

Verbal amendments should be sent in writing to the Secretary. Members who cannot attend the meeting can send in any amendments, which will be carefully considered.

MUNICIPAL DRINK TRAFFIC

TEETOTALERS contend that the drinking customs and licensing laws of England need drastic reforms, and few can be found to deny the justice of their opinion. With the Temperance movement, so far as its methods are personal and moral, we have no quarrel and no present concern. Our subject is the political aspect of the drink question and the reforms which are proposed in licensing law.

Neither of the great political parties has reason to be proud of its experiments in temperance legislation. The Conservatives proposed a scheme of reduction of licences with compensation, which was swept out of existence by a storm of public anger; and now they venture on nothing more drastic than a Royal Commission which will probably produce the same result as most Royal Commissions. As for the Liberals, Sir William Harcourt, in preparing his ill-advised and badly planned measure, blindly followed the lead of the militant temperance section, and ignored the views of his late chief, who, with his usual wisdom, had "but a poor opinion of mere limitation by reducing the number of licences," and favored the Gothenburg system, or, as an alternative, "free trade with . . . adequate taxation."*

The Local Veto Bill.

The Government Bill was crude local veto, a plan workable perhaps in the Australian bush, but quite unsuited to Lancashire and London. It gave a majority of two-thirds of the voters power to veto, and a bare majority power to reduce by one-fourth the number of licences issued. The area selected was the smallest possible, namely, the ward of any parish or borough where wards existed. Sir William seems to have read parts of Mr. Fanshaw's American Report, and a tract or two on the Gothenburg system, and with this mental equipment he set up as the leader of the Liberal Party on its new Teetotal crusade. The House of Commons did not reject the bill and the country in consequence rejected the House of Commons.

Prohibition a Failure.

The first and most serious objection to any scheme permitting the prohibition of the sale of liquor is that wherever it has been tried it has proved a failure, unless the prohibitive district contains only a thin rural population. In such districts and in a few exceptional places it may occasionally be enforced. But it has never succeeded in any large town other than a place such as Cambridge, Mass., which is practically a suburb of Boston. Attempts to enforce prohibition result in immediate reaction and repeal of the law, as in

* Letter from Rt. Hon. W. E. Gladstone to Mr. Snape, quoted in *Pall Mall Gazette*, 4th October, 1895.

Iowa and ten other American States, and in Canada under the Scott Act, or else in an enormous expansion of illicit trade. In Portland, the chief town of Maine, during twenty-one years, from 1872 to 1892, there were only two years (1874 and 1892) in which less than 1,000 persons were arrested for drunkenness, and, in 1875, as many as 2,400 such arrests were made. The population increased from 31,413 in 1870 to 36,425 in 1890, and, on the average, less arrests were made in the later years. But the fact remains that prohibition in Portland does not prevent drunkenness. In Bangor (Maine) the law is openly defied, and there are said to be 300 drink shops for a population of 20,000. Kansas is a prohibition State, but in its largest town, Kansas City, the law is a dead letter. In Leavenworth, with 21,000 inhabitants, there are 125 saloons which are regularly fined once a month. In Iowa, in 1885, under Prohibition, according to a special report by Senator Sutton, there were 1,837 open saloons; and Mr. Fanshaw, author of an admirable report on American liquor legislation from which much of our information has been derived, found that liquor was sold there in 1893 without any sort of concealment, and a "grand masquerade ball given by the saloon-keepers and bar-tenders of Davenport" was billed on all the hoardings. In Fulton County, Georgia, which under local option had strict prohibition, 57 persons took out Federal licences to sell liquor in 1887. This is but one example of a very common practice in America. The Federal licence law is strictly enforced, and is obeyed even where obedience is *ipso facto* evidence accessible to all of disobedience to the State law. In Des Moines, another prohibition town, the visitor can get liquor freely at his hotel, but the card on which he writes his order is headed "pharmacy" instead of "wine list."*

The Report of the Committee of Fifty issued last year, on the results of Prohibition in the United States is almost conclusive.

PROHIBITION.

Prohibitory legislation has succeeded in abolishing and preventing the manufacture on a large scale of distilled and malt liquors within the areas covered by it. In districts where public sentiment has been strongly in its favor it has made it hard to obtain intoxicants, thereby removing temptation from the young and from persons disposed to alcoholic excesses.

But prohibitory legislation has failed to exclude intoxicants completely even from districts where public sentiment has been favorable. In districts where public sentiment has been adverse or strongly divided, the traffic in alcoholic beverages has been sometimes repressed or harassed, but never exterminated or rendered unprofitable. In Maine and Iowa there have always been counties and municipalities in complete and successful rebellion against the law.

There have been concomitant evils of prohibitory legislation. The efforts to enforce it during forty years past have had some unlooked-for effects on public respect for courts, judicial procedure, oaths, and law in general, and for officers of the law, legislators, and public servants. The public have seen law defied, a whole generation of habitual law-breakers schooled in evasion and shamelessness, courts ineffective through fluctuations of policy, delays, perjuries, negligences, and other miscarriages of justice; officers of the law double-faced and mercenary, legislators timid and insincere, candidates for office hypocritical and truckling, and office holders unfaithful to pledges and to reasonable public expectation. Through an agitation which has

* *Liquor Legislation in the United States and Canada.* By E. L. Fanshaw. (Cassell, 1895; pp. 112, 137, 153, 325, etc.)

Liquor problem - United Kingdom



"six in a room" was arranged to consult a doctor, who attributed her discomfort as comfortable enough.

always had a moral end, these immoralities have been developed and made conspicuous. The liquor traffic, being very profitable, has been able, when attacked by prohibitory legislation, to pay fines, bribes, hush-money and assessments for political purposes, to large amounts. This money has tended to corrupt the lower courts, the police administration, political organizations and even the electorate itself. Wherever the voting force of the liquor traffic and its allies is considerable, candidates for office and office holders are tempted to serve a dangerous trade interest, which is often in antagonism to the public interest. Frequent yielding to this temptation causes general degeneration in public life, breeds contempt for the public service, and of course makes the service less desirable for upright men. Again, the sight of justices, constables and informers enforcing a prohibitory law far enough to get from it the fines and fees which profit them, but not far enough to extinguish the traffic and so cut off the source of their profits, is demoralizing to society at large. All legislation intended to put restrictions on the liquor traffic, except perhaps, the simple tax, is more or less liable to these objections; but the prohibitory legislation is the worst of all in these respects, because it stimulates to the utmost its resistance of the liquor dealers and their supporters.

Of course there are disputed effects of efforts at prohibition. Whether it has or has not reduced the consumption of intoxicants and diminished drunkenness is a matter of opinion, and opinions differ widely. No demonstration on either of these points has been reached, or is now attainable, after more than forty years of observation and experience.—“Liquor Problem,” pp. 4, 5, 6.

This verdict appears to be endorsed by prohibitionists in Maine itself if we believe a resolution stated to have been adopted by them “a couple of years ago” :—“We declare that the State of Maine presents a condition of lawlessness that disgraces its civilization; that nullification of the liquor law is widespread and open; that whole communities are compelled to consent to a shameless illegal traffic; that county officials work the law for the purposes of revenue; and that long-continued familiarity with illegal rum selling has begotten in a considerable number of citizens a disrespect of the law in general.”*

It seems therefore that, except in rural districts, a Prohibitive Liquor law cannot be enforced. The police will not arrest offenders; the magistrates decline to commit them; the juries refuse to convict. We do not want to establish in England the habit of passing laws and then neglecting to see that they are obeyed. Nothing is so demoralizing to a people as defiance of the laws which they themselves have made. