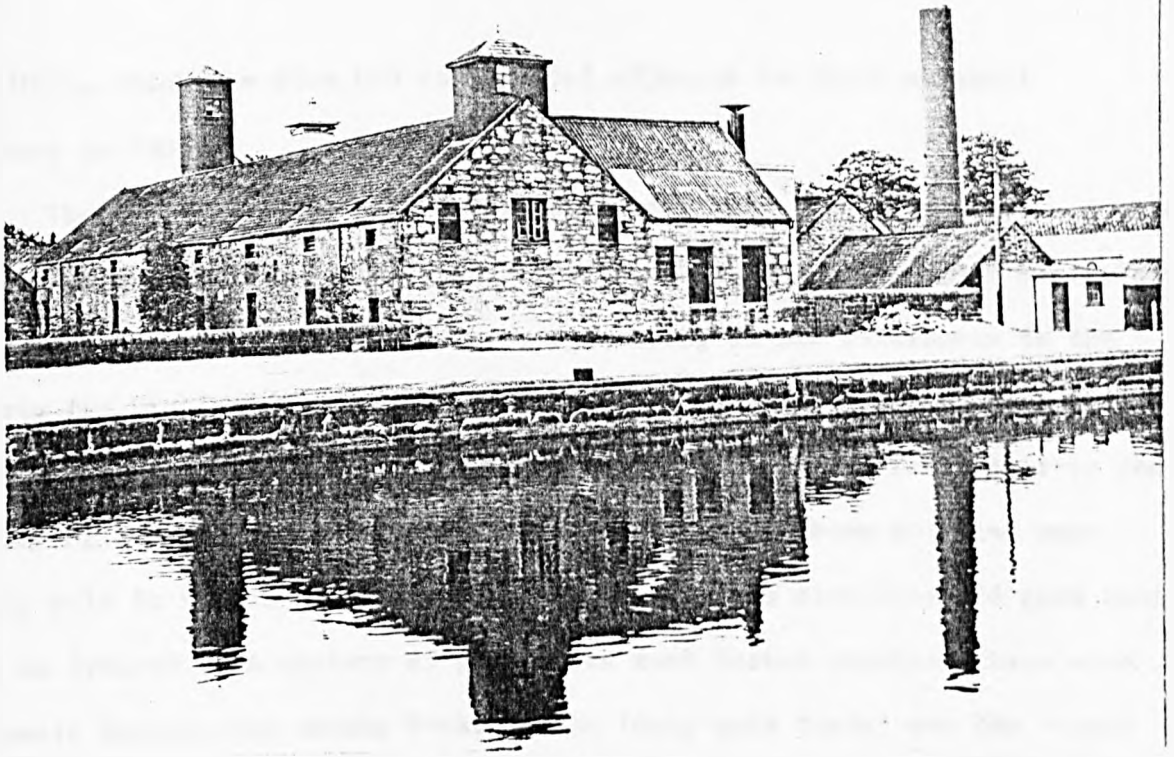
have also abandoned the term 'Glenlivet'.

The enthusiasm for 'Glenlivet' was therefore considerable; the whisky had an immense reputation, being described as 'symbolic of purity and general excellence.' This character was attributed to the mountain spring water, the local barley, and the firm's particular methods of working. The new Speyside distilleries were often merely imitators; at Craigellachie, for instance, 'The Glenlivet' characteristics, which were so much admired, were reproduced - namely, the 'pineapple' flavour which was the original old Glenlivet style from the 'ama' still days. The whisky had other merits: firstly, the rapidity with which it matured saved costs of stockholding. Secondly, it was very suitable for blending, adding distinction and a recognisable flavour. The competition of merchants and blenders for stocks of 'The Glenlivet' must have convinced them that they must secure their own Glenlivet-style distilleries to satisfy growing demands. 'The Glenlivet' entered very largely into the leading blended whiskies, and indeed Ushers, who were pioneer blenders, were agents for it.

Among the new distilleries, Parkmore in Dufftown was said to have developed a whisky of first rate 'Glenlivet' qualities, the spirit being rich and well suited to blending. Were such results the outcome of chance or choice? In the example of Inchgower, one reads that 'great care was exercised in the character of water, soil and climate' at the site.⁷²

Not only were Glenlivet-style whiskies much sought after, Islay whiskies were highly regarded as constituents of the blends being evolved: they were also praised as single whiskies, but it was 'the super peat reek' fullness of Laphroaig and its like which added distinction to blends. Mackie's 'White Horse' was notable for its Islay composition, which stemmed from the distilleries of Lagavulin, which were of some antiquity dating back to 1742, and from

72. Moray & Danff Illustrated, op. cit. p. 56.



Glen Mhor distillery, Inverness c. 1965: Mackinlays & Birnie Ltd. A canal side distillery of the mid-19th century.



Warehouses at Glen Mhor and Glen Albyn distilleries Inverness c. 1965: Note the juxtaposition of canal, rail and road transport facilities. (From J.R. Hume)

Malt Mill, which the firm had constructed adjacent to their original premises in 1908.

The Railway system had a most beneficial effect in widening the market for Scotch whisky from distant distilleries, just as the steamship had helped the Islay and Campbeltown distillers. Barnard, in his references to the outlets for Highland whiskies, states that the principal markets were to be found in Glasgow, Edinburgh and Leith. There are several references to the developing markets in London and the Colonies, indeed some whiskies were chiefly sold in England and overseas. A Campbeltown distiller did good business in Ireland. A variety of purchasers took Scotch whisky: there were wholesale houses, and whisky brokers, the 'duty paid trade' and the 'cased trade', but the line that was showing most promise was blending.⁷³

Another authority also gives useful evidence about the manner in which the growing volumes of whisky were sold. Glenlossie-Glenlivet, for instance, operated through wholesale agents, Leechman & Gray, of Leith and Glasgow, Glazebrook & Rigby, of Liverpool, Scott & Loft, of London, and T. Merritt & Co., for the Rest of England.⁷⁴ Glenburgie consigned most of its output to 'select family wine merchants'.⁷⁵ The entire production of Cragganmore distillery, which was 100,000 proof gallons in 1893, was bought up by one blending firm, Messrs James Watson & Co. of Dundee.⁷⁶ Similarly, Thornes of Greenock profited by their connection with Aberlour distillery; they had become notable blenders of Scotch and Irish whiskies in Britain, having extensive warehouses, with blending and bottling premises in Greenock, Dublin, Liverpool and London. Not only did they deal in whiskies, but were also

73. Barnard, op. cit.

74. Moray & Banff Illustrated, op. cit., p. 38.

75. Moray & Banff Illustrated, op. cit., p. 44.

76. Moray & Banff Illustrated, op. cit., p. 50.

cognac shippers.

In contrast, George Cowie, the proprietor of Mortlach, had no agents and no representatives, preferring to direct his business from the distillery, 'there being no difficulty in disposing of the products of the establishment, their quality being their own recommendation.'⁷⁷ Banff distillery had only one agent - John Taylor, of Hope Street, Glasgow.

Macallan malt whisky had a good name in Scotland and also in England, there being long-standing dealings with customers from the 1830s and 1840s. A London tavern was reputed to have sold Macallan exclusively for over fifty years.⁷⁸ Hence the acceptance and popularity of Scotch whisky was not in every instance a sudden event. Palates were becoming accustomed to the taste of malt whisky in blended or unblended form. The vulnerability of the distillers, who had no longer any power to control the product once blenders had bought their whiskies, was causing concern. On the one hand distillers were anxious about the impairment of their output in the hands of the wholesale and retail firms, and on the other, the blenders and merchants were desirous of securing their own distilleries. Throughout the boom years, distillers seem to have taken care to maintain the quality of their whisky, and no expense was spared in finding men of experience to superintend the malting and distilling processes.

During the 1890s, certain big blending companies, like Pattisons Ltd., ran extensive speculations in tied houses, thereby attempting to secure the consumption of their products by controlling the retail outlets. It would have been expected that blenders would have satisfied themselves that the holders of the licences were worth some money, and that nothing in the conduct of the house should imperil the renewal of the licence. Occasionally, the

77. Moray & Banff Illustrated, op. cit., p. 61

78. Moray & Banff Illustrated, op. cit., p. 63.

licensees were incompetent and men of no substance; the blending firms might even omit to survey the stock, and would buy up premises for the sake of the licence at a figure far beyond what the buildings would have fetched had there been no licence. Discounts and advances made to retail outlets of this kind simply drained away.⁷⁹

The precipitation of the crisis in the Scotch whisky trade, which led to an intense depression from which the industry was only recovering on the eve of the First World War, was occasioned by the stoppage of payment by Pattisons, Ltd. of Leith in 1898. This episode is fully examined in the section on the failure of Pattisons Ltd.

The Scotch whisky industry went into a state of contraction, and production tailed off from its 1899-1900 level. The volume of whisky lying in warehouses even eight years after the crisis was regarded as very large; stocks probably exceeded 110 million proof gallons when the downturn came, because total stocks of spirits in the United Kingdom amounted to over 150 million proof gallons at that time. Consumption of spirits both in Scotland and in the rest of Britain declined from 1900 onwards. Exports were slow to grow. Output fell year by year until 1905, when Scotch whisky production stood at 23 million proof gallons - fully 35 per cent below the peak achieved in 1899.⁸⁰ The number of actively working distilleries in Scotland, which had reached a zenith of 161 during 1899 decreased to 149 in 1905, and to only 122 in 1910.⁸¹ Because stocks were so excessive, orders were not placed for new whisky fillings; indeed, it was cheaper for blenders to buy mature malt whisky on the open market than to lay down new parcels.

The Scotch whisky trade was made painfully aware that it had, and still has, tendencies to be unstable, and that unless speculation is

79. The Economist, 25 Feb, 1899, pp. 272-3.

80. Reports of the Commissioners of Inland Revenue: 1905-6.

81. D.C.L. and Scotch Whisky, op. cit., p. 8.

brought into control, by confining investment in whisky stocks to the regular trade (i.e. distillers, blenders and brokers), the instability may be accentuated. Output should also be closely related to the anticipated pattern of demand. Because of the extent of inter-trade connections, it soon became apparent after 1899 that the collapse in confidence and activity would be more widespread and prolonged than had hitherto been experienced by Scotch whisky firms.

The Failure of Pattisons Ltd.,
Of Leith.

In the mid-nineteenth century, the composition of the Scotch whisky industry began to change with the advent of the grain whisky distillers, who were in turn followed by the blenders. By the 1890s, the overlapping interests of malt whisky distillers, grain whisky distillers and blenders were being merged. Vertical integration was beginning - blenders were assuring themselves of their sources of supply, by acquiring their own distilleries. Among them, Buchanans, Dewars, Sandersons and Walkers were prominent. Meanwhile, distillers were reaching forward to blend and sell their whiskies on an ever widening market both in Britain and overseas, as did the Mackies and the William Grants.

The world of commerce and finance was not slow to see the growing demand for blended whisky. The phase from 1880 to 1900 was the boom period of the Scotch whisky industry. During those years a plethora of new companies was formed, new distilleries were built, and older ones were reconstructed and extended. As early as 1886, when Barnard was visiting distilling areas, he remarked repeatedly on the amount of rebuilding that was taking place; his findings are endorsed in 'Moray and Banff Illustrated' for 1895. The outcome was a tremendous increase in capacity - from 130 distilleries in 1892 to 161 in 1898.

There was a faltering in the upward trend in the industry in 1887, which John Grant of William Grant & Sons, remembered as a bad year for distillers. The year was marked by the sequestration of Kidd, Emson & Co., a Leith whisky house, in whose affairs the Pattisons played a significant part. Thereafter the surge in production and output was renewed, to be followed by a disastrous collapse. The whisky bubble burst in December 1898 with the failure of Pattisons Ltd., a major blending company also located in Leith.

1. The Failure of Kidd, Eunson & Co. Leith.

Kidd, Eunson & Co. was organised as a copartnery. On the decease of the leading partners, about 1880, a trust was formed to manage affairs, and the widow of one of the partners, Mrs Annie Maria Kidd, was joined in the firm by Samuel Boe, a Leith merchant, and one of the trustees. He was responsible for running the business which became bankrupt in August 1887.¹ Not only were many notable whisky enterprises implicated in the collapse, but as will later appear in the Pattison failure, various Scottish banks had aided the growth of credit and speculation in whisky stocks on insecure foundations.

The liabilities of Kidd, Eunson & Co. exceeded £50,000, which was a modest sum by comparison with the debt in the Pattison failure. The firm's assets were initially estimated to be worth £16,700, which gave a deficiency in funds of £33,300, but guarantors had advanced sums against certain securities to the extent of almost £11,000. Hence the debt was expected to be reducible to £25,000.

The organisation and finance of the copartnery were revealed in the examination of Samuel Boe during September 1887.³ He had joined Kidd, Eunson & Co. in August 1881, when he believed there was a surplus of assets in excess of £10,390, but by 1887 there was a deficiency of £22,000 - thus in all, £33,000 had been lost in a six year period. The reason for the deficiency was ascribed to heavy interest charges, and commissions. At the time of the bankruptcy, Kidd, Eunson & Co., were paying £5,000 yearly to banks and others by way of discounts or interest payments.

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1. S.R.O. Accountant of Court Processes: 1897: No. 177: Kidd, Eunson & Co., Sequestration, 1887.
 2. S.R.O. op. cit., Sederunt Book, Kidd, Eunson & Co., p. 20.
 3. S.R.O. op. cit., Examination of Samuel Boe, 1 Sept. 1887, p. 25.

Prior to Boe's management, the usual profit had been £2,000 a year; interest charges had not then exceeded £250 per annum. The deduction may be drawn that the firm had not been successful for some years before 1887, although Boe tried to refute this, and commented - 'I did not expect we were working at a loss, but just that we were getting some profit.'⁴

Since 1883, about £20,000 had been paid out in interest and discount, while several bad debts had been incurred. Another cause of deficit, suggested by Boe, was the depreciation in the value of whisky. The stocks were worth £17,000 in 1881, but the gallonage and composition is not disclosed in the Sederunt Book. By 1887, Kidd, Eanson & Co. had nominal holdings thought to be worth £101,000, but in fact much of the stock had been made over to banks and other creditors. A rumour in the whisky trade alleged that Boe was trading 'very heavily' and that affairs were out of hand. The company appears to have been under-capitalised from the outset, it carried inflated inventories, which other firms cornered as security, and as will emerge, it was mis-managed.

The books, for instance, had been balanced annually, and profit and loss accounts struck for 1884 to 1886. The first balance sheet for the firm was drawn up in 1884; one had been partially constructed for 1883. Boe did not trouble to write up his own private ledger regularly, merely having kept it 'in scroll' since 1881. Hence he had little opportunity of knowing from the books whether he had actually been making losses. Accountants examined the balance sheet for 1885, but the trustees of Mr Kidd had never taken much interest in the firm, nor had they exercised any supervision over its activities. It had come to their notice however that Boe was 'in whisky', and they had then become curious about the firm's affairs; whisky trading was recognised as speculative.⁵

4. S.R.O. op. cit., Examination of Samuel Boe, 1 Sept. 1887, p. 27

5. S.R.O. ibid.

There was a lack of funds from the start of Boe's control. When he came to Kidd, Munson & Co., shares in the Galloway Steam Packet Company, with which Kidd had been associated, and which operated steamers on the Forth, were taken over by the firm at a valuation of £10,000. These shares were accounted one of the assets of the partnership, and they passed to Boe in order to help him meet outstanding liabilities.

Finance: 1. The Banks:

To support his trading activities, Boe had turned to the Scottish banks. In one case, a bank allowed his current account to run to £80,000, before cutting it back to £50,000.⁶ This reduction in credit was only achieved by handing over stocks of whisky - a practice to which Boe had had to resort as early as 1884. Since then he had succeeded in carrying on the enterprise by drawing credit against the stocks. The banks entered substantial claims in the sequestration.⁷

The Clydesdale Bank, Leith	£7,752	15s.	5d.
The British Linen Company, Dundee	£2,367	8s.	10d.
The Town and Country Bank,	£1,651	18s.	0d.
The Union Bank of Scotland Ltd	£ 606	5s.	11d.
The North of Scotland Bank, Dundee	£ 688	16s.	0d.
The Bank of Scotland, Dundee	£ 303	7s.	9d.
The Clydesdale Bank, Leith	£ 659	18s.	9d.
The Commercial Bank of Scotland, Leith	£ 841	0s.	0d.

The total extent of indebtedness to the banks was thus about £15,000. What is interesting is the number of banks and branches of banks which were prepared to advance funds.

The second source of credit was found among merchants and companies in Leith which were willing to help Kidd, Munson & Co.; when the banks began to restrict advances, Boe approached Leith financiers, who made funds available at the banks' rate plus a 4 per cent premium. Boe paid therefore 8 per

6. S.R.O. op. cit., Boe's Examination, p. 30.

7. S.R.O., op. cit., Sederunt Book, p. 20.

cent for his loans, and because he found that whisky stocks could not be sold to advantage, he believed that this was the best course in the short run. He hoped the price of whisky would rise quickly and to a high level to mitigate the situation. Some of the financiers also obtained security for large advances - for example, Thomas Dowie, Leith, had security for £14,000 against a loan of £9,400 while Walter G. Pattison & Co., held security for £15,200, against advances of £11,000. The elder Pattison brother was thus involved in the Kidd, Emsoun collapse.

The third method of keeping up financial appearances was the technique of 'crossing' which was an expedient in the whisky trade. As over £100,000 of whisky and other stocks had been in Boe's control, he had begun to draw on these stocks to raise funds. Boe and others in the trade drew on each other to provide mutual accommodation in the face of credit difficulties - Inventories were so excessive that the principal object of all the interested firms in Leith was 'to keep up the price of whisky by simply crossing to each other.' When bills were crossed, delivery orders for whisky normally passed between the parties; occasionally, invoices only were given, or as Boe said, 'we invoiced and then drew.'⁸ Nor did he deny the assertion that the gentlemen on whom he drew, invoiced the goods back to him, and then they drew on him - thus credit mushroomed in the system known as 'crossing.'

When Kidd, Emsoun & Co. gave stock to their bankers, it was customary to forward delivery orders, which noted the amount of the stocks up to a certain value. This system was continued until the banks refused to take up more whisky, possibly because the firm was embarrassed on occasion by delivery orders not being honoured by distillers and other merchants. In dealings with finance houses, those who honoured delivery orders would ultimately have Kidd, Emsoun & Co. exchange or present them with other

8. S.R.O. op. cit., Boe's examination, p. 31.

whiskies in place of those invoiced. If prices changed in the interval, and there was not a sufficient margin, Doe was expected to make up the difference. He would again have to borrow to bridge the gap. A balloon of credit was induced; whisky dealers feverishly postponed the inevitable crash by artificially generating a pressure of demand throughout the 'whisky ring' in Leith and Edinburgh.⁹

During 1884, the turnover in the bank account of Kidd, Munson & Co. was £525,000; thereafter it had fluctuated between £400,000 and £500,000. Commission on the agencies held by the firm amounted to £2,000 a year; Mrs Kidd received £1,100 each year, while Boe had £350.

There were anomalies in the firm's affairs. Discrepancies appeared in the balance sheets of 31 March 1884 - the surplus in one being £26,000, and in the other £23,000; bills were valued at £116,000 in the first, and at £113,000 in the second, while stocks were put at £133,000 and £132,000 respectively.¹⁰ Shares in the Portobello Pier Company (in which the Galloway Steam Packet Co. had an interest), had been bought with the firm's money. On taking up the business, Boe had considered that the entire trust estates of Kidd and Munson constituted the capital of the firm; indeed the former's capital on loan at 5 per cent was left in the enterprise. Mrs Kidd had shares in the steamers Lord Morton and Stirling Castle, which sailed on the Forth, there being a bond over the latter vessel at the bank. The trustees also held shares in the North British Distillery Company, which they had obtained in March 1887. This was the grain whisky distillery financed by blenders and other whisky merchants to break the tendency to monopoly which D.C.L. had developed in patent still production capacity. Subsequently, Kidd, Munson's £400 worth of stock in the N.B. distillery was bought back at £430.

9. Wilson, R., Seventy Years of the Scotch Whisky Industry, XXIX, W.S.T.R.: 16 Feb. 1967, p. 164.

10. S.R.O. op. cit., Boe's Examination, pp. 32-3.

Trade:

Kidd, Eunson & Co. had a large and varied trade with distillers, wine and spirit merchants and other dealers in cities and towns mainly in Scotland. The extent of their indebtedness was considerable. After the claims of the banks, the most substantial account was one for over £9,000 from William Ritchie of the Glenury Royal distillery in Stonehaven. Other distilling firms which entered claims were:-

J. & J. Grant, Glenrothes	£107	2s.	5d.
The Bristol Distilling Co. Ltd	£660	8s.	0d.
Vue Plant & Co., Cognac, France	£ 1,313	17s.	3d.
Bruichladdich Disty. Co., Islay	£997	10s.	4d.
E.F. Dudgeon, Secy. The Distillers Co.Ltd	£175	12s.	0d.
Greenlees Bros., Glasgow & Campbeltown	£ 8	2s.	6d.

Two accounts from whisky merchants exceeded £2,000 - both were from Dundee firms, James Hamilton Anderson, and John Robertson & Company. Several other dealers claimed sums in excess of £1,000, e.g. D. & S. Robertson, Edinburgh, Archibald Aikman & Co., Edinburgh, Alex. Cairns & Son, Leith, and a number of Glasgow firms. Some well known names appear in the lists: Andrew Usher & Co., Charles Mackinlay & Co., Whyte & Mackay, and John Crabbie & Co. A further group may be identified: James Ainslie & Co., and Messrs. W. Helm & Co., both wine and spirit merchants in Leith, and Magnus McLean of Edinburgh, all of whom were heavily implicated in the Pattison failure.¹¹ The ordinary claims amounted to over £18,000, and the unsecured creditors entered a further £31,000.

The Sale of Whiskies:

To satisfy the creditors, the disposal of Kidd Eunson's stocks was begun, despite the depression in the price of whisky.¹² The auction took place in Edinburgh on 14 December, 1887. Prices seem to have proved

11. S.R.O. op. cit., Minute of Sequestration, 19 Aug. 1887, pp. 9-20.

12. S.R.O., op. cit., Proposal to hold Sale of Whiskies, p. 93.

disappointing because only £7,000 was realised. There were both malt and grain whiskies in casks, and some blended whiskies; there were bottled stocks, rum, brandy, geneva, port, Tarragona, and sherries. The oldest whiskies dated from 1880-2, Balmenach and Caol Ila being represented therein. Before the sale, Charles Mackinlay & Co. put in offers for parcels of Glendronach and Dankier, while Mackie & Co. took Glendronach and Glen Grant - neither encountering any competition. For mature Highland malts like Ben Nevis, Talisker, Glenfarclas and Highland Park, prices ranged from 6s. to 7s. 5d. per proof gallon.

A number of defunct distilleries are mentioned, and it is noteworthy that the prices for their whiskies was very much lower than for the Highland malt whisky from distilleries which exist to-day. These low prices may indicate inferior quality, or unacceptability for blending, and the lack of demand for the whiskies perhaps led to the demise of the distilleries after 1898.

Ben Wyvis (Ross-shire)	...	...	3s. 6d. to 3s. 4d.	per proof gallon
Glencadam (Breachin)	...	...	3s. 6d. to 2s. 6d.	" " "
Gleniffer (Paisley)	...	...	2s. 6d.	" " "
Port Ellen (Islay)	...	...	3s. 9d.	" " "
Burntisland (Fife)	...	...	3s. 11d.	" " "

Regrettably the sale record does not give the age of all the whiskies which would enable fair price comparisons to be made.

Islay malts	price range:	3s. 10d. to 5s. 8d.
Speyside malts	" "	4s. 1d. to 7s. 3d.
Lowland malts	" "	3s. 10d. to 4s. 6d.
Grain whisky (Cameronbridge)	" "	2s. 0d. to 2s. 11d.

Already by 1887, the whiskies from Speyside were being recognised for their distinction by higher prices, a factor which may have encouraged investment in additional distilleries in that area during the 1890s.

After the auction, came requests for transfers of stock; delivery orders were presented by Robertson & Baxter, for Glencadam, Caledonian, Glenury, Cragganmore, Oban, and 4 hogsheads of 'Plain British Spirits', which presumably went into their blended whisky. The Pattisons would not honour

any delivery orders of Kidd, Dunson & Co. after they had suspended payment.¹³

The collection of debts to Kidd, Dunson & Co., reveals their trade network: Leith, Edinburgh and Dundee predominated, but they also traded in London and Bristol. In Scotland, they dealt with Dewars in Perth, Fraser of Brackla, and Mrs. Cumming at Cardow distillery, among many others. Before accounts could be settled several compositions were offered by dealers in wines and spirits, who had become financially embarrassed.

Leechman & Gray of Leith, who figure in the Pattison affair, operated a joint account with Kidd, Dunson & Co.¹⁴ Goods to the value of about £5,000 had been made over to the Clydesdale Bank by the latter in security for their acceptance to Leechman & Gray. After the sequestration, Leechman & Gray asked that these stocks be valued; although the invoiced amount was nearly £4,000, the new valuation by Charles Mackinlay of Leith was £5,400, which caused Leechman & Gray to be thoroughly disappointed.

Equipment remained to be sold - vats for blending whiskies worth £300, casks worth £360. Bonded warehouses were let, and salaries paid to the administrative staff of eight persons. The final settlement of the affairs of the company did not occur until 1895.

The episode is not a cause célèbre in the whisky industry, as is the Pattison collapse. It is a minor disturbance of trade, but it does show the degree of involvement of the Scottish banks, the speculative nature of the business through 'crossing', and the extensive credit net which had developed in whisky dealings. It also provides an introduction to the firms which became so deeply enmeshed in the 1898 failure.

The Pattison Failure:

Pattisons of Leith were initially a firm of wholesale merchants handling

13. S.R.O. op. cit., Sale of whiskies, 14 Dec. 1897.

14. S.R.O. op. cit., Saleout Book, p. 61.

dairy produce. In 1889, they obtained the lease of premises and ground at 140 Constitution Street, Leith, at a rent of £75 payable at half yearly intervals. By 1896, the registered office was at Breadalbane Street, Leith, and it is given as 172 Constitution Street, Leith in 1899. Leith was fast becoming a hub of whisky trading, and Pattisons soon assumed interests in marketing that spirit, forming a blending company under the name of Pattison, Elder & Co. in 1887.¹⁵ The firm set about acquiring a substantial share of the whisky market both in Scotland and England, by methods which have been described as lacking in both prudence and foresight.¹⁶ By 1896, the name 'Elder' was dropped and the title 'Pattisons, Ltd.' came into use.

The business was controlled by two brothers, Robert and Walter Pattison. Their initial success appears to have gone to their heads; their status seeking and image building have seldom been surpassed in any Scottish industry. The ostentation with which they conducted affairs showed in the palatial offices which they had erected in Leith. Wilson alleges that they dispersed, as part of an advertising campaign in Scotland some 500 grey parrots, which were set up outside licensed grocers' shops to cry, 'Drink Pattisons whisky.'¹⁷ They maintained a 'Glenfarclas' houseboat on the Thames at Henley, had tramcars in Leeds bearing their slogans, and displayed electrically lit signs in London to advertise their product.¹⁸

This outpouring of funds to promote Pattisons whisky was not well received by their trade rivals who decried the grand premises in Leith Walk, as such as they disliked the conspicuous spending of one of the

15. Wilson, B., Scotch Made Easy, pp. 304-5.

16. Bruce-Lockhart, Sir R., Scotch, n. 67.

17. Wilson, op. cit., pp. 304-5.

18. S.R.O. U.P.: 1975: 242A: Pattisons Ltd. in Liquidation, Note 332, and Note for the County of London and Brush Provincial Lighting Co. Ltd., 30 Nov. 1899.

partners, who had a private estate, "King's Meadows", near Peebles. He was alleged to arrive late at the station, where a special train would be ordered forthwith at £5 15s. a mile. Personal display was also evidenced by the wearing of fur coats to which exception was also taken by their competitors.¹⁹ Business rivals envied such obvious one-up-manship.

Besides the head office in Leith, Pattisons had the tenancy of a counting house, offices and cellars at 75 Bath Street, Glasgow at a rent of £310 per annum, plus 7½ per cent on a sum of £200 expended by the landlord on altering the style of the furnishings to their liking. Their warehouses at Bonnington cost £60,000 to erect. Pattisons had an interest in brewing prior to the period of the failure; they sold their interest in a brewery (unspecified in the Pattison Papers) in August 1899.

The finance for their enterprise was partly supplied by the Scottish banks. According to Sir Robert Bruce-Lockhart, 'the firm sailed along gaily on the tide of ample credits which the Scottish banks supplied with surprising ease, and the unsuspecting public assumed that magnificence harboured success.'²⁰ Behind the facade of opulence dubious transfers of stock took place, joint adventure accounts were opened, and investors and speculators were drawn into a whirlpool of gambling in whisky. Under the stimulus of soaring demand for blended whiskies, distillers doubled or trebled output; new distilleries proliferated, and the shares of their parent limited liability companies were purchased greedily by the public.

The Collapse

It was known in the whisky trade that all was not well with Pattisons enterprises. For instance, letters home to Glenfarclas - Glenlivet distillery, Banffshire, from George Grant, brother of one of the partners, gave

19. Wilson, op. cit., pp. 304-5

20. Bruce-Lockhart, Sir R., Scotch, p. 67.

advance warning of irregularities and difficulties in Pattisons business. The young man was learning his trade in their Leith offices.

Pattisons Ltd. had become partners with the Grant brothers, John and George, in the Glenfarclas-Glenlivet Distillery Company. Pattisons took a 50 per cent interest in the distillery, in return providing the funds for a programme of enlargement and rebuilding in 1896. At the time of the failure George Grant still had a number of friends in Pattisons offices, with whom he corresponded. The present proprietor of Glenfarclas, Mr. George S. Grant, recalls that the Grants knew that there was financial trouble in Pattisons, pre-1898, because bills of exchange were presented and could not be met.²¹

The Glenfarclas partners were not the only people in the industry who were increasingly suspicious of Pattisons credit worthiness, and trade conduct. The Distillers' Company Ltd. in 1889 was noting complaints about underselling by W.G. Pattison & Co., and Pattison, Elder & Co.; D.C.L. were discussing the possibility of stopping supplies.²² In July 1894, the directors noted that the financial position of Pattison, Elder & Co., was being spoken of in trade circles as in a very doubtful way.²³ A year later, D.C.L. received news of a rumour circulating in London, as to the stability of Pattison, Elder & Co. Consequently, the amount of credit given by D.C.L. was to be curtailed; credit was reduced to £20,000.²⁴ Then in August, 1897, D.C.L. refused to sell whisky on forward terms to Pattisons, Ltd., when the latter enquired about purchasing grain whisky 6 months in advance of its production.²⁵

Hurried efforts were made by Pattisons to persuade their bankers to

21. Letter from Mr. George S. Grant, Glenfarclas, 7 Feb. 1968.

22. The Distillers Co. Ltd.: Minute Book, No. 6, Sent. 1899, p. 147.

23. D.C.L.: op. cit., No. 7, July, 1894, p. 542

24. D.C.L.: op. cit., No. 7, April, 1895, p. 428.

25. D.C.L.: op. cit., No. 8, Aug. 1897, p. 270.

support them, while they reorganised their affairs, and tried to refloat the company. The firm was obliged to stop payment on 6 December, 1898, and from then onwards, there were far reaching consequences for the Scotch whisky industry. The Pattison brothers were the subject of criminal proceedings. The elder brother, Robert, who was the senior partner, was sentenced to eighteen months' imprisonment, and the younger brother, Walter, to eight months.²⁶ Many small distillery companies, numerous publicans, and whisky houses were crippled, and a train of bankruptcies and liquidations was set in motion.

An Extraordinary General Meeting of Pattisons Ltd. took place on 19 January, 1899, when the amount of debt admitted to preferable ranking was £116 0s. 10d., and to ordinary ranking £ 6,493 9s. 11d. The total volume of claims lodged was estimated to be no less than £743,243 18s. 4d. Of this immense claim, only £43,000 was expected to rank for payment of dividend. The liquidators had no more than £154,400 in hand, but were already preparing to pay a first dividend of 5s. in the £. A hopeful note was sounded by Tait and Murray - from the nature of past realisations they foresaw that large sums would be received from the judicious sale of the large stocks of whiskies held by Pattisons.²⁷

The liquidators in the Pattison affair were John Scott Tait and Robert Alexander Murray, accountants in Edinburgh. The books of the company were investigated by Messrs Paines & Co., Solicitors, London, Messrs. Price, Waterhouse & Co., and Messrs. Ford, Rhodes & Ford, Accountants, both of London. Access was only allowed to the papers of the firm on the understanding that all documents would be returned, and no notes or copies taken. Price, Waterhouse and the others did however take detailed statements and excerpts

26. Bruce-Lockhart, *op. cit.*, p. 68.

27. S.R.O. U.P: 1955: 242A: Pattisons Ltd. Extraordinary General Meeting, 19 Jan. 1899.

from ledgers and accounts, in order to make a tentative statement of affairs.²

The litigation arising out of the liquidation was heard before Lord Stormonth Darling in the First Division of the Court of Session during 1899-1900. There were petitions for sanctions of compromise with those indebted to Pattisons, Ltd., disputes about the validity of contracts of sale, and the delivery of parcels of whiskies, as well as the disentangling of joint adventure accounts. One of the intriguing aspects revealed by the legal papers was the attempt to salvage Pattisons affairs, and to help the Scotch whisky industry - an attempt in which W.H. Ross of D.C.L. played a notable part.

The series of compromise arrangements disclose the nature and extent of Pattisons trade, and bear examination. Furthermore, these agreements show how heavily involved many of the leading firms and personalities in the whisky field were in the commercial debacle of the Leith house, whose credit net was widespread.

A well known entrepreneur in the Scotch whisky trade was Peter Dawson, of Great Clyde Street, Glasgow; he was both a distiller and a whisky merchant. Dawson had shared in the promotion of Convalmore-Glenlivet Distillery Company, which was incorporated in 1894, when Convalmore distillery was built near Dufftown. He was also involved in the Towiemore-Glenlivet Distillery Company, whose distillery was built at Keith in 1897. In this enterprise he was joined by the brewing house of Samuel Allsopp & Sons, Ltd., and by the whisky firm of Alexander Muir & Co., Alloa. The blends put up by Dawson were 'Special' Scotch Whisky, and 'Old Curio'. These brands are still prepared by the firm, which has offices in Hope Street, Glasgow.

Peter Dawson laid a claim for £2,078 13s. 8d before the liquidators,

24. S.R.O. U.P: op. cit., Answers for Pattisons Ltd., in Note for James Craig and Others, 2 June, 1899.

stating that he intended to retain all the whiskies of Pattison origin in his possession. The sum of money represented 11 separate parcels of whisky. Six bills had been drawn by Dawson upon, and accepted by Pattisons Ltd; these bills amounted to £7,234 10s. 11d. A profit of $\frac{1}{4}$ d. a gallon was made on five of the parcels invoiced to Dawson in October 1898. The total invoice price was £8,801 1s. 3d. The settlement allowed Dawson to rank as a creditor to the extent of the initial claim, while he was permitted to retain the whiskies provided he paid over £1,500.²⁹

Along with Peter Dawson, compromise was effected with many other persons throughout 1899. There were flocks of small debtors - publicans, grocers, wine and spirit merchants, bottlers and hotel keepers. Commonly, debts of £300-£500 would be due to Pattisons Ltd., of which only £50-£60 would be tendered by the embarrassed clients.

Wholesale whisky firms like Pattisons who held agencies for distilleries, were accustomed to finance retail merchants and publicans to set themselves up in business. The latter had to agree to push the wholesale firm's whiskies, to the exclusion of other brands. Such a practice of having partially tied houses continued in Scotland until the First World War. It made the consequences of the collapse more extensive.

A similar pattern was discernible in the brewing industry, which was expanding. The brewers wanted to gain greater control over their retail outlets in order to safeguard their markets. Hence the tied house system grew. There were difficulties about obtaining licences towards the end of the nineteenth century, when J.P.'s became less free in granting such licences. There was thus a rush to buy up existing licensed premises by brewers keen to grab the retail margin, and to cut out competitors. Prices for such

29. S.R.O. U.P: op. cit. Sanction of Compromise with Peter Dawson, Glasgow, 19 Jan. 1899.

properties doubled or even trebled, and therefore large sums of money had to be raised for their acquisition.³⁰

The most notorious of these brewery concerns was Samuel Allsopp & Co. of Burton, who had joined Peter Dawson in distillery promotion. They were relatively tardy in purchasing licensed premises, but when they did enter the market, their purchases were 'excessive and unwise.'³¹ The firm suffered repeated insolvency, and schemes of reconstruction were propounded to cure the ills of the grossly mismanaged business.

On account of such operations by distilling and brewing enterprises, when a firm like Pattisons collapsed the retailers were caught up in the coils of the credit net, which extended throughout the length and breadth of Britain. Their trade was widespread - from Lerwick to Southampton, from Cupar Fife to Sidcup, from North Shields to Pwllheli. There were many dealings with traders in fashionable English holiday areas, like Southport, the Isle of Man, Scarborough, and the Channel Islands, which may reflect the sophistication of these resorts, wealthy markets, and the downfall of brandy and soda. After the phylloxera epidemic which attacked French vines, Scotch became an acceptable alternative.

The debts of the retailers were mainly for whisky, the sale of which was often disputed; advertising material (in the form of mirrors, urns and showcards) worth £5 or so is frequently mentioned in lists of liabilities.

Who were the debtors? For example, a Mrs McShorry was sued by Pattisons Ltd. in Glasgow Sheriff Court for the non-payment of £425, of which £60 15s. was finally secured by the liquidators. J.W. Lomas of Cockburn Hotel, Cardiff, was owing the company £62 17s. 6d; when his affairs were

30. Payne, P.L. The Emergence of the Large Scale Company in Britain 1870-1914: Econ. Hist. Rev. 2nd Series, XX, 3, Dec., 1967, pp. 530-1.

31. Payne, on. cit., p. 531.

examined, he had liabilities of £1,482, and assets of £156. A composition of 2s. 4d. in the £ was raised to 5s. in the £ by a friend. Another Welsh publican, had debts of £3,000, assets of £650, giving an apparent dividend of 4s. 1d., but a friend again offered to increase this to 10s. James M. Craig, a baker and grocer in Fraserburgh, owed Pattisons £9 7s. 6d: his funds were deficient to the extent of £1,701 12s. 6½d. A meeting of his creditors offered a dividend of 6s. 2½d in the £. Likewise, Charles P. Blaikie, a grocer and wine merchant in Haddington, due Pattisons £6 15s., was unable to meet his debts of £883 19s. 7d. ; a dividend of 1s. 11¾d. was offered.

Where breweries had tied houses in England, they offered to pay on behalf of their tenants. Messrs. Allsopp, for instance, being landlords of a public house where the occupant was due £19 to Pattisons, and whose affairs were in disarray, with debts of £250, were prepared to pay 7s. 6d. in the £ on his behalf. Likewise the East Grinstead Breweries supported a Brighton licensee with an account for £61, because the premises were rented from them. Many publicans were thus overtaken by the debacle - people like John Slevin of Maryhill, Glasgow, who was 'hopelessly insolvent', with arrears exceeding £400 due to Pattisons.³² The credit standing of Pattisons customers cannot have been great, and the shock waves from the failure kept spreading. Indeed, the carelessness of Pattisons in selecting their publican clientele is obvious. Pattisons were not directly involved in the operation of these premises, which they had bought. They may have trusted in the fact that heritable property was a first class security under Scots law, and that the consumption pattern for whisky was rising.

Degrees of involvement with the bankrupt Leith firm varied. The most insidious arrangements concerned persons whom Pattisons had called

32. S.R.O. U.P.: op. cit.: Note for Tait and Murray, 19 July, 1899, pp. 3-8.



The former offices of Pattisons Ltd. at Constitution Street, Leith; now occupied by A. & A. Crawford, Ltd., a subsidiary of D.C.L.



The imposing warehouses behind the former offices of Pattisons Ltd. (From A.E. Glen, B.Sc.)

upon to give financial help. Persons who accommodated them got their fingers badly burnt. For example, Peter Phin Mitchell, a grocer and wine merchant in Peebles had an open account of £115 16s. 11d. with Pattisons Ltd. The company had however drawn bills on him to the extent of £3,811 14s. 11 which were accepted by Mitchell to the amount of £2,084 as accommodation bills. The unfortunate Mitchell became bankrupt in February, 1899, and to complicate matters further had granted Pattisons a disposition on his property in Peebles, where the brothers had an estate.

Likewise, James Ross of Grove House Inn, Thurso, who owed £547 gave Pattisons as security, a bond for £800 over his property, jointly held with Lorimer and Clark of the Caledonian Brewery, Edinburgh. Because of his straightened circumstances, he offered 10s. in the £ as settlement. Similarly, Thomas Paterson & Sons, Melrose were due to Pattinsons Ltd., (for cash advances and for goods supplied), over £11,450, consisting of bills accepted by Messrs. Paterson in favour of the Leith firm. All the bills were discounted by Pattisons. The securities against the advances were life insurance policies, a licensed grocer's shop, with a house, and brandy and whiskies worth £6,000. A statement of affairs disclosed that a dividend of 3s. 10d. in the £ might be realised. The comment is illuminating:

It is understood that certain of the Bills held by the Banks had been accepted by Messrs. Thomas Paterson & Sons, to retire Bills falling due at a later date, but which Pattisons Ltd. neglected to retire through discounting the fresh Bill. To this extent therefore the Bills are really for the accommodation of Pattisons, Ltd.³³

Facilities provided to help Pattisons by Henry Riddle & Co., merchants in Galashiels show the same pattern. The firm raised action for £650, and demanded delivery of whisky. Defences were lodged that the bills were for the accommodation of Pattisons Ltd.³⁴

33. S.R.O. U.P.: op. cit., Note, 19 July, 1899.

34. S.R.O. U.P.: op. cit., Note for Tait & Murray, 20 July, 1899.

Others, who were more substantial personages in the Scotch whisky trade, suffered the consequences of showing favours to Pattisons, or having participated with them in joint adventure accounts. The situation in the industry at the time of the collapse was not unlike the children's party game of 'pass the parcel'. On this occasion, when the music stopped, and the speculation came to an end, no one knew who owned the parcels of whisky, or in some cases, what had become of it.

One of the firms whose affairs subsequently became embarrassed was that of James Ainslie & Co. of Leith, who were wine and spirit merchants there. In 1896, Ainslies had bought the Clynelish distillery in Brora, from George Lawson & Co. They sought delivery of an assortment of whiskies from Pattisons - malts like Mortlach and Aultmore from Speyside, and Auchtermuchty from the Lowlands, in both plain and sherry hogsheads, worth £12,442. They also demanded parcels of Glen Albyn from Inverness, Glenfarclas and others, valued at £57,270. Some of these holdings were in Pattisons warehouses, and other stocks were at their distilleries of origin throughout Scotland - Teaninich, Glenugie, Glenury, Banff, Oban, Glen Moray, Benrinnes, and Port Dundas, as well as Bo'ness, Auchtertool and Tumbowia which are now defunct.³⁵ Authority had to be obtained from the Court of Session for the transfer of the parcels of whisky.

An extract from Ainslies claim shows the scope of their investment in whisky stocks, all of which were immature at the time of their bankruptcy. The preponderance was malt whisky, Bo'ness and Port Dundas being the only patent still units, making grain whisky, whose product is mentioned

Abstract from Invoices: 17 July, 1899:

Inventory of productions of Messrs James Ainslie & Co.

44 Hhds.	Mortlach,	21 Jan. 1898	£506	1	5
57 Hhds.	Auchtermuchty,	21 Jan. 1898	£955	17	10
8 Hhds.	Mortlach	10 Feb. 1898	£ 91	8	0
36 Hhds.	Mortlach	12 Feb. 1898	£413	6	3
70 Hhds.	Aultmore	14 Feb. 1898	£744	11	8

35. S.R.O. U.P. op. cit., Note for James Ainslie & Co., 23 March, 1899.

Apart from these massive claims to whiskies, numerous bills had been drawn by Pattisons Ltd. on Ainslies and accepted by them. These are also enumerated in a section of the Inventory, of which the following is a sample -

Bills: Bill for £4,000 drawn by Pattisons Ltd., on, & accepted by James Ainslie & Co., dated 5 Aug., 1898 at 6 months.

32. Account of 3 Feb. 1898: Messrs. Ainslie to Pattisons Ltd. for £12,242 8s. 2d., for which 5 bills of £3,000, £2,963 13s. 2d., £2,858 1s., £3,000, and £421 3s. 1d., were accepted. 36

Finally, James Ainslie & Co., appear to have operated a joint account with Pattisons Ltd., because the Inventory shows that at 5 August, 1894, the joint account stood at £12,442 13s. 2d., for which bills of £7,000, £4,000, and £1,442 13s. 2d. were accepted at 6 months date by Ainslies. They were indeed in the coils of the Pattison credit net.

Delivery notes were in fact obtained by Ainslies for some of the whisky stocks, thereby freeing them from the liquidators' control. One such holding lay at Glen Albyn distillery in Inverness - 99 hhds. from December 1896 amounting to over 5,500 gallons in plain wood, and most interestingly, 215 hhds. for July, August and October, 1896 containing more than 12,000 gallons. The production and filling of whisky in July and August is noteworthy. These months were the traditional silent season of non-production, when plant was repaired and workers went on holiday; water was often inadequate, or not cold enough for cooling purposes, and grain germination in malting difficult to control. Hence, one may conclude that the malt whisky distilleries in the boom years were working beyond normal capacity.³⁷

The gallonage of whisky at Glen Albyn was worth £3,606 0s. 3d., which gave an average price of 4s. per gallon. A small deduction of £21 was made to cover rental for warehouse space during bonding.

The distillers, James Calder & Co. Ltd., were also caught out in the

36. S.R.O. U.P. op. cit., Inventory of Productions: James Ainslie & Co., 17 July, 1899.

37. S.R.O. U.P. op. cit., Second Joint Minute for James Ainslie & Co., 21 Nov. 1899.

Pattison debacle. They owned the Bo'ness distillery, and also had an interest in Auchtertool distillery, Kirkcaldy, the former a patent still unit, and the latter a pot still one. In 1893, Nettleton lists 'J. Calder & Co', as proprietors of a pot still unit, Glenfoyle at Gargunock in Stirlingshire.³⁸ They were also associated with Gartloch distillery, Chryston, which was bought over by DCL in 1920-1. Much Bo'ness whisky went to rectifiers for conversion to gin.

A statement of the position between Pattisons and Calders purported to show that Pattisons owed Calders some £6,000.³⁹

Liabilities

1. Bills current drawn by Calder & Co. Ltd. on Pattisons Ltd., & taken up by Calder & Co.	£18,922 8 1
2. Open account, chiefly for duties paid & whiskies for which bills had not been drawn	2,283 19 10
3. Rent on 3rd party whiskies	93 7 4
	£21,299 15 3

Assets

1. Whiskies sold by Calder & Co. to Pattisons Ltd. (original invoice price)	£18,701 11 11
2. Whiskies sold by Calder & Co. to Pattisons	693 2 3
3. Whiskies originally sold by Calder & Co. to 3rd parties and thereafter acquired by Pattisons Ltd., and without intimation by them to James Ainslie & Co.	£ 2,238 9 4
4. Wood (i.e. casks)	177 17 6
	£ 2,416 6 10
5. Casks forwarded by Pattisons Ltd. to Calder & Co. for filling	5,498 8 0
	£27,309 9 0

There are two points of interest disclosed in this statement. First 'item 5' in the analysis of assets reveals that Pattison passed on whiskies to Ainslie & Co., without notifying Calders that they were so doing. This

38. Nettleton, J.A., The Manufacture of Spirit, (1895), p. 411.

39. S.R.O. U.P. op. cit., Statement of Affairs, James Calder & Co., July, 1899.

defect in administration, whether deliberate or not, was a recurring element in the financial unscrambling of Pattisons affairs. Secondly, the inter trade dealings, so widespread in the whisky trade stands exposed. Through the operations of the intermediary, Pattisons Ltd., Calders the distillers, and Ainslies the spirit merchants found their interests entangled. The Scotch whisky firms thus stood, or fell, together.

As to the dubious business activities of Pattisons, one dealer had made advances to them, because whisky was such a fashionable and speculative investment; he had put up no less than £2,999 against stocks, which in the event turned out to be worth only half that amount, because the blend 'Diamond Jubilee Reserve' had been replaced, unbeknown to him, by 'Vatted Glenlivet'.⁴⁰ In another instance, a customer found that Bodega butts (at 51s. 6d. each) had been changed to sherry butts (at 47s.) for his whisky fillings.⁴¹

Other claims show the same fraudulent tendencies. The Glenlossie-Glenlivet Distillery Co. Ltd., Elgin (established in 1896) entered a claim for £2,214 3s. 3d., representing the price of whiskies sold by the distillery to Pattisons Ltd. The company meantime held Pattisons acceptances to the extent of £12,068 2s. 2d. Although these parcels had been filled into casks supplied by Pattisons, both casks and contents were subject to lien for rent and payment; Glenlossie could thus retain the stocks as security. Eventually after a legal wrangle, the distillery company retired their own acceptances. In the interval, Pattisons had sold the whiskies to a third party without informing the distillery company.⁴²

Another Speyside distillery in the credit net was the Benrinnes-

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40. S.R.O. U.P. op. cit., John Liddell, Leith: Petition, 15 Nov. 1899.
 41. S.R.O. U.P. op. cit., Magnus McLean's Trustees: Examination: 18 Oct. 1899.
 42. S.R.O. U.P. op. cit., Claim No. 524, Glenlossie-Glenlivet Disty. Co. Ltd., Elgin, July, 1899

Glenlivet Distillery Co. Ltd., Aberlour. This plant was bought by David Edward in 1864, and it was forced into a limited liability company in 1897. The firm entered a claim for £1,254 19s. 5d., which was the value of whisky in their hands belonging to Pattisons. A sum of £525, represented 300 sherry hogsheads, supplied for whisky filling. The agents for the Benrines distillery were F.W. & O. Brickmann of Leith, who went into liquidation as an outcome of the Pattison failure. Brickmanns had obtained the original order for the whisky at 7s. 4d. per gallon, to be paid for by bills on London at 6 months. The casks were purchased in Glasgow. The loss of profit to the distillery, because 165 hogsheads were not filled, was put at 3d. per gallon, making a total in excess of £300.⁴³

The Brickmanns' personal involvement with the Pattisons was however more complicated. F.W. Brickmann described as a spirit broker in Leith, obtained a feu charter in 1898 for Ben Romach distillery, near Forres. the charter was granted by the distillery promoter, Alexander Edward of Saughar House, Forres. Brickmann's partner in the venture was Duncan MacCallum, a Campbeltown distiller, who operated Glen Nevis distillery in that burgh. The Pattison papers note that Brickmanns speculated in the shares of J. & R. Harvey, Lundashill distillery, Glasgow, and also in those of the Longaorn-Glenlivet Distilleries Ltd. Some of these interests were joint adventures between the Pattison brothers and Messrs. Brickmann.⁴⁴ The Clydesdale Bank, which with the British Linen, was also implicated in the whisky bubble, claimed £4,690 4s. 11. in respect of 3 bills drawn by Pattisons Ltd. on, and accepted by the Brickmanns' firm. Through Brickmanns, William Grant & Sons, Dufftown were drawn into the Pattison liquidation.

Another whisky house which was wound up was that of Alex. Muir & Co.

43. S.R.O. U.P. op. cit., Claim No. 261: Benrines-Glenlivet Disty. Co. Ltd., Aberlour, July, 1899.

44. S.R.O. U.P. op. cit. Note for Tait & Murray, 29 May, 1899.

of Alloa.⁴⁵ They had been concerned in Towiemore Distillery, with Peter Dawson and Samuel Allsopp & Sons, Ltd. Muirs had a large trade with Pattisons, who had in fact sold them whiskies worth £16,401 14s. 1d., including duty. In March, 1898, Pattisons drew bills on Muirs for £10,954 and these bills were outstanding at the time of liquidation. Information was subsequently given by Mr Muir in his examination for bankruptcy that these bills had originally been floated to provide funds for a joint speculation between himself and Robert Pattison, in the preference stock of Pattisons Ltd.

In 1898, it appeared that Robert Pattison was already in debt to the company (according to Muir) to the extent of £10,000; he desired to pay off his debts in view of an audit due in March of that year. Pattison persuaded Muir & Co. to sign two receipts amounting to £10,500. He then debited the sum to Muir & Co., and drew blank cheques on the company's account for that amount. In place of sending the cheques, or proceeds thereof, to Muir & Co. Pattison used the cheques to obtain bank drafts. These he handed to his cashier as payment of sums due by him to the company - sums which had been entered against his name in the cashier's memorandum book. The difficulty was to determine whether the transaction was really in shares, or an accommodation of a kind. On either score, it was held to be illegal.⁴⁶

To add to the confusion, a joint account was kept by Pattisons and Muirs, which was represented by bills for £14,000, drawn on either the British Linen or Clydesdale Banks. Among the stocks held jointly were grain whiskies, malts, blended whiskies, rum, and cased goods. One of their less successful blends had been given the brand name 'The Invalid', which had been changed to 'Doctor' in the interests of sales' promotion, but to the confusion of the law.

45. S.R.O. U.P. op. cit., Joint Minute: Alex. Muir & Co. Ltd., Alloa: 27 Jan. 1899.

46. Ibid.

Here is an example of a brand name being altered because it conveyed the wrong image.

The ramifications of Pattisons irregular business are further evidenced in the compromise effected with another whisky merchants, William Helm & Co. of Leith. Here again joint dealings in whisky were carried out: the transactions were described as 'in the nature of sales by Pattisons, Ltd., to themselves, and Helm & Co., on joint account.' The adventure agreement provided that profit or loss on the joint account was to be shared equally by the parties. The business methods were intriguing: Pattisons Ltd. invoiced whisky to Helm & Co., and along with the invoices (which were supposed to show the whiskies by numbers, or other marks on the casks) they sent bills drawn by them upon Helm & Co., to the amount of the invoices. Helm & Co. were then called upon to accept the bills. Statements usually accompanied the bills, noting that the whisky was for joint account purposes.⁴⁷

In the interval, Pattisons retained custody of the whisky - either at distilleries or in warehouses elsewhere. Both firms were entitled to make sales from these stocks as opportunity offered. At the time of Pattisons failure, transactions on joint account amounted to £26,881 4s. 5d; bills for this sum, drawn by Pattisons and accepted by Helms, comprised one on the Clydesdale Bank for £13,158 4s. 10d., and another on the British Linen Company for £13,722.19s. 7d. Needless to say, Pattisons had discounted the bills as soon as they had been granted. After the failure, goods to the value of only £13,945 19s. 9d. were in existence: this sum included casks. Pattisons had not notified Helm & Co. of sales of whisky out of the joint account. The unfortunate firm of Helm & Co., with the assistance of business friends offered a composition of 8s. 4d. in the pound. The liquidators of Pattisons Ltd paid Helms the paltry sum of £1,707 12s. in settlement.

47. S.R.O. U.P. on. cit. Sanction of Compromise: William Helm & Co., Leith, 3 Nov., 1899.

The policy of the liquidators when claims (like that of Helms) were pressed was to offer a lesser sum in settlement, and oblige the pursuer to give up his rights to any stocks of whisky which were demanded by him. For example, when a Greenock merchant sued for £2,895, he was offered £1,142, which was agreed, whereupon he was obliged to surrender his claim on Pattisons Ltd. for 100 hogsheads of 'Old Glenfarclas' whisky.⁴⁸

There are many actions in the First Division of the Court of Session implicating the Glenfarclas-Glenlivet company, through the Pattison partnership therein. The company, it will be recalled, comprised Pattisons Ltd., and John and George Grant, both distillers at Glenfarclas. The distillery company entered a claim for £27,191 9s. 11d. against Pattison, but to make matters worse, James Ainslie & Co. asserted that some of the whisky represented by this sum had been sold to them.⁴⁹

Pattisons had traded extensively in the produce of the Glenfarclas distillery. One of their last transactions, was the sale of 15 hogsheads of it in November, 1898 to the Birkenhead Brewery Co. Ltd., at £155 11s. 9d. When Pattisons stopped payment on 6 December, 1898, the brewers applied for a delivery order for the whisky, but Glenfarclas refused to surrender the parcel, because they claimed a lien over the whisky, and arrangements were made to have the sale cancelled. Pattisons connection with the Birkenhead Brewery may have given them contacts with tied houses as assured retail outlets.

The Grants of Glenfarclas succeeded in weathering the storm by borrowing heavily from their bankers, by retaining and eventually selling whiskies filled for Pattisons, which lay in their warehouses, and by obtaining assistance from R.I. Cameron, a whisky broker. He was a good friend to them, and gave them large filling orders at the time, which not only kept their distillery in production, but also kept their business solvent.⁵⁰

48. S.R.O. U.P. op. cit. Note for Tait & Murray, 20 June, 1899.

49. S.R.O. U.P. op. cit. Note for Tait & Murray, 19 July, 1899.

50. Private information: Mr. George S. Grant, Glenfarclas-Glenlivet Distillery, Ballindalloch, Banffshire, 7 Feb., 1968.

Glenfarclas whiskies were the main centre of dispute with the Trustees of Magnus McLean, a whisky broker. This episode throws light on the speculative aspects of the whisky bubble, and the gullibility of those with whom the Pattisons did business. No whiskies were ever delivered to McLean; Pattisons had the delivery orders in their possession; the whiskies were in bond at Glenfarclas, and Bowling Green Street, Leith. Indeed notes were only granted by Pattisons to McLean's Trustees on 28 November, 1898, when it was alleged the firm was insolvent and conscious of the fact, because payments were suspended a few days later. At law, was the deal a bona fide contract of sale, or were the goods merely a pledge of security?⁵¹

Magnus McLean, being in the spirit trade, had done business with Pattisons in February 1895. Provisions were made in the agreements regarding re-sales - if McLean failed to make sales the balance was re-invoiced to Pattison, who allowed him a profit of 2d. per gallon. There were also dealings in 1897, and in April 1898, when McLean sold Pattisons a parcel of Caledonian grain whisky, the terms stipulating that he was to buy back from Pattisons if the whisky was unsold when the bills came to maturity at 6 months. Magnus McLean died in August, 1898. His son, Samuel, could recount conversations with Robert Pattison, who complained of lack of orders for whisky, saying that Pattisons did not have a penny against McLeans in bill paper. To this McLean, Senior replied 'so much the better.' Pattison then offered to sell him stocks of Balmenach, Ben Nevis and Glenfarclas malts, but McLean thought the prices asked were excessive.

At a subsequent meeting, Pattison, anxious to effect sales offered as an inducement to re-purchase Glenfarclas from McLean if it did not sell within 6 months, when the bill would mature. Once more, Pattisons would allow McLean a profit of 2d. on the gallon. McLean unwisely agreed; details of the

51. S.H.S. U.P. op. cit. Minute for Pattisons Ltd., and others, 28 June, 1899.

invoice showed that 'rent and insurance' were free, which was a common form of bargain with regard to sales by dealers like Pattisons. It was stated in evidence that Mr McLean always bought on such terms, because it was 'those small things that make up the profit', and he had no warehouses of his own.⁵² Pre-1914, free rent and insurance were often provided for customers' stocks.

Even with free warehousing and insurance for his purchases, McLean required more encouragement. As a window dressing measure, Pattison told McLean senior that his firm were proprietors of Glenfarclas distillery, assuring him that the bulk of its stock was at Leith, while only a cask or two lay at the distillery, because of the allegedly small storage space there.⁵³ Pattisons business paper displayed a picture of the little distillery, and the headings on their invoices read 'Glenfarclas-Glenlivet, Ballindalloch, N.B.' and 'Aultmore-Glenlivet.' The latter was built in 1895-6, Alexander Edward of Forres being its promoter, and he may have had a financial link with Pattisons Ltd.

Samuel McLean visited Pattisons after his father's death, with a view to having them take back the unsold whiskies. He had the delivery orders, and the invoice showing a price of 4s. per gallon, a sum which McLean considered 'fully dear', because 3s. 8d. was a proper filling price for a Highland malt.⁵⁴ Pattisons however had countered with the argument that there was a great deal of speculation in Highland malt whisky, and that Glenfarclas in particular was difficult to get. McLean had to admit that speculation had certainly inflated whisky prices. In court, McLean was closely questioned about the unduly high price which his father had been prepared to pay: was he not aware that whisky could have been purchased by anyone on practically

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52. S.R.O. U.P. op. cit. Examination of Magnus McLean's Trustees, 18 Oct. 1899.
53. S.R.O. U.P. op. cit. Examination of Magnus McLean's Trustees, 18 Oct., 1899, p. 5.
54. S.R.O. op. cit., p. 14.

the same terms, rent free and six months' credit for 3s. 6d. a gallon? The volume McLean senior had bought was no less than 38,000 gallons. Why did he not receive a reduction for bulk buying? Were not such reductions general in the trade? It was admitted that this was so.

McLean senior appears to have been misled by Pattison. There were 616 hogsheads, of which only 5 transpired to be in Leith. The greater volume was less than 6 months old. Yet Pattison had satisfied Magnus McLean that there was intense demand for Glenfarclas, and that he would not give it to any person in the trade - a glib line in salesmanship - because the distillery was small and the output limited.

Standard practices in whisky brokerage came to light in Samuel McLean's examination. It was put to him that in ordinary whisky deals, the purchaser got a warrant for the parcels in the seller's possession, and obtained delivery orders for whiskies held by any third parties. McLean replied that his father to his knowledge had not received one warrant for any stock bought in Leith warehouses for over 10 years - he merely got delivery orders or holding orders.

As to prices, Samuel McLean admitted that the Glenfarclas must have been above its value, although he remembered his father selling malt whisky at 4s. a gallon in 1897. Market prices were likewise high in June 1898; demand was brisk in October, and it was possible to earn a very profitable margin in the whisky trade, because sometimes whisky rose 8d. or 1/- per gallon over the year. He stated that Pattisons always demanded a large profit margin, asking 3s. 8d. for Glenfarclas ex distillery, and 4s. at Leith.⁵⁵

The most interesting episode during the examination was the appearance of Robert Nicol Pattison, described as the 'Practical Manager' of Pattisons, Ltd. An excerpt from Pattisons ledger showed that the firm had debited

55. S.R.O. op. cit., p. 20.

McLean's account to the extent of £8,851 7s. 6d: the various bills accepted by McLean for that sum were also recorded. The invoices gave the appearance of an out and out sale, with no evidence of willingness to repurchase being shown. Pattison agreed in evidence that the transaction was an unusually large amount for an ordinary sale.⁵⁶ To confuse matters further, a joint account of Pattisons with a Mr Arrol indicated that 28,141 gallons of Glenfarclas claimed by McLean's Trustees, had been sold to Arrol - on the same terms. Pattison made it out to be a joint adventure between his firm and Arrol.

It is clear that at the date of the dealings with McLean senior (July 1898) Pattisons were desperately hard up for money, and the banks were pressing them for payment. Accommodation just had to be found.⁵⁷ Robert Pattison managed to have Magnus McLean's name put to bills which he could then discount - the object of the whole operation was to raise money, and to raise it quickly. He admitted that it would have been utterly impossible for McLean to sell the whisky without incurring a heavy loss - indeed, if he had attempted to market the whisky during the currency of the bills, the financial loss would have been £600 to £700. Yet McLean had been a whisky broker, familiar with prices and trends in the whisky trade.

A price list of Pattisons Ltd. was produced: new Glenfarclas was listed therein at 3s. 6d. a gallon. In normal dealings, the purchase price for such a big gallonage would have been 3s. 4d. a gallon. Pattison divulged that the likelihood of a resale by McLean had been remote, and that the arrangement about taking the whisky back at a rebate of 2d. a gallon was 'unusual'. He then explained how his firm took all the make from Glenfarclas, although he and his brother W.G. Pattison had half-interest in the distillery with the Grants. Pattisons were sole agents for the private company operating the

56. S.R.O. op. cit., p. 29.

57. S.R.O. op. cit., p. 35.

establishment, buying the entire output on a contract basis.

As the unravelling of the transaction proceeded, it emerged that Pattisons kept two sets of books, ostensibly because they did two kinds of business - namely, regular sales to customers, and also 'other speculative transactions upon joint account'.⁵⁸ Later a clerk disputed this fact, claiming that every deal went through the day books, although they had means of distinguishing joint speculations with other parties from genuine sales to customers. As to the first type of business, either party could dispose of the whisky with the consent of the other. The whisky in the McLean case was marked 'transferred' on 30 June 1898, and put in the name of Magnus McLean. His name was not in the books at the date of the stoppage of payment, and the books only recorded part of the contract viz. nothing about the resale to Pattisons. For his part, the clerk denied that there was speculation in malt whisky in 1898, adding that the price could never have gone to 4s; indeed the difference in price between June and October was only 1½d. per gallon. The reason was that Spring and October fillings were always looked on in the whisky industry as the best ones, and might thus carry a marginal premium over other bondings.⁵⁹

The clerk recalled how Magnus McLean had had accounts and bills with Pattisons which totalled £13,000 at one time, and that his separate purchases often exceeded £5,000. The two parties had first traded together in 1895, just when the whisky boom was multiplying. But by 1898, the demand for malts had practically ceased; there was by then a positive glut of new malt whisky, but matured whiskies had gained. The clerk also recollected seeing Arrol receiving his warrant for whisky, and he knew the deal was out of the ordinary, because it had not gone through the books of Pattisons in a fully documented fashion.

58. S.R.O. op. cit., pp. 43-44.

59. S.R.O. op. cit., p. 47.

Finally the opinion of a wine and spirit merchant in Leith, D. McLaren was heard: he gave contradictory views to that of the clerk and of Pattison. McLaren believed that in 1898, people were still prepared to pay 'extravagant prices' for whisky in what he called 'fair speculation.' Regarding rent and insurance, grain distillers did not sell rent and insurance free, whereas malt distillers did so.⁶⁰

The state of Pattison's affairs was described by John Scott Tait, one of the liquidators, as 'hopelessly insolvent' at the time of the failure. He told of trying to work out the complexities of the joint account ledger, disclaiming all knowledge of re-sale arrangements being noted on the reverse side of invoices. The gravity of the position was only discovered when he came upon the cross entry under Arrol's name: 'At first, I had no suspicion of the true nature [of the transaction] ... it was not disclosed from the books'.⁶¹

With respect to the worth of the whisky, at the time of the sequestration, 1 year old Glenfarclas was 3s. 3d. per gallon, but in 1899. it fell to 7s. The outcome of the dispute was that McLean's Trustees agreed to restrict their claim to £1,350 instead of the £2,312 2s. 5d. which they had sought, and sanction of compromise was made on this basis.

The duplicity, laxity in keeping records, and irregular transactions which the documents show are only matched by the accommodating behaviour of Pattisons clients, who acted as middlemen/financiers. Was Magnus McLean just doing a favour or was he unusually naive? Mutual favours between long-standing business associates are not unknown in the Scotch whisky trade. Certainly, Pattisons were making frantic efforts to paper over the cracks in the crumbling credit structure of the subsiding boom. As with the Steins, the pernetuum mobile of accommodation bills came to a halt, and those firms who had inadequate financial resources to weather the storm, collapsed.

60. S.R.O. ibid., p. 51

61. S.R.O. ibid., p. 55.

Staff

Some indications are given in the papers relating to the liquidation of the terms of employment and remuneration of Pattisons staff. The evidence of Robertson, their principal clerk, has been quoted. It tends to show that he knew malpractices were happening, found them regrettable, but was powerless to stop them.

Members of staff entered claims for non-payment of salary or other benefits. For instance, the bond clerk and whisky blender, Robert N. Robertson, Glasgow, was engaged to serve the company for a period of 5 years from 1 June 1897 at a salary of £500. He asked for his salary for the unexpired period of his contract to June 1898, but revelations were to come. It appeared that Robertson 'accepted certain bills for the accommodation of the Company, which were discounted by the company with the British Linen and Clydesdale Banks respectively for £1,000 and £1,038 6s. 10d¹. As recompense the Pattisons made over to him 200 preference shares. Robertson stated that he could not meet these bills, and that the company were bound to release him from his obligation.

Another employee who was offered shares was Robert Murray, a commercial traveller of Portobello.⁶² He lodged a claim for the non-delivery of 100 fully paid ordinary shares, in the company, and £500 for breach of contract.

One of Pattisons English travellers, Edwin Horatio Taylor of Leeds, entered their service in August, 1895; he was 'to serve them in business and to travel for and represent them in Yorkshire or elsewhere for 5 years at £500 p.a.' The salary was payable in monthly instalments, and out of pocket expenses were to be covered. Taylor was obliged to engage in no other business activity; to collect and remit all cash, drafts etc^{and} to find security for his intrusions. In the case of illness of more than 2 months duration, Pattisons Ltd. had the right to terminate the agreement. When Pattisons

62. S.R.O. U.P.: op. cit. Note for Tait & Murray, 20 July, 1899.

Ltd. superseded Pattison, Elder & Co., Taylor's salary was raised to £750 a year. In settlement the liquidators persuaded him to accept £450 and to collect outstanding accounts on a commission of $2\frac{1}{2}$ per cent.⁶³ Meantime, the traveller/assistant manager of Pattisons' London office had been receiving a salary of £850 a year, plus out of pocket expenses, and an allowance of £100 for keeping a horse and brougham for his work - the latter would be the equivalent of a company car nowadays.

Pattisons' representative in Guernsey was less generously rewarded. He travelled for the firm at a salary of £200, but his territory was limited compared with the immensity of London, or the expanses of Yorkshire. Pattisons also had a traveller in Ireland, whose salary was £550 per annum, with expenses of up to £10 a week. After the liquidation he continued to be employed by the liquidators to manage affairs there.

There is little evidence of an export trade outwith the British Isles. The firm did have an Australian agent, T.G. Muir, who operated in Sydney. A claim for over £4,200 was preferred against him in 1900, which he refuted saying that he was not indebted at all to Pattisons, but that the venture was a joint speculation. He rendered an account to give his version of the state of affairs.⁶⁴

	£	s.	d.
Advertising materials	505	11	8
Whisky, wines, etc.	3,254	7	6
Beer	715	18	0
	<hr/>		
	4,475	17	2
Deductions	237	16	6
	<hr/>		
	£4,238	0	8
	<hr/>		

The unduly high proportion of funds expended on advertising is remarkable,

63. S.R.O. U.P. op. cit. Note for Tait & Murray, 19 July, 1899.

64. S.R.O. U.P. op. cit. Note for Tait & Murray, No. 346 (1900).

amounting to nearly one-ninth of Pattisons outlay on the Australian market, and it compares unfavourably with William Grant & Sons expenditure on their agencies in Empire markets. Grants allowed their Montreal agent £60 to spend on advertising in 1904-5,⁶⁵ while a Benares firm was given £10 per annum to spend on press advertising. Probably Grants' expenditure was rather modest, whereas Pattisons' was excessive.

In May, 1898, Muir had sent Pattisons a draft on the Union Bank of Australia for £2,000 at 3 months, which was passed to London for acceptance. The liquidators in course of time, set up inquiries about Muir's indebtedness to the company; results were not promising. From Australia came word that Muir was in a very doubtful financial position:

'He is apparently a thorough gambler and indulging very freely in horse racing and betting, which you know means that whilst to-day he may be worth something tomorrow his assets may amount to little or nothing.'⁶⁶

Eventually £625 was paid by Muir, plus £15 15s. costs.

As months passed, more former employees presented claims, because with the embarrassment of the whisky trade they were unable to get work elsewhere.

After the liquidation was initiated the personal finances of the brothers Pattison were investigated. A note of December 1899 records a demand by Robert Paterson Pattison and James C. Dewar, C.A., trustee on the sequestrated estate of the former, for access to the books of Pattison, Elder & Co., and Pattisons, Ltd. The reason was that the bankrupts' affairs were so complicated, Dewar could not give information without consulting the records, nor could the accountant discharge his task without the papers. A further mention of the affairs of Robert and Walter Gilchrist Pattison occurs in 1901, when the liquidators, Tait and Murray, asked for £70,135 in respect of dividends alleged to have been paid by the company out of capital, for which they held Robert

65. W.G. & Sons: Agreement with Messrs. N. Quintal & Fils, Montreal, April, 1904.

66. S.R.O. U.P.: op. cit. Note for Tait & Murray, 5 Dec. 1899.

Pattison liable 'in respect that he as a director sanctioned the same.' Of Robert Pattison's 1753 preference shares, the Clydesdale Bank held 1703; W.G. Pattison had only 90.⁶⁷ When the shares were sold the proceeds amounted to less than £80. The dividend on Robert Pattison's estate was therefore expected to amount to $\frac{1}{4}$ d or $\frac{3}{4}$ d. in the pound.

The Salvage Attempt:

It was Walter Higgin, Junior, who was associated with Oban distillery (formerly the property of the Stevenson family),⁶⁸ who seems to have mobilised distilling opinion to keep Pattisons afloat. Higgin is also described in the liquidation process as a distiller at Belfast; in the Pattison episode, he represented the Avoneil Distillery Ltd., in that city. He joined Robert Cameron, an Elgin distiller, and partner in Munro and Cameron, and F.W. Drickmann, a distiller, and wine and spirit merchant in Leith. Most significantly, William Henry Ross, manager of the Distillers' Company Ltd., gave his assistance.⁶⁹

The desire to keep Pattisons Ltd. as a viable trading unit was probably prompted by several factors. Pattisons had ready-made trade connections - distillers to supply whiskies, along with agencies and retail outlets to dispose of them. It carried comprehensive stocks worth over £140,000; these stocks are reputed to have been valued for the liquidators by James Buchanan, of 'Black and White' fame. The brand name of Pattisons' whisky was well known - public house mirrors and other media carried the legend in every Scottish town, and elsewhere in Britain. No assessment of the quality of their blended whiskies has come to light, but they had certainly won consumer acceptability. A primary reason for maintaining Pattisons as an entity was basic

67. S.R.O. U.P.: op. cit. Note for Tait and Murray, Dec. 1901.

68. See Case Study: The Stevensons of Oban Distillery.

69. S.R.O. U.P.: op. cit. Note for Tait and Murray, 13 May, 1899.

to the commercial security of the entire Scotch whisky industry - confidence was required to hold whisky prices at profitable levels, and to sustain the credit structure of the trade.

These men, or the concerns which they represented were all creditors of Pattisons Ltd. In March, 1899, the liquidators themselves had lodged a note stating that 'certain parties in London' had expressed an interest in acquiring practically the whole of the assets of the company.⁷⁰ This is the first indication that a syndicate was interested in Pattison's business. D.C.L. had information about the existence of the syndicate in February 1899; the group proposed to take over the assets and form a company with the aim of continuing the business. D.C.L. approved, but were not then prepared to take up any shares in the syndicate. Certain creditors, however, who represented claims amounting to £250,000, discovered that the liquidators had declined the terms of the syndicate: these creditors felt they should have been consulted. W.H. Ross of D.C.L. for example, represented a house to whom Pattisons owed in excess of £7,000. - Indeed, in January 1899, D.C.L. were suing Pattisons Ltd. for £10,000, with interest at 5 per cent, plus expenses. This sum was due for spirits sold, and duties advanced of at least £10,000, and the liquidators either refused or at least delayed to pay the sum.⁷¹

Perhaps D.C.L. coveted Pattison's marketing system: after all, D.C.L. was essentially producing whiskies to meet the demand from blenders. Hence Ross would be much perturbed by the financial effects of the break in confidence. Perhaps D.C.L. coveted Pattisons stocks, and they may have wished to retain the firm with a view to eventual absorption: Pattisons was a complementary business organisation, offering opportunities for vertical integration.⁷² At the same time, the rest of the industry would not have been anxious

70. S.R.O. U.P.: op. cit. Note for Tait and Murray, 14 May, 1899.

71. D.C.L., Minute Book, No. 9, Feb. 1899, p. 125.

72. S.R.O. U.P. CS 249/1925/1: The Distillers Company Ltd. v. Pattisons Ltd; 25 Jan. 1899.

to see the supposed monopoly power of D.C.L. augmented.

Higgin, Cameron, Brickmann and Ross believed that the realisation and division of Pattisons' assets might be indefinitely delayed and even more serious losses would be suffered by the creditors. It seems that Ross had knowledge of the syndicate's intentions which were to take over the assets, and form a company with the aim of continuing the business. D.C.L. approved of this, but did not wish to be committed to taking shares. As to D.C.L.'s own losses in the collapse, in December 1898, when Pattisons stopped payment with very heavy liabilities, over £50,000 were owing to D.C.L., but they arrested stocks (earmarked for Pattisons) which were worth over £10,000.⁷³

Ross and his colleagues therefore sought an order to obtain a meeting of the creditors; their own claims amounted to £150,000. When the meeting was held in May, the liquidators disclosed that the London syndicate had been proposing to pay a dividend of 15s. 4d. in the £ to unsecured creditors, but it later revised its offer to 11s. in the £. The liquidators objected to the offer on the grounds that the syndicate refused to pay cash. As to backers for the scheme, the Ocean Accident Guarantee Corporation stated that it was likely they would be prepared to back the scheme - terms which were too indefinite for Tait and Murray's liking. Nevertheless, to satisfy Ross and the others, they drew up a tentative 'outcome' to the syndicate's proposition 'if adopted' to show the creditors what they stood to gain or lose by it.⁷⁴

Pattisons Ltd., in Liquidation:

1. <u>Outcome to Liquidation if scheme adopted</u>	
Cash ... from new Company	£345,000
Less expenses incurred.	<u>3,000</u>
	£342,000
Estimated benefit from whiskies against ranking of bills bearing the Company's name now held by third parties:	<u>5,000</u>
Total sum	£377,000

73. D.C.L. Minute Book, No. 9, Dec. 1898, p. 91.

74. S.R.O. U.P.: 242A: 1933. Pattisons Ltd. in liquidation: Note for Tait and Murray, 20 May, 1899.

Claim which Liquidators have against directors and others for repayment of dividends would go to new company.

2. Outcome of Liquidation without scheme:

1. Heritable property, including plant, utensils	£17,500
2. Stocks of whiskies, wines, beer etc.	144,000
3. Balances due on open account	244,000
Deduct Discount, bad debts etc.	84,000
	<hr/>
	£160,000
4. Bills receivable not discounted	2,000
5. Balances due by bankers and cash	4,900
6. Sydney branch	5,000
	<hr/>
	333,400
Deduct preferable debts, rates, taxes, salaries, wages	7,400
	<hr/>
	326,000
7. Benefit from whiskies held by liquidators	30,000
8. Surplus arising on reduction of securities obtained by creditors within 60 days' of bankruptcy	5,000
	<hr/>
	361,000
9. Estimated amount of claim against directors, and others for dividend paid out of capital	20,000
	<hr/>
	£ 381,000

Stocks were taken at a valuation under forced sale conditions, and the liquidators stressed that by attempting to carry on the business they already had £45,000 in hand.⁷⁵

Despite these statements, a meeting of creditors was held on 26 May, 1890, at which an Interim Report was presented by Mr W.H. Ross of D.C.L. He chaired the gathering at which 257 creditors attended - their total debt was no less than £551,543 12s. 10d. Ross explained to them what the syndicate's intentions had been, and why it had foundered. One difficulty was that the British Linen Bank were heritable creditors of the company, had therefore

75. S.R.O. U.P.; op. cit. Proposed Arrangement, May 1899, p. 4.

prior claims, and was determined to be fully satisfied. Most of the creditors were agreeable to the proposed sale and transfer of the company's assets to the syndicate, and Ross and others were thus given authority to conclude arrangements with the Bank.⁷⁶

The liquidators had representatives at the meeting Ross had chaired. The proposed transfer was due to take place on 3 July, 1899, otherwise the syndicate was washing its hands of the whole affair. Ross was much pre-occupied - the Bank's claims had to be met, and the Guarantee Corporation had to find backing for payments to the unsecured creditors. Behind the scenes and at Torphichen Street where the D.C.L. offices were situated, there may have been feverish activity, but the time set by the syndicate expired.

This episode must have been one of the few occasions in all of Ross's years in the Scotch whisky industry, when he played so ingeniously and successfully the part of the honest broker so many times, but on this occasion he did not succeed. Why did he and his committee fail? They failed because the British Linen Bank had taken security of the Pattison's heritable property; secondly, the committee had insufficient time to complete negotiations in a calm atmosphere.

In the course of time, many of the concerns caught up in the failure came into the fold of the Distillers' Company; such distilleries as Benronach, Towiemore, Auchtertool, Bo'ness, Gartloch, Clynelish, Glenkinchie, Benrinnes, Falblair, Aultmore, Cragganmore and Teaninich, along with blending and broking firms, bought up, post 1914, for 'the sake of the stocks.' Glenfarclas managed to survive independently.

When the Pattison liquidation occurred, W.H. Ross was 'General Manager' and 'Secretary' of D.C.L.- appointments he had received in 1897 when he was 35 years old. In 1900, he became Managing Director. Between these dates

76. S.R.O. op. cit., Meeting of Creditors, 26 May 1899.

the stoppage took place. Financial failures perhaps conditioned his outlook. He had first served in the City of Glasgow Bank, and when it failed, some months after his employment began, he went to D.C.L. The Pattison debacle, and the Bank stoppage, convinced him of the necessity for a sound financial structure, and the benefits of amalgamation. Under his aegis, the rationalisation of the Scotch whisky industry began.

As late as 1924, Ross could still write about the Pattison affair with strong feelings.⁷⁷

'Their extravagance in conducting business, including the somewhat palatial premises they erected, was the talk of the Trade, but so large were their transactions and so wide their ramifications that they infused into the trade a reckless disregard of the most elementary rules of sound business. Encouraged by the ease with which financial assistance could be obtained from the Scotch banks of the day, investors and speculators of the worst kind were drawn into the vortex and vied with each other in their race for riches. The unhealthy demand thus created induced many malt distilleries to double or treble output, while the shares of new companies formed to acquire existing distilleries, or to build new ones were eagerly subscribed by a confiding public. Such was the overproduction of Scotch whisky that even until recent years the result was still felt.'

Then came the bursting of the whisky bubble:

'the banks withdrew their credit, and many firms were obliged to ask for protection from their creditors, while others were hopelessly crippled in their future business.'⁷⁸

One of the substantial assets was a fine range of warehouses at Bonnington, Leith (for which Pattisons were said to have paid £60,000). These were auctioned, and were purchased by the Distillers' Company Ltd. for £25,000; D.C.L. indeed offered to buy stocks as well as parts of Pattisons' premises.⁷⁹ In a sense, D.C.L. were to become the ultimate beneficiary of the failure

77. Memoirs of W.H. Ross appeared in the privately circulated 'D.C.L. Gazette' for 1925-7.

78. Wilson, R., Scotch Made Easy, pp. 304-5.

79. D.C.L. Minute Book, No. 9, May 1899, p. 153 and p. 170.

The Role of the Banks:

The Scottish banks part in the whisky bubble bears examination. A contemporary article, The Trouble in the Whisky Trade, noted that 'a considerable sensation' had been caused by the announcement that Pattisons Ltd. ('a Scotch whisky distillery and trading company') had been forced to suspend payments.⁸⁰ Experts were reported to be investigating the firm's position but it was disclosed that in business circles, the dangerous state of the whisky trade had been recognised for some time.

Prior to the failure of Pattisons Ltd., a huge gambling craze had seized the whisky industry: 'Whisky warrants' had almost usurped the place previously held by 'pig iron warrants', for they were bought and sold, not only by people in the trade, but also by outside speculators, in the same way as copper and other commodities had been treated from time to time.⁸¹ This activity had naturally forced up prices, and it was suspected (as had happened ^{before} in the Scotch whisky trade) that the Scottish banks had aided the generation of the bubble by freely lending on the basis of whisky warrants, and freely discounting bills based thereon. Hence the market for whisky stocks had advanced spectacularly, to be followed by 'an inevitable and ultimate collapse,' about which The Economist observed somewhat indecorously - 'It needs very little pricking of the bladder to produce a collapse.'

The causes of the breakdown were only hinted at - Pattisons might have been trading recklessly, or spending money lavishly on big buildings, gigantic advertising campaigns, or sumptuous entertainments, or they might merely have been unfortunate and ill-advised. Some of these suspicions seem to have been well founded, as the liquidation process proved. Because of the extent of inter trade connections, it became a more widespread collapse than had yet

80. The Economist, 10 Dec., 1893, p. 1764

81. Ibid.

been experienced in the Scotch whisky industry.

It was a widely held opinion that the bankers of Pattisons, Limited, could not escape the indictment of having stimulated the speculation which with other causes, was to prove their ruin. Both the Clydesdale and the British Linen were implicated. At the time of the suspension of payment, Pattisons limited had barely been in existence for three years. The Economist gave the following figures regarding the financial position of the company which it said, spoke for themselves, and clearly showed the involvement of the Scottish banks:

	£
Balances due to bankers	194,000
Bills (accommodation) dis- counted	178,000
Bills payable	<u>377,000</u>
	£749,000

Source: The Economist, 25 February, 1899, pp. 272-3.

Regarding these statistics, the following statement was made "And when we further consider ... the notoriously-boomed condition of the trade, and the incessant and yearly increasing over-production every year becoming worse in that respect ... and the foolish extravagance of the company, their advertising mania and building fetish, all of which withdrew from them the confidence of those in their own line, we hardly know whether to wonder most at the audacity with which they courted ruin, or at the extent to which their bankers met their demands."⁸² Furthermore, the banks seem to have broken a rule that a banker should have the whole of an account or none of it, otherwise one bank would tend to outwit the others and gather in the major share of security, or else the clients might try to outwit the banks, and play one off against the others. There were several other good reasons for avoiding double

82. The Economist, 25 Feb. 1899, pp. 272-3.

accounts - such accounts paved the way for an indiscriminate circulation of bills, and made it difficult to detect or control speculation, when credit facilities were too easy. It was believed in banking circles that had all Pattisons business been in the hands of one bank, they would not have been granted such large overdrafts, nor would their bills have been accommodated. The Economist remarked that even the press and strain of competition should not make banks disregard these principles.⁸³ Pattisons appear however to have engaged with two banks precisely to achieve greater credit for their own purposes.

The length to which the Clydesdale and British Linen banks had been prepared to go in order to assist the Pattisons alarmed financial experts; it was hoped that other banks in Scotland had not made a habit of accepting whisky paper in this way, or else, as The Economist predicted, the end of the whisky crisis would not be in sight. The Scottish banks had mainly been supplying two kinds of help to the Scotch whisky trade - firstly, working capital, and secondly, finance for joint speculations.

The joint speculations of the whisky bubble might have proved a profitable stroke of business had the market been less inflated, or if production had been properly in tune with demand. The banks, working on the assumption that whiskies increase in value with age, took constructive delivery of parcels, and accepted 'only the best names' among distilleries as a safeguard. The trouble was that pre-1898 the market was gorged with supplies, and there was little hope of demand rising at the same rate as supply, while the new distilleries that were being promoted in profusion threatened even greater volumes of stocks in bond. In the circumstances, to speculate for a rise was far from astute, and the Clydesdale and the British Linen got their fingers severely burned.

83. Ibid.

The whisky bubble and the Pattison affair are neatly summarised by

The Economist in 1912:-

Prior to 1898, a great boom was initiated by the merchants who made it their business to hold single Highland whiskies for the market, and it was fanned by certain big blending companies, which (concurrently with heavy commitments in single whiskies) ran extensive speculation in tied houses. In due course, the boom collapsed, and the usual quantities of dirty linen had to pass through the laundrying process of the bankruptcy court. Even the aid of the Criminal Court had to be invoked in the case of the brothers Pattison, the collapse of whose concern precipitated the slump. ⁸⁴

84. The Economist, 28 Sept. 1912, n. 574.

WILLIAM GRANT & SONS, LTD.

WILLIAM GRANT & SONS, LTD.

William Grant was born in Dufftown on 19 December, 1839. He was the son of a veteran of the Peninsular Campaign, and went to the Parish school. His first job at the age of seven was as a herd boy to a local farmer, and he left school early in order to earn his living.

William Grant was first apprenticed to a shoemaker, but in 1863, he had a post as manager at Kininver Lime Quarries, operated by the factor to the Duke of Fife. Perhaps with the intention of becoming a manufacturer of lime on his own account, he studied the limestone deposits in Northern Scotland, but for lack of capital his plans came to nothing. In 1866, Grant joined the firm of Messrs. Gordon and Cowie, the owners of the Mortleuch distillery, in Dufftown, which had been founded in 1823, and was the oldest in the parish. He stayed with the firm for twenty years as clerk, and later manager, building up a sound knowledge of distilling.¹

Establishing the Business:

Having amassed some capital, William Grant marked out a site for a distillery of his own. It was in the Fiddich valley at Dufftown, and supplied by water from the Robbie Dhu spring on the Conval Hills. The excellence of the spring water is supposed to have been pointed out to him by an old Roman Catholic priest, who claimed that smugglers had once used its water for making whisky.

In 1886, with his eldest son, John, William Grant acquired the feu for the Glenfiddich distillery from the Duke of Fife. He grasped the opportunity to purchase secondhand utensils and equipment from the old

1. Hamilton, H. (ed.), County of Banff, The Third Statistical Account of Scotland (Glasgow, 1961), p. 367.

Cardow distillery for £120. Barnard had observed on his visit to Speyside about 1885 that the ancient distillery at Cardow was shortly to be demolished and rebuilt; it was of 'the most straggling and primitive description',² producing only 25,000 gallons of whisky a year. The low wines still from Cardow had a capacity of only 600 gallons, giving 200 gallons of spirit in each distillation. (The tradition of small stills is maintained at the modern Glenfiddich distillery, where there are now 8 low wine units of the same volume). Secondhand plant also helped to establish the Grants' second distillery a few years later. It was a thrifty way to spend hard-earned savings, perhaps saving two-thirds of the cost of new equipment. The stills would also be of proven worth for distilling good whisky, although they might be less efficient and take more maintenance.

It is known that William Grant planned the layout of his distillery, which he called 'Glenfiddich', and also participated in the construction work, along with his sons and local tradesmen. Building was begun in the late autumn of 1886, and the new whisky was run in December, 1887.³

Until 1889, the distillery staff was composed of the founder, William Grant, and his six sons, who continued with their education. On occasion, three of the boys would be acting as stillman, tunroom man and maltman, and with no one to relieve them, father and sons had often to sleep on the premises. Three of the sons eventually became Dr. Alexander Grant, Dr. George Grant, and Captain Charles Grant. In 1920, the latter secured the Glendronach distillery (founded in 1826), which is now the property of Teachers Ltd.

The assiduity of Grant was rewarded, and five years after opening

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2. Barnard, A., The Whisky Distilleries of the United Kingdom, (1887), p. 211.
 3. Wilson, R., Seventy Years of the Scotch Whisky Industry, XXXIII, W.S.T.R., 16 June, 1967, p. 682.

Glenfiddich, the company began to erect the Dalvenie distillery: a site, with 12 acres of land was bought for £200.⁴ He again acquired a variety of cast-off distillery apparatus to begin operations.

Bruce-Lockhart notes the remarkable record of individual enterprise which has typified the firm, the fact that it is still a private company and a family concern, and that it produces and bottles a single malt whisky 'Glenfiddich', at the distillery of that name.⁵ He was not to foresee the tremendous surge in expansion of William Grant & Sons' interests - their grain whisky distillery at Girvan, opened in 1964, their Lowland malt whisky distillery, Ladyburn, on the same site, and their continued exploration and success in the export market. A modern blending and bottling plant at Paisley fills 5,000 bottles a day, and the brand names of 'Standfast' and 'Glenfiddich' have an international repute.

Entrepreneurial ability was displayed by other members of the Grant family. The great grandfather and great grand uncle of William Grant went South to seek their fortunes in Lancashire, and became, with perseverance, prosperous merchants in the cotton industry, purchasing Sir Robert Peel's cotton mill. They were renowned for their public spirit and kindness, being immortalised by Dickens as the Cheeryble brothers in his novel, Nicholas Nickleby. William Grant maintained the family tradition of charity and benevolence, which was shown in his regard for Dufftown, where he was an elder in the United Free Church, leader of the town's brass band and a staunch member of the volunteers.

Grant's business records date back to 1888, but a page from the first

4. The Feu Charter by the Earl of Fife is dated 19 Dec., 1888.

5. Bruce-Lockhart, Sir R., Scotch (1959), pp. 29-31.

Glenfiddich Distillery Warehouse Book is extant.⁶ It shows that the first date of bonding was 29 December, 1886, when 130.3 proof gallons were warehoused for re-distillation. On 5 January 1887, 204.5 proof gallons were placed in bond, 27 being on order for the Fife Arms, Dufftown, and 30 for William Williams & Sons, Aberdeen. In the early years, the bulk of the output was sold to this firm, who were wine and spirits merchants. The Warehouse Book contains notes of sample pints drawn and the types of cask used, e.g. 'fresh sherry' or '2nd fills', 'new wood', etc. From December onwards, the build up in production was rapid, and the weekly record shows that 364 proof gallons were placed in bond in the first week of February.

The next year, on 7 February, whisky sales of 528 gallons are noted - the price was 2s. 11d. per gallon, which netted £47. 16s. 8d. At the conclusion of the distilling season on 11 July, 1888, nearly 9,000 gallons had been sold, mainly in small quantities to supply a local trade. For instance, on 21 March 1888, John Strathdee in Dufftown, bought 11 gallons at 15s. 6d. per gallon. Besides Dufftown, customers resided in Mulben, the Cabrach, Fergae, Aberdeen, Bracklach, Glenrinnis, Aberchirder, Belhelvie, Auchentoul, and many other places in the North-East.⁷

Rates per gallon varied depending on the maturity of the whisky, and the type of cask in which it had been laid down. A range in price per gallon from 2s. 11d. to 15s. 6d. was being charged by Grants about 1890, but there was some correlation between bulk buying and low price as these whisky sales show:-

6. W.G. & Sons, Glenfiddich Warehouse Book: incomplete excerpts from 1887 and 1888.

7. W.G. & Sons: Whisky Sales Book: 1888-90.

'Feby. 10, 1888, Wm. Williams, Aberdeen
 612½ gallons: 2/11d: £89. 5. 8

'Feby. 16, 1888, John Symon Jr., Dufftown
 10½ gallons: 3/8d. £1.19. 5

An agreement had indeed been made between Messrs. William Williams & Sons, and William Grant & Sons.⁸ The former are described as 'Wine Merchants, Regent Quay, Aberdeen', and the latter as 'Distillers, Glenfiddich', comprising a partnership of 'William Grant, residing at Handhaugh, Parish of Mortlach, Elizabeth Grant, his wife, John Grant, Schoolhouse, Ythanwells, Fergie Parish', forming 'The Glenfiddich Distillery Company.' Grants undertook to supply Williams with whisky to an amount 'not exceeding four hundred gallons per week at the price of two shillings and eleven pence per liquid gallon, which shall be payable ... at three months date'. The document further shows that 'the said price is estimated at the present prices of barley being twenty shillings per quarter, and providing that in the event of the rise or fall in the said prices of barley, the price per gallon on whisky payable ... shall be proportionately more or less.' The quality of the whisky made was always to be equal to the current standard, the quality of barley being considered. Meanwhile, Grants bound themselves to use the best barley they could purchase in the market, but they were limited to an output of 400 gallons per week, unless they obtained written consent from Williams, stating that they would both receive and pay for the additional gallonage.

Williams took the exclusive right of purchase of the whole whisky production at Glenfiddich, and were to handle all orders and enquiries, using the name 'Glenfiddich' on their business papers. The arrangement

8. W.G. & Sons. Agreement between Messrs. William Williams & Sons, Aberdeen, and Messrs. William Grant & Sons, 22 Feb. 1888.

was to continue in force until concluded by written authority and consent from Williams: penalties for non-fulfilment of the contract were placed at £1,000 stg. This is the first trade agreement into which Grants entered.

The connection with Williams brought Grants' several major advantages. Firstly, it ensured them an urban outlet for their product, and guaranteed sales at a fixed price. Secondly, it absolved them from developing their own sales network, because their wholesale and retail trade was taken care of. There were therefore savings for Grants in inventory and distribution costs, while the regular cash flow and the rising income from whisky sales must have greatly helped in financing their second distillery, which was begun in 1892 on an adjacent site at Dalvenie in Lufttown.⁹

Erecting the New Distillery: Dalvenie:

When John Grant recalled the early days of the firm, he spoke of the disquieting period of bad trade in 1886-7, when the firm of Kidd, Eanson & Co. had been sequestrated, and when Glenfiddich was being built. By the early 1890s, business had improved in the whisky industry, and Grants were proposing to extend their activities.

The first indication in Grants' papers that a new distillery was being planned comes on 27 February, 1892, when a letter arrived from a Glasgow coppersmith "to confirm having sold ... the old Low Wines, Still & Head, which came out of Lagavalin, with cocks for £47".¹⁰ Grant was dubious about its efficiency, but the coppersmith wrote "we have had the old still filled with water, and it was perfectly tight, so that you now can have it delivered when desired."¹¹ A comparable new still would have cost Grants about

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9. Bruce-Lockhart, Sir R., Scotch, pp. 29-31.
 10. W.G. & Sons: Dalvenie: Letter from John Miller & Co., Glasgow Copper Works, Duke Street, Glasgow, 27 Feb. 1892.
 11. op. cit., 4 March 1892.

£120. Correspondence with the Edinburgh & Leith Copperworks mentions that a new still of 700 gallons content, without the head, would be £90, whereas bargains could be picked up at public auctions of secondhand copper plant, at which bids could be placed for Grants'. The copper-smiths themselves purchased old copper at 5d. per lb.¹²

Just as Glenfiddich had been plenished with old equipment, so did William Grant follow the same practice when Balvenie was being projected, and his bargain hunting was assiduous. Lagavoulin is an Islay distillery, which was then owned by Peter Mackie, who also had an interest in Laphroaig.

As to the Balvenie buildings, Grants' architect, George Sutherland of Elgin, had the drawings well advanced in April 1892, and was checking the size of the utensils to be installed. An offer for construction work was accepted from Innes and Lorimer, all extra work being done at £4. 14s. per rod. Balvenie was stone built, and the erection was set in train by May 1892, when an Elgin builder instructed Grants thus: 'Please get some lime by Monday first as our man will be on the ground about that time'.¹³

Meanwhile more utensils were being gathered for installation; John Birnie, the proprietor of the Glen Albyn distillery, Inverness, confirmed 'the sale of a spirit still with all connections, excluding charging cock, lie pipe and the worms, sum of £95 stg. ... our men will give your copper-smiths help to get the still put on a lorry.'¹⁴

Grant made enquiries for a wash tun in Elgin, and got the following reply¹⁵

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12. op. cit. Letter from R.P. Hodgson, Edinburgh & Leith Copperworks, Leith Walk: 16 March 1892.
 13. W.G. & Sons: Balvenie: Letter from D. Lawrence, New Mill, Elgin, 12 May, 1892.
 14. op. cit. Letter from John Birnie, Inverness, 23 May 1892.
 15. op. cit. Letter from Charles C. Doig, Distillery Engineer, Elgin, 19 Feb. 1892.

'A friend of mind in Glasgow writes that he has a wash tun in first class order, but second hand, for sale. He does not give the particulars further than it is 6' deep.'

The pencil comments show that this news was answered in haste to catch the first Elgin post; with a pithy comment, Grant advised his dealer not to be afraid of the depth, if the wash tun were otherwise suitable, 'altho' too deep, never mind, a person does not require to piss his pot full unless they like.'

So the hunt for utensils continued into the summer of 1892: Grant was convinced that a secondhand refrigerator could be had for £30, but Hodgsons of Leith assured him that none had ever been sold by them at such a price. Grant had visited them in February, 1892, when he inspected a Morton's refrigerator capable of running 1,500 gallons per hour, which Hodgsons were selling for £75.¹⁶ Arguments about secondhand values for refrigerators were taken up. Grant referred Hodgsons to his purchase of one for Glenfiddich in February, 1888 at £30. It had a capacity of 972 gallons per hour; the type Hodgkins offered cooled 2,835 gallons per hour, and cost £200 when new. They were prepared to let Grants have it for £72. 10s.¹⁷ When Hodgsons came to press for payment the amount demanded for the refrigerator was £67. 3s. 9d.: 'we have some heavy payment to make this week, and will feel obliged by your letting us have your cheque by return.'¹⁸ Grant knew how to drive hard bargains.

Hodgsons also stocked copper measures, and other equipment, which Grant ordered from them at modest prices.¹⁹

16. W.G. & Sons: Balvenie: Letter from R.P. Hodgson & Co., Leith, 19 Feb. 1892.

17. op. cit., Balvenie, 29 March 1892.

18. op. cit., Balvenie, 2 May, 1892.

19. op. cit., Balvenie, 20 Oct. 1892.

Copper measures supplied to William Grant & Sons, 1892:

5 gallons	£2	5s.	0d.
1 gallon		12s.	6d.
$\frac{1}{2}$ gallon		10s.	0d.
$\frac{1}{4}$ gallon		8s.	0d.

The overlarge mash tun was posing problems. Doig sent word from Elgin that he was "going to Talisker (Skys) on Monday ... in going to Skye you don't know when you can return. Let me know about Mash tun ... had an enquiry from a Perthshire distiller. Glad to hear the placie is doing well and there is prospect of another placie. A distiller told me he was thinking of turning his into a lemonade factory, but it would be somewhat soft for him ... raw grain would be better."²⁰

The Banffshire Journal was interested in the news regarding the new 'placie': the Elgin paper had recorded that William Grant had bought the modern Balvenie Castle, and added that he intended to convert it into a distillery, which was substantially true. Good wishes intermingled with self-interest came to Grant. One wellwisher referred to the new distillery as 'Glen Gordon', and wanted a cask from the first 'braust' (brewing), adding "I suppose it is not time for me to part with my barley yet: please don't forget you was to let me know when you thought it was likely to be at its best price."²¹

Doig found a suitable waterwheel at Glen Lossie distillery - 13' 4" in diameter, formed of six segments with six buckets in each segment, set into iron sides and frame. Although £14 was the asking price, Doig hoped to buy it for less.²² Grant got the waterwheel, because in May, a mill-

20. W.G. & Sons, Balvenie. Letter from Charles C. Doig, Elgin, 26 March 1892.

21. op. cit. Letter from J. Symons, Dufftown, 8 April 1892.

22. W.G. & Sons, Balvenie: letter from Charles C. Doig, Elgin, 9 April 1892.

wright was able to assure him that the wheel would do quite well at the side of the house next the river Fiddich, and he had drawn a plan for an ark to suit Glenlossie's wheel.²³

The business community in the whisky industry was, and still is, so tightly knit that information travelled fast. Hence the news of Grants' new enterprise spread quickly. Miller, of the Glasgow Copper works in Dale Street, had discovered where stills and mash tun with all the other plant for a distillery could be had at a valuation, "or the party might put them at your disposal for an interest in the business ... he has a good connection."²⁴ The plant available consisted of a 12' mash tun, with rakes, the motive power for which was water and steam; two coppers treated either by direct firing or steam; a wash still of 900 gallons, and a low wines one of 700 gallons; a spirit pump, and a waterwheel. The latter was of iron, and worked the gear of the wash still (i.e. the ruzmager). Included in the lot were underbacks, wort pumps, wort receiver, refrigerator, and wash backs, with other chargers and receivers. There was also a good engine and boilers, and 2 kilns for drying malt, each 20' x 22' - the complete outfitting of a distillery. However, Grant had already acquired much of the necessary equipment, and there was no point in duplicating his hard driven bargains; most of his requirements could be bought or made locally, and more cheaply. The correspondence shows that firms whose main works were in the Lowlands had started Speyside branches to handle the volume of orders placed with them in the distillery promotion boom. One such firm was that of Robert Willison of Alloa, which was a brewers, distillers and dyers engineers. They had a branch at Rothes in Morayshire.²⁵

23. op. cit. Letter from George Johnston, Coltfield, 18 May 1892.

24. op. cit. Letters from John Miller & Co., Glasgow, 11 and 12 April 1892.

25. W.G. & Sons, Balvenie: Letter from Robt. Willison, Alloa, 29 April 1892.

Why was so much secondhand plant on the market in the early nineties? It is clear from Grant's dealings that very many distilleries were being enlarged and re-equipped at this stage, and were glad to be rid of superfluous utensils. Word came from Portsoy, that a secondhand washstill was available: 'she charges 1,000 gallons, and has been in six years', and was being superseded by a bigger one.²⁶ Glen Albyn distillery was also intending to have a larger spirit still. Doig also found 'an old wash still of 1,050 gallons charge ... it has not worked for many years, and is being thrown out on account of size ... the coppersmith says it is as good as new.'²⁷

Offers of stills came from many places - ones were available at Glenburgie, and Willison knew of a still taken out of Glen Spey distillery; it was 'perfectly good', having been made for that distillery when it was fitted up in 1831-2.²⁸ When Barnard saw the premises in 1886, he described it as the newest unit on Speyside. By the 1890s, a wash still charging 1,000 gallons was obviously considered inadequate.

Offers of labour and service were also forthcoming - a man to cut peat, a cooper to make barrels and vats of various sizes, and a still man for the new distillery: 'My brother told me that you was wanting a Stillman ... that you was to give anyone 23 shillings a week, and if you be wanting a man you can send me a letter about the week after the term. I was a maltman in a distillery for ten years. My brother will give you my character.'²⁹

Some rival distillers took a more jaundiced view of the distillery

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26. op. cit., Balvenie: Letter from Thomas Wilson, Portsoy, 2 April 1892.
 27. op. cit., Balvenie: Letter from Charles C. Doig, Elgin, 13 April 1892.
 28. op. cit., Balvenie: Letter from Robt. Willison, Alloa, 2 March 1892.
 29. op. cit., Balvenie: Letter from Donald Stewart, Carrbridge, Inverness-shire, 21 May 1892.

development than did Grants. P. Mackenzie & Co. the proprietors of the Blair Athol Distillery, Pitlochrie (sic), which was set up in 1826, wrote from their Liverpool office, firstly on the subject of the price of barley, and secondly on the impropriety of increasing the output of Scotch whisky.

"There is a good deal of difference in the price of barley - at least 5/- per quarter, since January, or 2d. per gallon We cannot make any promise as to an agency for a new place. It would depend upon the quality of spirits and the terms offered. We think that buildings and extensions are going on much too fast at present in the North, and you are evidently contributing your share to the over production. Over production means difficulty in selling - low prices, small profits, & in a short time, another crisis in the whisky trade."³⁰

Despite this dampening opinion, Grant's plans were taking shape. Drawings and specifications were arriving daily, for instance, regarding the kilns, the Excise officers' house, and even for new stills, so that prices could be compared with those of the secondhand plant to allow the bargains to be better judged and better savoured.

William Grant and his family appear to have laboured with their own hands on the Balvenie project, and they were advised to take care in preparing the ground for the water pipes, 'When you get round the corner of the bank ... you should take off the exact level along the brae face with a spirit level ... every inch will be important.'³¹

There were many other matters requiring William Grant's attention. A farmer neighbour informed him that larch trees had been felled on the Knock of Balvenie for the erection of fences, and that he wished the new east fence would be hurriedly completed as he wanted access to his field for his

30. op. cit., letter from P. Mackenzie & Co., 69 South John Street, Liverpool, 11 April 1892.

31. op. cit., letter from George Sutherland, Architect, Elgin, 15 April 1892.

cattle, which were supplied with draff from the Glenfiddich distillery.³² The Great North of Scotland Railway Company had been consulted, and their engineer was preparing plans and estimates, presumably for a siding. A prolonged legal wrangle was later to ensue with the Company over this and other transport problems.

In the interval, William Grant had reconsidered the question of the wash tun. An offer had come from the Ferryhill Foundry, quoting a wash tun with draff door in the bottom for £145, and an underback for £8; a second quotation from the Johnstons of New Mill, Elgin, for similar apparatus was £127, but Grants would have to prepare the foundations with old rails. The Banff foundry offer for the ironwork and wash tun was £145 delivered to Dufftown station. This firm had recently fitted wash tuns at Banff and other distilleries.³³ The Vulcan Iron works at Port Dundas, Glasgow, also submitted a quotation for a wash tun. These supplementary enquiries may indicate that expansion was being contemplated at Glenfiddich.

There is a hiatus in the correspondence during July and August, 1892, the traditional silent season of non-production in the distilling industry, and construction must have proceeded apace. By September, Grant was ready to have the distillery chimney stalk erected, and was ordering more cement, of which three tons were sent by rail from Aberdeen. Contractors suggested that a round stalk from the foundation was said to be the best, and equally as cheap as any other; it was not necessary to build it halfway up with fireclay bricks inside, but as the distiller wished to make a very durable chimney 10' to 15' up was deemed sufficient, 'as the hot air by the time it goes up 10' to 15' will not damage the hard red bricks in the slightest.'³⁴

32. op. cit., letter from John Alcock, Dufftown, 1 June 1892.

33. op. cit., letter from G.W. Murray & Co., Banff Foundry: 15 June 1892.

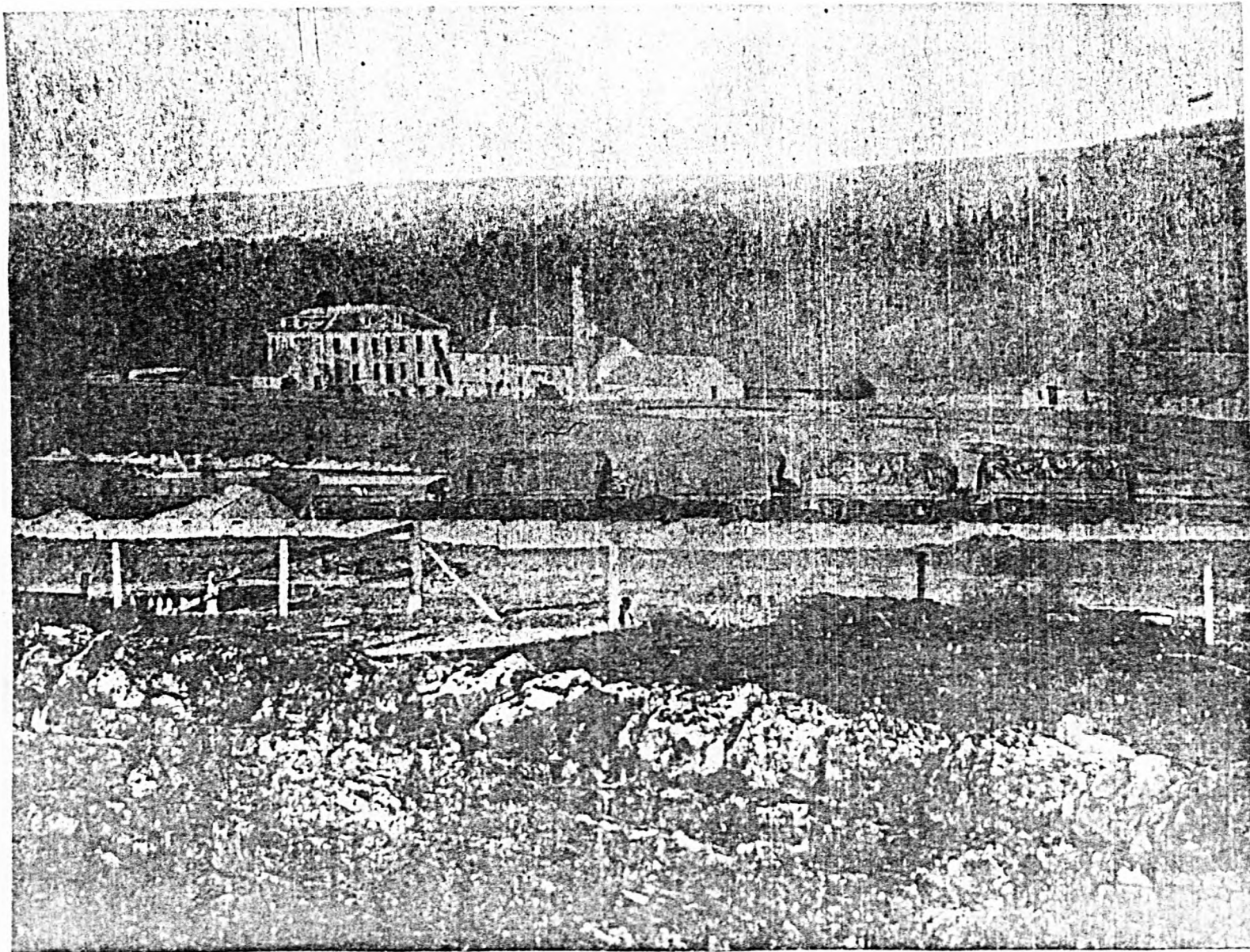
34. op. cit., letter from John McAdam & Co., Contractors, Aberdeen, 8 Sept. 1892.

By this time, the name of the new distillery had been decided - it was to be Balvenie, 'a name that sounds very well.' An Aberdonian proposed visiting it during the Autumn holiday, but did not expect to see the new distillery, 'Balvenie', running the Mountain Dew. This visitor, John McAdam, later engaged a bricklayer to build the chimney stalk, at a price of £9, which included his return fare from Aberdeen to Dufftown.³⁵ Grant was to supply him with a labourer, and have mortar ready for his use. The distiller was warned that the lime, of which there was plenty in the Dufftown area, must be put through a small riddle, say $\frac{1}{2}$ " in order to make a good job of the jointing of the bricks. All told, the chimney was estimated to take 6,000 circle bricks, and 2,000 headers; smaller bricks were needed as the diameter of the circle decreased. One wagon load of fireclay was considered sufficient for the job. The complete stalk was to be 50' to 55' in height.

The kilns were also being prepared. Orders for pillars of cast iron, and supporting beams had been placed with James Abernethy of the Ferryhill Foundry in July; he had proposed erecting the new kilns for £118, complete with furnace and spark plates, but the holidays had held up work.³⁶ P. & W. MacLellan of the Clutha Works, Glasgow, had also offered to supply rolled iron beams for the distillery. Grant, however, seems to have patronised local tradesmen as a matter of policy. For example, he bought 600 common bricks from the Craigellachie Tile and Pottery works in August; sand for harling the building came from a pit near Huntly, which was worked by R. & J. Mitchell, builders and granite merchants in that town. They suffered from labour shortages, because their men were leaving and starting work on their own account in the Rothes area, because much new construction was in

35. op. cit., letter from John McAdam & Co., Contractors, Aberdeen, 12 Sept. 1892.

36. op. cit., letter from James Abernethy, Ferryhill Foundry, Aberdeen, 10 June 1892.



Glenfiddich distillery, Dufftown, c. 1890: W. Grant & Sons Ltd.
The 'new Balvenie Castle' was the site of Balvenie distillery:
Note the railway line with a 'whisky train' being assembled.

progress. Wood was brought from the Morayshire Saw Mills, Elgin, which provided spars for storing casks at the distillery, and pitch pine beams. From the Seynie Quarry, Elgin, stones were carried for the season work, while the G.N.S.R. supplied old rails and sleepers - this was before William Grant and the Railway Company's managers had fallen foul of each other. The New Mill Iron Works, Elgin, fabricated the furnace door, furnace bars, bearers, and dumb plate, for £6 8s. per set.³⁷ From Aberdeen came the cast iron malt steep and fittings (£59), vats and casks for the new whisky, pipes for the water supply, (Grant was cautioned 'Be sure to examine all the pipes before you sign for them in case any of them are cracked or broken ... each pipe weighs over 4 cwts... 11/6d per yard carriage paid to Bufftown Station'), and the lightning conductor, which was to be of $\frac{5}{8}$ " rope copper, 60' long, and to cost £4 10s.³⁸

There were hold ups from other causes than labour scarcities and holidays. The bricklayer working on the chimney was delayed by bad weather, and needed 2,000 more circle bricks, as well as 300 common bricks to arch the manhole and flue hole at the base of the stack. Due to the excessive demand, flue plates of the size required could not be obtained anywhere in Aberdeen, although enquiries had been made of all the fireclay goods merchants.³⁹

An inquiry was made by the Brewers' Grains Company, Hamlyn's Wharf, London, about how Grants proposed to handle spent grains. The company wished to provide specialised equipment: 'we should be willing to take your grains in the wet state at the distillery, or to treat with you for drying plant.'⁴⁰ They referred to an installation erected for distillers

37. op. cit., letter from James Johnston & Co., Elgin: 5 Sept 1892.

38. op. cit., letter from John McAdam & Co., Aberdeen, 18 Oct. 1892.

39. op. cit., letter from John McAdam & Co., Aberdeen, 22 Nov. 1892.

40. op. cit., letter from the Brewers Grains Coy., London, 10 Oct. 1892.

in the Isle of Skye, and they were also negotiating with one or two firms in the north of Scotland. The Talisker distillery in Skye was the location of the graindrying equipment.

The Brewers Grains Co. had agreed to purchase all the draff at Talisker for processing in their plant installed there; the distillery was to provide steam and labour for the apparatus, which proved to be anything but efficient.⁴¹ A court action for breach of contract was raised, with entanglements of Scots and English law. Grant had the wisdom not to accept the company's proposition. His draff was disposed of to local farmers for stock feeding.

There were some financial questions to be examined. An insurance policy was negotiated with the North British & Mercantile Insurance office, Edinburgh. It covered the Excise Officer's house (£400), and the construction work in progress was insured at the rate of 2s. 6d. per cent. The local banks were pestering William Grant to persuade him to do business with them. First off the mark was the agent of the Town and County Bank in Dufftown; in October, 1892, he wrote "kindly allow me to solicit a share of your bank business ... I hold matters passing through our hands strictly private ... if any accommodation were needed, I should be glad to arrange for it on special and reasonable terms."⁴² A month later, the Elgin agent of the same bank was seeking 'a turn of the new distillery account ... I would not like of course to interfere with my fellow agent in Dufftown ... but it might be handy to have an open account down here. You will be paying a good many things in this part of the country, barley and other things ... personally, you may be able to help a beginner a bit."⁴³ The representative in Elgin

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41. Court of Session Records: XXI, 1893-4, p. 204: Middleton-Rettie: Talisker Distillery Coy: (formerly Roderick Kemp & Coy.) v. Hamlyn & Coy.
42. W.G. & Sons, Balvenie: letter from John Robertson, Bank Agent, Dufftown, 20 Oct. 1892.
43. op. cit., letter from James Black, Bank Agent, Elgin, 24 Nov. 1892.

was persistent: he approached Grant again in December: "I find some of your neighbours, distillers, have a Bank Account in Elgin for passing cheques on for duties. This they find very convenient as the Collector gets his cheques cashed beside his fire." Elgin was the centre of an Excise Collection. In a footnote, he adds, "I should of course prefer all the account for the distilleries. But an account for Duties and anything else down here shall be much obliged."⁴⁴

At the time that the bankers were importuning Grant for a share of his business, the accounts for work at Balvenie Distillery began to arrive. James Abernethy of Aberdeen wanted a remittance for £231 to cover the work commissioned at their Ferryhill Foundry,⁴⁵ whereas John McAdam of Aberdeen was prepared to accept a bill at 4 months, without giving any discount, the reason being that the price of cast iron pipes had risen without their having received due notice of the fact.⁴⁶

The snags of new construction were still troublesome. It became clear that the premises would not be completed by Christmas, because work had been 'very much put about by the bad weather.' Nor had all of Grant's bargains proved successful. He bought a weigh beam for his spirit store from John Birnie of Glen Albyn distillery, Inverness, who was installing one of Pooley's machines. The price was £10, but the machine proved faulty, as the centre was not in the correct position.

Marketing Balvenie malt whisky

Grant began looking for reliable outlets for the new shisky produced at Balvenie, but before negotiations were even opened, a letter of great

44. op. cit., letter from James Black, Bank Agent, Elgin, 29 Dec. 1892.

45. op. cit., letter from James Abernethy, Aberdeen, 26 Dec. 1892.

46. op. cit., letter from John McAdam, Aberdeen, 14 Dec. 1892.

significance arrived. It was from Peter J. Mackie, the proprietor of White Horse Distillers, who was better known in later years as Sir Peter Mackie:

A friend of mine wishes to purchase a Glenlivet distillery. I see you are building a second one near to your first. Would you sell your new one and at what price? 47

William Grant did not trouble to reply, but it was an entrepreneurial gamble, symptomatic of the great distillery promotion, in which Mackie was an active participant. Mackie was connected with Craigellachie distillery (1890), but his distilling springboard was of course Lagavulin distillery, Islay, which developed from a number of smuggling bothies about 1742. The firm of Mackie & Co. dated from 1856, when that distillery was purchased by J.L. Mackie, who was succeeded in 1874, by Peter Mackie, who at length became the sole proprietor. During 1889, he took an employee, A.H. Holm into partnership. Mackie not only had two Islay distilleries at Lagavulin and Laphroaig, but also lavish offices at Carlton Place in Glasgow.⁴⁸ In 1908 he built Malt Mill distillery in Islay, close beside Lagavulin. In 1924, the firm of Mackie & Co., was dissolved and reconstructed as 'White Horse Distillers Ltd.'⁴⁹

Unperturbed by the dismal forecasts about over-production, or by the offer to buy up the incomplete distillery, William Grant was seeking London agents. He first approached D. & J. Robertson, who were whisky merchants in Edinburgh, asking about a firm called Mew, Hall and Gray. The latter were described as 'a very pushing firm', with 'a huge army of travellers', so that they seemed efficient to represent Grants in England, although their influence in the south had not yet been firmly established. In

47. op. cit., letter from Peter J. Mackie, Glasgow, 2 Sept. 1892.

48. Moray & Banff Illustrated, (1895), p. 48.

49. Information supplied by D.C.L., 1 June 1966.

confidence, Robertsons inclined to the view that London houses (with the exception of a few who speculated) were not given to buying new whisky, but depended on Scottish sources to meet their requirements as demand arose. Robertsons stressed that if they took up the agency themselves, it would depend on the quality and the price asked; they advised Grants to be cautious and to quote low, warning that 'you are aware that many from your district have been taking 3s. 4d. (per gallon), and even less from the larger buyers and with an unknown whisky coming so late in the season, buyers would require to be tempted.'⁵⁰

Robertsons also wished to confer with 'Glen Grant', (Major Grant of J. & J. Grant, the proprietor of a rival distillery at Rothes) who was in London in the autumn of 1892. They suggested that they might act as buying agents, as did Messrs. Usher in Edinburgh, for Glenlivet, and Messrs. Watson in Dundee for Cragganmore, guaranteeing all debts, taking a certain fixed quantity as a minimum order, and keeping the market for a particular whisky to themselves. Grant was counselled to reflect on this proposal, because if it was agreeable, Robertsons would wish it to be a permanent arrangement. They had already thrown up an agency, because they had been undercut in other markets, and owing to hints that large buyers might purchase more freely if they could get the benefit of commission on sales.

Grant received other replies to his letters searching for trade connections and new outlets. Expansion of production in the 1890s was accompanied by aggressive marketing. The evolution of Grants' business led to a break with William Williams & Sons, and the need to establish their own merchandising system, which would cut out middlemen, and bring in the profits to be earned in the wholesale and blending fields.

50. W.G. & Sons, Balvenie: letter from D. & S. Robertson, Edinburgh, 15 Nov. 1892.

Grant wanted to break into the English market: a Liverpool dealer showed interest, and asked about the price of new Balvenie whisky, and the terms for an agency, with typical Highland caution:

The whisky may be all right, but there is always a risk with a new thing, & however good it may be, it will be difficult to make a connection for it in the face of so much competition with old and new distilleries ... for these reasons we certainly think the terms must be liberal. 51

As there were causes for disquiet - the low price that could be anticipated, and the difficulty of assessing the reliability of brokers at a distance - John Grant, the founder's son, was sent South to investigate. He called on D. & G. McLaren in Leith, who sought an agency for Balvenie whisky in Edinburgh, and S.E. Scotland, reminding Grants that all the blenders had negotiated arrangements of this sort, and that they (McLarens) intended to follow suit. They wished to see samples of Balvenie, and thought it advisable that they should represent both distilleries, assuring Grant that, "If your make is at all equal to Mortlach we feel certain we could influence a large business, as we have a strong hold in several of the large towns in the south of Scotland, and beyond what direct sales we could make ... we would take a fair quantity ourselves." Furthermore, they could arrange for their London agents to act for Grants: while in Scotland they had 5 travellers, abroad they used about 20 agents.⁵²

Despite McLaren's suggestion, D. & J. Robertson seem to have secured the agency for the new single malt whisky from Balvenie; they also represented Glen Grant in S.E. Scotland, as well as in Glasgow and the west, receiving commission at the rate of 2d. per gallon.⁵³ Ex distillery, new Glenfiddich

51. op. cit., letter from P. Mackenzie, Liverpool, 17 Sept. 1892.

52. op. cit., letter from D. & G. McLaren, Leith, 26 Oct. 1892.

53. op. cit., letter from D. & G. McLaren, Leith 26 Oct. 1892.

whisky was priced at 4s. per gallon, with a similar commission, working out at $4\frac{1}{2}$ per cent a gallon. Robertsons were willing to take an initial quota of 250 butts, depending upon the price and the time when the fillings would be ready. It is noteworthy that Robertsons' efforts were to be restricted to the wholesale trade, which was becoming essential to distillers owing to the steady increase of tied houses on the retail side.⁵⁴ In other words, new Balvenie would be supplying the blending houses, brokers and wholesale whisky merchants. The dealers insisted that the price must be the minimum price, and warned that there was to be no question of undercutting them in other markets. Such a minimum price agreement had always worked to the advantage of themselves and their clients.⁵⁵ Robertsons used Mew, Hall & Gray as London agents, whom they hoped would likewise act for Grants; failing them, the second partner's brother, William Robertson (who had been in London for several years), 'a very straight forward and willing fellow', would do their business.

And thus Balvenie was launched. Grants probably expended less than £20,000 on the project, and it is possible that the first runnings were made early in 1893. The distillery had five years to establish itself before the collapse of the whisky boom. Both Glenfiddich and Balvenie distilleries weathered the storm of falling prices, glutted markets, sequestrations, and changes of ownership, and have remained in the control of the original firm of William Grant & Sons to the present day. From these distilling enterprises the company, although a private one, has grown to encompass a large grain whisky distillery, a Lowland malt whisky one (Ladyburn), both located at Girvan, and is a major blending and bottling unit marketing its 'Standfast' and other brands in almost every country in the world.

54. op. cit., letter from D. & G. McLaren, Leith, 4 Nov. 1892.

55. op. cit., letter from D. & S. Robertson, Edinburgh, 7 Nov. 1892.

Business organisation and problems:1. Water Supply:

Water supply for distilleries has on occasion been the subject of disputes. Water is not just required as part of the process for cooling purposes, or as in days past for driving machinery, it is also a raw material, a natural resource, which is a major constituent of the final product. Hence its significance to the distilling industry.

Many distilleries drew supplies from burns or rivers, from small reservoirs, from springs, and occasionally from wells, such as the artesian ones used at Sancel distillery in Paisley, and also at Montgomerie's distillery in Inverkeithing. Streams were particularly prone to pollution by domestic sewage, or industrial effluent from plant located on their upper reaches.

An early case of pollution in a river concerned the water of Leith, which in 1786 was being seriously harmed by waste from the Haig distilleries at Lochrin and Canonmills near Edinburgh. Weavers, bakers and brewers joined forces against the distillers; they held a meeting, and complained bitterly about the state of the water since John Haig had taken over Lochrin, and had thereby made the stream 'unfit for the use of man or beast.' The degree of nuisance had not been serious until Haig extended his operations; although winter rains helped to scour out the river, cattle would not drink from it.⁵⁶

Even the washerwomen handed in a petition: they told how they had gained their bread for years by washing 'cloaths' on the river banks to serve the people of Edinburgh and Leith, and stressed:

'that ever since the distillery was erected at Canonmills, the water of Leith has been much hurt and damaged by some nuisance that comes from that work ... of late, the water has become so bad and intolerable by a blue scum and other poisonous

56. S.L.: 394. 8 (1796): Canonmills Distillery: Sawers v. Haig.

stuff, that the very fish die in the water; and the linens are stained with a colour like yellow okum; and the very water stinks to such a degree, that the petitioners cannot bear the stench of it ...' 57

The water was not safe to use for ordinary domestic purposes; the washerwomen's customers were all leaving them, and 'going elsewhere to get their cloaths bleached.' As for Lochrin distillery, it had more obnoxious effluvia, 'putrid, black and nauseous', because the Haigs were alleged to put 'oil of vitriol, alkaline salts and other pernicious ingredients into the doubling still.' In fact, pot ale, run to waste in the river, seems to have been the main source of trouble. The washerwomen desired that Professors Black and Robison of Edinburgh University, together with Archibald Geddes, manager of the Glass-house company of Leith, be sent to investigate and sample the water of Leith.

Litigation took place: Haigs appealed to the House of Lords, which led to the Court of Session being asked to revise its judgement, but there was prolonged difficulty because the trades folk who had instigated the action found it hard to raise money.

There was thus a history of legal dispute regarding the disposal of distillery waste, but there was also occasional conflict over competing uses for water, as in 1793, when Robert Stein of Kilbagie cut off supplies to a rival company. About, 1791, John Bald & Co. had obtained a lease from James Scott, of Tulliallan, of a brewery, malt barn and malt kiln. The lease was on a 19 years' basis, and Scott became a partner of Bald & Co., who converted the premises into 'a distillery of whisky.'⁵⁸ They laid a 3 inch wooden pipe to the works from a reservoir called Peter's Dam. Robert Stein stated that he had the rights to the entire water from that

57. S.L., *ibid.*

58. S.P.O; U.P: Adams Mack B/6/38 (1796). Bald & Co., v. Taylor & Steins.

source, by virtue of his lease from James Erskine of Cardross. Balda offered to take a lease of whatever volume of water their distillery required, but Stein was obstructive, refusing to repair dams, and to conclude an agreement.

Grants became involved in wrangles over water rights and purification in 1893. At the same time the Bankier Distillery company, near Denny, Stirlingshire had an action against Young & Co., who were said to be pumping water from mine workings into the Doubs burn from which the distillery drew its water.⁵⁹ As more distilleries were erected in Speyside and N.E. Scotland in the course of the 1890s, demands for water rose, and objections were taken to the unbridled encroachments of some establishments. In November, 1897, an action was raised in the Court of Session by an Elgin dairy farmer against the Glenmoray-Glenlivet Distillery Coy. Ltd., whose plant was built on the lands of Gallowcrook, near Elgin.⁶⁰ Proprietors of land on the banks of the Lossie objected to the distillers constructing a well or reservoir which would divert water from the river, and they won the action. The judgement was upheld when the distillery company appealed.

It was, and still is, a matter of good public relations for distillers to avoid infringing rights to water, and to prevent pollution by proper effluent disposal. In an area like Speyside, there were rural amenities, and the Spey salmon and trout fishings to consider. The latter provided an important source of income for riparian proprietors. In the early 1890s, the treatment of distillery effluents was, however, in its infancy.

The Grants, and other Dufftown distillers, were alerted when a local landowner, Dunbar by name, complained to the Sanitary Inspector for Banff-

59. Court of Session Records XX, 1892-93; p. 76: Middleton-Rettie: Bankier Disty. Coy. v. Young & Co.

60. S.R.O: U.P. 2DR.G27/6: (1899). The Glenmoray-Glenlivet Disty. Coy Ltd. v. James Fraser, and others.

shire, who in his turn reported to the County Council. He stated that at Craigellachie, the river water was not fit for drinking, on account of the waste which fell into the Fiddich a few miles up its course - this waste consisted of Dufftown sewage, and in particular refuse from the distilleries. The Inspector recommended Dunbar to get another water supply, and he also warned Grants about possible action.

There had been legislative changes regarding pollution in 1876 and also in 1893: the latter gave sanitary authorities power to stop sewage if it polluted. It did not seem that the County Council would force the issue, fearing that the distillers would combine against them. Meantime, a periodical called 'Truth', (Grant called it 'Balderdash'), dated 5 April, 1894, referred to the serious pollution of the Fiddich by several large distilleries erected near Dufftown; it alleged that the water was 'poisoned 6 miles away', and the fishings all but destroyed. It asserted that the inhabitants of the district were afraid to move 'for fear of offending the distilling interest.'

In May, 1894, came the news that proprietors of land bordering the Spey were to raise an action in the Court of Session, against the Fiddich-side distillers for causing pollution.⁶¹ The Inspector cautioned Grants that it might be 'advisable to put their house in order', or 'to fight and unite the other neighbouring distillers.' A filtration plant was suggested by Grants, and the Inspector reminded them that a Court of Session case might be much more costly than a purification works. Hitherto, the pot or burnt ale from the stills had simply been run to waste in the streams. An official notice was served on Grants warning them that they were committing an offence in terms of the Rivers Pollution Prevention Act (1876). The distillers seem to have taken the hint, and installed a primitive purification

61. W.G. & Sons: Balvenie: letter from Sanitary Inspector Mackintosh, County of Banff, 22 May, 1894.

plant, consisting of coke towers which aided the evaporation of the more volatile and harmful elements in the effluent.

Many processes for treating distillery waste were patented between 1898 and 1900. Nettleton believed that these installations were essential if distillers were to come to terms with riparian landowners.⁶² The waste was of two kinds - large residual quantities of sedimented material from the wash stills, known as pot ale or burnt ale, which discoloured river water, and the clearer liquid, termed spent lees, from the spirit stills. The patented systems were broadly of three varieties - evaporation, filtration and neutralisation with lime or other chemicals. In 1898, Doig of Elgin took out a patent (No. 162, 1898) to evaporate burnt ale and spent lees. Others tried to derive a cattle food from the evaporates, a technique perfected in recent years. The majority of the patentees were Scots, which may indicate that their innovations were a response to the intensification of demand for improved effluent disposal in rural areas of Scotland.

Investigations had been performed at Port Dundas distillery, Glasgow in 1872, where there were vast quantities of waste from the Coffey and pot stills. Nettleton himself had studied natural filtration on irrigated land at Bushmills distillery in Ireland about 1893; he thought that crops flourished on the effluent and gave high yields. Trials to assess the efficacy of pot ale disposal took place at several Speyside distilleries in the 1890s at Convalmore (Dufftown), Benrinnes, Knockando, Loggorn, Rothes and Colburn, all in the Glenlivet district. Methods were continually improved, but no system could recoup distillers for their outlay. It was therefore proposed that all the distilleries in a drainage basin should be linked by a main drain or pipe line to a central effluent disposal unit.

To evaporate the most objectionable waste to dryness cost 5s. to 7s.

62. Nettleton, J.A., The Manufacture of Spirit (1913), p. 495.

per 1,000 gallons for fuel, even if furnace gases and spent steam were used. Settlement ponds were cheaper, but much liquid remained, which had to be de-odourised and clarified with lime and other chemicals, which cost a few shillings per cwt. The sludge was an acceptable fertiliser.⁶³ The volume of waste liquid from any one distillery could vary from 100,000 to 600,000 gallons or over a week, if steeping water, washings, drainings, condensing and cooling waters were added to pot ale and spent lees.

By 1912, the contact bed system had come into general use for distillery and other sewage treatment, but the Speyside distillers had invested in strange devices to cope with their effluent problems. For example, Convalmore had a Lennox evaporator, which consisted of a series of hot chambers at the base of the chimney: pot ale was sprayed into them, and the sticky residue was sold at 22s. 6d. per ton. Benrinnes had two chimney stacks fitted with coils of copper pipe, through which the pot ale was forced at high pressure. A great deal of the pot ale adhered to the inside of the chimneys, and caught fire twice a week - thus potential water pollution was converted into smoke pollution! Knockando and Longmorn had plant erected by 'The Liquid Destructor Co. Ltd.'; Rothes and Coleburn had similar equipment but with vacuum chambers, which changed the pot ale to a syrup, which was dried and sold as manure.

If smoke was one objectionable aspect of these devices, smell was another: all pot ale destructors were foul smelling. Hence Nettleton advocated contact beds or lime settling ponds - both for their cheapness and being 'least objectionable', in other respects.⁶⁴

Although Grants laid great store upon their water supply from the Robbie Dhu spring - at least for publicity purposes - there was little knowledge about the effects of water upon whisky flavour, or on the action of

63. Nettleton, *op. cit.*, p. 499.

64. Nettleton, *op. cit.*, p. 504.

water from moorland burns in the malting and mashing processes. Nettleton remarked that distillers liked to ascribe 'mysterious influences' to the effects of moss water, but he was sceptical about its significance, stressing that some distillers who had no advantages as to water supply produced the finest whiskies. It was the craftsmanship wedded to raw materials of sound quality that counted in his opinion.⁶⁵

Transport

The Great North of Scotland Railway Company which served Strathspey and the Dufftown area was in a position to benefit by the growth in distillery numbers and productive capacity in that region. It had always had some whisky freight in North East Scotland, but its fish traffic, livestock and agricultural transportation had been of greater consequence. The railways played a major role in opening Speyside to distillery promotion: the lines made the assembly of bulk raw materials (e.g. grain and coal) and the distribution of whisky in cask to Lowland centres, a viable proposition. Distillery halts, (e.g. Carron) and branch lines (e.g. to Balmenach distillery) were formed. By contrast, establishments like Glenlivet, that were over 6 miles distant from the station at Ballindalloch on Speyside, had to employ horses and carts, and later steam lorries, to despatch their whisky, and to haul bulky raw materials.

In its business dealings with the distilleries, the Great North of Scotland Railway was in a strong position to dictate terms in the years before heavy motor vehicles came into general use. Parts of Speyside (e.g. Grantown) and the North East had access to the Highland Railway, and hence the Great North had not to drive bargains that were too hard on the distillers. It also required the traffic if its inland system was to pay; the coastal areas relied upon the fish traffic.

65. Nettleton, op. cit., pp. 309-10.

Distilling and brewing interests had been associated with railway promotion and development in N.E. Scotland. For example, Alexander MacKay, a distiller in Banff, and W. Barclay, a brewer in Stonehaven, were interested in the Aberdeen, Banff and Elgin railway; John Gordon, a distiller in Dufftown was connected with the Banffshire railways, and in 1879 George Cowie of Mortlach distillery, Dufftown, was a shareholder of the G.N.S.R. William Longmore of Milton distillery, Keith, was not only a distiller, but also a banker, a farmer, and a director of the G.N.S.R.⁶⁶ Milton distillery is now known as Strathisla distillery, although as early as 1790 its product had been sold as Strathisla whisky from the name of the river Isla, which supplied cooling water to the premises. In 1852, Peter Brown of Linkwood, Elgin, is named as a director of the G.N.S.R.; he may have been related to William Brown, the proprietor of Linkwood distillery near that town. John Gordon Smith, son of the founder of the Glenlivet Distillery was a railway director,^{as} was his nephew, Colonel George Smith Grant of Anchorachan, who succeeded him as owner in 1901. He was a director of the Great North of Scotland Railway Company.⁶⁷

Another business problem with which William Grant was faced was his commercial dependence on the good will of the G.N.S.R. Relations between Grants and the railway company seem to have been harmonious in 1891, because a staff photograph at Glenfiddich in that year shows the Dufftown station-master in his uniform seated in the front row.

The first hint of trouble came in 1893, when settlement of a feu boundary was held up because of the fact that the G.N.S.R. averred their lawyers were too busy to prepare the deeds - for 2 acres 0 roods 7 poles of land, a situation which William Grant's brother, James, a lawyer in

66. Wilson, R., Scotch Whisky Distillers of Today, Wine & Spirit Trade Record, 16 Aug. 1963, p. 1062.

67. The Glenlivet Distillery, 'Glenlivet', 1964, pp. 25-7.

Banff, described as 'quite absurd'.⁶⁸ Thereafter a series of disputes arose between Grants and the G.N.S.R.; for five years, the distillers carried on what was tantamount to a feud with the company - over sidings, shunting, freight rates, drains, contracts, and even the trespass of sheep and lambs on the line.

It was indeed an advantage that William Grant's brother was a lawyer. James was knowledgeable about business matters, and well informed. He warned the distiller that other clients were also having trouble with the railway company - in particular over the transport of casks and coal. Not only Glenfiddich, but also Glenglassaugh, and Milton at Keith were consequently being supplied on occasion with fuel via the Highland Railway.⁶⁹ The journey, though longer, was subject to the same rates, as goods sent via Aberdeen.

James wrote,

I would not have written this but for a remark that Geo. let fall which will show the confounded swindlers the G.N. of S. Rly. are. He advised you to write to Mr. Ross (A.M. Ross was the Goods Manager), and say that you were now keeping sheep and expected a composition ticket of £4 4s. This is the noble price Cowhythe & all cattle dealers pay for the system Elgin to Aberdeen &c ... I will remember the buggars when the time comes... It has come on 2 occasions already when I screwed them for more than I wd. have otherwise done. Christie of Glenglassaugh is having a row with them over his ticket also.⁷⁰

James Grant was thus of immense value to his brother - as a source of information about trade and business trends, as an adviser in financial and legal matters, as well as being a shrewd and interested relation. The Grant business papers do not show whether James had a stake in Glenfiddich from the outset, but he became a shareholder in the limited liability company which was eventually formed: he took 800 shares in the new promotion in 1903.

68. W.G. & Sons: Balvenie: 1893: letter from James Grant, Banff, 11 Dec. 1893

69. op. cit., 1894: letter from James Grant, Banff, 9 Jan. 1894.

70. Ibid.

One argument with the railway centred on the right of foot passengers to use the level crossing adjacent to Balvenie, and on the question of an entrance for Grants to the loading banks at Dufftown station. Possibly owing to the conveyance of a portion of Grant's feu to the railway company, £530 was received in compensation. These points are discussed in another letter from James Grant.⁷¹

In 1895, a new siding was constructed for Glenfiddich. Grants had to carry out the necessary excavations, the G.N.S.R. laid the rails, and a turntable for wagons could only be supplied at Grants' 'own expense'.⁷² But in the interval, James Grant had obtained the agreement between the G.N.S.R. and Duff, the manager at Longmorn, to ensure that his brother got a good bargain. The company insisted that Grants had to haul the wagons to their new siding, and refuted claims that the drains from the station house at Dufftown were creating a nuisance at Balvenie farm.

Agreement over the use of the siding was not reached until 1896. James Grant was determined to obtain as much annual feuduty from the G.N.S.R. as he possibly could. Accordingly, as feuduties gave about 30 years' purchase, he submitted a claim of £8 8s. per annum, but was in doubt as to whether Grants should pay half the cartage and delivery rates for yeast from the station. In return, the railway company adamantly refused to deal with whisky, yeast, or empty casks at the siding, adding that if Grants diverted their traffic, as had been threatened, it would be a breach of contract which the G.N.S.R. would not allow. They pointed out that they were doing more than a railway company should - putting wagons into the private siding with G.N.S.R. engines (the agreement stated that Grants' horses were to haul the wagons). This stiff letter came from William Moffatt, the General

71. W.G. & Sons: Balvenie: 1894: letter from James Grant, Banff, 31 March 1894.

72. op. cit., letter from George Mann, G.N.S.R.: 2 Aug. 1895.

Manager of G.N.S.R., whom James described as 'large and mighty, but if firmly dealt with is not a bad fellow at all.'⁷³ Ross, the Goods Manager, proposed visiting Dufftown, in company with James. To give Ross a taste of the discomforts of his own railway, William Grant suggested that his brother should travel third, and make Ross transfer from his first class compartment!

Grants had also fallen foul of the local stationmaster - they did not see why Caledonian wagons had to be returned by Aberdeen. The stationmaster retorted with an abrupt note complaining that Grants failed to send forwarding notes with empty yeast casks and draff, which complicated the work of railway staff...'If we were always to keep back your draff, waiting consignment note, your customers would soon have been letting you here [sic] about it', and he concluded, 'I am very much obliged for the remarks made anent myself.'⁷⁴

By 1897, business relations had further deteriorated, and William Grant set about drafting his objections to a proposal that the G.N.S.R. was to extend its Dufftown network. The document is entertaining. Firstly, the Distiller was worried that the G.N.S.R. would draw off water from 'well no. 5', which provided supplies for cooling and condensing. Grant would not tolerate this, because water of great purity and low temperature was needed, especially in summer. Next, he insisted on their having a right of way over a level crossing to the Excise Officer's house, and argued that his works needed room for expansion too - for grain storage (deficient at Balvenie) and for warehousing (these had to be one storeyed for maturing

73. W.G. & Sons: Balvenie 1895: Letter from W. Moffatt, General Manager, G.N.S.R.: 30 Dec. 1896.
Comments on the letter: James Grant, Banff.

74. op. cit., letter from J. Cruikshank, Stationmaster, Dufftown, 6 April 1897.



The staff at Glenfiddich distillery, c. 1890. The G.N.S.R. Station master, and distillery employees with their equipment are in the group.

(From W. Grant & Sons Ltd.).

whisky). Instead of being beneficial, the railway had interfered with access, with light and air space, it had injured water pipes, created smoke and fire, dust and dirt, and he even fancied that the vibration of trains might have a disturbing effect on whisky quietly maturing in his cellars. Grant seems to have thought the G.N.S.R. were going to lay a line which would sever one of the distilleries, because he says his goodwill depends almost entirely on water and location, so that a removal would be disastrous. James Grant took a less prejudiced view of the matter, counselling his brother not to use documents to help in some directions, and to hinder in others, and wrote, 'Parliament will not allow your place to be cut in two.'⁷⁵

Eventually, the dispute became so acrimonious that Counsel's opinion was sought. Grants demanded the free use of their siding, without restriction as to minimum loads. They sought damages for overcharging for the transport of coal, coke, draff, and barley, loaded and unloaded at their siding, while they claimed that illegal preferences were given to other traders, enumerating the rates charged for coal, coke and whisky in the district.

Taking coal first, it appeared that Banff, Buckie and Elgin traders were charged a slump rate of 7s. 6d. per ton from the Fife collieries; Grants had to pay 8s. 9d. per ton - and it was a shorter distance. Coal from Lanarkshire was 9s. 9d. per ton to Dufftown, but 8s. 6d. to the Moray coast towns. Traders at Rothes and Dandaleith were paying 8s. 4d. and 9s. 4d. per ton from Fife and Lanarkshire respectively. With coke, Grants were charged 9s. 9d. per ton from Bonnockburn, while Banff distillers paid 9s. 6d. from Swinehill near Glasgow - a greater distance.

As for whisky, Grants were paying 52s. 6d. per ton from Dufftown to

75. W.G. & Sons, Balvenie, 1897: letter from James Grant, Banff, 25 Nov. 1897.

Leith or Edinburgh, the Banff traders only 25s. per ton. To Glasgow and Paisley, the rate per ton cost Grants 32s. 6d., the Duckie merchants, 24s. Even local trade was subject to rail freight discrimination.

<u>Journey</u>	<u>Mileage</u>	<u>Whisky per ton</u>	
Dufftown - Lossiemouth	22 miles	12s. 11d.	: Grants
Carron - Lossiemouth	25½ miles	12s. 6d.	: Others. ⁷⁶

Grants contended that these illegal preferences should be removed by lowering their rates, and threatened to raise action for damages in respect of overcharging and undue prejudice against their business interests. If, however, the G.N.S.R. showed itself reasonable, the full extent of the claims would not be pressed. The differences do seem to have been composed, without further litigation.⁷⁷ It is also clear that when their mutual interests were at stake the rival distillers could be drawn together, as in May 1898 when an approach was made to the Board of Trade on the subject of freight charges. Grant mentions that Mackenzie of Daildaine and W. & S. Gilbey were active in this connection.

The Collapse of the Whisky Bubble

The next business problem in which Grants became involved was a crisis which was not of their making. It was the Pattison failure which engulfed the Scotch whisky industry in 1898. The matter was investigated in the Court of Session during the following years, but fortunately, the involvement of Grants' affairs with those of Pattisons Ltd. was limited compared with many other firms. Although the direct ensmeshment of Grants in the Pattison credit net was so slight, the distillery firm suffered in the widespread impairment of trade which ensued.

76. Vallance, H.A., The Great North of Scotland Railway, (1965), pp. 175-9.

77. W.G. & Sons: Balvenie: 1898: draft letter to W. Moffat, General Manager, G.N.S.R., June 1898.

Grants had been advised by Tait and Murray, the liquidators in the Pattison case that a petition for supervision would come up for hearing before a First Division Court early in 1899, and that they would require to produce formal mandates, which should be signed by the principal creditors, although the precise amount of the claim need not be stated as this would fall to be adjusted in the liquidation.⁷⁸

The liquidation of Pattisons Ltd., of Leith was a complex and squalid affair. A Sanction of Compromise concerning William Grant & Sons was not arranged until July, 1901. There were lying in bond at Grants' Glenfiddich distillery 5 butts, 99 hogsheads and 21 quarter casks of whisky, valued by the distillers in their claim at £1,090 7s. 11d.; the wood, or casks, was alleged to be worth £162 13s., giving a total of £1,253 0s. 11d. It transpired that Pattisons Ltd. valued the stocks more highly than did Grants, and if the distillers wished to retain possession of the whisky, then the liquidators asked for £300. Meanwhile, they would renounce their claim to the casks, and expect Grants to deliver 30 hogsheads to satisfy the claims of some other Pattison clients. In turn, the bankrupt firm of Brickmann's of Leith, which had been deeply involved with the Pattisons, were suing Grants for non-delivery of whiskies due to them. This latter action was abandoned, and in the compromise Grants were asked to surrender to the liquidators bills for £981 5s., upon which their claim for settlement was in part founded.⁷⁹ Unlike so many distillers, brokers, wine and spirit merchants, publicans and restaurateurs, Grants emerged from the debacle in the whisky trade in reasonable shape. They did however feel the draught in the depressed

78. W.G. & Sons, Balvenie: 1899: letter from Murray & Tait, Edinburgh, 24 Jan. 1899.

79 S.R.O. Unextracted Processes: 1933: 242A. Pattisons Ltd. in liquidation, First Division, Lord Stormonth Darling, Sanction of Compromise, 16 July 1901.

conditions which chilled business in the early years of the century, and which undoubtedly stimulated their interest in developing a strong export market.

Grants had been told to expect that the Pattison interests would yield a dividend of 10s. to 15s. in the pound; but opinions were divided on this point. Indeed Grants had some difficulty in entering their claim because of the disputed posting of a delivery order.⁸⁰ It is not unlikely that Grants may have been short of funds during this phase, because the G.N.S.R. were pressing for the settlement of an outstanding account for £175 13s. 4d., and was threatening to take action to recover the amount due, with interest accrued thereon.⁸¹

Perhaps a side effect of the collapse in the whisky trade was the fact that the Distillers' Company was in the market for whisky stocks in 1899; the letter heading shows that the company controlled distilleries at Port Dundas, Caledonian, Carsebridge, Cameronbridge, Kirkliston, Glenochil, Cambus, Knockdu (Banffshire), Phoenix Park (Dublin), and Tooley Street (London). Grants were invited to submit samples of Balvenie malt whisky:

We will be glad if you will send us, for comparison, samples of the above whisky, new and with some age - say new and 1 year old, from refill wood, and about 4 year old from both refill and sherry wood. At the same time please state your lowest bonding price for new spirits, and the allowances for quantity, vatting etc.⁸²

This document may be an indication that D.C.L. was indulging in some bear speculation, taking up a selection of good Highland malt whisky

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80. W.G. & Sons: Balvenie, 1899: letter from Alex. Morrison & Co., W.S., Edinburgh, 27 Jan. 1899.
81. op. cit., letter from General Manager, Great North of Scotland Railway Coy., Aberdeen, 27 Jan. 1899.
82. op. cit., letter from G.W. Ballingall, D.C.L., 25 Jan. 1899.

when the market was at a low, as a result of the unsettled conditions of trade which followed the bursting of the whisky bubble.

As 1900 approached, the firm found their squabbles with the G.N.S.R. recurring - disputes about roads, water pipes and drainage continued into the new century, incurring lawyers' expenses, and bringing little satisfaction to either side. In addition the surfeit of whisky in Scotland was forcing William Grant to reconsider the structure of his firm, and its entire sales policy.

Prior to the slump in trade, John Grant had reviewed the astonishing progress of the business:

We all worked, father and sons, like slaves. Gradually we extended until now [1897] in a little more than ten years, we are making ten times what we started with, and we cannot meantime cope with orders. We have refused orders for more than 1,000 hogsheads this season ... ⁸³

They therefore set about applying the same determination and hard work to their organisational and marketing problems.

The Limited Liability Company

Prior to the turn of the century, some alterations had been made in the business organisation of Grants; a draft contract of copartnership is recorded in the firm's archives for 1894. This was between William Grant, distiller, Glenfiddich, and John Grant, his son, also described as a distiller. Mrs Elizabeth Grant (wife of William and mother of John) had had a fifth share in the firm, but she could not legally be a partner in business with her husband. A deduction was made after the annual balance giving each partner £120 as remuneration. Interest at 5 per cent per annua was paid on all debts or credits by the partners to each other. Mrs Grant had

83. Still in the Family, Advertisement Feature, Glasgow Herald, 31 May, 1968.

put £200 into the enterprise in its early days.⁸⁴

About 1903, this type of organisation was superseded by a more sophisticated one. A Minute of Agreement between George Cowie Grant, distiller, Dufftown, as trustee for William Grant, John Grant, and Elizabeth Duncan or Grant (all distillers residing in Dufftown), the individual partners of the firms of William Grant & Sons, Glenfiddich distillery, and W. & J. Grant, Balvenie distillery, Dufftown. Other persons named in the agreement are James Grant, Solicitor, Banff, and Dr Alexander Grant, Medical Practitioner, Colne, Lancashire, Charles Gordon (son-in-law of William Grant), Isabella Grant or Gordon (wife of Charles Gordon), Margaret or Meta Grant and Edward Grant, law student, both of Balvenie House.⁸⁵

The Memorandum and Articles of Association of William Grant & Sons, Ltd. state that the new company was to acquire as a going concern the businesses of Distillers, Maltsters, Merchants, and others, carried on at the Glenfiddich and Balvenie distilleries. There were seven subscribers with one ordinary share each; the capital of the company was £35,000. This time Mrs Elizabeth Grant, Miss Margaret Grant, and Mrs Charles Gordon were omitted, as was Dr Grant. It is interesting to note that Charles Grant and Charles Gordon gave their place of business as 1A Carlton Place, Glasgow, Grants' first Glasgow offices.

The allocation by payments in cash for 10,000 shares in the private limited company which was made shows eight shareholders, with the three ladies participating:-

James Grant:	800 shares
Alexander Grant:	800 shares
George Cowie Grant:	2,000 shares
Charles Grant:	2,000 shares
Charles Gordon:	2,000 shares
Isabella Grant:	800 shares
Margaret Grant:	800 shares
Edward Grant:	800 shares

84. W.G. & Sons: Balvenie, 1894, Draft of Copartnery.

85. W.G. & Sons: Minute of Agreement: Private Limited Company, May 1903.

The group was allowed five years from 28 May, 1903, to pay the calls due in respect of their shares, which appear to have been 5s. ones.⁸⁶ The enterprise was now a private limited company, with the advantages of flexibility in organisation, and greater scope for integration and expansion of its activities which William and John Grant immediately began.

Expansion of Sales:

I The Home Market

Other far reaching steps were also taken by Grants after the turn of the century. Grants themselves began to market and to blend their own whiskies. John Grant had pioneered the selling side of the business; as early as 1893 he was penetrating as far as Lancashire (where his uncle was a doctor) and Yorkshire. By 1903, with a Glasgow office established, Grants were seeking sales staff. In response to an advertisement for a traveller in an Aberdeen paper came an offer from their first sales employee - James Mitchell, who had experience of the retail licensed trade, and who referred Grants to 'Mr Cran of Messrs. C. & W. Stewart, Adelphi distillery, Glasgow.' Modestly, Mitchell wrote 'Regarding salary, I would be pleased to accept what is customary in the trade for a start, with the stipulation for an advance periodically, provided business was done to merit it.'⁸⁷

Times were not easy in the whisky trade, and Mitchell, in spite of his being an experienced traveller, was doubtless thankful to be appointed. A representatives' card survives from those days. On the back is a careful note of grain whisky prices:

86. W.G. & Sons: 1903. Memorandum and Articles of Association, 28 May 1903.

87. W.G. & Sons, 1903: letter from James Mitchell. Glasgow, 14 April 1903.

November '96	:	Cambus	3/3d	(price per proof gallon)				
February '97	:	"	2/9d	"	"	"	"	"
December '97	:	"	2/6d	"	"	"	"	"
1900	:	"	1/5½d	"	"	"	"	"
September '97	:	North British	2/4d	"	"	"	"	"
December '97	:	" "	2/2d	"	"	"	"	"
May 1903	:	" "	1/4½d	"	"	"	"	"
August '97	:	Carsebridge	2/3d	"	"	"	"	"
" '98	:	"	2/-	"	"	"	"	"

Falls in price did occur after the Pattison failure - decreases in the order of 3d. - 6d. per proof gallon. In this phase, Grants seem to have been investing in stocks, and beginning the long struggle to gain a foothold in the trade for blended whisky. Just as Thomas Dewar, and James Buchanan had done in London, Charles Gordon commenced his home sales drive in Glasgow during the summer of 1903. He chose a singularly bad time - the Glasgow Fair, and his thoroughness was not rewarded with many orders as his notebook shows. He first tried New City Road, and Great Western Road, visiting every public house and licensed grocer's shop. But business was not brisk as his succinct entries show:-

'New City Road: people on holiday'; 'buys only Campbeltown';
'Looks tied to Lang Bros.'

Some publicans had Dufftown connections, and were more promising contacts, prompting a remark like, 'will probably get an order for a case', or 'to leave samples next time'. Even personal details were noted 'big, with waxed moustache', or 'red-nosed, greyish, oldish.' Generally, the results of the venture were unpromising as notes for 'Great Western Road' show:-

'Can't look at ye'; 'Filled up just now, shortish'; 'At the coast': 'The coast doing all the trade'; 'Boss just off in hansom';
'Very busy scrubbing down stairs'; 'Train & McIntyre solely';

'Nothing to-day, but will keep my card before them'; 'old wife, son a doctor in Newlands, deals with old firms'; 'Dulloch Lade entirely.'⁸⁸

After 180 calls, Charles Gordon had not booked a firm order. His luck changed however during a holiday in Lancashire, where on his first call he booked an order for three cases of whisky, and by the end of two weeks there he had sold 40 cases.

As to the whiskies, the Glasgow retailers were buying, some curious facts emerge. Charles Gordon recorded that at one pub, an old hand took him into the back premises and gave him a taste of a 20 years' extract Irish whiskey, which he used for 'maturing' new Scotch whisky, thinking that it could 'put on five years in five minutes.'⁸⁹ 'Do it yourself' blending was not unknown in public houses. Gordon notes that some bought 'all new', or 'takes in Irish at 20 o.p., didn't know about Scotch at 11 o.p.', or again 'uses Irish whiskey entirely.' This preference for Glasgow pubs to sell Irish may indicate that their clients were Irish immigrants, whereas others may have had a predominantly Highland patronage: 'uses Islay, Irish & Campbeltown, exclusively.' Some did not use Highland malts at all: 'Haig only: doesn't use North whisky.'

Among the 'newy Irish barmen', and 'decent chaps', given in Gordon's thumbnail sketches, there were of course the Speyside and Buchan emigrés, with whom he had a common bond: 'Fellow from Huntly in bar'; 'Here met a loon frae Keith'; 'Met barman from Glenlivet district, once at Lochnagar disty.'; 'Met barman who knew Kingussie, Tomatin etc.' These were people who suggested other retailers he might try, and he even met folk from Dufftown. All the time he was gathering useful information about other firms'

88. W.G. & Sons: Memoranda: Charles Gordon's Home Sales' Drive, 1903.

89. W.G. & Sons, Charles Gordon, *ibid.*

activities and methods, as well as promising avenues to explore ... 'This house purveys big banquets', or 'Boss taking stock; thinks next time will give something.' Sheer persistence typified Charles Gordon's approach to salesmanship. It was a characteristic which he displayed over and over again as Grants' sales manager building up their sales at home and abroad, where he was starting from scratch. Grants do not seem to have had any wealthy or influential connections, and unlike Dewar, Walker and Buchanan, they did not go hot-foot to London. They tried their hand in Scotland first, and having learned by experience there, began to construct a network of agencies across the world.

The home market was not however neglected while overseas sales drives were being intensively pursued. In 1905, an additional traveller, John Crookston, was appointed. Grants' letter heading shows that the firm not only had offices at Carlton Place in Glasgow, but also at Exchange Buildings, Blackburn, as well as small counting houses at their distilleries. The arrangement for Crookston's salary was partly on commission, and partly on expenses, and he was to deal in various beverages:-⁹⁰

The commission tariffs were as follows:-

Wines and cordials:	10 per cent on nett selling price
Brandy:	7½ per cent " " " "
Whisky, Rum and Gin (duty paid)	5 per cent " " " "
<u>except</u> whisky duty paid at 15/3d less 3d:	6d. per gallon on nett price
" " " " 15/9d less 3d:	7d. " " " " "
" " " " 16/- less 3d:	8d. " " " " "
Whisky, Rum and Gin in Bond	
<u>Prices:</u> 3/6d and under	2d. per gall.
3/7d to 5/6d.	3d. " "
5/7d. to 7/6d	4d. " "
Above 7/6d.	6d. " "

No commission was to be paid in respect of any 'Bad Debts', and if

90. W.G. & Sons: Correspondence, 1905, copy letter to Mr. John Crookston, Glasgow, 24 June 1905.

any commission were already paid out, it was to be deducted from commissions due - an attempt by Grants to ensure the collection of outstanding debts by limiting commission. Bulk grain whisky was to bear the meagre commission of 1d. per proof gallon, whereas new Glenfiddich, and Balvenie on bonding orders carried 2d. per proof gallon. The immature malts were selling at about 4s. per proof gallon, but grain whisky was priced at 1s. 6d. or so. Where cased whiskies were sold to private individuals at 40s. and upwards nett, the traveller was to receive $7\frac{1}{2}$ per cent.

As an added incentive, the directors of Grants also decided to offer John Crookston the sum of £1 per week towards expenses for every week he travelled. This was over and above any commission he might earn. All visits by the traveller were to be carried out with the knowledge of the head office, which was to advise clients on his behalf.⁹¹

A monthly engagement was entered upon, with the threat of instant dismissal for any irregularity. The three months' terms on which Grants insisted were on no account to be exceeded, all accounts being kept properly in hand. The traveller was to insure against 'defalcation in collection of accounts', more especially because he was to be paid so much to account for commission each week. Finally, he was cautioned not to travel for any other enterprise while the arrangement should hold.

Another traveller, J.S. Green, was employed at Blackburn, and from time to time he sent sales reports to Grants in Glasgow. These reports show that the largest sales were made in November - December, and that expenses were kept down to £9 to £10 a month.⁹²

An excerpt from a sales report made by Green shows that between June 1909 and May 1910, the expenditure of £1 was capable of marketing about 45 gallons of whisky in the North of England area. Grants may have worked

91. W.G. & Sons, Correspondence, 1905, Commission on Sales.

92. W.G. & Sons, Sales Report, J.S. Green, Blackburn, 1910.

that region not only because they had relatives in Lancashire, but also because the London market may have been practically saturated with blended Scotch whisky from enterprises like Dewars and Duchanans:-

Sales from 1st June, 1909 to 31st May, 1910
(Blackburn office)

<p>Total: 5886½ gallons. 1908 - 09</p> <p>Special whisky 2955½ gallons sold</p> <p>Ordinary " 2259½ "</p> <p style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">5215 "</p>	<p>Total expenses: £133 7s. 1909 - 10</p> <p>3415½ gallons</p> <p>2471½ "</p> <p style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">5886½ "</p>
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Green drew attention to his achievement in decreasing expenses by £30 against increased sales of over 670 gallons. Under his direction was a staff of about six persons, and the total wage bill was as follows:-

Staff wages: Blackburn office:

June 1908 - May, 1909:	£286 9s. 10d.
June 1909 - May, 1910:	£358 8s. 8d.

An expenditure of £1 on wages was thus capable of selling about 16½ gallons of whisky in N.W. England. The year 1909 marks a watershed in the Scotch whisky industry because of the duty increase on home sales from 11s. to 14s. 9d. per proof gallon, and this occurrence had been preceded by the 'What is Whisky Case', which had also had an unsettling effect on the distilling industry. The continuing glut in the British market made firms like Grants consider exports more seriously than they had in the past.

II Overseas Markets:

Exporting whisky was not a sudden development in the trading pattern

of distillers after the collapse of the boom in 1898; indeed the trade was an old one, for the Steins and the other capitalist distillers of the Lowlands had exported spirits to the London market pre-1790. After the Excise Act of 1822, when the duty on Scotch spirits was drastically reduced, and when many new licences to distil were purchased, the making of whisky in Scotland increased fourfold by 1830. Whisky was sent out to overseas countries as well as to England; it is known, for example, that the Australian Company of Edinburgh and Leith would purchase a variety of goods, including whisky, post-1830, which were consigned to Australia.⁹³

In 1834, a deputation of Glasgow distillers reported that they were disappointed with the volume of their export trade, and that they had sent whisky to New York, India and South America. They had suffered setbacks - the climate discoloured the whisky and spoiled its taste, so that their agents could not sell it. They urged that they be allowed to export bottled whisky, which sold well, and in small quantities: consignments had to be of 80 gallons or more. Malt spirits predominated; in 1833, 24,462 gallons were exported from Scotland to foreign ports, compared with only 679 gallons of grain spirits.⁹⁴

Wilson quotes an old shipment book of Thomas H. Slater & Co., the forerunner of Slater, Rodger & Co., which indicated that in 1856 they exported whisky, wine, ale and other provisions to Australia, India, South Africa, South America, the Caribbean, and North America.⁹⁵ This firm opened a continental agency in 1886, and two years later were taking orders from 70 foreign countries, and winning diplomas at exhibitions abroad. The

93. McMillan, D.S., Scotland and Australia, 1788-1850, p. 190.

94. P.P., 7th Report of the Commissioners of Inquiry into the Excise Establishment, (1834), p. 65.

95. Thomas Rodger & Co., Scotland Street, Glasgow, Stores Ledger, 1856.

export business in Scotch whisky was also pursued by Alexander Walker, son of the founder of John Walker & Sons, Ltd., Kilmarnock. His practice was to send various goods on a ship bound for the colonies, having the captain or an agent to sell the goods to best advantage, and paying a commission on sales. By 1880, Walkers had a London office, and nine years later, they opened one in Australia. Indeed the Australian market led Scotch exports before 1914. The Walkers also appointed agencies - in South Africa (1897), France (1910) and Burma and Malaya (1911). By patient investigations, careful interviewing, and extensive travelling, they attempted to choose reliable agents to handle their distant trade contacts.⁹⁶

Mackie & Company were exporting cased whiskies as early as 1883: they started sales tours abroad in 1896, and were keen to advertise their wares at exhibitions. Barnard makes a point of mentioning the ample warehouses that John Begg & Co. had near the docks in Aberdeen, which assisted their export trade.⁹⁷ Like Walkers and Mackies, Wm. Sanderson & Son, Ltd. of Leith, James Buchanan & Co., Glasgow & London, John Dewar & Sons, Perth, and John Haig & Co., Markinch, were engaged in massive sales expansion from the 1880s onwards. Duchanans which had only been started in 1885, received a Gold Medal for their whisky at Paris in 1889; six years thereafter an export department was created, because previously London agents had organised overseas sales, although James Buchanan toured abroad himself.

As to the Distillers Company Ltd., a small trade in blended whiskies had been carried on by the company acting for John Stewart & Co. of Kirkliston. The sales office was centred at South Queensferry in 1891, and by 1897, a branch office was opened in Melbourne, Australia, which was followed by other outlets in Australasia. D.C.L. did not enter blending,

96. Wilson, R., Seventy Years of the Scotch Whisky Industry, X, W.S.T.R. 16 July, 1965, pp. 914-6.

97. Barnard, A., The Whisky Distilleries of the United Kingdom, (London, 1887), p. 264.

bottling or exporting very fully until after 1914; one may contrast their limited entry into that field with the performance of D. & J. McCallum's 'Perfection' Scotch whisky of which more was exported in one week in 1911, than in the whole of 1897.⁹⁸

In 1900, 5 million proof gallons of Scotch whisky were sent overseas, and this volume soared to over 10 million proof gallons by 1912. (Table) Indeed it seemed that the export market would take precedence over the British one even before the First World War - such were the rapid strides in foreign and Empire sales.

Marketing Techniques:

Marketing techniques which were generally employed involved the formation of agencies, which if trade proved large and profitable were often superseded by branch offices abroad. Secondly, advertising media of various types were used - newspaper space, billboards, hoardings, letter headings, playing cards, and posters on public transport. Display material of this type had been successful in Britain, and thus these techniques were exported along with the whisky to the new lands.

A second aspect of marketing was the promotion of brand names. Some were tried favourites in Britain - Haig's, Dewar's, Johnnie Walker, Ushers, and many others - while there were also new blends specially prepared for agencies, which had to be differentiated by brand names, and by image building. Grants, who joined the race to export whisky rather belatedly found difficulty in having their 'Popular' and 'Perfection' blends distinguished from other people's brands of the same name. They do not seem to have selected these ubiquitous terms in order to mislead purchasers, but rather to satisfy their agents; there were firms however who copied labels and

98. Wilson, R., Seventy Years of the Scotch Whisky Industry, W.S.T.II., 17 Aug. 1965, p. 1046.

bottles quite blatantly, and sent out whisky consignments of dubious quality, which they dumped in markets at cut prices to the detriment of longer term trade for all firms in the industry.

Brand images had to be supported by suitable names - if possible, with a Scottish origin, like 'The Grand Macnish', 'Jamie Stewart', 'Old Argyll', 'Dandie Dinmont' or 'Highland Queen'. The attempt was made to impress the customer with the ancient and distinguished character of the blend, and to persuade him that he was a person of discernment to be consuming Scotch whisky. The search for prestige shows clearly in the choice of brand names such as 'House of Lords', 'The Antiquary', 'King George IV', 'King's Ransom', and 'Glen Finnan Royal Liqueur'. An echo of the days of illicit distilling was introduced by 'Real Mountain Dew', 'Highland Nectar', or 'Old Smuggler'. There are to-day over 3,000 brand names for Scotch whiskies, most of which date from the sales drives of pre-First War years.

Grants seem to have searched for an appropriate name for their leading blended whisky for several years, and there was a labile phase when they had several rather undistinguished ones, before directing their best efforts towards the promotion of 'Standfast'. This was the battle cry of the Clan Grant, and it proved to be an inspired choice.

Brand names were often accompanied by slogans: 'Take a peg of John Begg', or 'Don't be vague, ask for Haig.' Finally, there was the form of presentation of the finished article: the bottle and the label to set off the Scotch whisky. So long as firms were building up sales through agencies they had to conform very largely to the whims of the agent and the fashion of the market.

The purchasers of Scotch whisky in markets abroad must frequently have been people of Scots descent. The Scots migrants, from managers of plantations, engineers, bankers, and businessmen to farmers, seamen and

army personnel in the Scottish regiments serving in the Empire were potential patrons of whiskies of widely different qualities, and at different prices. Grants, like other enterprises in the industry, were prepared to try to meet their varying requirements.

North America:

William Grant & Sons Ltd., turned to the new world for its first major assault on an overseas market, arranging agencies for its whiskies in Canada and the United States in 1904. The Grant archives show that an agency for Scotch whisky was negotiated with Messrs. N. Quintal & Fils, 270-274, St. Paul Street, Montreal.⁹⁹ The terms were:-

1. That Quintals should represent them and no other similar house for three years.
2. That they should buy at fixed prices F.O.B. Glasgow, terms four months after the date of sale.
3. That when Quintals took import orders, they should do so on an F.O.B. basis, passing these to Grants, who would invoice direct to customers, advising Quintals, and drawing on the customers bills at four months: Quintals were to be responsible for payments.
4. That on all bulk goods from the lowest price to 5s. 11d. F.O.B. Glasgow (price per proof gallon, casks included), the commission to Quintals was to be at the rate of 7½ per cent on the invoice price of the goods, and from 6s. upwards at 10 per cent on the same price. As to cased goods (i.e. whisky in bottles), where the price was 15s. 6d. F.O.B. Glasgow, or upwards, Quintals would be paid 10 per cent on the invoice price.

Meantime, Grants bound themselves to spend not less than \$750 (£60) per annum on advertising purposes for three years. The district encompassed by the agents was Quebec province, and Ontario. The contract is of considerable interest because it shows Grants' concern for bulk as well as

99. W.G. & Sons: Correspondence, 1904: copy letter, Messrs. Quintal et Fils, Montreal, April 1904.

bottled imports. The following argument over a name for their blended whisky shows their growing awareness of a brand image. The cases of whisky at 15s. 6d. were to be called 'Popular', which Grants hoped would expedite the label business. Quintals objected, and such preferred 'Perfect' to 'Popular'. They seem to have got their way.

Further agreements followed as the agency system was developed: in May 1904, Grants signed a contract with Messrs. F.L. La Forme & Co., Boston, which was their first agency in the United States, by which La Forme agreed 'to sell Scotch whiskies in bulk and case in New England States on commission.' The rates were to be similar to those negotiated in Montreal - 7½ per cent on the lower priced goods, and 10 per cent on the dearer ones. On all cased goods from 16s. F.O.B. Glasgow, commission was to be 10 per cent on the invoice price, with a 1s. bonus per case on the first one thousand cases of whisky from 16s. F.O.B. Glasgow. A memo shows that if in Connecticut La Forme & Co. were to sell pure Glenfiddich, it would have to be under the name 'Balvenie', or 'Grant's Straight Whisky', because Macy wanted sole use of the name 'Glenfiddich'. John Grant urged La Forme to exert themselves, 'you have a first class set of whiskies to handle ... none better in the market ... so into it with all your might.'¹⁰⁰

The market possibilities in the Maritime Provinces of Canada were also studied, and similar terms were proposed to those introduced in Connecticut. Grants also traded in what they called 'our inferior cased goods', which were not sold under their brand name, and on these, commission had to be settled upon the grade of the goods in each case. They were feeling their way regarding foreign trade, judging by this type of comment, 'our

101. W.G. & Sons: Correspondence, 1904: copy letter, Messrs. F.L. La Forme & Co., Boston, May 1904.

rule as to terms is cash against documents, draft and documents being generally sent to our bankers. But we are open to hear what your experience suggests in this respect, and no doubt in different cases, different terms may be expedient.'

In October 1905, Grants entered into an agreement with Ruttan & Chapman, Commercial Agents in Winnipeg. The latter were appointed 'Sole agents in Manitoba, and the Rest of Canada westwards to the Pacific'. John Grant who had been made the director responsible for sales, with Charles Gordon as his leading field officer, negotiated similar terms to those which formed the basis of the other agencies. Ruttan & Chapman were to represent Grants, and Grants alone in Scotch whisky, for the duration of the agency. The agreement was to be valid just as long as Grants considered they were being represented efficiently by the agents.¹⁰¹

The commission was fixed at the rate of 10 per cent on the invoice price of goods F.O.B. Glasgow, or any other British port. Free samples 'necessary for Business', and any essential outlays for postage and stationery were to be met by Grants. With this appointment the infrastructure of Grants' agency network was completed in North America.

The Caribbean:

Gradually, Grants became more conscious of market trends, and of customers' requirements for particular areas. The firm began to describe themselves not only as distillers, but also as wholesale whisky merchants. The brand name 'Standfast' made its appearance; it was one of the new blends which they were selling in 1909, and the name occurs in a Memorandum of Arrangements between Mr Alec Russell, Georgetown, British Guiana, and

101. W.G. & Sons, Correspondence 1905: Agreement with Ruttan & Chapman, Commercial Agents, Winnipeg, October 1905.

William Grant & Sons, Ltd., Glasgow.¹⁰² Grants were willing to provide 'cheaper grades' of whisky under fictitious labels to suit purchasers, who were paid commission of 1s. per case of 2 gallons. These fictitious names mark a stage in the evolution to a permanent recognisable brand, with universal acceptance at home and abroad.

<u>Brand: Cased Goods</u>	<u>Price</u>	<u>Commission</u>
Grants Three Star Scotch Whisky	16/6 p. case C.I.F.	1/6
Standfast	19/- " "	2/-
Liqueur	24/6 " "	-

Cased goods were not the only form of exporting in which Grants participated: they also had an extensive overseas trade in bulk blended whisky, of varying qualities and strengths, once again 'grades to suit prices and tastes of customers' could be devised, casks being charged extra. These blends ranged from 'Aldhu Scotch Whisky' at 3s. per gallon 5 over proof' through permutation of 'Special Scotch Whisky', 'Extra Special', 'Special Liqueur', and 'Extra Special Liqueur' to the 'Best Procurable' at 12s. per gallon 5 under proof. This agreement was made in Forres, presumably when Mr Russell was visiting the area, from which he may have been an emigrant. The terms are set out fully in the document. Grants did business on 'the best terms obtainable'. Drafts (Bills) might be granted at a maximum of 90 days after sight. Bills of Lading and Drafts would be sent through Grants' bankers in the ordinary way: the Bills would be delivered to the consignee on acceptance of the Drafts. All goods were to be invoiced direct to customers, duplicates in each instance being sent to Mr Alec Russell, to whom commission would be paid, once customers had settled their accounts. The rate of commission for bulk whiskies was fixed at $7\frac{1}{2}$ per cent on the invoice price. Grants preferred this method to the consignment system used by some other firms

102. W.G. & Sons: Memorandum of Arrangements. A Russell, Georgetown, British Guiana: 26 May 1909.

Charles Gordon in India, and the Far East

Grants were learning most profitably about overseas marketing by personal visitation and contact on the part of John Grant, their sales director, and Charles Gordon. Through the agencies they made abroad much helpful information was gleaned. For example, from Baltimore, in 1907 came the advice that goods exported to the United States at American proof would sell at a lower retail price. The strength of 86° U.S. proof is equivalent to 75° proof on the British scale.¹⁰³

It was therefore decided to send Charles Gordon on a grand tour of India and the Far East, finally penetrating to the Southern Hemisphere, to Australia. A little business was already being done by Grants in India, because agents in Lahore were using a letterhead with 'Grant's Liqueur Whisky' on it. In the course of the tour, Charles Gordon encountered the hazards of trade in the mysterious and unreliable Asian markets, and learned much about the doings of rival firms in the Scotch whisky industry. His correspondence survives as draft or copy letters.

India:

Charles Gordon left Scotland in 1909, travelling east via Suez to India. He first approached a Calcutta firm, John Davies & Co., who were anxious to have goods on consignment. Gordon's answer was an emphatic 'No, never', to which Davies' manager replied, 'Oh, the Distillers Co. Ltd. do it.' Gordon's comment was 'W.G. & Sons have never had to stoop so low as that, & our quality never shall.' Nonetheless, he put constructive proposals to them, offering what he considered the very best terms - 10 per cent commission on all goods worth 16s. and over, with an allowance of 2s. per case for advertisements, and a generous supply of miniatures. Writing home,

103. Glen, I.A., The Scotch Whisky Industry: 1939-61, (B.Litt. thesis), Glasgow, 1963, p. 198.

he advised Grants to do nothing more but keep Davies & Co. in view.¹⁰⁵

Assuming that D.C.L. did provide whiskies on consignment, one may ask why Charles Gordon opposed it so violently. Perhaps Grants wanted to see cash returns from agencies first, perhaps they had suffered disappointments, or were relatively new to the task of exporting, or naturally cautious. Gordon may even have thought that Davies were using D.C.L. as a bargaining point. In fact, numerous complaints came from the Empire - from Canada, New Zealand and Australia about the flooding of their markets by unknown brands sold on a consignment basis with no view whatever to a permanent trade. The fancy names, and elaborate labels masked an illusory quality; the outcome was that prices were depressed for all Scotch whisky, good or indifferent. Leading houses despised the cheaper varieties sent out by regular exporters under other names to meet a less discriminating demand. Hence the hatred of the consignment system was engendered by the fierce competition in whisky marketing; after all, the blender's efficacy in selling fine whisky had been slowly acquired. As the export trade became more competitive, so did it become increasingly expensive to cultivate. Lavish outlays might have problematical outcomes. Contacts overseas were to prove one of the best long-term investments the Scotch whisky industry was to make, and such assets should not be squandered by sharp practices.

Grants had new brands to push by 1909 - they had begun marketing a blend called 'Hare & Hounds', at 19s. a case, F.O.B. Glasgow, and hoped to win orders by visiting officers' messes in the subcontinent. Charles Gordon had plans to journey not just to Bombay, Delhi and Calcutta, but to Cawnpore, Allahabad, Benares, Karachi, Quetta, Lahore, Rawalpindi and Peshawar. Besides 'Hare & Hounds', a title which was hoped would appeal to Mess Presidents, there was 'Royal Piper', 'Mountain Spring', 'Liqueur

105. W.G. & Sons: Charles Gordon in India. Calcutta: letter, Nov. 1909.

Whisky', 'Perfection', and the tried and tested favourite 'Standfast'.

In Bombay, Gordon found some 30 rival whiskies on sale, of which 95 per cent were Scotch and the remainder Irish. There was certainly much evidence of strong sales efforts by Scotch whisky firms in India before 1909. After the decline of brandy, which took place as a result of the phylloxera epidemic of the^{80s}, Irish whiskey had a considerable vogue, until it in turn was supplanted by Scotch as the popular drink, especially in Army circles.

Gordon noted down the predominant brands - McCallum's, Andrew Usher's, Haig's, and a type called 'Glenleven.' The retail merchants operated in a cut price market, and so Gordon sent word to Glasgow that terms would be slender, and that the whiskies must be cheap.¹⁰⁶

We want the Perfection and Standfast whiskies to compete with the House of Commons and White Horse Blend (Mackies), and the Mountain Spring Whisky to compete with Crabbie, so you will see what strength to send us The people like a cheap whisky, but fiery, when they go in for the cheapest brand, and we are not sure if the vendors in Bombay do this by getting their spirits chemically trifled You will see that the strength of your whisky is the lowest - five degrees lower than the cheapest whisky we get at Rs. 15/- a dozen at Bombay; perhaps it may be due to its maturity, but White Horse is a great favourite here.¹⁰⁷

The reason why White Horse was popular may have been on account of the element of peaty Islay whisky which was a feature of Mackie's blend. Would the name have an appeal to mounted army officers? The whisky certainly had a reputation for having a full flavour.

Charles Gordon obtained samples of blends sold in Bombay, and had

106. W.G. & Sons: Charles Gordon in India: copy letter, Bombay, Nov. 1909.

107. Ibid.

their strength tested: he sent the results to Scotland. The strongest was indeed the cheapest.

	<u>Temperature</u>	<u>Hydrometer</u>	<u>Under Proof</u>
Standfast	69° F	68.6	19.9
White Horse	71° F	65.4	14.9
Crabbie	70° F	65.2	14.1
Red Star (Cheap Brand)	68° F	66.0	14.8

He discovered that Scotch whisky firms approached army suppliers: much of the business of contracting to supply messes and cantonments was in the hands of Parsees. Agencies could be established through them. He already had in mind one for Rajputana and the Central Provinces. After all, this was 'what John Dewar & Sons are doing.' To meet the competition from stronger-tasting blends, he advised Grants to make their whiskies for the Indian market 'fiery', and to 'get some new Adelphi, or Calcy or N.B. [North British], ' for the purpose - in other words, the Grant blends would have to contain a higher proportion of immature grain spirits if they were to sell out east.

Yet there were pitfalls to be avoided: again and again, Gordon refers to the 'rotten stuff' being passed off as Scotch whisky in India. To show what was happening he began collecting cuttings of all the advertisements of whiskies sold in India, and other relevant information, to send home to Glasgow. As to promotional expenditure, the merchants' reaction was 'Well how much are you prepared to spend?', putting the onus on the exporting company. Useful ideas were also gleaned from encounters with other whisky men: Charles Gordon spoke with 'Black & White's' representative, who assured him that the brands most in demand were (naturally) 'Black & White', 'Antiquary', 'John Haig', 'Dewar', and 'Napier Johnson'. Neither had yet seen a single bottle of 'Johnnie Walker'. They had both discovered that the Parsee merchants 'besides dealing in proprietary brands', dealt 'chiefly

in dirt'. As supporting evidence, it was reported that Dewar's were putting up cases of whisky at 6s. 9d. and 7s. per case F.O.B. Charles Gordon did not recommend Grants to compete; 'I said our Firm wouldn't touch such stuff with a forty foot pole'. Grants were able to market directly, because they were distillers, and thus they could give good terms. Charles Gordon was keenly interested in Dewar's performance, because Dewars bought whiskies from Glenfiddich and Dalvenie, among other distilleries.

In some way, standards and economy must be reconciled. Gordon was confident that Grants could do this, concentrating on a superior quality, which was at the same time 'flavourish' in order to titillate jaded palates.¹⁰⁸ He was especially keen that clubs and messes should be offered 'nice stuff'. The Parsees drove hard bargains.

When Gordon was at Calcutta in November 1909, he contacted the Planters' Stores & Agency there. He tried to impress the owners with the immensity of Grants' whisky business, and with the repute of their blends. The Parsee proprietors, however, were unmoved. They wanted to import in bulk, and bottle under their own brand name, like customers in the United States. Gordon was willing to oblige: 'Give them their own label, and sole monopoly of the brand. In fact they could be agents for Assam - a grand place for whisky, among the tea planters there. They are big people. As to bottles, I think black is a general colour, & would advise sticking to it, as it has several advantages'.¹⁰⁹ He was worried that such agents would not keep to the listed price of goods, but would offer discounts and rebates (without Grants' knowledge or permission) as added inducements to customers to patronise them. The outcome might then be that the merchants would not have

108. Ibid.

109. W.G. & Sons: Charles Gordon in India: Calcutta, Nov. 1909.

sufficient funds to settle their accounts with Grants, when these fell due.

From Calcutta, Charles Gordon seems to have gone to Benares, an important city, he reminded Grants, which was as big as Glasgow.¹¹⁰ He opened negotiations with the Annapurna Pharmacy, and arranged the following prices:

3 Star Gold Label whisky	at 14s. per doz.	less 7½ per cent
3 Star Red Label	" " 16s. " "	" 10 per cent
Standfast Gold Label	" 18s. " "	" 10 per cent
Liqueur	" " 22s. " "	" 10 per cent F.O.B.

The merchants were avid for sales material. They wanted miniatures of each blend, besides billheads, memo pads, envelopes and blocks for advertising Grants' whisky in the local press, for which they were allowed 2s. per case on the first consignment. In short, they seem to have got Grants to provide their stationery and do their advertising for them. Even the labels were to carry a printed slip 'Specially imported by Annapurna Pharmacy, Benares Cantl.,' (which Gordon explained meant Cantonment, a military settlement). Other media which Grants were considering, and which other rivals in the field were employing, were bill forms, match boxes, playing cards, bridge blocks, calendars and showcards. Charles Gordon advised Grants' head office that they should not divulge to the Indian merchants that they had not yet devised such commercial propaganda.

Meantime, the new agents in Benares went behind Gordon's back, wrote direct to Grants, and stated 'Mr. Gordon has agreed to allow us a sum of £10 for the year, for which we will submit you receipts from the printers.' This kind of action increased Charles Gordon's suspicions about the trustworthiness of the merchants. He was in no doubt whatever about their business acumen; he sometimes even learned from them. At Cawnpore, he

110. W.G. & Sons, op. cit.: Benares, Nov. 1909.

found one firm using a special manifold writing book which could prepare 5 copies of a document at once; this was useful, and Grants should get their own. Because so many wine and spirit merchants in India combined these activities with that of druggists, he wondered whether Grants should become interested in exporting lime-juice and quinine! A suggestion which may have been made with his tongue in his cheek.

There were also problems of climate to consider. Labels were to be sent to the east unglued, on account of the heat, and whisky might stand the high temperatures better if exported in cask. After all, Lowrie's and Peter Dawson sent casks to India, and some firms actually used double casks, 'the outside one being an old cheap-port or anything'. The sea voyage was said to make 'a wonderful difference' to bulk whisky.

Gordon was also learning that the first salesman on the scene tended to corner the market. Hence he urged Grants to send off quotations to the Gordon Highlanders' Mess at Cawnpore - both officers and sergeants, 'even although they are not here yet.'¹¹¹

Eventually Karachi was reached, and Gordon's survey showed that his trade competitors were well entrenched there, and that the Indian traders drove hard bargains. One of these refused to book an order because he had seen invoices for Scotch whisky at 6s. C.I.F. Karachi. Grants were asking 10s. a case for their cheapest blend, F.O.B. Glasgow, less 5 per cent agents' commission. The old trader was disbelieving when Gordon pointed out to him that the origin of his cut price 'Scotch' was 'Hamburg'. At this the Indian said he would refuse delivery, and he produced for Gordon's opinion an offer from London of spirits at 1s. 11d. 60 o.p., C.I.F. Karachi. Gordon remarked that this would certainly set the place on fire.¹¹²

111. W.G. & Sons: Charles Gordon in India, Cawnpore, Nov. 1909.

112. W.G. & Sons: op. cit., Karachi, Nov. 1909.

The old merchant, like his fellows, was unduly fussy about labels, 'He would have the 'Standfast' gold label, but would not have the title 'Standfast', but 'Special', instead.' Gordon knew that Grants would be irritated, and he regretted the chopping and changing of labels, adding that customers had to be pleased, and 'one never knows who might turn out to be a good 'un'. His opinion of the Parsees was now that they were 'decent fellows, but as keen and sharp as razors ... when I put F.O.B. on, "You make a mistake", says he: "It is C.I.F. Karachi"; down went my pen, and the battle began again, inch by inch, foot by foot it was fought, and the devil knew all the time I was right.' Haggling over prices was not to Charles Gordon's liking, but it was a flair he was acquiring. Grudgingly, he had to admit that his Karachi merchant knew about quality.

Another difficulty which Gordon met was that firms wanted to buy other whiskies as well as Grants, and they also asked Grants to imitate other people's whiskies. At Karachi he found the great majority of brands being sold under fictitious names, and as cheap as dirt. The merchants considered 6s. 9d. to 7s. a good price for a case of whisky.¹¹³ They pressed Grants to use other firms' bottles, which Gordon refused to do, because he was thoroughly unhappy about bottles having to be like 'John Crabbie's' of Leith to appease some fastidious rogue. It was even more serious to be asked to imitate a rival firm's products. For example, a native merchant placed an order for 235 cases, which were to include Grants' blends as well as John Johnstone's and Usher's 'Old Vatted Glenlivet.' Accordingly, Gordon wrote post-haste to head office in Glasgow. He urged a rapid answer, stressing that there was a gain of a week by sending mail via Brindisi, so that letters could catch 'the big steamers' at Port Said

113. W.G. & Sons, Charles Gordon in India, Karachi: 30 Nov. 1909.

'while stopping to coal.' He could thus look for a reply in 14 days.

To satisfy himself about the credit-worthiness of his intending customers, Gordon consulted their bankers wherever possible; it was often just as well that he did do so. 'When I got to see the banker, he shook his head, & when I told him the extent of the order, "£20 to £25 is enough", he said.' Charles Gordon knew that Grants would be perturbed ... 'You will of course write and say you could not think of executing such an order, seeing that several of the whiskies to be imitated are your friends Neither would I execute such an order even of our own brands.'¹¹⁴

Yet there was business to be done, although it tried his patience. The Indian traders were 'not without money, but litigious, and you never know where you are with them.' On occasion, Charles Gordon did lose his temper, informing Grants that 'the Parsees are b——rs.' They sometimes even doubted whether Grants had distilleries at all. Gordon therefore requested head office to send him 'some photos of our distilleries.' In 1909, each unit was making 50,000 gallons of whisky per annum, and he heard from home how much alarm was being caused by the impact of the 1909 Budget, which had imposed swingeing increases in duty.

The prospect of opening negotiations with the North Western Railway Co-operative in Lahore was encouraging. He discovered it was 'the biggest thing', and he hoped substantial orders might be forthcoming. Time was made to travel to the Bolan Pass, the train creeping along at 5 to 7 miles per hour through country that Gordon described as 'the barest, bleakest, barrest b —— r of a country ever man saw', with 'not a single blade of grass in the overfrowning mountains.' A review of his journeyings showed that over 2,700 miles had been covered since he had left Bombay.¹¹⁵

114. Ibid.

115. W.G. & Sons, Charles Gordon in India, Lahore: 7 Dec. 1909.

In Karachi, he had heard that the richest pickings were to be had 'up country', and in the native bazaars. He also had discovered how some of his rivals operated. 'White Horse' practice was to give merchants 50 dozen bottles gratis with the first consignment, 25 dozen with the second, and in some instances £1,000 for advertisements for 'White Horse'. Gordon remarked that he did not believe all he heard, but undoubtedly the market had been considerably demoralised, 'through such extravagant pushing and reckless finance.' John Dewar & Sons put up a blend known as 'Duncan Gow', which sold at 6s. 9d. per case F.O.B., cash in 60 days less 2½ per cent. Grants' products, ranging from 10s. to 19s. per case could not compete with this class of business.¹¹⁶ The Australians had evolved a whisky, which cost 2s. 6d. a case, and was alleged to be 2 years old.

By mid-December, Charles Gordon had reached Amritsar. There he found 'tons' of Crabbie's whisky being sold at 10s. per case: he reckoned 1,000 bottles a week were marketed. So successful was Crabbie's whisky, that Gordon thought Grants might devise an 'Element Brand' of their own. Once again, he went the rounds of the banks ('Met a surly devil in a bank; very hide-bound', he notes) and he looked for Scots - like a man called Watt whose people belonged to Bobarn in the county of Banff. A surprise contact was a native distiller who produced 2,000 gallons of spirits a week, and who was interested in adding Scotch whisky to his range. Negotiations were complex, particularly when the Indian had no English; the distiller was considered 'Al at the bank', but notwithstanding, Gordon advised Grants not to execute any orders until he had made assurance doubly sure.¹¹⁷

The Indian tour was then widened in concert: Gordon proposed to sail from Calcutta for Rangoon, and then to come back from Japan to Hong Kong for

116. W.G. & Sons, Charles Gordon in India, Karachi: 30 Nov. 1909.

117. W.G. & Sons, op. cit., Amritsar: 15 Dec. 1909.

Sydney, Australia. He gave precise instructions for the Glasgow Herald, 'say Wednesday's copy', to be posted weekly to him at Calcutta, Rangoon, Singapore and his other ports of call. This was to enable him to keep in touch with happenings in Glasgow, and with business trends and gossip. Avid for news, he implored Grants to 'send monthly returns from Blackburn & Glasgow, with any news of the distilleries you may consider interesting, as I have nothing else to think of.'

A revised price list was sent out to India by Grants, and it indicates the range of whiskies which Gordon was trying to sell.

Additional Price List: 1909

Star of India ...	10s.)	
Mountain Spring ..	12s)	
Glenellie ...	14s.)	
Royal Piper ...	14s.)	
B.P. ...	30s.)	
Perfection ...	19s.)	
			All F.O.B. Glasgow: less 18 per cent agents' commission and less 5 per cent agents' commission under 14s.

Despite Crabbie's hold in the Amritsar area, Gordon was able to book an order for 250 cases, and to appoint an agent. He had reservations about this success:

'It will take Solomon himself to book it correctly, & God knows if it is in the wit of man or Wm. Grant & Sons, Ltd. to execute it or not. I don't know whether to laugh or cry - so refrain from either till I go to their bankers.'¹¹⁷

The firm was Pheerozeshaw & Co., Neemuch, and Gordon suggested that a present to the head of the business might be appropriate: he thought a Grant tartan rug would be suitable - 'to keep his legs warm when out duck shooting in the early mornings.'

117. Ibid.

Gordon also visited Army camps and barracks, where he also found selling whisky hard going:

I spent all day on Saturday among the Officers' Messes, driving till my man's pony was exhausted and my boy stuck for food. They are devils to catch in. E.G. - called at the R.A. Mess five times before I saw the Mess President. They nearly all buy in bulk, avoiding the popular brands. The Clubs are as good as any wholesale house.¹¹⁸

A valuable approach was to impress such purchasers with the repute of the Grant distilleries - the firm were 'the sole proprietors of two of the most famous distilleries in the celebrated Glenlivet District of Scotland', where they made pure malt whisky, every stage in the process being under 'the personal supervision of a fully qualified medical doctor.' Two of William Grant's sons were indeed medical practitioners. Perhaps the emphasis on the healthful attributes of the whisky was advantageous in an environment where people worried incessantly about disease and hygiene. Even Charles Gordon was alarmed for his own safety at times. He was fulfilling a heavy programme of calls, and making long journeys, but in the west he found the climate ideal, with no mosquitoes ... 'I got bit severely, 10 blisters on one hand now better.' The weather was warm during the day although cold enough for a fire at night.

His zeal was creating a soaring expense account. 'My extra journeys are making rather rapid progress among my expenses, but I will do my best. You see, I travel 1st class, & you need it at night. You should see the native 3rd: you wouldn't forget it.' He was flattered by the number of personal attendants assigned to him, although he found it rather embarrassing when they tried to take off his shoes. Indeed, Gordon's reactions are identical to those of a modern sales representative who might

find himself in a luxurious hotel of the Hilton chain; he was intrigued by the deference shown to him, and thoroughly enjoyed being driven about in a carriage.

Burma:

Gordon left India to visit Burma, and there he found the offices of the Burma Oil Company of great assistance. Indeed, a note came to him from the B.O.C. office at Prome in Lower Burma, announcing that they had arranged an agency on Grants' behalf ... 'Fixed up with Balthazar; I hope he pushes the sale of your whisky ... I certainly will give it a trial, and recommend same to my friends.' Gordon was advised to approach a Mr Hamilton, in Glasgow, who was General Manager of B.O.C.: he was assumed to be responsible for all the buying for Cargill Brothers in Colombo, where Grants might also hope to trade.¹¹⁹

Correspondence followed Charles Gordon from India; at Rangoon, he received an enquiry from Calcutta, to which he made a prompt reply:-

We have never shipped at 2s. 6d. (per case) and though I hold your house in the highest esteem, I need not point out that our whisky is most suitable for 'toning up' the quality of cheap whiskies by lending to the blending both body and flavour, and what I would recommend [to] you, if you want a cheap blend, buy wherever you get cheapest goods, blend them with ours, as we do not make the cheapest class of whiskies And I need hardly add that the dearer our whisky is, the further it goes in making a blend what it should be.¹²⁰

His arguments indicate that Gordon was allying the twin themes of outstanding quality and a correspondingly high price which numerous Scotch

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119. W.G. & Sons: Charles Gordon in Burma, Jan. 1910. Letter from O. Ryan, B.O.C. office, Prome, Lower Burma.
120. W.G. & Sons: op. cit., Rangoon: copy letter to B.K. Paul, Calcutta, 26 Jan. 1910.

whisky firms have relied upon as basis of sales promotion. The luxury product with an expensive price tag has been an image assiduously fostered in the minds of discerning consumers, and remains so to the present time. An additional buttress which Grants used in their arguments with intending clients was this:

Our position as Distillers enables us to give price for price a quality of goods quite beyond the power of the ordinary blenders or middlemen, as our customers when trading with us are dealing direct with the manufacturer.¹²¹

This was a selling line which Charles Gordon often repeated, and it appealed to shrewd men of business.

Malaya:

Thereafter he moved to Kuala Lumpur, discovering once he had arrived that the principal trade of the town was directed and controlled from the great entrepot of Singapore - his succinct comment is tinged with disappointment - 'this town is worked from Singapore, so I fixed nothing.' Notwithstanding he tried every club in the place, looking for orders - the Penang, the Automobile, Cricket, Turf, Golf, and the Town Club. The replies were most discouraging; the answer was either 'No', or else the clubs were 'pleased' with what they had. Gordon did not regard his efforts as pointless, telling head office in Glasgow to note the names for future reference, and to send out a case of Standfast (extra special) for the Ipoh Club to try.¹²²

A suggestion for a novel form of advertising was sent by Gordon to Grants in Glasgow. He had noticed that a fleet of 20 buses operated by a

121. W.G. & Sons: Charles Gordon in Malaya, draft letter for customer in Manila, Philippine Islands, 14 Feb. 1910.

122. W.G. & Sons: Charles Gordon in Malaya, Kuala Lumpur: letter, 3 Feb. 1910.

firma, 'Cycle & Carriage Company Federal Stores', was plying in Kuala Lumpur. Would it not be a good idea to have these buses carry a metal plate with 'Try Grants' Whisky' on it? He proposed the advertisement should be nailed to the front of the buses. After all, Peter Dawsons did this type of thing, and theirs had been the only poster that Gordon had seen in India.¹²³

There was little respite for Charles Gordon from the labours of the day. While he was writing to Grants, and making observations about advertising media, he recorded: 'I am sitting on the verandah, sweating like a bull at 12.15 mid night, half naked.' His enthusiasm for Grants and for sheer hard work appears to have known no limits.

The Far East:

Charles Gordon continued his journey eastwards, calling at Hong Kong and Shanghai: from the latter city, he reported that Duchanans had opened up a place of their own. Their former agents, Bracco & Co., were so disgusted at having worked up a trade for Buchanan's, whereupon they had been abandoned, that they could not look in mercy on any proprietary brands. Hence they demanded their own label and bottling facilities, but were wanting to keep 'bottle! in Scotland' on their labels, and to retain 'Black and White style.' It was difficult to reconcile these desires, without pandering to the flagrant copying practised by Asian firms and others.¹²⁴

Circuitous methods of doing business were being investigated by Gordon. These were probably forced upon him by circumstances, so that if he could not beat his rivals he had at least to consider joining them. For instance, agents like Bracco & Co. were to order direct from Grants in the normal way, but a third party, Messrs Geddes would be credited 5 per cent on Bracco's cheaper whiskies, and $7\frac{1}{2}$ per cent on their dearer goods - neither Bracco nor

123. Ibid.

124. W.G. & Sons, Charles Gordon in China, Shanghai: letter, 23 Feb. 1910.

the other agents were to be informed of this arrangement. Grants were urged to send out blocks for billheads so that an advertisement for 'House of Lords' whisky could be scrubbed out. To have word from Glasgow as quickly as possible, Gordon advised that letters be marked 'Shanghai via Siberia', the Trans-Siberian Railway bringing mail more rapidly to the Far East,¹²⁵ than the lengthy voyage of mail steamers: Gordon reckoned a letter would thus take 17 - 18 days from Glasgow to Shanghai, and 21 - 22 days to Japan. He also corrected a mistake Grants had made - Hong Kong was not in China.¹²⁶

A complaint which Geddes & Co. of Shanghai had received was about the smoky character of some whiskies. They had been sole agents for 'House of Lords' whisky, a brand then owned by Messrs. James Saunders & Co., and they claimed to have done a very good business in this blended whisky. Latterly demand had fallen off, because objection had been taken by customers to its smoky flavour - perhaps a growing proportion of Islay Malt whisky had been put in the blend. Grants were requested to avoid this characteristic in their exports.

Besides disliking the taste and bouquet of certain whiskies, the type of bottle, and especially its colour, was an eastern obsession. The agents insisted that the names of Grants' distilleries be put on the 'Standfast' bottles, in the same way as these were mentioned on the labels for 'Liqueur' whisky. Secondly, they asked for dark bottles; this was a request often made to Gordon, and it troubled him. Would Grants think of filling 'Standfast' in black bottles? Perhaps dark coloured glass helped to prevent discolouration due to adverse climatic conditions, or a long ocean voyage.

When Charles Gordon eventually reached Japan, he found representatives from the Scotch whisky firms of Thorne's of Greenock, and Watson's of Dundee

125. Ibid.

126. Ibid.

active there. It looked as if he had been forestalled; he visited all the dealers in Kobe for example, and got no orders. These agents already took one or more brands. He was horrified by the wholesale imitation that was going on ... 'The most bare faced plagiarism in connection with labels I ever saw "Black & Whites" is decent compared with "Hobert Brown's Four Crowns" - the only change practically being "Hobert" for Robert. It's hellish.'¹²⁷ He concluded that the native firms should be dealt with exceedingly cautiously. This opinion was strengthened when he moved on to Tokio, where the whisky trade was in the exclusive control of Japanese, none of whom, in Gordon's opinion, were worthy of trust.

A proposition was put to Grants by one importing enterprise in Japan. Charles Gordon was dubious of its worth, and forwarded particulars to John Grant, the sales director, who replied from Glenfiddich distillery. It was clear that John Grant took exception to the importers having an agency for their whiskies, and also to the consignment system under which they proposed to trade. The import firm was R. Fachtmann & Co., Yokohama, and they outlined how they would operate:

We recommend to the shippers a certain quantity to be sent out to us; the shippers invoice the goods C.I.F. Yokohama, including their profit but not ours; we pay duty, and all Japan charges and expenses for our account, adding our own profit; we render account to you every half year, and remit you the C.I.F. invoice value for every case or barrel sold up to that date.

They assured Grants that they had such arrangements with their friends in London, Bordeaux and Germany, and that it had been mutually satisfactory. Charles Gordon was unconvinced. He refused to open negotiations at all, if

127. W.G. & Sons: Charles Gordon in Japan: Kobe, 1 March, 1910.

the financial side was to be as outlined by Fachtmann's.¹²⁸

Because of the extent to which whiskies, bottles and labels were imitated in Japan, Gordon warned that Grants should think carefully about sending bottles, or labels guaranteeing their whisky - for their own protection. Fachtmann & Co. had wanted bulk exports in barrels, with labels, capsules and cases (knocked down). In this way, much duty would be saved, the greater part of whisky imports indeed being in bulk, and bottled in Japan. Otherwise, Grants could not hope to compete with other importers there.

Australia:

The Australian Brewers' Journal hailed Charles Gordon's arrival and gave a resume of his long and strenuous journey on Grants' behalf. When the report was written, Gordon had been away from Scotland for more than eight months, having left home on the mail steamer Malwa on 13 October, 1909 bound first for Bombay. His remit was to extend Grants' business in the east, and throughout the chief towns and cities of Australia. It was pointed out that Grants already had a large export trade with London, Liverpool, and other parts of England, and that they ran branches and stores in Edinburgh, Glasgow, London and Liverpool.¹²⁹

Gordon's sojourn in India was outlined - how he had been to Calcutta and to the North West Frontier, appointing several good agencies in the sub-continent, before touring Rangoon, the Straits Settlements (Malaya), Penang, Kuala Lumpur, Singapore, Hong Kong, Shanghai, and thence to Japan. The Journal omitted to say how expensive the expedition to the Far East had been, and that by the time Charles Gordon had landed in Japan, he had sent an S.O.S. to Grants, 'I have just broken on the last £100 ... so you might send me a

128. W.G. & Sons: Charles Gordon in Japan, Yokohama: letters from R. Fachtmann & Co., Yokohama, with comments from John Grant, Dufftown: 30 March, 1910.

129. The Australian Brewers' Journal, 21 May, 1910, pp. 1-2.

letter of credit for another £50. I shall endeavour to make that do.¹³⁰ Thereafter, he went on to Australia, the Philippines, where he found a very high tariff against non-American goods. In Australia, he travelled from Brisbane to Sydney, and is said to have been greatly impressed with the remarkable industrial and commercial future obviously in front of the commonwealth. His trade mission continued to New Zealand - he took in Auckland, Wellington, Dunedin and Christchurch, from where he intended to sail to Tasmania, and to do business in Adelaide and Perth. Not content with this arduous programme, the indefatigable Gordon proposed to visit Ceylon on his way home to Scotland via the Suez Canal.

Australia was the main market for Scotch whisky from about 1895 onwards. Both direct purchases of capital goods and demand for consumer goods were satisfied almost entirely from Britain. It was only after 1913 that Australian consumer goods offered substantial competition to articles previously imported from Britain.¹³¹ Whereas during the 1880s, Australia took 8.5 per cent of British exports, her share had dropped to 5.5 per cent between 1905-09.¹³²

Not content with winning a foothold in North America John Grant had made contact with an agency in Australia, and by 1905, had prepared to market Grants' whisky there. The agency was operated by Stanley Norwood Doust in Sydney; he is named in the trade agreement as sole agent. The terms were £5 per £100 on the 'short selling price' (i.e. the invoice price of the whisky under bond in Sydney, exclusive of government duty, and any other charges), together with an additional £2 10s. per £100 on the same price if

130. W.G. & Sons: Charles Gordon in Japan: Kobe, 15 March, 1910.

131. Saul, S.B., Studies in British Overseas Trade: 1870-1914, (Liverpool, 1960), p. 84.

132. Saul, S.B., op. cit., p. 219.

Doust agreed to be liable for duty payment of all goods sold by or through him. In view of the remoteness of the market, commission was to be paid every six months. As always, the agent was counselled to do his utmost to get orders, and not to sell or deal with other parties in Scotch whiskies. A penalty clause to safeguard Grants against a breakdown in the agreement and to protect Doust in his distant market, involved fines of £100 on either side.¹³³

By 1908, Australia took almost 2 million proof gallons of Scotch whisky, out of a total export volume of 5 million proof gallons, whereas the U.S.A. imported less than 1 million proof gallons (table In an attempt to maintain reasonable standards in the whisky trade, the Australian government introduced a 2 year minimum maturation period, whereby imports required a government certificate ascertaining their age. Competition had been so hectic, and such deleterious alcohol had been dumped in Australia as whisky, that control became essential. The legislation was introduced after the proprietors of numerous brands sent out on a consignment basis, could not be traced. This system was the forerunner of the minimum maturation requirements imposed in Britain during the First World War, and maintained to the present time. Scotch whisky must be matured for at least three years before it is released for home consumption; the intention is to protect the consumer from the harmful effects of raw and immature alcohol.

Conclusion:

One cannot assess how much Grants' trade profited by such an exercise in sales development. Contacts were made, agencies established, orders taken, and in short the flag of Grants' 'Standfast' was shown in the Colonial Empire east of Suez. The venture must have proved worthwhile (i.e. profit-

133. W.G. & Sons, Correspondence, 1905: Draft Agreement: Stanley Norwood Doust, Commission Agent, York Street, Sydney, Australia.

able) because Grants' management was, and is, hard-headed, and prestige considerations alone would carry little weight with them. The end point was the selling of more and yet more Grants' whisky in markets where it had scarcely been known before Gordon arrived.

Throughout his journeyings Charles Gordon was greatly indebted to the Scots business people and settlers who assisted him by giving introductions, and timely advice. He was able to make thorough, on the spot investigations of export markets, whose characteristics were very contrasted. He had the opportunity of testing Grants marketing methods against the varying requirements of different countries, and of studying problems of supply to tropical areas; he assessed the reactions of purchasers, their credit worthiness, and the strength of competition. Rumours about the underhand methods pursued by trade rivals were confirmed. Grants started their own agencies, perhaps to make limited funds go further, with a view to direct selling as Buchanans did, should business develop. Indeed, the continued expansion of the firm may have depended on securing other sources of demand at this juncture to complement a saturated home market.

Another outcome of Charles Gordon's tour was the encouragement of a succession of journeys by Grants' sales personnel. Gordon himself made an extensive survey of Europe in 1911, and he accompanied John Grant, the sales director, on a return visit to Canada in the same year. John Grant went to Egypt in 1912, when another sales official did a South American tour, while Charles Gordon and John Grant voyaged to the New World in 1913, concentrating mainly on the United States.

From these endeavours, it is quite clear that the Scotch whisky firms were becoming export minded long before the directed export phase of the Lend Lease period of the Second World War. The foundations for the industry's present export-bias, whereby 76 per cent of the Scotch whisky marketed

each year is sold abroad, were being securely laid before the First World War. Although Grants did not necessarily initiate the penetration by Scotch whisky firms into overseas countries, they were quick to seize the opportunities that presented themselves, and where other enterprises had forestalled them, Grants set about beating them at their own game, and made every effort to surpass them. The industry and persistence of men like Charles Gordon and John Grant paid handsome dividends to Grants over the years.

**The Blending of Scotch Whisky and
the Problems of Abundance.**

PART I: The Blending of Scotch Whisky: 1860-1914

It is generally believed that until the second half of the nineteenth century all the Scotch whiskies sold to consumers were each the product of one distillery. The output of pot still distillers, which were small units, was restricted by local water and grain supplies: a unit mashing 1,000 bushels of malt weekly would require about 250,000 gallons, for steeping, mashing, cooling and condensing purposes.¹ Frosts and droughts reduced production from time to time, as did the limitations of the pot still method. The whisky itself was variable in character, reflecting seasonal changes.²

From 1853 onwards, the Excise authorities allowed the vating or blending of whiskies of different years, but from the same distillery, once duty had been paid, and from 1860, the blending in bond of whiskies from different distilleries was permitted.³ Blending balanced the full-bodied peaty malt whiskies of the Highlands and islands against the lighter Lowland malt and grain spirits. Types of blend were evolved, which in turn led to the creation of brands; the practice of blending gave a product of reliable and recognisable consistency. Brand names were applied, advertising material was devised, and very soon, Scotch whisky merchants were projecting a particular image for their product - its Scottishness, its origins in antiquity, and the distinction to be gained by the discerning customer by drinking it in a knowledgeable way: the proprietary label, slogans, and special styles and colours for bottles supported the brand, while its uniqueness was heralded by lists of awards, medals and diplomas won at International Exhibitions, as a guarantee of quality.

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1. Nettleton, J.A., The Manufacture of Spirits and Whisky (1913), p. 586.
 2. The Distillers Co. Ltd., D.C.L. and Scotch Whisky, p. 7.
 3. Ibid.

The more reputable blended whiskies were accounted milder and less flavoursome than single malt whiskies, and being lower in price, were calculated to appeal to a wider public. Different types of whisky gave an opportunity for experimentation with mixtures, and the discovery that some varieties combined more harmoniously than others. Haphazard selection was probably replaced as expertise accumulated by rigorous investigation of the style, colour, aroma, taste and specific gravity of a range of whiskies. The craft of blending was evolved, with perhaps fifteen or more whiskies of diverse origins, contributing to a single blend.

The Pioneers of Blending:

The blending of malt and grain whiskies was current in the 1860s, when the Edinburgh firm of Andrew Usher & Company is credited with the commercial promotion of the innovation. The firm had brewing connections, and in 1842 Andrew Usher was in business as a wine merchant at West Nicholson Street, Musselburgh, where his father had had premises since 1823. Meantime, his brother, James was a brewer in the family enterprise of Usher & Co., in the Cowgate, Edinburgh. Andrew Usher's trade was growing to such an extent that new buildings he had constructed blocked access to a well and other premises belonging to a neighbour.⁴

Since 1840, Ushers had been agents for 'Old Vatted Glenlivet', first for Southern Scotland, then for England, and from 1864 for the whole world.⁵ The term 'Vatted Glenlivet' itself indicated that whiskies from Smith's Glenlivet distillery had been blended together, and possibly triggered off the controversy over the validity of the name 'Glenlivet' as a sales gambit.

It is more than likely that other entrepreneurs were mixing whiskies

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4. S.R.O., U.P: 1 SH U/1/30: Andrew Usher v. Robert McGregor, Right of Servitude, 1842.
 5. Bruce-Lockhart, Sir R., Scotch, p. 74.

together, perhaps even earlier than the Ushers, despite the illegality of the operation. Business records may reveal evidence in due time. As early as 1847, Excise seizures in Scotland had increased, because the rising price of whisky had led to its adulteration; in 1846, malt was costing 78s. per quarter. Between 3,000 and 4,000 gallons of whisky were impounded in Glasgow as below standard; moreover 'more deleterious mixtures than water' were discovered.⁶

By 1864, Tovey was commenting upon the prevailing notion amongst whisky drinkers, especially in Scotland, that several varieties blended together were superior to that of any one kind. He noticed that it was not uncommon to find in a gentleman's cellar, a hogshead of whisky, nearly always full, although the cask was continually being drawn off. The custom was to have the cask filled with four or five different types of the best whisky; when about 8 to 10 gallons were consumed, it was topped up, 'with any whisky that is particularly approved,' and thus the stock became 'well matured and the blend perfect.'⁷ This approach may also have been used in inns and public houses, or by spirit dealers mixing a range of whiskies together to suit customers' tastes. The early blenders were in fact wine and spirit merchants who bought supplies of whisky from distillers, or their agents, and thereafter prepared a blend for their own label, or that of a purchaser, providing an appropriate name.

It has been suggested that Andrew Usher began blending whiskies about 1853, although the Distillers' Company advances the date to 1865. The year 1853 is very probable on several counts; firstly, Gladstone abolished the malt tax on grain used in distilling, raising instead the duty on Scotch whisky from 3s. 8d. to 4s. 8d. per proof gallon to keep up the revenue. The

6. The Economist, 27 March, 1847, p. 350.

7. Tovey C., British and Foreign Spirits (1864), p. 150.

spirit sale was made compulsory in all distilleries to serve the same end; the effect of these changes was to reduce the number of active distilleries in Scotland from 139 pot still units in 1852 to 122 in 1853,⁸ a decline which persisted until 1860, when the total was only 108; the smaller, less economic distilleries seem to have dropped out.

Meantime, the spirits duty was further augmented - in 1855, for example, the duty on Scotch whisky was brought up to the English level of 8s. per proof gallon. The equalisation solved the problem of boundary searches, ~~na~~ between England and Scotland, and by the same enactment, materials for distilling were allowed into the United Kingdom on a duty-free basis.⁹ The whole trading milieu for distilling became more relaxed.

By 1860, the duty on British spirits was 10s. per proof gallon; these rises caused dismay in the Scotch whisky industry. Both production and consumption in Scotland turned downwards, despite the abolition of certain restrictions in distilling. The measure of greatest assistance to blenders and merchants was the granting of larger allowances for losses during warehousing; the development of trade in England was fostered by the extension of a privilege which had been in force in Scotland and Ireland since 1823 - namely, the privilege of duty-free warehousing. This was a considerable advantage to Scottish and Irish distillers, who had previously been obliged to pay the full duty on the arrival of their exports in the English market, although these were merely to be bonded to mature.¹⁰

In these unsettled conditions in 1860, Andrew Usher bought a Lowland malt distillery, known variously as the Sciennes, Glen Sciennes, or

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8. Wilson R., Who was the First Blender? (I), W.S.T.R., 17 Jan. 1966, p. 46.
9. Wilson, G.B., Alcohol and the Nation, pp. 20-1.
10. Ibid.

simply the Edinburgh distillery from Messrs Duncanson & Co. This plant had been converted from a brewery to a distillery in 1849;¹¹ it had formerly been one of the most famous breweries in the city, dating from the fourteenth century. The Spirits Act of 1860 conferred a helpful concession on distillers, by allowing them to warehouse spirits not only in casks (an indulgence open to them since 1853) but more significantly in vats. Wilson considers that its most important provision was that the distiller was able to vat, blend or rack spirits in bond with allowances for losses in processing of $\frac{1}{2}$ to 1 per cent.¹² Prior to this time, blending could only be performed when spirits were duty paid in private warehouses. The combination of vating and duty-free blending in bond undoubtedly stimulated the emergence of large scale blending units, which admirably served the needs of the grain spirit distillers seeking outlets for their overabundance of production from patent stills. The fusion of the more costly malt whiskies with cheaper grain spirits gave rise to irregularities and definitional confusion in the industry.

In reviewing this phase in 1908, Sir Robert Usher recalled that before 1860, blending was limited; thereafter, the mixing of pot and patent still whisky was granted, but the blending of British and foreign spirits was prohibited. Blending was practically confined to Scotland, very little being sent to England or abroad: 'What business there was was in pot still, but it was sent to England in single casks, and really was dealt in more as a curiosity.'¹³ After 1860, however, the trade in Scotch whisky increased by leaps and bounds, the reason being ... that the blend is lighter and more easily digested, and thus more suited to the public taste.' Sir Robert's opinion was that pot still whisky was improved and rendered more wholesome when blended with patent still spirits.

11. Barnard, A., The Whisky Distilleries of the United Kingdom, p. 301.

12. Wilson, R., op. cit., p. 48.

13. P.P., Royal Commission on Whisky and Other Potable Spirits, 1908: Cd. 4181, Minutes of Evidence, p. 241.

According to Nettleton, blending for the home market started about 1865; hitherto it had been chiefly spirits for export that had been so treated.¹⁴

In the late 1860s, a rise in the price of grain, coupled with a depression in general trade adversely affected distillers; considerable volumes of plain foreign spirits were imported, by dealers and rectifiers in Scotland, some imported alcohol may have been mixed with whisky, the dealers taking a mile when offered an inch.¹⁵

To the Ushers therefore goes the credit for initiating the commercial blending of Scotch whiskies; the claims of other men like W.P. Lowrie have been investigated. Lowrie, who was born at Dalkeith in 1831, was trained in the Commercial Bank and became associated with John Ramsay of Kildalton, in Islay, himself a notable pioneer in distillery technology. Lowrie was concerned with the management of Ramsay's Port Ellen distillery, and in his agencies.¹⁶ Lowrie set up in business in Glasgow as a whisky broker and agent in Ann Street, Port Dundas, from which office he did much to advance blended whisky and the creation of proprietary brands.

Although Ushers were in the forefront, they were emulated by other spirit merchants in Glasgow, Leith, Dundee and Aberdeen, whose intervention was promoted by the lure of profits. A renewed transference of capital began; in former days such exchanges had occurred between brewing and distilling, or between banking, grain dealing, malting and distilling.¹⁷ Blending enticed funds from wine and spirit firms into distilling; after all, the art of the blender had been developed by the latter. The

14. Nettleton (1913), op. cit., p. 541.

15. P.P., Twelfth Report of the Inland Revenue (1869), p. 5.

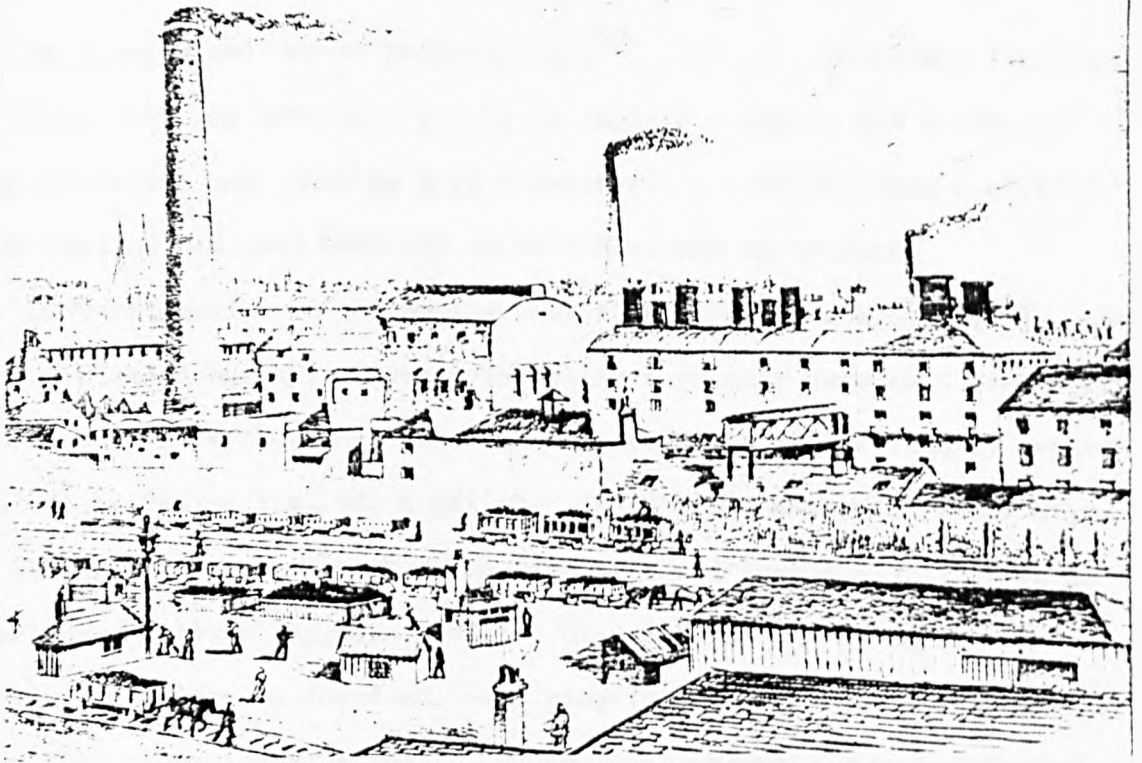
16. Wilson, R., Who was the First Blender? (II) W.S.T.R., 17 Feb. 1966, p. 150.

17. The Distilling Industry in Scotland at Mid Century, vide supra.

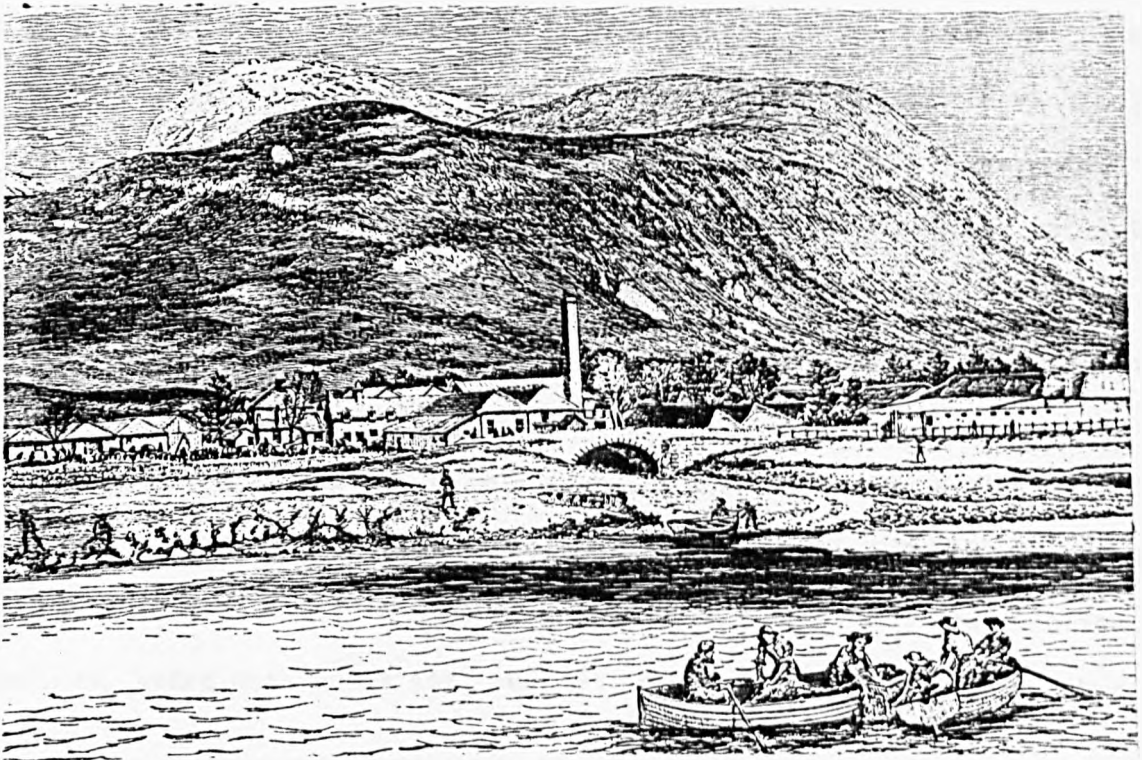
expansion of markets was stimulated by the Franco-Russian War, which not only reduced imports of foreign spirits, but also generated a boom in the iron and coal industries of Central Scotland; as wage levels rose throughout the period, so did sales of blended whisky grow. Wine and spirit retailers, like Walker of Kilmarnock, Dewar of Perth and others reached back to establish, or acquire interests in distilleries as their special sources of supply for malt whisky; and the Fergusons' interest in Jura distillery from 1875 onwards has been described.¹⁸ In time, distillers like William Grant, and the Haigs pushed into the retail field, and evolved their own blends and marketing systems. Symptomatic of these changes in the 1870s were the conversion of premises to new uses, and the reinvestment of funds in new activities.

By 1886, a correspondent at the Edinburgh exhibition reported his astonishment at the number of unknown distillers represented - many houses had assumed the title, which had never previously been accounted distillery proprietors. 'Distiller' was being adopted indiscriminately by persons connected with any aspect of the Scotch whisky industry. Furthermore, there was a certain cachet in putting 'distillers' on bottle labels and advertising media, as an assurance to purchasers: the custom persists to the present day. The fashion for blended whisky was so considerable that the liaisons between wholesale merchants and distillers became closer, sometimes by means of contracts such as William Williams & Co., of Aberdeen concluded with William Grant & Sons, of Glenfiddich. The home market was dominant. Some malt whisky distillers were selling their product to whisky brokers, in Glasgow, Edinburgh and Leith, while others supplied 'the duty paid trade', 'the cased trade' or employed agencies of their own. Blenders were in certain instances buying up the entire output from a distillery, such as the product of Glenlossie, and Cragganmore, which were purchased by

18. Barnard, op. cit., p. 116.



Caledonian distillery, Edinburgh c. 1886.
The Distillers' Company Ltd. Built by
Menzies & Co., c. 1855, with stills supplied
by Aeneas Coffey. It amalgamated with
D.C.L. c. 1885.



Ben Nevis distillery, Fort William c. 1886.
Donald P. McDonald. A Highland malt distill-
ery, whose output was greatly expanded for
blending purposes in the distilling boom, and
whose founder gave his name to the blend
'Long John'. (From Barnard).

firms in Glasgow and Dundee respectively.¹⁹ Several distillers disclosed that their whiskies were mainly sold in England - London and Liverpool being repeatedly mentioned in this connection. A Campbeltown distiller stated that he did good business in Scotch whisky in Ireland.

Advertisements of the period show that firms were energetic in publicising blended whisky. Greenlees Brothers proudly announced from their new London offices that they were blenders of 'fine old thoroughly matured whiskies' at 2s. to 12s. 6d. a gallon: their brand name was 'Lorne Highland Whisky'. They had a share in Hazelburn and Argyll distilleries in Campbeltown. Alex. Ferguson & Co. of Glasgow, who had an agency for Benachie distillery in Aberdeen, were proprietors of 'Breadalbane Highland whisky' and other famous brands. Dewars also marketed 'Old Highland Whisky' but other dealers adopted special labels, like 'Ailea', or 'Auld Reekie', the latter being an appropriate description for a potent concoction. The 'finest old Scotch whiskies' were therefore invariably blends. By 1886, James Buchanan had devised a 'Buchanan blend', which later evolved into the 'Black and White' whisky, which was a distinctive brand name complemented with suitable bottles and labels, as well as by a smart livery for his horses and carts. Names like 'Mountain Dew' and 'Second to None' were rather unimaginative by comparison, and although Wright and Greig of Glasgow, with their 'Roderick Dhu' presented the desired image it must have been an awkward one for customers in England or abroad to remember.²⁰

Firms were most anxious to impress purchasers with the merits of their whiskies: 'Cantire whisky is fully matured and is perfectly free from fusel and other oils. It is blended from some of the finest distilleries in Scotland, being matured by age, and not by a doctored process, and thus

19. Barnard, op. cit., p. 187 and p. 210.

20. Barnard, op. cit., Advertisements.

can be relied upon as a thoroughly safe and wholesome stimulant.' The medical approach behind such a statement sounded reassuring, even if the blend was largely patent still spirit - otherwise it would not be free from fusel oil. Fergusons oldest and choicest whisky was 'vatted and bottled under the supervision of Excise officials.' Both Scots and Irish were competitively aware of the need to inspire an appreciation of quality among whisky consumers; hence their pride in recording the winning of medals and diplomas at trade expositions: 'Roderick Dhu', for example, had won gold medals in Australia, New Zealand, Calcutta and London, while an Aberdeen merchant had received a medal for his whisky in Paris c. 1868.²¹

In the export field, activity was intensifying, but firms were less scrupulous in their attention to maintaining the pre-eminence of their own brand; customers were supplied with a brand for consignment with any name they chose on the casks and cases for such dealings. A bonded store company which bottled for export, and acted as forwarding and shipping agents, would blend up to 20,000 gallons in a batch, while it also 'got up' all kinds of labels, bottles, capsules to meet trade requirements. These 'special vattings in buyers' own name and own branded wood' indicate that bulk consignments, rather than bottled whisky was being despatched overseas, to be sold through branches and agencies. After citing their list of twenty agencies, including London, William Williams & Sons, Aberdeen, invited appointments as 'Sole Buying Agents for the sale of their well known whisky' in other parts of the world. They had already made contact in Australia, with 8 agencies; they had others in the West Indies, the United States, Canada, India, Ceylon, and South Africa.

Scotch whisky was thus the subject of product differentiation, partly as an insulation from the pricing policies of competitors, and partly to

21. Ibid.

meet the ingrained British preference for articles with individual character, or supposed quality, differences being emphasised to make them appear greater than they really were. Higher profit margins were made possible.²² Firms turned away from the limited Scottish market to seek new outlets where customers were less knowledgeable, and the exporters therefore took the risk of being less fastidious about what they sent.

The technique of blending whiskies provoked intricate problems of definition. A struggle took place just prior to 1860 over the official nomenclature of 'plain spirits', which appeared on Excise permits: a compromise was reached whereby alcohol from patent stills was to be known as 'Plain British spirits.'²³

In 1872, the healthy state of trade in Scotland, full employment and high wages there, together with 'the short time' movement among the working classes, through which 'mechanics and others' were having more leisure, was reported to have raised the consumption of spirits in Scotland by 4½ per cent over the previous year. A change in public taste was in progress, both in the English and Scottish markets, perhaps due to Irish immigration, they showed a preference for Irish whiskey, or what is termed 'a new spirit [which] resembles Irish whiskey and is called so, but it is certainly not made exclusively in Ireland.'²⁴ The fancy for this beverage had caused much more genuine Irish whiskey to be laid down in bond. The popularity of Irish in the 1865-75 period is noteworthy, as blended Scotch whisky made its big challenge from 1875 onwards, yearly becoming better known, because 'whisky was in fashion.'²⁵

22. Payne, P.L., The Emergence of the Large Scale Company in Britain 1870-1914, E.H.R., 2nd series, No. 3, Dec. 1967, p. 524.

23. Nettleton (1913) op. cit., p. 541

24. P.P., Fifteenth Report of the Inland Revenue (1812), p. 7.

25. Wilson, G.B., op. cit., p. 24, (quoting from Ridley's Wine and Spirit Trade Circular, 1877).

A controversy arose between the Irish pot still distillers, and those distillers and blenders who prepared Irish and Scottish patent still spirits into 'flavoured brands.' The pot still firms denounced silent spirit, saying it could be distilled 'from any description of vegetable refuse, and frequently from materials that were obtained at the cost of cartage - rotten potatoes, spoiled grain and the like.'²⁶ Questions were asked in Parliament in 1874, and in 1876, the Irish distillers headed by John Jameson & Co. of Dublin, entered strong complaints about the new pattern of trade.

The Inland Revenue refused to join issue with them on the composition of British spirits; the distillers believed that no alcohol made in patent stills was entitled to the name of whisky, and objected to no distinction being drawn between Irish and Scottish versions of 'Plain British Spirits.' The difficulties arose from the mixing of the two.²⁷ Dealers were free to prepare goods before leaving a warehouse to meet the tastes and purses of buyers, mixing the contents of casks of different qualities and ages as they pleased. The Dublin distillers complained of losing control over the composition of their whiskey when it left bond, resenting in particular its being mixed with Scottish patent still spirit.

The government took no action, and the Excise Board refused to 'prescribe mixtures', which in any case would not receive trade approval. Nevertheless, the Excise authorities divulged that they would have welcomed a law prohibiting all 'manipulation of spirits in bond' as it would save trouble and expense incurred solely in assisting and supervising traders.

The merits and demerits of potable alcohols produced by mixing, were not discussed, because the Inland Revenue had given offence by stating that Scottish patent still spirits contained less fusel oil than Irish pot, and

26. Ibid.

27. P.P., Nineteenth Report of the Inland Revenue (1876), pp. 7-8.

were thus less objectionable - an impression which they sought to correct by saying that long bonding put Irish whiskey among the finest in the world.²⁸

By the mid-seventies, Irish whiskey was being squeezed out of the market by 'Scotch' which was becoming a fashionable and popular drink. Forceful advertising and hard selling by blending firms helped Scotch whisky to increase its hold on public taste in England, especially in the London market.²⁹ An opportunity had been presented by the demise of brandy owing to the phylloxera crisis, and whether its price was high or low, it was losing support; gin was also losing ground.³⁰ The Scots naturally preferred their native product, and the Irish their own whiskey, but the English had to be persuaded to drink whiskies - which one would they choose? Irish whiskey fell out of favour, probably because it was not blended as extensively as the Scotch variety, as the following figures show:-

Imports of Spirits to England

Year	From Scotland Proof gallons: millions	From Ireland Proof gallons: millions
1880	1.8	1.6
1888	2.2	1.5
1900	7.1	4.2
1910	4.4	1.8

Source: Reports of the Inland Revenue to 1909, and thereafter Reports of the Customs and Excise.

In 1881 it was apparent that Irish whiskey which had attained such a strong position in public favour in previous years, was in its turn suffering from a decided change in fashion.³¹ Even after the decline in spirits

28. P.P., Nineteenth Report, op. cit., p. 9.

29. Bruce-Lockhart, op. cit., pp. 81-4, and pp. 99-102.

30. Wilson, G.B., op. cit., p. 26.

31. Wilson, G.B., op. cit., p. 25 (quoting from 'Ridleys' for 1881).

consumption which followed the severe duty increase in 1909 of 3s. 9d. per proof gallon (a total of 14s. 9d.), Scotch maintained, and has held its lead.

The Irish were not alone in their anxiety. About 1886, the North of Scotland Malt Distillers' Association was concerned about the so-called 'adulteration' of its pot still whiskies with grain spirit, and was taking exception to the blend being marketed as 'Highland whisky'. Members resolved to ask the Board of Trade to enforce the Adulteration Act.³² Barnard included four English distilleries in his survey of the industry. He did so on the grounds that they were distilling, not perhaps 'English whisky', but spirits which were sent to Scotland and Ireland to make up blended Scotch and Irish whiskies.³³ It was this type of activity which prompted the need for a clearer definition of whiskies of all kinds. The lack of precision in the Scotch whisky industry enabled Haig's ^{eron}Cambridge distillery to produce under one roof patent still 'Grain Whisky;' 'Silent Malt', 'Flavoured Malt' and 'Pot Still Irish.'³⁴

During 1866, the Inland Revenue noted that a falling off in the home trade was being compensated by rising exports, but, just as to-day, in certain markets, exporting was 'a very fluctuating part of business'; suddenly diminishing whenever Prussian spirits, coarse, inferior, but cheap, were available for fortifying wines in France or Portugal.³⁵ Five years later the demand for British spirits, including whisky in foreign and colonial lands, notably West Africa, Australia, and British India was growing.³⁶

32. Information from the North of Scotland Pot Still Distillers' Association, Elgin.

33. Barnard, op. cit., pp. 455-6.

34. Barnard, op. cit., p. 310.

35. P.P., Tenth Report of the Inland Revenue (1866), p. 7.

36. P.P., Fourteenth Report of the Inland Revenue (1871), p. 10.

Sir Robert Usher took the view that very little export business in whisky was done pre-1880; small volumes of highly flavoured malt whisky were sold in the United States, being mixed up with American spirit and passed off as Scotch whisky.³⁷ Nettleton's experience of the whisky trade dated from 1875, and he recollected mixtures of patent still spirit being bought about 1878-9, the traffic being pushed rapidly and quietly. Some time elapsed before blended 'Scotch' became popular in Britain, and he stresses that it was mainly confined to whisky for export.³⁸

A concomitant to the experimentation with various blends, was the colouring of whisky to produce a standardised brand, consistent not only in taste, but also in appearance. Maturing the whisky in old sherry casks imparted a fine tone, but caramel was the usual colouring matter. An action for damages for breach of contract due to the use of deleterious colouring went to the House of Lords in 1868. A quantity of whisky had been ordered by William Taylor & Co., Merchants in Leith and traders to the West Coast of Africa, from H. Macfarlane & Co., grain whisky distillers at Port Dundas, about 1862. The whisky was to be ^{finely} adapted to a dark colour for the African trade, and it proved unwholesome and unfit for human consumption. Macfarlane & Co. were said to be aware that whisky had become unsaleable in West Africa because of importations of inferior white spirit from America, and were therefore asked if they could not compete with a firm, James Mackenzie & Co., in supplying coloured or rectified spirits suitable ^{for} the African trade.³⁹ The spirits were to be low in price and coloured so as to look like rum. Samples were produced at 1s. 4d. per proof gallon,

37. P.P., Royal Commission: 1908, op. cit., p. 242.

38. Nettleton, (1913), op. cit., p. 541.

39. Court of Session, Scots Revised Reports, 3rd Series, VI, (MacPherson), 1867-68: House of Lords, 10 March, 1868, pp. 1-16.

but the colour wanted by Taylor & Co. had to be very dark, although it was not to interfere with the quality of the so-called whisky.

The 'whisky' was supplied and a ship sailed to Old Calabar, where the agent put it on the market; it was found 'to disconform to order and sample, and to be wholly unfit for the African trade', because the colourising matter was not burnt sugar, but was so noxious that the whisky could not be sold. The consignment of 20,554 proof gallons was a drug on the market, because of the alarming symptoms it produced in the consumers. The blenders had coloured the 'whisky' with logwood, the heartwood of a South American tree, (giving a deep red colour,) used extensively as a dye stuff. This affected the saliva, as well as the secretions from the kidneys, converting them into the colour of blood, and changed the colour of the skin down to the fingers and nails. Lord Westbury remarked in the House of Lords, 'I cannot imagine a more alarming picture to be presented to an Edinburgh and Glasgow jury, where toddy is supposed to be held in great esteem.' The appeal was dismissed with costs, and despite the irresponsible and unscrupulous element exposed in the Scotch whisky business, the legal debate seems to have hinged rather surprisingly round the use of the word 'innocent' when applied to spirits.⁴⁰

Such occurrences were probably rare. West Africa was receiving sizeable imports of British spirits, because the American Civil War had reduced supplies to that quarter, and British exporters were not slow to make good the deficiency.⁴¹

In 1865, the reduction in strength of spirits with water in warehouses was approved; this was an essential measure if spirits were to be bottled in bond. The carelessness of publicans had forced firms to bottle

40. Ibid.

41. P.P., Twenty Eighth Report of the Inland Revenue (1885), p. 16.

their own blends, and the proprietary brands, with well advertised names gained ground, because they were a customer's guarantee of value at an increased price. Blended whiskies were delivered to retail outlets in bulk, at around proof strength, although Scotch whisky was generally warehoused at 11° over proof, and Irish at 25° over proof. Hence a reduction in strength was necessary prior to consumption. Formerly 10 to 18° under proof had been acceptable, but it was gradually reduced to 20 to 25° under proof. There was difficulty in ensuring that the strength was not lessened by publicans.⁴² The advantage of the exceptionally pure and soft Loch Katrine water which Glasgow obtained after 1855, made the city a focus for the blending and bottling of Scotch whisky. No treatment of the water was necessary; hard water caused turbidity, especially in malt whiskies, but filtration restored brightness. Five degrees of hardness produced this undesirable effect.⁴³

The absence of requirements for strength, minimum age or composition induced consumers of whisky to equate maturity with quality, as they had once done with the brandy trade, which Scotch whisky was supplanting. In England, especially in the South, whisky did not have fair treatment, being commonly offered for sale and consumed 'quite new from the still'. Tovey described it as unfit for drinking 'heating and intoxicating, and soon disorders the system.'⁴⁴ He urged that spirit merchants and retailers should allow whisky 'the same privilege awarded to brandy or rum, that of age in bond', which would, he thought, add little extra cost, as distillers might charge a nominal warehouse rent or none at all, for several years:

52. Wilson, R., Who was the First Blender? (II), op. cit., p. 150.

43. Nettleton, (1913), op. cit., p. 213.

44. Tovey, op. cit., p. 151.

No spirit can pay better for bonding than whisky: the first outlay averaging from 2s. to 3s. per gallon is very little, and the improvement by age is far superior to the trifling interest upon the first cost. ⁴⁵

The new whisky was thus an investment for the future, an appreciating asset, while the reputation of merchants would be greatly enhanced by their selling well matured spirits. The English distillers had no interest in duty-free bonding concessions because their output was rectified, whereas the Scotch and Irish whiskies required careful maturation. The English were indifferent to the extension of warehouse privileges to their country, but it was so extended and whisky trading was favoured thereby. ⁴⁶

From 1860 onwards, production of British made spirits rose without any obvious regard to the trend of consumption in the United Kingdom: Reports of the Inland Revenue observe that output was excessive. Swollen stocks led to the laying down of spirits in bond in growing volumes, and more discerning merchants and consumers were appreciating whiskies which were properly matured by age. In contrast new spirit was said to be highly intoxicating, with injurious effects, while prolonged warehousing in cask had a mellowing influence. The augmented period which whisky spent in bond was already manifest in 1882, when there was 1½ years consumption in hand in Britain. ⁴⁷ Hence the Inland Revenue, in reply to agitation for compulsory bonding, stated that there was no need for bills to compel minimum warehousing. The growth in stocks was partly linked with 'a stagnation in large branches of trade' in Britain, but despite this, the malaise did not cause falling demand for whisky in Scotland.

The desirability of bringing some order to the business of blending was investigated by a Select Committee of the House of Commons in 1890-1, when production was rising, although 4.4 million proof gallons were in excess of

45. Ibid

46. Nettleton (1913) op. cit., p. 541.

47. P.P., Twenty Fifth Report of the Inland Revenue (1882), p. 7.

demand. Consumption in the United Kingdom approached 28 million proof gallons, the Scottish share being 1.5 gallons per head of the population, the Irish nearly 1 gallon, and the English, 0.5 of a gallon. Notwithstanding, the overall tendency was one of a declining market.⁴⁸ The main purpose was to consider whether 'on grounds of public health,' certain classes of spirits should be kept in bond for a definite period before consumption, and to examine the blending of British and foreign spirits in or out of bond, to decide if the Sale of Food and Drugs Acts, and the Merchandise Marks Act should be applied to such mixtures.

At the enquiry, patent still spirits were shown to be chiefly composed of alcohol and water, being almost silent or free from impurities, whereas pot still spirit, although collected at a much lower strength, contained fusel oil and other secondary constituents. The ageing process improved it, but the exact nature of the changes was not known - perhaps fusel oil became aromatic ethers. The malt imparted a distinct flavour, hence malt whisky was more pronounced in taste than grain spirit.⁴⁹ Sir Algernon West, Chairman of the Board of Inland Revenue reserved the name 'whisky' for the pot still product. Warehousing refined it; the inducement to bond was the rise in value of 4d. to 1s. per gallon per year, which was alleged to exceed the warehouse costs by a handsome margin. The longer whisky was held, the better price it fetched. At the time, warehouses were owned by major whisky merchants, large railway companies, and distillers. There were over 900 in Scotland alone, 674 belonging to distillers. While pot still spirits were retained in bond for long periods, patent still spirits were held for one month to four years.

Testing whiskies at proof strength showed that new pot still whisky contained from 0.06 to 0.14 per cent by weight of fusel oil, whereas new patent still had only 0.027 per cent by weight.⁵⁰ Maturation tended to augment the

48. P.P., Select Committee: British and Foreign Spirits: 1890 (316), x.

49. P.P., Select Committee, (1870), p. 5.

50. Nettleton, J.A., The Manufacture of Spirit (1893), p. 322.

proportion of fusel oil in malt whisky. Foreign patent still alcohol had less congenerics (about 0.009 per cent by weight) than the British variety.

The stock position in Scotland had created problems in bonding in some localities, like Campbeltown, where warehouses were so full that access to casks for servicing was impossible. Blenders found themselves keeping puncheons of whisky in warehouses all over Glasgow, which incurred heavy and needless expense. The Inland Revenue seemed slow to sanction new construction.

Regarding compulsory bonding, the Chief Inspector of Excise believed that if merchants were obliged to hold their stocks in bond for two years, they would require perhaps 24 times as much capital locked up in stocks and buildings, because new construction would have to take place. Although pot still spirits might benefit by such an arrangement, it was unnecessary for the patent still type.⁵¹ Nevertheless, in other countries compulsory bonding was in operation: post-1887, in both Canada and the U.S.A. spirits had to be matured for two years and be free from objectionable odour before being consumed, while in France and Switzerland spirits had to have a certain standard of purity by law.⁵² A minimum maturation period of three years was eventually introduced in Britain during the 1914-18 War as a safeguard for the health and sobriety of the population, and most countries to which Scotch whisky is now exported have similar requirements.

About 9 to 10 million gallons of British spirits were subject to blending by 1890, only a tiny proportion being sold as 'whisky' in an unblended state. The question of adulteration was raised, but as patent still spirits was the purer alcohol, when blended it was assumed to dilute the impurities in pot still whisky. According to the Inland Revenue it was not adulteration.⁵³ The Excise had however interfered to stop foreign spirits in bond being

51. P.P., Select Committee (1890), p. 19.

52. P.P., Select Committee (1890), p. 27.

53. P.P., Select Committee (1890), p. 6.

described as 'Pure Scotch Malt Whisky'. The control of duty paid spirits in private warehouses was however impossible, and foreign alcohols could be added there.

The importation of German spirits (which were said to originate in Russia) had gone up from $\frac{1}{2}$ million to $3\frac{1}{2}$ million gallons; it was very cheap, and there was no law to forbid its mixing for home consumption. From Dundee it was reported that over $\frac{3}{4}$ million gallons of whisky were handled each year by blenders, and 'not one atom of German spirit comes into the place.' Patent still spirit of British origin only was used.⁵⁴ On a price basis, the Committee tried to ascertain if it was reasonable to give the public spirits consisting of 1s. a gallon alcohol, and a good malt whisky at 3s. Both the 'glaringness of the fraud', and the 'unfairness to customers' were firmly refuted by witnesses. The buyer would have an article at a lower retail price, because such was the competition between blending firms that they were compelled to sell the 'whisky' at its market value. Contrary to deceiving the public, merchants were being guided by taste in the market, and searching for ways to satisfy it. Hence if blending were arrested, the public would be the losers.⁵⁵

Of a range of 51 samples from retail outlets, 38 were mostly grain spirit, 6 pot still, and 7 nearly equal blends of both. Experts were in fact unaware that such highly rectified spirits were being sold. An economic change was in progress whereby low cost patent still spirit was usurping the place of pot still whisky.⁵⁶ Wilson quotes blending formulae from the 1890s; one brand, termed 'Old Highland' in reality contained a very limited amount of old whiskies - the proportions were 700 new grain spirit, 15 Bruichladdich at 10 years old, 5 Glenlossie at 3 years old, and 1 Caledonian 'pot still type', which

54. P.P., Select Committee (1890), p. 33.

55. P.P., Select Committee (1890), p. 60.

56. P.P., Select Committee (1890), p. 41.

was new. Another variety, replete with year old Scotch and Irish whiskies, bore a label giving the impression that all its components were at least 20 years old. A mixture which was practically grain spirit with only a 5 per cent representation of Talisker was passed off as a blend of Talisker and other 10 year old whiskies; pot still whisky was almost being used as an essence to provide flavour.⁵⁷ The colour of the blend was invariable 'pale Fife colour', after the style of Haig of Cameronbridge, and the colour became a rough method of assessing the standard of a whisky; caramel readily supplied any hue from pale gold to rich amber.

The Committee also studied the question of wholesomeness in whiskies: a public analyst differentiated between chemically pure and pure in a healthful sense, believing that fusel oil and the like were beneficial in small proportions, and indeed essential for the full development of the natural properties of a whisky as a beverage, thus clearly dividing 'whisky' off from plain spirits, which consisted ^{ing} solely of alcohol and water, would be anything but pleasant. A mixture of pot still whisky was rated more enjoyable, it being the quantity consumed, rather than its composition, which was harmful.⁵⁸

The Sale of Food and Drugs Acts had heralded policies protecting the consumer, rather than the caveat emptor approach of earlier times. Sales were illegal if a person purchased any article of food, or any drug which was 'not of the nature, substance and quality demanded by the buyer. Persons contravening such acts were liable to prosecutions, and there had already been convictions among dealers in spirits. There was a notion that putting 'Bottled in the Warehouse of H.M. Inland Revenue', or 'Customs' was a surety to buyers, and that thereby the article sold was genuine. The Merchandise Marks Act of 1887 made it illegal to sell under a false trade description, e.g. by giving

57. Wilson, R., Scotch Made Easy, p. 302.

58. P.P., Select Committee (1890), p. 63.

a false account of the place or country where goods were produced or of the materials composing the articles.

The consensus of opinion was that whisky was distilled in pot stills - from malt only as in Scotland, or from malt and raw grain as in Ireland. Others would have extended the term 'whisky' to patent still spirits:-

There are two spirits: one called malt whisky, and another from raw grain (i.e. patent still spirits), and they are totally different articles, but both are whisky ... there is produced by an admixture of the two, an article which meets the taste of a great number of people; and I do not know that it hurts them very much, and you are able to produce from malt a very much finer article, which meets the taste of luxurious people. 59

Not only luxurious people, but many Scots favoured malt whisky just as they had once preferred smuggled whisky (~~then~~ more expensive than the legitimate product, owing to its being distilled entirely from malt in pot stills. 60

Andrew Drysdale, the chairman of the Distillers' Company Ltd., which then owned 7 distilleries in Scotland, one in Dublin and one making gin in London, preferred to apply the description 'whisky' to any spirits which were distilled from grain, irrespective of whether they came from pot stills or patent stills. 61

The Report of the Select Committee could only record that there was no exact legal definition of spirits going by popular names such as 'whiskey, brandy, rum, patent or silent spirits', nor could these terms be restricted so long as the spirits added in blending were pure and free from noxious ingredients. 62

There was therefore as much confusion within the distilling industry as out of it. The findings did confirm that the blending of whiskies was meeting a demand from consumers on a price and taste basis, and that the compulsory

59. P.P., Select Committee (1890), p. 35.

60. Illicit Distillation in Scotland, vide supra.

61. P.P., Select Committee: British and Foreign Spirits: 1891 (210), xi, p. 29.

62. P.P., Select Committee (1891), Report, pp. iii - xi.

bonding of spirits was not required - it would be an unjust imposition on the distilling industry.

Evidence established that blends were more palatable and economic, being both milder and economical. Interest in questions of food and drink standards may have been provoked by brandy substitutes which were sold after the phylloxera outbreaks in France, which curtailed cognac production for about twenty years.⁶³ Imitators gave German spirits a brandy flavour and sold it as such:

No-one who does not understand his business does not know that a large quantity of the veriest rubbish reaches us from Cognac, or that medium qualities from that centre contain an admixture of plain spirit before or after distillation. ⁶⁴

The preferences of whisky consumers and the attraction of a larger profit margin had already encouraged distillers to carry out research into the ageing of whisky. John Power & Son, at their John's Lane distillery, in Dublin, are said to have investigated warehouse temperatures and humidities as significant factors in the process.⁶⁵ Others tried short cuts with a 'Patent Ageing Apparatus;' the Yoker distillery near Glasgow, which belonged to J. & W. Harvey & Co. had such an appliance in a warehouse, where new whisky was subject to immense pressure and heat, which was reputed to destroy the aldehydes in the spirit. Its fieryness was eliminated, converting it into something like a mature whisky of 3 to 5 years old. In 1886, the principle was in its infancy.⁶⁶

Nettleton comments on the artificial maturation of spirits, finding that the more successful techniques involved putting the whisky in a small vat, and passing alternate currents of hot and cold air through the liquid. Sherry

63. Wilson R., Seventy Years of the Scotch Whisky Industry, II, W.S.T.R., 17 Nov., 1964, p. 1442.
64. Wilson, G.B., op. cit., p. 26 (quoting from Ridley's for 1899).
65. Barnard, op. cit., p. 362.
66. Barnard, op. cit., p. 41.

was added in small quantities, along with minute quantities of sulphuric acid or potassium sulphate which were supposed to intensify the action of the wine. The acid and salts were then removed with slaked lime, the sediment being filtered out.⁶⁷

A second method was to force in air or oxygen under pressure; over a ten day period the whisky was alleged to take on the mellowness of 3 to 5 years bonding. Another approach was to season the cask, which was first cleaned and dried with warm air, after which it was saturated with wine; finally the wine was forced into the wood by reapplying the warm air pressure.⁶⁸

Maturing, softening and mellowing prescriptions were therefore tried out on stocks. Nettleton frowned on the use of blending wines to treat casks - they gave no more than a pleasant colour, and merely masked objectionable taints. The pungent odour and rank taste of new spirits would only disappear with slow maturation. Apart from the temperature and humidity of the warehouse, the type of cask (whether old sherry wood or plain wood), the strength of the spirits, and whether the casks were on ground level or on racks, were significant points.⁶⁹ The claims for hastening on the process of maturation were almost certainly exaggerated, and it is questionable whether any method could add 'three years' mellowness' as well as 'body and palate-fullness'. Nettleton described the result as 'mawkish smoothness', and he did not approve of the trade cutting corners in ageing whisky. Such considerations rightly aroused medical and public attention to the wholesomeness of articles in general consumption. Legislation to regulate purity in food and drink was evidence of a growing concern with public health programmes while water supply and sewage schemes were typical municipal projects during the latter part of the nineteenth century.

67. Nettleton (1893), op. cit., p. 67: (Patent No. 18,212: 1890).

68. Ibid: (Patent No. 16,830: 1890).

69. Nettleton, (1893), op. cit., p. 235.

The accuracy of definitions on labels was under scrutiny from many quarters, not least from medical journals. Such pressure brought a response in 1904 when a Sale of Whisky Bill was introduced in the House of Commons. The intention was to inform buyers of whisky whether their purchase was derived wholly from malted barley or partially from unmalted grain - an attempt to distinguish between pot still and patent still spirits. The Bill did not survive longer than a first reading, because the patent still distillers deduced that it was against their interest; had it been accepted, blended whiskies would have been marked as 'grain whisky.'⁷⁰

The Distillers' Company Ltd., appalled by this prospect, issued a pamphlet outlining the development of the two methods of distillation, which it circulated to all Scots members, stressing the savings of the patent still technique, and the importance of blending. About 1891, the group was preparing 8 to 9 million proof gallons of spirits a year. In the 1900s, the average weekly output in a pot still distillery was cited as 2,000 to 3,000 gallons, whereas some patent still units yielded 50,000 to 60,000 gallons in that time:-

The opponents of the patent still or grain whisky are wont to assert that the lower price of this article is due to the cheaper materials from which it is made, but it requires little practical knowledge to discern the great saving entailed in working costs when the output from a single distillery can be increased more than twenty fold. ⁷¹

The spread of overheads with such an output was self evident, whereas pot still units in Northern Scotland suffered from higher transport costs for fuel and raw materials, which augmented costs of production, without, according to D.C.L. enhancing the true value of their malt whisky. For their part, detractors of patent still spirits scoffed at the Coffey still's ability

70. Wilson R, *op. cit.*, p. 1444.

71. D.C.L. Gazette, Oct., 1924, by courtesy of Mr Brian Spiller, Distillers' Co. Ltd.

to produce spirits from any sugar-rich substances (potatoes, molasses or damaged grain). D.C.L. rebutted this charge, saying that sound raw materials were needed for both types of still, and that in Scotland, only the best grain was employed - after all, as much as 25 to 30 per cent of good malting barley was added to the mash bill in a patent still unit.⁷² In 1891, Andrew Drysdale had said that grain spirit from the Distillers' Company Ltd. contained as much malt as Irish pot still whiskey.⁷³

'Pure grain whisky' had been brought 'to a state of high perfection by the Scotch patent still distillers', so that public taste particularly in England had undergone a complete change. D.C.L. argued that without the skill of the blender, Scotch whisky would not have attained its outstanding position: to purge grain spirit from successful blends on the market would relegate 'Scotch' to its former inferior place. Blended whisky had fully earned for itself the right to the title 'Scotch whisky.' It had conferred on all distillers the possibility of greatly expanded sales - pot still firms certainly stood to benefit.' The Distillers' Company was however willing to let them apply the term 'Highland malt whisky' as a mark of individuality from its more popular competitor. D.C.L. were showing anxiety over the possible disruption of the blending side of the industry, which had become its biggest outlet for grain spirit - hence D.C.L. tended to argue that the whisky which now mattered to the industry was the blended kind.

The blending trade now is a most important industry in Scotland, and they are most respectable men ... and they employ a large number of men, and are possessed of a large capital, and it would upset a large class of people if that trade was stopped.⁷⁴

In November 1905, two summonses were heard at North London Police

72. Ibid.

73. P.P., Select Committee (1891), p. 34.

74. P.P., Select Committee (1891), p. 33.

Court, charging retailers of whisky with contravention of section 6 of the Sale of Food and Drugs Act, 1875: two, out of twelve, detections had in fact been selected as test cases. When a customer had asked for Irish whiskey, one defendant was alleged to have sold in its stead 'something which was not of the nature, substance and quality of Irish whisky'; the second had sold a similar version of Scotch whisky. An analyst certified that each consisted entirely of patent still spirit,⁷⁵ although in evidence subsequently produced, these were shown to be blends of 90 per cent patent still spirit and 10 per cent pot still.⁷⁶ The patent still type was clearly being treated as whisky.

The previous year, Islington Borough Council had prosecuted dealers selling counterfeit brandy; there was a revulsion in Britain against food and drink imitations. These cases had been defended by the off-licences Association, but it lacked the funds to fight the next round.⁷⁷ Leading firms in the blended whisky trade were therefore asked to help; William Ross, of the Distillers' Company Ltd., eagerly responded, perhaps because blenders believed that the cases were linked with ^{the} desire of certain pot still distillers to retain the name 'whisky' for their manufacture alone. At a meeting in Edinburgh, it was proposed that the grain whisky distillers and blending interests should raise £5,000 to meet legal expenses. Support was tardy, the grain distillers agreeing to defray the costs of the action among themselves. The apparent indifference had an advantage in Ross's view - the conduct of the case was in fewer hands, and dissension was thereby lessened. The preparation of the defence was left mainly to the initiative of the Distillers' Company Ltd.⁷⁸

75. P.P., Royal Commission: 1909: Cd. 4796: Final Report, p. 1.

76. P.P., Royal Commission: 1909: Cd. 4876: Digest of Evidence, p. 22.

77. Wilson, R., op. cit., p. 1446.

78. P.C.L. Gazette, Oct. 1924, op. cit.

Trade opinion during the hearing again revealed the contrary viewpoints of the pot still and patent still distillers. The retailers were convicted, appeals proved abortive, as the Justices were equally divided, and eventually in May 1908, the cases were withdrawn.⁷⁹

The Scotch whisky industry regarded the episode as very serious, and hence they joined forces to seek an authoritative settlement; representatives of both Scottish and Irish distillers met in Glasgow, and a deputation saw John Burns, President of the Local Government Board in 1906, urging the appointment of a Royal Commission. The principal questions at issue were firstly whether 'whiskey' should be restricted solely to pot still products, or extended to patent still spirit and to blends, and whether restrictions should be placed on the materials employed in distilling whiskies.⁸⁰

After hearing evidence from distillers and blenders, as well as scientific and medical experts, the Commission concluded in 1909, that:-

"Whiskey" is a spirit obtained by distillation from a mash of cereal grains saccharified by the diastase of malt; that "Scotch whiskey" is whiskey as above defined, distilled in Scotland; and that "Irish whiskey" is whiskey as above defined, distilled in Ireland. 81

The Commission would not exclude patent still or grain spirit, because it had come to be accepted as 'a whiskey of commerce' by both trade and public; the improvement of distilling technology as in the Coffey still innovation did not mean that a product name like whisky should be reserved for the older method. 'Scotch' had both a geographical and generic significance when applied to whisky.

Blending which had been performed in Scotland for more than thirty

79. P.P., Royal Commission, Final Report, p. 2.

80. Ibid.

81. P.P., Royal Commission: Final Report, p. 23.

years, yielded two distinct classes of spirits - mildly flavoured Scotch whiskies of particular style and good quality, and cheap, but palatable Scotch whiskies.⁸² The advisability of a preponderant proportion of pot still whisky was stressed - the best blended Scotch whiskies had gained a sound reputation, having 30 to 50 per cent of well matured malt whisky, but the cheapest blends might have 10 per cent pot still whisky, or even less. The proprietary whiskies were blended ones, the product of the firm who blended and marketed them, combining malt and grain spirit; hence 'the majority of Englishmen who drink whiskey seldom drink anything but a blend.'⁸³

The evidence presented to the Commission was full of divergent opinions and animosities. James Calder of Bo'ness distillery, for instance, contended that both pot and patent still spirits were whisky, whereas A.M. Cowie, of Mortlach stated that patent still spirit should certainly not be rated as Scotch whisky, nor should those blends with a high proportion of it.⁸⁴ Colonel Smith Grant of Glenlivet also disapproved of patent still spirit being sold as whisky, but had no objection to its being blended on a 50 per cent basis with pot still whisky; blends had popularised Highland whisky to an enormous extent, and his output went into 'Vatted Glenlivet' and 'Blended Glenlivet', being a very fine, though economical malt whisky because of its capacity for dilution without undue loss of character.⁸⁵

The pot still distillers traced out the changing attitudes of the Distillers' Company, with wry amusement:-

Mr. Drysdale representing the Distillers' Company in 1891 referred to patent still spirit as a "blending dilutant"; now Mr. Ross, representing the same company says it should be called Scotch whisky. 86

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82. P.P., Royal Commission: Final Report, p. 19.
 83. P.P., Royal Commission: Final Report, p. 21.
 84. P.P., Royal Commission, Digest of Evidence, p. 24 and p. 27.
 85. P.P., Royal Commission: Digest of Evidence, p. 34.
 86. P.P., Royal Commission: Digest of Evidence, p. 27.

To their chagrin, the company advertised Cambus whisky as 'without a headache in a gallon', inferring that it was a healthier than either pot still whisky or a blend. After the Islington cases, D.C.L.'s product was advertised as 'grain whiskey' whereas before it had been grain or patent still spirit. Nevertheless, William Ross asserted that patent still spirit had fully earned its right to be called Scotch whisky. D.C.L. found the market for 'improved' patent still spirit expanding; they had 15 units in operation, 6 patent, 2 pot, and 6 pot and patent still installations. Of these 12 were in Scotland, 2 in England and 1 in Ireland. Grain spirit from the Vauxhall distillery, Liverpool, was employed for blending whisky in England. As much as 67 per cent of the group's grain spirit was being sold over 2 years' old, partly owing to the trade slump in distilling.⁸⁷

One advocate for the limitation of the volume of patent still spirit in a blend was Alexander Walker, of John Walker & Sons, Kilmarnock. The firm owned two pot still distilleries, Cardow and Annandale; and blended three qualities and ages of Scotch whisky: when public taste inclined to a softer whisky, as had been happening, Walker used a pot still type giving fewer secondary products, and did not make his whisky bland by adding more patent still spirit.⁸⁸

The Royal Commission covered much the same ground as had been investigated by the Select Committee, seventeen years before, but in more detail. It considered the composition of blends, and whether these should be differentiated by labelling. Misleading descriptions were still encountered, but blenders of the 90 per cent grain/10 per cent malt type, (priced at 3s. per gallon), objected to the composition being disclosed on a label. Walker believed that only 'the lowest class of trade' accepted this stuff because of its cheapness. The Commission provided no blending recommendations, retailers

87. P.P., Royal Commission 1908: Cd. 4181, Minutes of Evidence, pp. 160-72.

88. P.P., Royal Commission: Minutes of Evidence, pp. 224-8.

being left to judge by the flavour and price of samples. Meanwhile, ^{grain} distillers' associations in Lowland Scotland had agreed to include 30 per cent malted grain in their mashes; two versions were employed in making patent still spirits there - one had 75 per cent maize to 25 per cent malt, and the other one-third each of malt, rye and maize.⁸⁹ The proportion of malt was held to be an assurance of quality. Although a preference was expressed for a 2 year period of compulsory bonding by a majority of the Scotch whisky representatives, the Commission's Report did not press for this.

Modifications in distilling practice were in progress: steam heated pot stills were being tried out, and less peat was being employed than formerly in pot still distilleries for the kiln-drying of grain. The reason was that the public no longer wanted peaty whiskies with a smoky flavour. 'Self whiskies' were asked for in the Highlands; in other regions, consumers were loath to pay more for a properly matured pot still whisky with a fine flavour than they did for a blend.

In export markets, a large trade in new whisky had developed; blenders, of the standing of Walker, regretted this. The Excise should grant a certificate of age 'as without this, cheap grain whiskies going abroad have a damaging effect upon the better classes of whisky.' The United States government threatened to label whisky 'compound' because of blending, as highly coloured inferior varieties of Scotch whisky were sent there which compared most unfavourably with the regular brands put up by the same firms.⁹⁰ One remedy in the hands of importing countries was to adopt the maturation requirements of Australia, which had imposed these c. 1906. Glasgow was already a focus for whisky exporting, with not only an exceptional water supply for diluting, and good port facilities, but also installations for

89. P.P., Royal Commission: Digest of Evidence, p. 24.

90. Wilson, R., Seventy Years of the Scotch Whisky Industry, XVIII, W.S.T.R. 18 March, 1966, p. 298.

cheaper blending, bottling and packaging per case (of one dozen bottles) than in London; whisky could be prepared at 3s. per case F.O.B. Glasgow, as compared with 4s. 6d. in London.⁹¹ With amazing prescience, Walker asked that the export trade be strictly supervised:-

This is to protect the reputation of Scotch pot still whiskey, the prestige value of Scotch whiskey in foreign countries being an enormous asset to Scotland, which would be endangered if grain spirit were sold as Scotch whisky. 92

Although the Commission's labours were heralded as a triumph for commonsense and justice by organs like the Wine Trade Review, to other observers it was 'only a concession to a powerful commercial syndicate [i.e. D.C.L.] interested in the promotion of a modern innovation.'⁹³ The result was in some ways a disappointment to the pot still distillers, but many had already come to terms with the blenders, and were gaining by the arrangement. The patent still interests had persuaded the Commission to their way of thinking:-

The economical and regular performances of the patent still naturally appealed to scientific minds, and they are prone to view with contempt the old fashioned pot still with its labour of feeding and heating, its double and treble distillations and condensations. 94

Nettleton identified himself with the pot still side; after 1860, the production of yeast in an economic way had, he believed, made spirits distillation on a large scale essential. Stocks of patent still spirit started to accumulate in Scotland. The high income which distillers earned from yeast allowed such stocks to be sold at low figures. Methylation offered a market, but not an elastic one, whilst rectifiers' supplies were adequate. Plain spirit from patent stills was thus thrown on the market, but the tied house system, embracing spirits as well as beer, was a ready outlet.⁹⁵

91. P.P., Royal Commission: Digest of Evidence, p. 24.

92. P.P., Royal Commission: Minutes of Evidence, pp. 224-8.

93. Nettleton (1913) op. cit., p. 528.

94. Ibid.

95. Nettleton (1913), op. cit., p. 547.

Blenders had amassed fortunes through blended whisky, almost regardless of its quality. A section of the public had been willing to accept patent still spirit as whisky, only because it had been foisted upon them as whisky; distillers and vendors had not dared to enlighten them as to its origins. The Royal Commission seemed to imagine that the customer knew best, but in fact off-licences and tied houses gave him no choice but a blend, and often an inferior one. The reasoning that an article satisfied 'public taste' was 'pleaded on behalf of every indecent book, picture and postcard, every risqué play, every music-hall song'; it was a modern fallacy.⁹⁶

It was admitted that some customers knew what they wanted and preferred blends to self whiskies, but too large a number had no knowledge of whiskies, having been schooled into drinking blends. The trend might be hazardous for the distilling industry, because pot still distillers and reliable blenders might be swept out of the market by the advancing tide of cheaper patent still spirit; there was a temptation to reduce the proportion of pot still, especially after the duty increase of 1909, as blenders 'by the law of commercial competition endeavoured to find a cheaper source to draw from.'⁹⁷

The patent still firms which had been able to prove that their product was a purer form of alcohol in chemical analysis than was malt whisky, provoked a nervous response from the pot still distillers; they asserted that their whisky was wholesome and entirely reputable, and with its secondary constituents giving fullness and bouquet, it was likened to old brandy. In 1914, William Grant & Sons Ltd. had Glenfiddich and their other whiskies analysed: the report showed that the whisky was a pure malt, of considerable age; although it was impossible to determine its age precisely by analysis, an informed opinion was that it must be at least seven years old.⁹⁸

96. Nettleton (1913), *op. cit.*, pp. 531-2.

97. Nettleton (1913), *op. cit.*, p. 545.

98. William Grant & Sons Ltd., *Analysis of Whiskies: 1914.*

The vague definition for whisky which the Commission proposed was derided in some quarters; Nettleton suggested that the Scots and Irish between them should decide what whisky was, and gave seven reasons why he would not term patent still spirits 'whisky'. He would, however, allow both it and blends to be known as 'Commission Whisky.'

It was not until the Finance Act of 1933 that legislation gave effect to the Commission's recommendation for a definition of Scotch whisky; the 1908 definition could have covered rye and bourbon whiskies had they been made in Scotland. Blending irregularities continued, and in 1938 about 10 per cent of all blended Scotch whisky placed on the market was a mixture of Scottish pot still whisky and Irish grain whiskey, owing to scarcities of the former after the First World War. In the inter-war years, pot still whisky from Scotland and Canadian grain whiskies were sold in Canada as 'Scotch whisky.' The blending of the two whiskies of Scottish origin was thus by no means uniform or universal until recent years.⁹⁹

The passage of time has not weakened the need for pot still whisky for blending. There are to-day over 100 pot still distilleries at work in Scotland compared with 12 patent still units.¹⁰⁰ Although the prestige of the industry is on occasion still lowered by the export of immature spirits and inferior blends, the symbiosis of the pot stills and patent stills has been successful and profitable. Furthermore, there has been a renewed enthusiasm for 'single whiskies', the outstanding malts, known by their distilleries of origin, and appreciated by connoisseurs of Scotch whisky.

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99. Glen, I.A., *The Scotch Whisky Industry 1939-61*: Unpublished B. Litt. Thesis, Glasgow, 1963, pp. 5-6.
100. Scotch Whisky, Questions & Answers, The Scotch Whisky Association, p. 18.

PART II; THE PROBLEMS OF ABUNDANCE: 1898- 1914

After the disintegration of the distillery promotion boom of 1890-8, with the failure of Pattisons Ltd. of Leith, stocks of British spirits in bond in Scotland continued to rise until by 1903, the inventory attained over 120 million proof gallons.

The number of distilleries at work began to decline from 161 in 1899 to 132 in 1908 and to 122 in 1910: pet still units especially abandoned production. The normal practice was for a distiller to sell his whisky before it was made; after the collapse, producers found it hard to get orders, and very difficult to sell new whisky. They had to provide more warehouse accommodation to store their output for several years, until they could find purchasers. This impounded a much greater volume of capital than they had required during the boom. Sales were tardy, and falling demand was accompanied by falling prices. Only firms with ample resources, or with sound creditworthiness stood a chance of survival in these circumstances.

The substantial whisky blending houses, with offices in the Scottish cities had either built or acquired distilleries of their own in the expansive years; during the slump, a system of barter gradually developed - blenders and brokers were only prepared to buy or give orders if distillers would in turn purchase whiskies from their units.¹ Small, old fashioned works like the family firms of Campbeltown, suffered severely, whereas the new Spey-side distilleries planned from the outset as modern commercial ventures, according to the distilling technology of the period, weathered the recession much better.

The Scotch whisky industry went into a state of contraction, and production tailed off from the 1899-1900 level. The quantity retained in

1. Colville, D., The origin and Romance of the Distilling Industry in Campbeltown, A Paper read to Kintyre Antiquarian Society, Jan. 1923.

warehouses as late as 1906 was regarded as very large, and it was evident that 'the statistical position of whisky is not satisfactory, and in the interests of the industry a still further curtailment in production seems desirable.'²

Scotch Whisky: Production, Consumption and Stocks
in Scotland: proof gallons, millions.

Year	Production	Consumption	In Bond
1899	35.7	7.0	103.2
1903	26.0	7.3	120.3
1905	25.1	6.7	121.7
1908	22.7	6.9	115.6

Source: Reports of the Commissioners of Inland Revenue.

Consumption of home made spirits which reached a peak of over 8 million proof gallons in 1900 fell away in the early years of the century, arriving at a minimum in 1910 of $4\frac{1}{2}$ million after the duty imposition of the previous year. Such a pattern of declining demand accentuated the slackening in trade activity in Britain, which The Economist partly attributed to a diminution in purchasing power visible in 1902.³ There had been a substantial improvement in working class conditions in the late Victorian age, especially after 1880; the cost of living decreased by about 20 per cent in the long price fall. The shortened working day brought more leisure opportunities, at a time when money wages for those in employment rose by about 15 per cent.⁴ An advance in real wages continued until c. 1900, and thereafter incomes, in terms of what they would buy, ceased to grow. Wage earners felt the check

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2. P.P., Report of the Inland Revenue 1905-6, p.p. 30-41: also Statistical Tables, infra.
3. The Economist, 10 Aug. 1902, p. 1213.
4. Court, W.H.B., A Concise Economic History of Britain, p. 284 and p. 288.

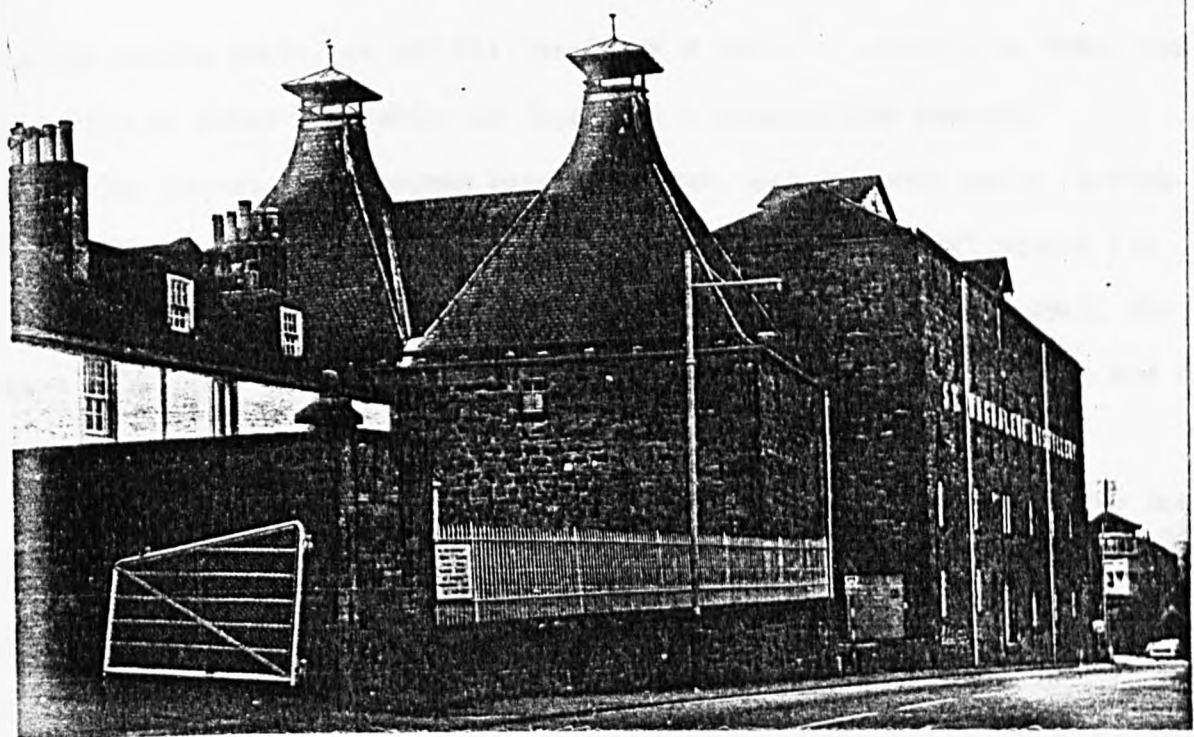
severely as prices rose, and the cost of living with it.⁵ The adverse trends for whisky thus commenced after a period of prolonged expansion and business optimism. Temperance organisations interpreted the consumption change as a response to their campaigns, but abstinence seems to have been 'due to lessened means', and 'from the purely fiscal point of view', the lag in revenue was a cause for concern.⁶

Hardly had the 1898 crisis burst upon the Scotch whisky industry than firms began to look for new markets in the hope of disposing of some of their stocks. The British Consul in Nagasaki complained about the receipt of letters from Scotch whisky distillers anxious to introduce their brands into Japan, 'generally on the terms that persons who might be willing to act as agents here should take all the risk as well as all the trouble.'⁷ He mentions that imports had been 500-1,500 dozen bottles per annum until 1898, when they rose to over 2,200 dozen bottles. Meantime, duty had been increased from 5 per cent to 40 per cent in January of 1899 and was to be raised 100 per cent in 1900. The distillers seem to have been ill-informed about this, because some of them were choosing a bad time to attempt to introduce their brands into Japan. It was concluded that 'wherever a new field may be found for the relief of the Scotch whiskey [sic] industry, it cannot now be hoped for in Japan.' Much whisky in previous years had been imported for ships' stores, but with mounting duties, supplies would be obtained from Chinese ports at half the price of those in Japan. Most distillers, and many blending firms had ignored the possibilities of trade in other foreign markets, besides Japan, so long as their business was prospering in Britain. After the crisis occurred, they were then prepared to plunge more fully

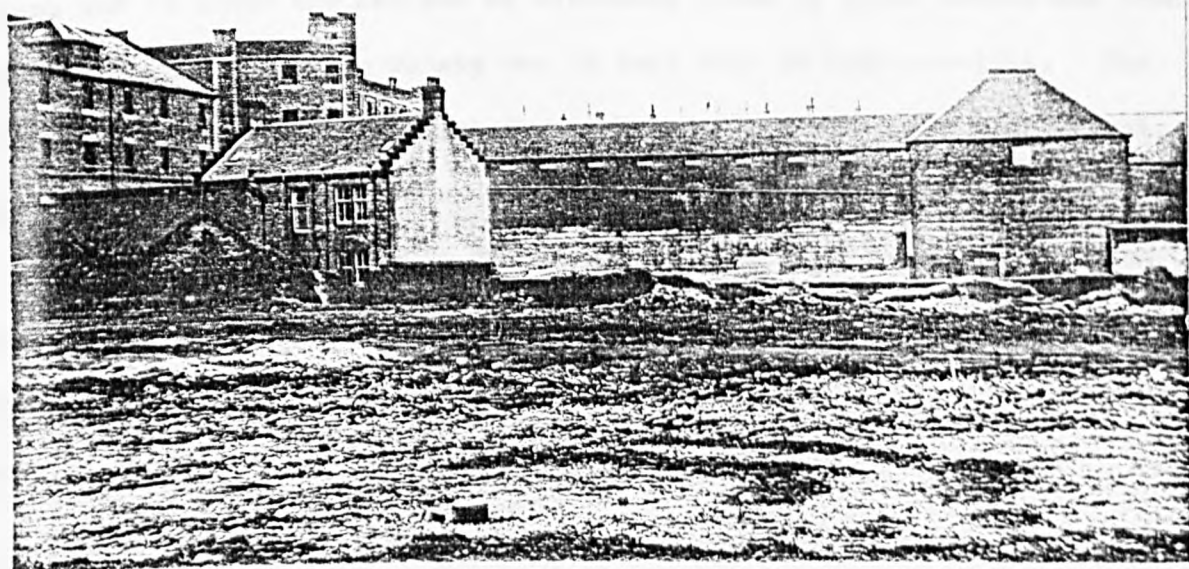
5. Bowley, H.L., Wages and Income in the U.K. since 1860 (1937), pp. XIV, 93-5.

6. The Economist, 10 Aug. 1902, p. 1213.

7. The Economist, 16 Sept., 1899, pp. 1328-9.



St. Magdalene distillery, Linlithgow, formerly owned by A. & J. Dawson, Ltd: a founder member of Scottish Malt Distillers, a D.C.L. subsidiary; note the typical malting kilns.



Camlachie distillery, Glasgow, formerly owned by Bulloch, Lade & Co., and also known as Loch Katrine distillery. It is used as bonded warehouses. (From J.R. Hume).

into the export trade, as did William Grant & Sons.⁸ Already in 1898, the popularity of Usher's whiskies in Japan was a subject for comment.⁹

The export field became harder to work, and expenses grew: lavish expenditure was needed to break through into the international market for Scotch whisky, whether by advertising or promotional tours. By 1912, the export gallonage of Scotch whisky was twice what it had been in 1900, and was worth over £4 million to the industry.

A rebate of 3d. per proof gallon, conferred as an export bounty in the Finance Act of 1902, on spirits sent abroad, or methylated, benefited the patent still distillers much more than the pot still owners, whose produce mainly entered export markets as a component of blended whiskies.¹⁰ The rebate was offered as a compensation because of increased costs, incurred by Excise restrictions on distilling. For a time it was known in the industry that this 3d. bonus was the biggest contribution to profit margins on sales overseas.¹¹

Meantime in the home market, competition was so ferocious, that in 1904 an anti-price cutting association was formed. Traders met to fix prices and to trace the bottles of offending firms by their labels and trade marks, but much cut price whisky was in fact sold in bulk pre-1914. The proprietary brands were fighting for a share of a diminishing home market. Distillers and blenders were also linked with an association of proprietors of distilleries; most were in favour of stopping supplies to firms which persisted in price cutting, which appeared only to reduce profits without significantly raising consumption. Stop lists of offenders were issued to members.¹²

8. William Grant & Sons Ltd. vide supra.

9. The Scotsman, 2 Nov. 1898.

10. Nettleton, (1913) op. cit., p. 560.

11. Wilson, R, op. cit. p. 298.

12. Ibid.

There was virtually no increase in malt whisky prices between 1896-1906: the saturation of warehouse space with stocks was a serious matter, and few purchasers presented themselves. The effect of gross overproduction had in fact made it unprofitable for ordinary buyers to hold whisky stocks. Blenders by-passed brokers by taking stocks off the hands of distillers at low prices.

During 1907, the Economist noted that movements were afoot to raise ^{ing} fill prices of whisky for the first time in many years - these increases would only affect the pocket of the consumer at a future date.¹³ A reduction in the quality of blends was feared, because rising costs of production might tempt firms to hold prices steady while lowering standards. Coal prices had risen, affecting most industries in Scotland: the costs of barley and maize were up. A rise of 2d. per proof gallon on Scottish grain whisky was anticipated, with Irish up 3d. per gallon at 25^o over proof. Only those taking 'filling loads' of Irish were exempted - this meant that regular customers obtained a certain proportion of their average annual bonding at old prices.

Highland malt distillers also recommended a price increase, which was agreed at a full meeting of the North of Scotland Malt Distillers' Association in Elgin. This Association included all the Highland distillers of any consequence. The question of a price increase was not an easy one for the malt whisky men: there was an overabundance of malts (described as 'a great redundancy in the stocks of the finished product'), built up in the years of overproduction. Although the boom had culminated nearly 10 years previously, the distillers had never been able to get rid of the surplus.

The probable effects of the new whisky prices were discussed. Firstly

13. The Economist, 19 Oct., 1907, p. 1769.

if output, particularly of grain spirits, was pruned, it should be welcomed. The burgeoning production for 1906-7 was already causing apprehension about renewed depression, because stocks had not been sufficiently depleted. Yet every distilling season brought repeated cuts in the quota of orders placed with Highland distillers, who were said to be at their wits end to find enough orders to work their plants at a remunerative level.¹⁴

The raising of prices for new fillings was, in such conditions viewed as a futile policy. The Economist recommended that it would be better for the industry as a whole if firms would come to an agreement whereby certain of the distilleries would be shut down altogether for at least one distilling season. It was estimated that the closure of 10 per cent of the distilleries yielding Highland malt whisky would be sufficient.¹⁵

Regarding the closure of distilleries and their conversion to other purposes (e.g. maltings, bonded warehouses etc.), this is exactly the remedy for abundance which D.C.L. under William Ross applied to the industry in the years that followed; its intention was to keep output within reasonable limits.

Profits and Dividends:

Hardship, underemployment or actual unemployment were encountered in distilling districts. When firms were unable to meet their obligations distilleries were put on a care and maintenance basis. Some worked for a few months or even a few weeks of the distilling season, and many ceased to work at all. Lower wages were matched by lower profits.

Stock Exchange prices for distillery stock show that the full impact of the slump did not hit firms at once; for example, Campbell, Hope and King paid no dividend from 1904 to 1908; Highland Distilleries were in difficulties from 1907 to 1910, but John Dewar & Sons, and the Distillers' Company Ltd.

14. Ibid.

15. The Economist, op. cit., p. 1770.

succeeded in paying consistent dividends throughout.¹⁶

Scotch Whisky Firms: Dividends 1902-11

Campbell, Hope & King 7000: £10 shares	1902	1903	1904	1905	1906
	5½%	5½%	nil	nil	nil
	1907	1908	1909	1910	1911
	nil	2½%	2½%	2½%	2½%
John Dewar: 5% Preference 25,000: £10 shares	1902	1903	1904	1905	1906
	10%	10%	10%	10%	10%
	1907	1908	1909	1910	1911
	9%	9½%	10%	10%	10%
Distillers Co. Ltd. 130,000: £10 shares	1902	1903	1904	1905	1906
	10%	10%	10%	10%	10%
	1907	1908	1909	1910	1911
	10%	10%	10%	10%	10%
Highland Distys. Ltd. 25,000: 5s.	1902	1903	1904	1905	1906
	20%:10%	20%:10%	20%:10%	20%:10%	20%:10%
	1907	1908	1909	1910	1911
	15%: 6%	9%: 5%	10% nil	5%	-

Source: Struthers and Stewart, Glasgow.
Stock Exchange, Highest and Lowest Prices
and Dividends 1902-11: pp. 36-45.

During the depression, Dewars were rumoured to have raised additional capital by loans from directors, and by drawing upon their reserves. Their profits and turnover in 1911 set new records: profits rose by £30,000 above their 1910 level, and the firm's business had outgrown its premises. In spite of this creditable performance, Dewars could not find capital, as the Stock Market still displayed a lack of confidence in whisky shares. In 1897, Dewars capital was £625,000, on which they earned a profit of £52,800, whereas in 1914 their capital was £2 million, and their profit £200,000.¹⁷

16. Struthers and Stewart, Glasgow: Highest and Lowest Prices and Dividends, The Stock Exchange: 1902-11, pp. 36-45.
17. Wilson, R., Seventy Years of the Scotch Whisky Industry, XII, W.S.T.R. 16 Sept., 1955, p. 1188.

The small companies running pot still distilleries were more exposed than were the blenders: for instance, Benrinnes-Glenlivet, founded by David Edward in 1836 paid no dividend on its ordinary capital from 1905 to 1910: Glenlossie and Linkwood had nothing to return in 1910, although the former paid 2 per cent in 1909, and the latter $1\frac{1}{2}$ per cent in 1911. The greater dependence on Highland pot still production the worse the position seems to have been.¹⁸ Craigellachie-Glenlivet, with a malt whisky unit, reported falling profits, but at least succeeded in paying a dividend, whereas Dailuaine-Talisker, a merger of distilling interests, revealed the value of amalgamation, with rising net profits, and a return of 5 per cent in 1912 as against nothing whatever in 1910.¹⁹

The Glenmoray Distillery Company was wound up in 1912, having ceased distilling two years earlier, although it had kept outlets in Elgin and London.²⁰ The Speyside distillery, Kingussie, which cost £40,000 was put on the market for £1,600; the price received was reported as £750, and the premises were dismantled in 1911.²¹ Hence the capital loss was very serious. Ten units in the Elgin area failed to go into production in 1912. Others like the Glenskiach Distillery Company, Ross-shire were demanding payment of their dues. Sir Hector Munro of Foulis was sued by the directors of the distillery for non-payment of maltures, relating to mills at Catwell and Drummond which were in operation in 1910. The maltures had been computed in 1850 to an annual payment of £44. The company was in fact suing the laird about mills on his own estate, and the impression is given that it was short of funds.²²

18. Wilson, R., *op. cit.*, XI, 17 Aug. 1965, p. 1044.

19. Wilson, R., *op. cit.*, XI, 17 Aug. 1965, p. 1048.

20. *Ibid.*

21. Wilson, R., *op. cit.*, XI, 17 Aug. 1965, p. 1044.

22. S.R.O. U.P. 25H/£/39: The Glenskiach Distillery Co. Ltd.

Hector Munro, 1910.

Lowland pot still units were in a similar state of disarray and embarrassment. In 1911 a petition to wind up A. & J. Dawson Ltd., St. Magdalene distillery, Linlithgow, was announced.²³ A major creditor was the British Linen Bank; both Clydesdale distillery, Wishaw, and Rosebank, Falkirk were failing to pay dividends, and Auchertool distillery, Kirkcaldy, was making no whisky.²⁴ Lowland malt whisky output which had been 2.76 million proof gallons in 1903, stood at 1.50 million in 1912 as a consequence of the decline of the industry.²⁵

Over the period of slump, production figures for the recognised distilling districts of Scotland were as follows:-

Table A

Whisky Type	1904	1905	1906	1907	1908	1909	1910	1911	1912
Grain	14.9	12.7	11.9	13.5	14.2	14.0	14.5	12.8	15.9
Campbelltown	1.4	1.3	1.2	1.2	0.8	1.1	0.9	0.7	0.7
Islay & Jura	1.1	1.0	0.9	0.8	0.7	0.7	0.5	0.5	0.6
Lowland	2.2	2.2	2.2	2.2	1.5	2.1	1.6	1.5	1.3
Highland	7.3	7.7	7.3	6.8	5.4	6.2	4.6	4.3	5.0
TOTAL	27.1	25.1	23.8	24.8	22.7	24.4	22.3	20.0	23.6

Production in millions of proof gallons.

Source: William Grant & Sons: Production of Scotch Whisky, 1904-12.

From these figures it appears that grain whisky output kept up remarkably well, whereas malt whisky production was severely curtailed, barely reach-

23. Wilson, R., *op. cit.*, XXX 17 March, 1967, p. 264.

24. Wilson, R., *op. cit.*, XI, 17 Aug. 1965, p. 1048 and p. 1052.

25. William Grant & Sons Ltd., Production of Scotch Whisky: Private Trade Statistics: 1904-12.

ing 50 per cent of the grain whisky total in 1908, whereas it had been 85 per cent of that total in 1904. The Distillers' Company Ltd. was making two-thirds of the grain whisky in Scotland as shown in the following table:-

Production of Scottish Grain Whisky in the Years
ending 31st March, 1905, 1906, 1907:
thousands of proof gallons.

TABLE B

FIRM	1905	1906	1907
D.C.L.	8,434	7,838	9,270
N.B. Distillery	2,532	2,553	2,824
Jas. Calder: Bo'ness	1,314	1,076	1,035
Gartloch	342	478	447
Stewart Sancel, Paisley	143	43	nil
TOTAL	12,766	11,990	13,578

Source: William Grant & Sons: Production of 'Scotch Grain Whisky': 1905-7.

D.C.L. were in fact strengthening their position in grain whisky distilling. With the exception of the North British distillery, (the co-operative venture which received wide support in the industry in the face of the 'combine', and the dangers of D.C.L. domination), the rival patent still units were being squeezed out of existence.

The statistics in table A disclose that the distilling industry in Scotland was beginning to experience a modest recovery in 1909, the very year when the duty on spirits in Britain was increased by one-third; the new duty

provoked further confusion and despair among firms. The shock effect on Scotch whisky firms of the 1909 Budget can hardly be overestimated; the duty was pushed up by 3s. 9d. to 14s. 9d. per proof gallon. The Chancellor of Exchequer was Lloyd George, who had been a temperance speaker in his youth, and whose maiden speech in the House of Commons in 1870 was on the theme of the war on poverty, coupled with temperance measures. After 1909, the consumption of Scotch whisky turned down; consumption per head of the population in Britain which had been 0.91 proof gallons in 1899-1900 fell to 0.53 proof gallons during 1910.²⁶ The view of the Distillers' Company Ltd. was that Scotland was being mulcted, paying £½ million more in duty than that nation ought to have done according to population, while in terms of alcoholic content, whisky was taxed seven times more than beer.²⁷ There was alarm at the prospect of the distillers' licence fee being altered. The Chancellor had toyed with the idea of changing the fee (which had been £10 in 1824 regardless of quantity produced with a 10s. addition in 1840) to a tax which would vary with the volume of spirits distilled, e.g. a distillery yielding 200,000 gallons would pay about £800 per annum. Such a measure besides bringing much hardship to Scottish distilling, would probably have lowered spirit quality. Meetings of distillers, worried by the possibility of another trade collapse, were held, at one of which the effect of the imposition was likened 'to a policy of strangulation of the trade ... total abstinence of the individual, and prohibition for the state.'²⁸ The distilling industry suspected that it was to be suppressed or nationalised in the future.

A fall in the sales of spirits of 25 to 30 per cent was forecast for 1909. Whisky distilleries ceased production, one notice of closure stating that the stoppage was due to the radical government's efforts in Scotland.

26. Wilson, G.B., Alcohol and the Nation, Table 1, p. 333.

27. Wilson, R., op. cit., VI, 16 March 1965, p. 350.

28. Wilson, R., op. cit., VI, 16 March, 1965, p. 356.

Managements were proposing to keep output to a level which consumption would warrant, and hence numerous distilleries were shut down earlier than was customary in the summer of 1909, their employees being thrown out of work.²⁹ Nettleton believed preferential treatment for pot still units was justifiable. They could least afford a cut in profits, or output, because large stocks of their whisky from 1897-98 were still in hand. Demand for local grain decreased and farmers were displeased. Lower profits were expected, and those of the Distillers' Company indeed fell by £6,000 between 1909-10. The revision in duty called for greater funds to support the increase in tax, and subsequently in prices. It was reckoned that the working capital needed by Scotch whisky firms for duties alone was 25 per cent higher after 1909. Duty had to be paid in cash before spirits were taken from bond; credit had to be offered to retailers. Consequently, capital absorbed in this way was not invested in maturing fresh stocks of whisky.³⁰ In particular, there was little interest in new malts, although demand for grain spirit was steady. Total production fell to 22.3 million proof gallons in 1909-10, with only 124 distilleries at work.

The Impact of the Temperance Movement:

The immediate outcome of the 1909 Budget was to decrease spirits consumption in Britain by 10 million proof gallons. The social value of the duty showed in a decline in arrests for drunkenness in Scottish towns: the furore generated by the measure revealed social factors, like the Temperance Movement in conflict with economic ones. The revenue from spirits after the 1909 Finance Act rose only slightly to £20 million; diminishing returns had been feared - 'a fact which gave food for thought to the economist, and to the moralist.'³¹ There might even be attempts to revive smuggling in

29. Nettleton (1913), op. cit., p. 560.

30. The Scottish Bankers' Magazine, V, (1913), p. 41.

31. S.B.M., op. cit., p. 35.

the Highlands, but it seemed that the knowledge of the art of illicit distillation, simple as it was, had practically disappeared.³²

The misery occasioned by the excessive drinking of spirits was plainly visible in the 1840s, when the New Statistical Account was in preparation.³³

Although Justices of the Peace had powers to control outlets for liquor by the number of licences they issued to publicans, temperance legislation in a mild form dates from the Home-Drummond Act of 1828, which confirmed Justices in the counties, and magistrates of burghs in the right to grant certificates for the sale of liquor, and enacted penalties for breach of certificate.³⁴

Conditions were added to certificates, among them that the license holder 'do not keep open house or permit, or suffer any drinking or tippling during the hours of Divine Service on Sundays, or other appointed days, or keep the same open at unreasonable hours' This was the first restriction on the hours of opening for inns and taverns.³⁵

In 1846, the growing support for temperance led to the appointment of a Select Committee of the House of Commons to investigate the granting of certificates. It recommended that 'the number of houses in which spirits are sold for consumption is excessive, and ought to be restricted; and in particular, the number of houses of such inferior class is excessive and productive of evil, and that it would be expedient to repress the evil arising therefrom.'³⁶ Grocers' shops sold beer and whisky, and in Glasgow, 'spirit dealers' comprised the largest entry in the Post Office Directory for 1848.³⁷

The outcome was the Licensing (Scotland) Act of 1853, widely known as

32. S.B.M., op. cit., p. 36.

33. The Distilling Industry in Scotland at Mid-Century, vide supra.

34. Mackinnon, J., The Social and Industrial History of Scotland. p. 263.

35. Wilson, G.B., op. cit., p. 118.

36. P.P., Select Committee on Certificates for Public Houses, (1846).

37. Post Office Directory, Glasgow, 1848: pp. 498-506.

the Forbes-Mackenzie Act, after the Chairman of the Select Committee. It was a notable achievement, which 'reduced the hours of sale of alcoholic beverages (8 a.m. to 11 p.m.) closed the public houses on Sundays, prohibited the sale of drink in toll houses within six miles of licensed premises, and restricted licensed grocers to selling drink solely for consumption off their premises.³⁸

Later amendments augmented the supervisory powers of the police and limited the granting of new licences, while giving magistrates in burghs of less than 50,000 persons the right to fix the closing hour at 10 p.m. The sale of alcohol to children under 14 years of age was controlled, and provisions made to assist inebriates. The problem of excessive consumption reached its greatest magnitude in Lowland urban and industrial areas, but the Highlands were by no means immune to it. In 1885, at the market day at Loch Maddy, an observer saw booths set up to sell trinkets and drams, and the effects were such that she saw an opportunity for temperance organisations to make their presence felt in the Hebrides; the distillery at Talisker in Skye was said to be turning out 45,000 gallons of whisky a year, of which about 20,000 gallons were consumed on the island.³⁹

In time, the Gaels composed poems disapproving of whisky or alcohol in any form, whereas a century earlier they had sung its praises:-

Rann a ' Bhadaid Eorna

Slan do ' n twathnach a threabh a' chluaineag,
 A chuir is bhain innt ' am hadan eorna.
 A chaoinich suairc ' e 's rogha bhual e
 'S a sin a chruadhaich e san ath le moine.
 Ach ole do ' n ghrudair a rinn a spuinneadh
 A mhill is bhruith e sa dh' fhag e leonta
 S' an ait 'a thaoisneadh gu breacag aobhach,
 A rinn de caochan gu daoin ' chur goarach.

1845-1914

Dugald Gordon MacDougall.

38. Saunders, L.J., Scottish Democracy, 1815-1840, p. 416.

39. Gordon Cumming, C.F., In the Hebrides (1883), p. 4 and p. 286.

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In time, the Gaels composed poems disapproving of whisky or alcohol in any form, whereas a century earlier they had sung its praises:-

Rann a ' Dhadaid Eorna

Slan do ' n twathanach a threabh a ' chluaineag,
 A chuir is bhuaib innt ' am hadan eorna.
 A chaoinich suairc ' e 's rogha bhuaib e
 'S a sin a chruadhaich e san ath le moine.
 Ach ole do ' n ghrudair a rinn a spuinneadh
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38. Saunders, L.J., Scottish Democracy, 1815-1840, p. 416.

39. Gordon Cumming, C.F., In the Hebrides (1883), p. 4 and p. 286.

(Good fortune to the farmer who ploughed the field,
 Who planted and reaped there the sheaf of barley,
 Who carefully dried it and threshed it,
 And then hardened it in the kiln with peat.
 But ill fortune to the brewer who ill treated it,
 Who spoiled it and mashed it and left it wounded,
 And instead of making it a choice hannock,
 Made of it a streamlet to drive people insane).

To be present at a 'Feeing Market' when farm servants were engaged for the year or half year in a country town was an experience not to be forgotten. Bargains were settled with a dram: 'at New Year's time, the pavements were strewn with drunken men, and Glasgow Fair, the annual holiday, was an orgy ... drunkenness was not thought of much account.'⁴⁰

In 1896, a Royal Commission was constituted to review the operation of the licensing laws; its report published in 1903 failed to present a unanimous decision, but an Act of 1903 embodied many of the recommendations of both the majority and minority reports.⁴¹ The licensing arrangements were modified, and by imposing severer penalties, it sought to check immoderate drinking. Licensing courts were established to issue renewable licences; new certificates were however subject to the suitability of the applicant's character and the premises he proposed to use. Shebeening, or selling liquor on unlicensed premises, which was a Glasgow activity, was made punishable by heavy fines; penalties were enacted for disorderly conduct in licensed premises.⁴²

Lloyd George, with his temperance enthusiasms was undoubtedly aware of the long and vigorous social and political controversy which was climaxed in 1913 by the Temperance (Scotland) Act. It gave the right of local option in respect of the issue of licences for the sale of liquor, a vote being

40. Haldane, E.S., Scotland of our Fathers, p. 266.

41. P.P., Royal Commission on Liquor Licensing Laws: U.K. (1903)

42. Wilson G.B., op. cit., p. 120.

taken in 1920. Local residents had the choice of a limitation of licences, no licences, or no change in all burgh and county areas.⁴³

Such legislation owed much to the influence of the Temperance movement in Scotland. Mackinnon ascribes its beginnings to the agitation in 1725 of the Scottish brewers against the use of ardent spirits: many breweries were converted to distilleries at that time, although the lack of 'good wholesome beer' or 'ale, the ancient beverage of our forefathers' was much regretted in the parish reports in the Old Statistical Account.⁴⁴ The brewers' complaints contributed to the passing of the Home-Drummond Act of 1828. The formation of Temperance Societies was begun a year later, under the direction of a group of informed and enthusiastic leaders. In 1844, the Scottish Temperance League, based on the principle of total abstinence from alcoholic beverages, started in Falkirk, and by paid agents and publications it was active in changing attitudes.

The churches investigated the question of excessive consumption through their temperance committees, and associations, such as the order of Good Templars, the Rechabites, the Band of Hope, and other groups, broadened the scope of the movement and were for long powerful forces in both the political and social life of Scotland.⁴⁵ Although ^{the} total abstinence professed by these societies, did not find universal support, people sympathised with their efforts, and as a result of their determination the Temperance Act was passed.

Improving standards of living, educational opportunities and innovations, like the cinema, in altering leisure time pursuits, altered patterns of consumption. The 3s. 6d. bottle of whisky of 1910 was a 12s. 6d. bottle in 1919. During the First World War, public house hours of opening were

43. Mackinnon, op. cit., p. 265.

44. A Survey of Distilling in Scotland, O.S.A., c. 1795, vide supra.

45. Mackinnon, op. cit., p. 265.

again drastically reduced, and a minimum maturation period for spirits was enforced. Such factors served to reduce consumption of spirits in Scotland from 8 million proof gallons in 1900 to 3.8 million twenty years thereafter. The diminution in the number of licences issued to publicans was paralleled by a decline in the number of persons committed to prison for drunkenness - from nearly 60,000 in 1907 to 15,500 in 1930.⁴⁶

Licensed Premises: Scotland

Year	1886	1906	1916	1936
Spirits	11,617	10,619	9,596	7,980
Other	560	376	262	234
TOTAL	12,177	10,995	9,858	8,214

Source: G.B. Wilson, Alcohol and the Nation,
p. 383.

Notwithstanding enlightened attitudes and medical concern, alcoholism in Scotland is a problem of epidemic proportions. According to public pronouncements, it was only in the 1960s that the Distillers' Company Ltd. publicly offered a lead to the Scotch whisky industry by giving funds for research into alcoholism. The lack of general support reflects the social stigma attached to the disease in Scotland.⁴⁷ The tradition of excessive consumption of spirits began in the mid-eighteenth century, continued in the period of illicit distillation and smuggling, and prolonged by the degradation of rapid industrialisation and the squalor of urban degeneration is slow to break.

The Distilling Industry in Scotland, post-1909:

Since 1900, whisky has been in process of conversion to an article of

46. Wilson, G.B., op. cit., p. 441.

47. The Scotsman, 7 March, 1969.

luxury consumption, because of the burden of duty it bears, and the industry has assiduously projected such an image for its product. Production took time to adjust to the new circumstances, and there was contraction - but not to the point of extinction as firms had feared.

1) Stocks:

The failure to realise stocks was persistent, and the inventory after 1909 was estimated to represent $4\frac{1}{2}$ years' coverage for consumption, but the true position was obscure. Robertson & Baxter of Glasgow therefore drew up a circular giving stock data as far as it was known:

For many years, the Scotch distilling industry has been very desirous of ascertaining the stocks of the various grades distilled, and also the approximate quantities of these classes used per annum. 48

The grain spirit distillers stated their volumes distilled, and removed from bond, as did the Islay and Campbeltown firms, who also quoted stocks. Lowland distillers had adopted the same practice, but the Highland distillers were enigmatic; perhaps they felt they had most to lose by showing their plight. Sir John Dewar finally obtained figures which provided an indication of the composition of Scotch whisky stocks. In March 1912 total stocks were 111.2 million proof gallons. The grain whisky stocks amounted to 26.3 millions; the Lowlands malts to 9.4 millions; the Islay and Campbeltown malts to 10.3 millions. Highland malts were estimated to represent 31.2 millions, while the total for malt whiskies was 51 millions; hence there was a discrepancy of over 33 millions, a volume which was said to be stocks in warehouses other than those of distillers. This was assumed to be one-third malt and two-thirds grain whisky, which were presumably conventional blending proportions which blenders would hold for preparing their brands.⁴⁹

48. W.G. & Sons, Ltd: Trade Circular: Robertson & Baxter, Glasgow, 15 March, 1913.

49. Ibid.

2) Costs and Prices:

Rising costs and prices were bemoaned by Scottish distillers after 1909. The variability of harvests was reflected in new whisky prices in 1911-13; already the industry was importing one-half to one-third of its barley requirements, Russia, the United States, India and Canada being suppliers.

There was a good harvest in 1911 when the output of barley, though limited, was sound in quality. The cost of malted barley was 37s. 6d. per quarter, fully 10s. above its 1910 level. The 1912 harvest was, however, very bad, due to poor weather; there was more barley available, but of an unreliable kind. Furthermore, it was 6s. a quarter dearer than in 1911.⁵⁰ The 1911 crop had an average yield of 2.5 proof gallons of spirit per bushel - the 1912 crop gave only 2.2 proof gallons. Pot still distillers had to advance their prices by 2d. per gallon at 11⁰ o.p. in 1912-3, which by no means recompensed them for the additional outlay - indeed expenditure was up at least 8d. per proof gallon on the 1909-10 level.⁵¹

Nettleton described how the malt whisky units laboured under real disadvantages, having to pay 3s. per ton extra for their coal over 1910 prices (they required 20 to 25 tons per week). During the coal strike of 1912 the price of coal free on the rail rose to 3 to 4 times its usual level, and distillers therefore suspended work for several weeks.⁵²

Wages had been advanced by 1s. - 2s. per week owing to 'the labour famine due to emigration' from many Highland areas. To comply with the National Insurance Act which came into force in July, 1912, distillers had to pay 4d. a week for every man employed. Secondly, restrictions on cattle

50. S.B.M. IV, 11 March, 1912, p. 48.

51. Nettleton (1913), op. cit., p. 283.

52. Nettleton (1913), op. cit., p. 593.

imports had adversely affected demand for spent grains, which were selling at half the customary price. Casks had increased in price 20 to 25 per cent between 1910-3. Such adverse price movements had borne heavily on pot still distillers.⁵³ Furthermore, overheads had to be spread over a reduced output; the small margin of profit left to them was vanishing.⁵⁴

Nettleton computed the net cost of a gallon of malt whisky, based on raw materials, as being ls. 7½d. per proof gallon, whereas the same cost in a patent still unit was ls. 0½d, where two Coffey stills yielded 580 bulk gallons of spirit at 67° over proof per hour.⁵⁵ The value of the by-products at such units was estimated to be half the cost of the mashing materials, but selling prices were prone to immense fluctuations; yeast, for example, ranged from 25s. to 40s. per cwt.

By-Products: Grain Whisky Distilleries
in Scotland: c. 1913.

Name of Product, etc.	Price	Remarks
Yeast	25s. to 40s. per cwt	According to quality.
Spent-grains (draff)	5d. to 8d. per bushel	According to season and locality.
-do- (dried)	4s. 6d to 5s. 6d. per cwt	
Sluzmage	1s. 2d. to 1s. 9d. -do-	For pig-feeding and manure.
Fusel-oil	1s. 4d. to 6s. 6d. per gallon.	Subject to great fluctuations.
Malt-combings ...	4s. to 5s. per cwt.	For cattle food, also for mashing.
Residues (evaporated spent-wash, etc.)...	4s. to 5s. per cwt.	For manure.
Carbonic acid (CO ₂)		For aerated waters, beers, bread, etc. and refrigerating purposes for meat and provisions.

Source: J.A. Nettleton, The Manufacture of Whisky and Spirit,
p. 277

53. Nettleton (1913), op. cit., p. 283.
 54. S.B.M. IV, 11 March, 1912, p. 48.
 55. Nettleton (1913), op. cit., pp. 261-2.

The marketing of by-products was advantageous to the grain distillers. In 1860, the manufacture of yeast for sale was allowed at distilleries, and in 1899, D.C.L. formed United Yeast with plants at Glenochil, and Liverpool. The patent still installation on which Nettleton based his calculations, yielded over 500 cwts of yeast in 32 hours of continuous working. Carbon dioxide (CO₂) was also extracted; in 1873 Archibald Walker & Co., were the first to utilise this by-product from their distilleries, at Adelphi, Glasgow, and Vaushall, Liverpool. The extraction of carbon dioxide was also performed at Guinness's brewery in Dublin and Tennent's brewery in Glasgow.⁵⁶

Besides the substantial income from by-products, grain distillers were paying only 5s. per cwt. for maize, compared with 11s.-12s. per cwt., which pot still distillers had to pay for malted barley. It was suggested that a 3d. levy be put on every gallon of spirits leaving a patent still unit to try to equalize the contrasting conditions under which both groups operated in Scotland.⁵⁷

There is evidence that a wide variety of whiskies were used by blending houses pre-1914, and their purchases again reveal the extent of inter-trade dealings. Grants were handling eight grain whiskies - Adelphi, Ardgowan, Cameronbridge,, Carsebridge, Port Dundas, North British and Gartloch. Caledonian was available at 1s. 5½d. (i.e. 1s. 7d. less a 1½d. rebate).⁵⁸ Apart from their own malt whiskies from Glenfiddich and Balvenie, Grants dealt in Ardbeg, Highland Park, Glen Grant, Smith's Glenlivet, Glendronach, Cragganmore, Glencadam, Glenburgie, Dalmenach and Auchentoshan.

In the trough of the depression, new Glenfiddich, was 3s. 5d. per gallon, 'less 1d. for wood and 1d. for cash', as an inducement to purchasers when credit was tight and funds were short. By 1911, Glenfiddich was 4s. per

56. Nettleton (1893) op. cit., p. 67.

57. Nettleton (1913), op. cit., p. 560.

58. W.G. & Sons Ltd., Charles Gordon: Memoranda: 1911-12.

gallon, and a trade list circulated to agents in Scotland gave the following prices:

Glenfiddich: Straight Pure Malt Scotch Whisky.
Per Imperial Gallon:

New	4s.
2 years	4s. 8d.
5 years	6s. 2d.
7 years	7s. 4d.
10 years	10s.

Blended Scotch whiskies were listed, under a buyers own label, bottled and guaranteed by Grants, at from 15s. to 24s. per case. A top quality blend was priced at 8s. 4d. per gallon.⁵⁹ The spirits duty of 1s. 10d. per bottle left 1s. 8d. to provide for margins and cover costs on a standard 3s. 6d. blended whisky.

Demand for grain whisky in 1911 was steady, the distillers rejoicing in full order books and refusing fillings. Regarding malt whisky, bondings laid down pre-1906 were being absorbed at last, and 'likely to prove very serviceable ... more especially as the price at which they can still be bought is extremely moderate when compared with the figures for the younger and scarcer parcels.'⁶⁰ Malts of 12 to 14 years of age were changing hands at prices little above their original level when filled. Losses sustained by investors in whisky stocks were considerable; they had to meet increases in rent, insurance and other charges, but blenders and consumers benefited. Public sale realisations also checked any upward tendencies in price for older bondings; a whisky auction in Glasgow in 1912 quoted the following prices for malt whiskies:-

59. Ibid.

60. S.B.M. III, 10 June 1911, p. 130.

Banff (1896)	:	3s. 10d. (per proof gallon)
Brackla (1897)	:	4s. 3d.
Glenburgie (1898)	:	3s. 3d.
Cardow (1900)	:	4s. 10d.
Ardbeg (1904)	:	5s. 2½d.
Ben Nevis (1906)	:	3s. 6d.
Talisker (1908)	:	4s. 3d.
Glen Grant (1909)	:	5s. 2½d. 61

Malt whiskies were thus still being bought at low prices in 1912, as the effects of years of over production encumbered the industry. The Low-land malts showed little gain:-

Linlithgow (1891)	:	4s. 6d.
Rosebank (1906)	:	3s. 8½d.
Kirkliston (1909)	:	2s. 10d.

The grain whiskies sold at the auction were relatively young, none being older than five years, which proves that demand had been sufficient to prevent a stock pile.

North British (1907)	:	2s. 8d.
Caledonian (1907)	:	2s. 6d.
Gartloch (1908)	:	2s. 3½d.
Glenochil (1910)	:	2s. 7d. 62

The complex of prices ruling in the Scotch whisky industry prior to the First World War suggests that some makes were less popular than others; blenders had their fancies, and avoided introducing too much whisky with a pronounced 'district' taste, such as Islay or Campbeltown, into their blends.

Scotch Whisky Prices, 1913.

Highland Whiskies (per original bonded liquid gallon: 11^o o.p.)
All malt: pot still

<u>Age in cask</u>	<u>Price Range</u>			
1 year	2s.	8d.	to	4s. 3d.
2 years	3s.	6d.	"	4s. 9d.
3 years	3s.	9d.	"	5s. 6d.
4 years	4s.		"	6s. 6d.
5 years	4s.	2d.	"	8s.

(with wider ranges after 5 years)

61. The Glasgow Herald, 7 Nov. 1912.

62. Ibid.

Islay and Campbeltown whiskies had smaller price differentials, varying from 2s. 6d. to 4s. at one year, to 3s. 2d. to 5s. 6d. at five years. Lowland malt whiskies started as 2s. 3d. at one year, and went to 4s. 9d. at five years. Grain whisky fetched 1s. 3d. to 1s. 9d. at a year old, to 2s. 3d - 3s. 6d. at five years old.⁶³ Speculation was absent, firms buying solely to meet requirements, but gradually sellers of malt whisky became reluctant to accept the unremunerative prices which had ruled so long - a change which strengthened the market - and sought fresh remedies for their troubles.⁶⁴

One remedy was to export: after the swingeing duty increase of 1909, overseas markets took on a new appeal to the Scotch whisky industry. It has been noted how an immediate outcome of the 1898 collapse prompted firms to explore export avenues, a trend which was promoted by the downturn in home consumption. Exports of British spirits shipped in 1911 exceeded the previous year's total by almost 1 million proof gallons, with a rise in value of £500,000 - the growth was mainly in Scotch whisky. Trade with Australia, New Zealand, Canada and the United States set new records, and old malt whiskies (which were no longer spoken of as 'a bad asset') gained as blenders sought out low priced supplies.⁶⁵ Grants' exports rose from 24,000 gallons in 1907-8 to over 37,500 gallons in 1911-12; the competition in international markets compelled firms to consider the long-term pattern of their trade. The maintenance of standards obliged them to send out bottled whisky, rather than bulk consignments. Hence bottled exports of Grants' whisky, which averaged about 25 per cent of their total exportation c. 1908, reached 51 per cent of their overseas trade c. 1912.⁶⁶ The industry was however

63. Nettleton (1913) op. cit., p. 276.

64. S.B.M. III, 9 Dec. 1911, p. 283.

65. S.B.M. IV, 11 March, 1912, p. 48 - and 10 June, 1912, p. 129.

66. W.G. & Sons Ltd., Scotch Whisky Trade, Sales and Exports, 1907-17.

reminded that bottling gave no guarantee for the contents:-

Advertising alone will not allow bottles to maintain their pre-eminence; and those firms who continue to give the best value [i.e. well matured spirits] will be most likely to remain at the top. 67

In Britain, the bottled trade was also growing; publicans were always tempted to reduce the strength of spirits when prices went up - thus providing more drinks from the same quantity of whisky. After 1910, 25° under proof became the general retail strength for Scotch whisky, and connoisseurs commented that dilution would reduce brands to mediocrity, robbing them of their full flavour and rich aroma, and destroying brand images.

3) Structural Changes: 1898-1914

Another response of the Scotch whisky industry to the problem of abundance was structural change. By the 1890s the distinction between malt whisky distillers, grain whisky distillers and blenders was already blurred. The overlap of interests was growing. Certain blending-houses, such as Walkers, Dewars, Sandersons, and Buchanans were purchasing their own distilleries, while Mackies who had originally been Islay distillery proprietors had appeared on the market with their 'White Horse' blended whisky. Teachers Ltd., who were wine and spirit retailers with public houses in Glasgow, added Ardmore distillery, Kennethmont, to their productive capacity in 1891 - its total output was used exclusively for their 'Highland Cream.'⁶⁸ A year later, John Birnie of Inverness in partnership with James Mackinlay of Charles Mackinlay & Co. Ltd., Leith, built Glen Mhor distillery at Inverness, a second string to his Glen Albyn. An atmosphere of booming sales and confidence thus pervaded the industry, as blenders promoted new units, or bought up old,^{ones,} partly to ensure supplies of a basic requirement for their

67. S.B.M. III, 10 June, 1911, p. 130.

68. The Glasgow Herald, 25 March, 1962.

business, and to stabilise prices for Highland malt whisky.⁶⁹

It was only after a group of the independent blenders, including Usher, Crabbie and Sanderson, had erected their own supply base for grain whisky, North British distillery, Edinburgh, that the Distillers' Company Ltd. on a tit-for-tat basis set about challenging them in producing and marketing blended Scotch whiskies, principally for overseas markets. Andrew Usher, a blending pioneer became chairman of the N.B. distillery, which was soon distilling 25,000 gallons of grain spirit a week.⁷⁰ Consequently after 1885, D.C.L. had a new blending and bottling warehouse constructed at South Queensferry, and the brands 'King George IV' and 'Highland Nectar' were registered, being sold by the D.C.L. Export Branch, which was subsequently taken over by the Distillers' Agency Ltd. in 1924.⁷¹

Prior to 1893, D.C.L. had only a grain spirit and Lowland malt whisky capability; there were for example five pot stills in Port Dundas c. 1887. It was because of John Haig & Co's desire to have a Highland malt whisky distillery that D.C.L. were obliged to build Knockdhu in 1893-4, but the group had no other units of this kind until after 1914.

It is thus incorrect to claim that the Distillers' Company attempted to popularise the drinking of blended Scotch whisky in England; other firms were responsible for the rapid promotion of that trade - men like Buchanan and Dewar.⁷² It was these merchant princes of blending who were the true entrepreneurs; they realised that malt whisky brought distinction to the low cost abundance of grain spirit, and hence to blended whisky. In 1891, Andrew Drysdale, chairman of D.C.L. disclosed that the group manufactured spirits

69. The Great Distillery Promotion, vide supra.

70. North British (The North British Distillery, Edinburgh, 1885-1935) p. 7.

71. D.C.L. and Scotch Whisky, op. cit., p. 8.

72. Slater, A.W., A London Firm of Still Makers. Business History. VIII. No. 1, Jan. 1966, p. 55

chiefly for blending, and hence a large proportion of malted barley (about 25 per cent) was included in their mash bills for grain spirit. The group sold new spirit to wholesalers, but liked to have some matured whisky to sell - because it was rather a profitable business, and in any case, grain spirit ripened quickly.⁷³

It was in fact after the Pattison failure, and the prolonged depression in distilling that D.C.L. set out to acquire malt whisky units, and blending subsidiaries, launching through them advertising campaigns for Scotch whisky in the British dominions and the United States.

The formation of the Distillers' Company Ltd. stemmed from over-production of grain spirit in Scotland post-1850, but its continued growth became closely linked with the market for blended Scotch whisky. Its avowed intention was to regulate production and avoid gluts. William H. Ross had intervened in the Pattison liquidation to try to spare firms, so many of which were D.C.L. customers.⁷⁴ In 1902, the group, intent upon reducing grain spirit output, bought up Loch Katrine and Adelphi distilleries in Glasgow, and Ardgowan in Greenock, fully integrating the latter in 1907. Harvey's Dundashill, a pot still unit, was taken over and closed down, as was Auchinblae distillery near Kirkcaldy.⁷⁵ Observers at that time noted that the whisky trade was still confronted by serious problems of over-production. Two years thereafter, D.C.L. purchased a half share in the United Distilleries Company, of Dublin, a combination formed by Irish grain spirit distillers. The Irish purchase was ostensibly to prevent the group's policy of limitation being spoiled by floods of Irish whiskeys.

In that year, D.C.L. also took over Archibald Walker's Vauxhall dist-

73. P.P. Select Committee: British and Foreign Spirits: 1891 (210)xi, p. 29

74. The Failure of Pattisons Ltd. of Leith; vide supra.

75. Wilson, R., op. cit., XXIX, 16 Feb. 1967, p. 166

illery in Liverpool. By 1907, the group's capital already exceeded £2 million, and it paid 'a regular 10 per cent' despite the depression in the industry.⁷⁶

Meantime, the malt whisky producers in Scotland were unable or unwilling to combine, or to agree to a regulation of output and prices as the patent still distillers had done as long ago as 1856. The pot still units were producing at a loss in some instances, and at a very small margin of profit in others; it would have been advantageous if they could have come together, raising their prices by joint action, and contriving to limit output. Firstly, these units were much more numerous, and encompassed firms of different sizes and scope, making whiskies of widely different types. Secondly, they had a long history of both inter-trade dealings and inter-trade rivalry. Many units were in the hands of independent men, who looked upon amalgamations with distrust, and perhaps as evidence of incompetence in business.

Rumours of the existence of a consortium to buy up whisky stocks circulated among distillers c. 1902, when a syndicate made proposals to the Liquidators of Pattisons Ltd; and again in 1911, a syndicate was said to be interested in investing in malt whiskies. At that period, blenders had become more active in mopping up matured stocks at absurdly low prices, owing to the persistent glut in the market.⁷⁷ This fact alone may have given the appearance of a consortium of dealers at work.

Merger projects were popular - indeed, they embraced nearly every industry, but many never reached fruition. The reasons were that manufacturers however keen to combine, might find interests so conflicting, and prices asked for second rate businesses so outrageous, and the difficulties so

76. Macrosty, H.W., The Trust Movement in British Industry (1907), p. 241.

77. Wilson, R. Op. cit. XXIX, 16 Feb. 1967, p. 166.

overwhelming, that 'it required the advent of some Napoleon in organisation to adjust all the antagonistic influences.'⁷⁸ William Ross, of D.C.L. seems to have been just such a man: he declared war on senseless competition, and with organisational foresight backed up by a first class accounting mind, he helped to lay the foundations for a new structure for the distilling industry in Scotland. Above all, he was trusted and his high code of commercial morality was widely respected.⁷⁹

The outcome of the Distillers' Company policy of regulating productive capacity was that between 1907 and 1927 over twenty units were shut down. The group was not only active in Scotland; in 1910 it took over Hammersmith distillery, London, and the next year, Dundalk distillery in Ireland. The Distillers' Finance Corporation, set up in 1913 to hold a 50 per cent share in the Irish United Distilleries Ltd., and blending companies, was in turn absorbed by D.C.L. itself.⁸⁰

A most significant development was the amalgamation of five Scottish Lowland malt distilleries in 1914. James Gray, of Leechman & Gray, Leith, who owned Glenkinchie distillery had been seeking the consolidation of Lowland malt interests.⁸¹ In that year, A. & J. Dawson of St. Magdalene distillery, Linlithgow were forced into liquidation.⁸² The Distillers Company Ltd. were not however enthusiastic about intervening in Lowland malt whiskies, but eventually William Ross was given authority to make an offer for the distillery. On the basis of D.C.L.'s assuming all the company's liabilities and assets, on a cash payment of £14,000, a new company

78. Payne, p.l., op. cit., p. 528.

79. Wilson, R. op. cit. XXV, 16 Aug. 1967, p. 918.

80. Wilson, R., op. cit., XXX, 17 March, 1967, p. 266.

81. The Failure of Pattisons, Ltd., of Leith, vide supra.

82. Information provided by the Distillers' Company Ltd., 1 June, 1966

emerged. The preference stock was transferred to J.A. Ramage Dawson, the managing director of Dawsons, while the ordinary shares were taken up by the Distillers' Company Ltd, John Walker & Sons, Kilmarnock, Dawson, and others.⁸³ Immediately there was a rush among blenders to secure Lowland malts, because it was realised that D.C.L. would not allow such whisky to be thrown on the market, regardless of what return it would bring; prices thus hardened.

Yet another distillery syndicate, which initiated tentative take over bids in 1913, was proposing to unite distilleries which had no blending outlets of their own. It was alleged that the new organisation would embrace 40 or 50 distilleries, half of which would be closed down. Scotch whisky firms were known to obtain support from London finance houses in financing stocks at a little over bank rate; it was believed that a distillery consortium might have lightened the burden and complexities of stock finance.⁸⁴

A short time before the outbreak of the First World War, Scottish Malt Distillers Ltd. was created in an effort to concentrate the shrinking resources of five Lowland malt whisky firms, some of which since the Pattison failure twenty years before had experienced financial stress.⁸⁵ D.C.L.'s involvement with Dawson's distillery so altered the situation, that the five units combined, with a joint capital of £30,000, their valuations having been drastically reduced. The board was composed of representatives of the five - St. Magdalene (Linlithgow), Glenkinchie (Pencaitland), Rosebank (Falkirk), Grange (Burntisland), and Clydesdale (Wishaw).⁸⁶ William Ross who had been D.C.L.'s managing director for more than twelve years, and who had played a leading role in the shaping of Scottish Malt Distillers Ltd., as

83. Wilson, R., op. cit., XXX, 17 March 1967, p. 264.

84. Ibid.

85. D.C.L. and Scotch Whisky, op. cit., p. 9.

86. Wilson, R., op. cit., XXX, 17 March, 1967, p. 266.

the group was called, was appointed its first chairman. All his endeavors were not crowned with success; he had failed to promote a syndicate to reform Pattisons' interests. The acquisition by various major blending firms of Highland pot still units post-1900 was in part due to his inability to win the co-operation of the Highland distillers, or to persuade them of the value of combination. Their independent attitude and pride was renowned, 'we are a race of distillers, and we claim to know something about the making of malt whisky.'⁸⁷ Hence production decisions remained in individual hands, and were arrived at separately.

If the distillers had during the last ten years or so studied the trend of the consuming market, alike as regards its capacity and actual demands, instead of concentrating their thoughts upon the making and selling of their products to the trade, they would have had a clearer grasp of the situation and ... in all probability would be largely free from the stock incubus. 88

By comparison, the new Lowland group was expected to benefit through the advantages of bulk purchasing, and joint marketing in their operations. The Distillers' Company Ltd. was convinced that such a project would have served the Highland malt units well, conserving most of them for the future, and acting in the interests of the whole industry in Scotland. But the Highland distillers had a deep distrust of the combine, and agreement was impossible. Other means had to be pursued to achieve the same ends.

Wartime controls and governmental impositions on distilling did much to compel malt whisky distillers, grain whisky distillers and blenders to set aside their differences. Unity was fostered in the face of the adverse circumstances facing the entire industry. The production of industrial alcohol, and the by-products of distilling were vital to a war economy. The whole output of grain whisky units was therefore diverted to munitions

37. P.P., Select Committee (1891), p. 17.

38. Wilson, R., op. cit., XXIX, 16 Feb. 1967, p. 166, (quoting from The Wine and Spirit Trade Record, 1910).

requirements, while the output of pot still units was redistilled into industrial alcohol for the same purpose.⁸⁹

The Distillers' Company Ltd. again joined forces with John Walker & Sons Ltd. in 1915, to absorb Coleburn distillery, near Elgin, and in the following year, took an interest in Clynelish distillery, Brora; then D.C.L., Dewars, Lowries (which had become a Buchanan associate) and Walkers came together to purchase the company which owned Dailuaine and Imperial distilleries on Speyside and Talisker in Skye.⁹⁰

A notable amalgamation occurred in March 1915, when Buchanan-Dewar Ltd. was formed with a capital of £5 million; this merger was concluded after lengthy negotiations in which Walkers had originally participated pre-1909. Dewars gave their reasons for deciding to combine - to seek mutual protection against heavy taxation, to co-operate in spheres where expenses could be reduced and competition diminished, and to pool the largest stocks of fine matured Scotch whiskies in existence. At the same time, Buchanan-Dewar Ltd. had a declared policy to retain the distinctive features of each firm and their separate staffs.⁹¹ This was the pattern followed when ten years later the greatest amalgamation within the Scotch whisky industry was completed - Buchanan-Dewar joined the Distillers' Company Ltd., and John Walker & Sons, to create the most powerful distilling group in Britain.

During the First World War, D.C.L.'s purchases continued: the company bought two Glasgow blending firms (those of John Begg and John Hopkins) with a view to reinforcing its own export business in blended whisky. It is noteworthy that only in 1917, when D.C.L. bought up J. & G. Stewart of Edinburgh (proprietors of 'The Antiquary' brand) that they finally entered the British

89. Bruce-Lockhart, *op. cit.*, pp. 130-1.

90. *D.C.L. and Scotch Whisky*, *op. cit.*, p. 9.

91. *Ibid.*

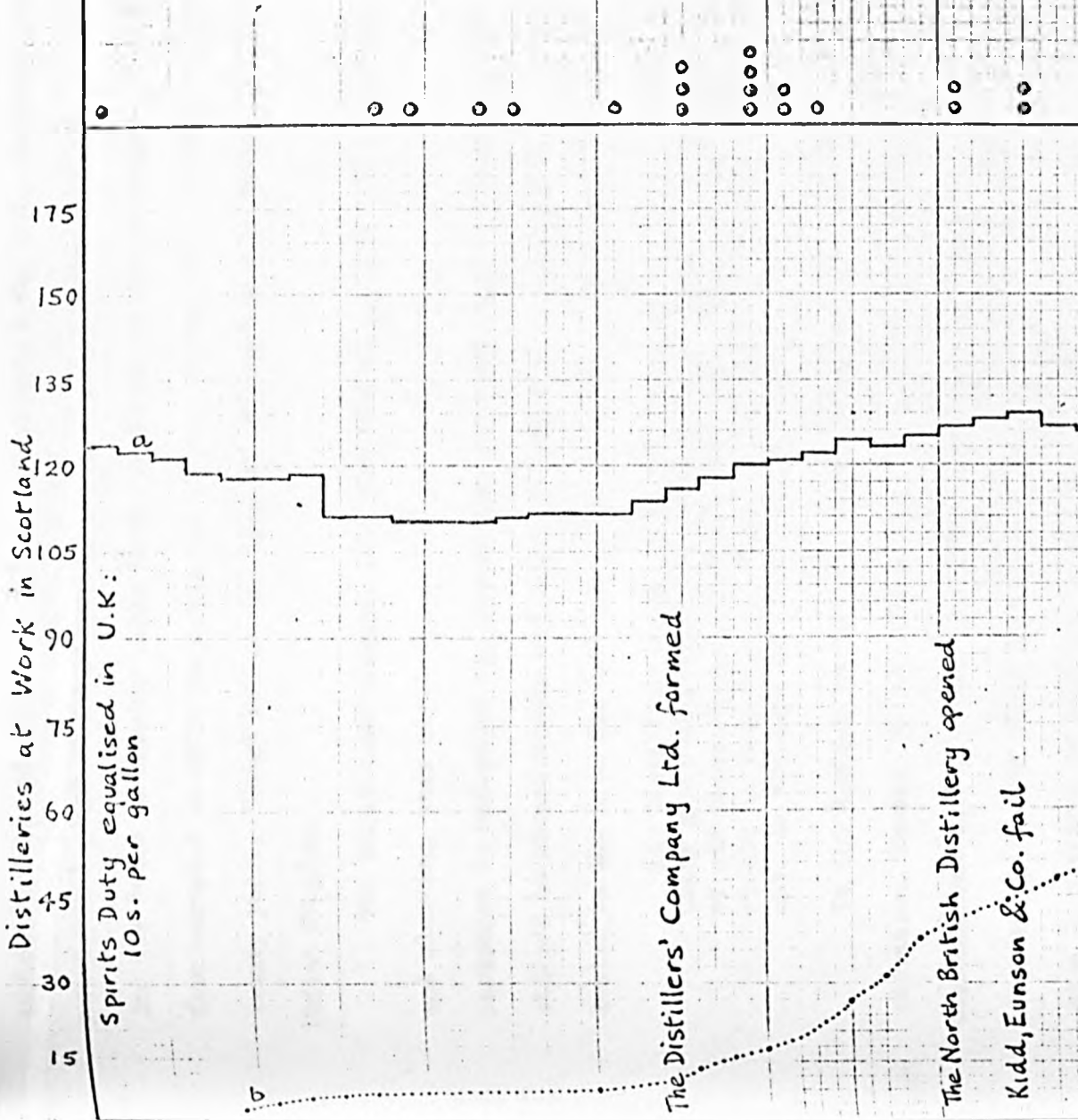


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DAMAGED TEXT IN ORIGINAL

The Great Distillery Promotion



Distilleries at Work in Scotland
Spirits Duty equalised in U.K.
10s. per gallon

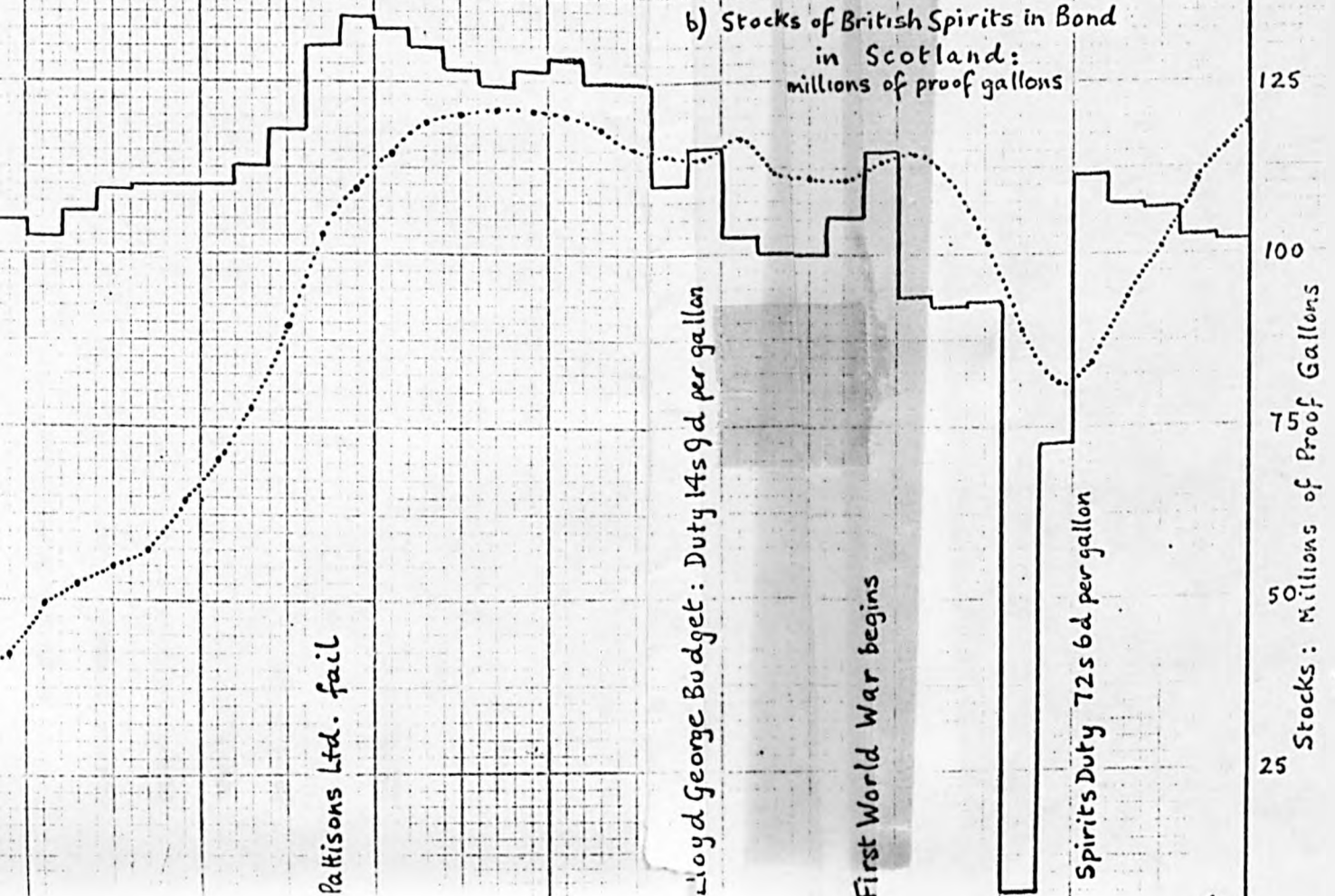
The Distillers' Company Ltd. formed

The North British Distillery opened
Kidd, Eunson & Co. fail

New Distilleries built or opened in Scotland



- a) Number of Distilleries at Work in Scotland
- b) Stocks of British Spirits in Bond in Scotland: millions of proof gallons



Patison's Ltd. fail

Lloyd George Budget: Duty 14s 9d per gallon

First World War begins

Spirits Duty 72s 6d per gallon

Stocks: Millions of Proof Gallons

market for blended whisky. In 1919, John Haig & Co. Ltd., Markinch, whose patent still plant at Cameronbridge was a founder member of D.C.L., were looking for funds to develop their trade in Scotch whisky in Britain, and therefore accepted an offer from the Distillers Company Ltd. Within the next twenty years, 'Haig' became the largest selling brand of Scotch whisky in the United Kingdom.

The Distillers' Company Ltd. had thus to go into malt whisky distilling and blending, when small firms were going to the wall: it had to buy up its customers to safeguard its demand position, and export connections; it felt obliged to absorb stocks and carry on Scotch whisky enterprises, or be left behind in the race for the top position. According to William Ross:-

The Distillers Company Ltd. had to do this if only to save their grain distilling interests because there was a possibility of all these distilleries and the other blending firms and their stocks falling into the hands of their rivals who might then be able to dominate or dictate to the D.C.L. 92

To the blender or distiller with limited capital, the company was a salvation, because D.C.L. was better placed to carry the loss of closing uneconomical distilleries, than the entrepreneur whose entire capital it represented; many would have been ruined had it not been that D.C.L. offered a fair price, or equitable terms for amalgamation.

With the Distillers' Company Ltd., under Ross, playing the part of an honest broker, there was thus much joint activity and co-operation (as between the group and Walker) long before the big amalgamations of the leading blending companies after the First World War, which itself forced the pace of structural change in Scottish distilling.

Conclusion:

The rise and progress of the Scotch whisky industry may be traced from the eighteenth century, but in fact remarkably few distilleries date

from that time - only some 20 per cent of those at present in production originated before 1825.⁹³ This alone is evidence for the immense changes which the industry has endured.

Growth in the early 1880s was slowed down in 1886-8, after which there was a marked trade revival to 1891, when expansion accelerated, culminating in the severe collapse and contraction of 1898-1900.⁹⁴ Attitudes to whisky as an investment altered; in the boom years, whisky was a speculator's favourite:

It is an investment which is very much thought of, and is carried on to a very large extent in Scotland by gentlemen outside the trade altogether ... men who have money saved instead of investing it in railways, and other things, invest it in whisky; it is a very good and safe investment indeed. 95

There was a pleasing prospect of a rise in the value of whisky stocks by 10 to 15 per cent if the investor bought well, but sometimes one could lose if there was no market for certain whiskies. Speculation brought glut in its train.

The boom had been assisted by the enormous capital brought into the trade by those speculatively inclined; much too liberal facilities were extended by the banks ... crossing of parcels [of whisky] gave an appearance of trade that was spurious ... credit was raised by discount to many times the value of the parcel. 96

The slump inflicted heavy losses not only on distilling and blending firms, but on the entire complex of activities connected with the Scotch whisky industry. Shares in public companies promoted in the boom, and bought at par or over par depreciated 50 per cent or more in most instances, while those holding stocks as a security or investment had little or no return on their money in the trough of the depression.

The pot still units, blending, and bottling firms were mainly in the

93. Barnard (1969) op. cit., Introduction.

94. S.B.H., V, (1913), p. 38.

95. P.P., Select Committee: (1891), p. 65.

96. S.B.H., op. cit., p. 37.

hands of family enterprises and small companies pre-1914, but the trend towards bigger groupings as a solution for over-production, as well as for administrative convenience and economies of scale, was induced by the depression in trade and the priorities of the war economy. As in the Second World War the distillation of whisky, which was at first restricted, was later completely curtailed in 1917; no new whisky thus entered bond. The scarcities arising from this phase enabled some distillers to dispose of their businesses; the redundant units were closed down to allow others to work at a higher rate of output. Productive capacity was thus brought more into line with demand at home and abroad.

Competition became increasingly monopolistic, price leadership in the market coming from the big firms of blenders. A logical step was amalgamation, concentrating control of management, production and price setting in one central organisation. Competition was modified and restricted after the protracted malaise in trade, and the industry was undergoing structural re-organisation of a profound kind, with the Distillers' Company Ltd. as a spearhead of change and consolidation. There was justification for cautious hope, there being 'no reason why the trade should not prove a profitable industry.'⁹⁷

At the same time, other intensely competitive elements remained, such as the rivalry between the 'combine' and the 'independents', like Grants and Bells, or the contests in the export field, to which firms turned increasingly when the oppressive taxation of Scotch whisky in the British market began, because 'in whisky the Treasury discovered a milch cow with a wonderful yield and since then has never ceased to milk it.'⁹⁸ To-day over 75 per cent of the Scotch whisky sold each year is consumed abroad, and the rate of duty exceeds £18 per proof gallon.

97. Court, op. cit., pp. 240-2.

98. Bruce-Lockhart, op. cit., p. 127.

Regarding the composition of Scotch whisky, the 'What is Whisky' prosecutions, and 'even the labours of a Royal Commission were not adequate for the elucidation of that momentous question.'⁹⁹ Before 1914, the public had a choice between pure malt, pure grain or a blend, which united the heavier nature of pot still whisky, with a lighter and cheaper spirit. By 1890, 'district whiskies' with pronounced flavours were out of fashion, and people showed a marked preference for blended whisky.

The practice of blending was the key to consistency in aroma and taste; it brought together the robust quality of the Highland malt whiskies, the peaty Islays, and the thinner Lowland malts, fusing them with bland grain spirit. Blenders had to display both skill and knowledge, for some whiskies combined more harmoniously than others. Although the Royal Commission on Whiskey appeared to favour patent still distillers, blended Scotch whisky won fresh recognition for the pot still units, whose product alone conferred distinction. Individual brands were evolved, constant in character, and recognisable in appearance; to-day, there are over 3,000 registered varieties, of which about 100 are well known. On the basis of these brands, identified by the ingenuity of modern marketing devices - bottle shapes, trade marks, labels, and eye-catching advertisements - the Scotch whisky industry has attained its greatest commercial achievements in its history.

99. S.B.M., op. cit., p. 37.

STATISTICAL TABLES:

TABLE A

1. Production Spirits distilled in Scotland:
proof gallons: thousands.
2. Consumption: Spirits consumed in Scotland:
proof gallons: thousands.
3. Stocks: British Spirits in Bond in Scotland:
proof gallons: thousands.
4. Number of Distilleries at work in Scotland
5. Detections for Illicit Distillation in Scotland

Sources: Reports of the Inland Revenue to 1909;
thereafter Reports of H.M. Customs & Excise.

Year	Production	Consumption	Stocks	No. of Distilleries at Work	Detections for Illicit Distillation
	1	2	3	4	5
1800	1,278	1,278		55	
1801	1,296	1,296		7	
1802	1,345	1,159		84	
1803	2,247	2,022		88	
1804	2,478	1,190		66	
1805	2,618	1,626		57	
1806	2,788	1,812		75	
1807	3,397	2,653		76	
1808	3,589	2,683		67	
1809	2,611	1,315		36	
1810	2,172	1,748		29	
1811	2,860	1,951		62	
1812	3,002	1,688		36	
1813	1,843	1,234		24	
1814	2,988	1,474		30	
1815	3,024	1,591		37	
1816	2,145	919		36	
1817	3,060	1,907		107	
1818	3,063	2,067		112	
1819	3,547	2,125		147	c. 4000 prosecutions
1820	3,278	1,864		131	
1821	3,217	2,385		115	
1822	3,338	2,225		118	
1823	3,084	2,303		111	c. 14,000 detections
1824	5,908	4,350		167	
1825	8,225	5,982		245	
1826	8,564	3,989		263	
1827	7,244	4,752		246	
1828	10,117	5,716		243	
1829	9,649	5,777		253	
1830	9,883	6,008		249	392
1831	9,510	5,701		240	282
1832	7,979	5,407		233	296
1833	9,147	5,989		243	711
1834	9,193	6,045		231	692
1835	9,133	6,014		230	764
1836	10,223	6,621		222	453
1837	9,012	6,124		216	424
1838	9,047	6,260		213	412
1839	9,872	6,189		209	238

(Continued)

Table A (continued)

Year	1	2	3	4	5
1840	8,822	6,180		205	244
1841	8,504	5,990		189	252
1842	7,659	5,595		173	139
1843	7,650	5,594		178	256
1844	8,321	5,923		169	177
1845	9,419	6,441		170	148
1846	9,735	6,975		175	95
1847	8,542	6,193		173	64
1848	9,600	6,548		167	69
1849	10,847	6,935		166	103
1850	11,638	7,123		161	142
1851	10,381	6,831		160	89
1852	9,942	7,172		153	124
1853	10,360	6,535		143	73
1854	9,862	year ending March 31	4,090	138	year ending 31 March 73
1855	11,284	6,009		137	
1856	Year ending March 31	5,637		128	58
1857	12,460	5,368		129	50
1858	13,350	5,575		129	48
1859	12,748	5,325		127	37
1860	13,312	5,581		125	29
1861	11,212	4,250		124	18
1862	12,546	4,417		122	23
1863	13,198	4,511		119	26
1864	13,712	4,769	11,095	116	19
1865	14,503	5,030		116	9
1866	13,097	5,203		117	12
1867	11,806	5,452	3,604	113	10
1868	11,805	4,781	3,841	111	11
1869	12,197	5,027	4,747	110	16
1870	13,799	5,364	6,447	110	5
1871	14,502	5,557	6,609	110	15
1872	13,937	5,802	6,681	111	8
1873	15,836	6,610	7,097	112	10
1874	16,870	6,910	7,817	111	6
1875	16,228	6,990	9,346	111	2
1876	17,589	6,857	11,461	114	1
1877	18,343	7,006	14,397	116	2
1878	18,666	7,142	16,970	118	2
1879	17,394	6,409	18,440	120	2

(Continued)

Table A (continued)

Year	1	2	3	4	5
1880	16,558	6,086	18,832	121	5
1881	16,753	6,394	20,718	122	3
1882	19,216	6,542	23,475	124	8
1883	19,322	6,496	26,825	123	16
1884	20,165	6,708	32,356	125	13
1885	20,611	6,629	Year ended 31 March	127	22
1886	17,982	6,297	37,786	128	16
1887	17,404	6,122	40,488	129	17
1888	18,160	6,024	43,689	127	40
1889	18,721	5,769	46,688	126	31
1890	20,091	6,264	50,550	124	28
1891	21,101	6,550	54,312	128	15
1892	20,287	6,938	58,186	130	19
1893	20,107	6,446	58,055	132	21
1894	21,472	6,442	61,275	132	16
1895	22,236	6,019	65,073	132	10
1896	24,713	6,490	69,616	136	6
1897	28,519	6,622	77,172	143	15
1898	33,745	6,760	89,753	157	2
1899	35,769	7,079	103,290	161	5
1900	31,798	8,380	109,898	159	2
1901	30,196	7,471	114,853	156	1
1902	29,973	7,115	119,948	152	2
1903	26,008	7,399	120,342	149	6
1904	27,111	7,192	121,397	152	9
1905	25,185	6,759	121,778	153	3
1906	23,815	6,711	120,242	150	2
1907	24,840	6,852	118,977	150	2
1908	22,797	6,956	115,649	132	1
1909	24,408	6,661	114,188	142	2
1910	22,509	4,559	115,890	124	4
1911	20,021	5,053	112,177	122	4
1912	23,630	5,539	111,236	120	1
1913	24,115	5,709	110,735	127	2
1914	23,024	6,173	113,040	133	2

TABLE B
SPIRIT DUTY, 1791-1920

Years	England		Scotland						Ireland	
	Duty/Gallon		Lowland			Highland			Duty/Gallon	
			Duty/Gallon of Still Content							
	s.	d.	£	s.	d.	£	s.	d.	s.	d.
1791	3	4 $\frac{1}{2}$	3	12	0	1	4	0	1	1 $\frac{1}{2}$
1794	3	10 $\frac{1}{2}$	10	16	0 $\frac{1}{2}$	1	16	0	1	1 $\frac{1}{2}$
1797	4	10 $\frac{1}{2}$	64	16	4	3	0	0	1	5 $\frac{1}{2}$
1800	5	4 $\frac{1}{2}$	64	16	4	7	16	0 $\frac{1}{2}$	2	4 $\frac{1}{2}$
									2	10 $\frac{1}{2}$
			Duty/Gallon Made							
1802	5	4 $\frac{1}{2}$	3	10 $\frac{1}{2}$		3	4 $\frac{1}{2}$			
1804	8	0 $\frac{1}{2}$	5	9 $\frac{1}{2}$		5	0 $\frac{1}{2}$		4	1
1807	8	0 $\frac{1}{2}$	5	8 $\frac{1}{2}$		4	11 $\frac{1}{2}$		4	1
1811	10	2 $\frac{1}{2}$	8	0 $\frac{1}{2}$		6	7 $\frac{1}{2}$		2	6 $\frac{1}{2}$
						s.	d.			
1815	10	2 $\frac{1}{2}$				9	4 $\frac{1}{2}$		6	1 $\frac{1}{2}$
1817	10	2 $\frac{1}{2}$				6	2		5	7 $\frac{1}{2}$
1823	11	9 $\frac{1}{2}$				2	4 $\frac{1}{2}$		2	4 $\frac{1}{2}$
1825	11	8 $\frac{1}{2}$				2	4 $\frac{1}{2}$		2	4 $\frac{1}{2}$
1826	7	0				2	10		2	10
1830	7	6				3	4		3	4
1840	7	10				3	2		2	4
1853	7	10				4	2		3	4
1854	7	10				(5	2		4	0
						(6	0			
1855	8	0				(7	10		(6	0
						(2	0		(6	2
1860	8	0				(2	0		8	0
U.K. Rate	-	-				(10	0		-	-
1890	-	-				10	6		-	-
1894	-	-				11	0		-	-
1895	-	-				10	6		-	-
1900	-	-				11	0		-	-
1909	-	-				14	9		-	-
1910	-	-				30	0		-	-
1919	-	-				50	0		-	-
1920	-	-				72	6		-	-

Source: Years to 1830, D. Bremner, Industries of Scotland, p. 450; thereafter G.B. Wilson, Alcohol and the Nation, p. 318.

Year	Value	Value	Value	Value
1700
1710
1720
1730
1740
1750
1760
1770
1780
1790

**Statistical Tables for the
Distilling Industry in Scotland in the
Eighteenth Century.**

Tables C, D, and E.

Year	Value	Value	Value
1700
1710
1720
1730
1740
1750
1760
1770
1780
1790

TABLE C

Illicit Distillation: Stills seized: 1778-98

Year	Lowlands	Highlands	Year	Lowlands	Highlands
1778	2	-	1789	192	402
1780	169	253	1790	162	296
1781	927	767	1791	79	259
1782	819	1,121	1792	91	158
1783	857	667	1793	62	193
1784	127	524	1794	33	175
1785	779	992	1795	25	168
1786	566	479	1796	464	799
1787	560	725	1797	50	259
1788	149	434	1798	11	43

Source: P.P., Report from the Committee upon the Distilleries in Scotland 1798: App. 37, p. 432

TABLE D

Production of Spirits in Scotland: gallons.

Year	Production	Year	Production
1709	65,922	1755	418,714
1714	75,046	1761	48,035
1720	47,370	1764	32,537
1722	62,577	1767	33,859
1724	51,071	1778	64,826
1726	143,603	1779	88,163
1732	160,189	1780	217,901
1735	104,036	1781	219,935
1738	272,080	1782	264,425
1749	436,576	1783	184,487
1752	543,038	1784	268,503

Source: Moreland, S., Essay on ... Inebriating Liquors, p. 322.

TABLE E

Spirits made in Scotland
Exports to England: gallons

Year	Quantity
1779-80	34,067
1785-6	831,969
1786-7	32,267
1789-9	195,000
1809	751,896
1812	1,294,211
1815	1,520,686
1818	1,637,724
1820	1,341,978

- Sources: 1779-89: H. Hamilton, The Economic History of Scotland in the 18th Century, p. 108.
- 1809-20: Moreland, S., Essay on ... Inebriating Liquors, p. 323; (based on P.P., 409, 1722.)

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 GD 51/5/289
 GD 51/5/290

Seaforth Muniments:

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 GD 46/13/118
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 GD 46/13/140
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1 McNeill R 12/2

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(3) Plans:

Descriptive List of Plans, SRO, Vol. I, Distilleries:
RHP 151/1 Industrial Plan showing Carsebridge Distillery, (1853)
RHP 246: Lands of Sunberry property of James Haig, Esq., (1807)
RHP 303: Feu by Messrs. Carrick, including Caledonian Distillery & Malt Barns (1869)
RHP 252: The Grange Distillery, Burntisland (1829)
RHP 853: Lands of Tulliallan: dams & aqueducts in dispute, Messrs. Robt. Stein & Co. (1806)
RHP 456: Largs, part of the channel of the river Gogo: distillery is mentioned.
RHP 96: and RHP 560: Cadder, lithographed railway plan showing proposed new road bridge over railway: Loch distillery is noted. (1841 and 1843)
RHP 242: Plan of Carron River from Carron works to Grangemouth: etc. Cable Brae distillery is shown in elevation. (1797)

(4) Miscellaneous:

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97:57: Wilson v. Cowans (1752)
355:18: Munro v. Davidson (1788)
356:13: John Balmano, distiller (1789)
364:8: Sawers v. Haig (1796) (Canonmills)
378:64: Stein v. Gilmour, (1797-8)
406:57: Binnie v. Stein (1799)

(b) Signet Library, Edinburgh (Continued)

417:16: Wemyss v. Stein (1800)
 440:65: Stein v. Binnie (1801-2)
 250:19: Stein v. Dalrymple - Hamilton (1810)
 Haddington
 333:7: Stein v. Stirling (1813-18)
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(c) Business Papers in private ownership:

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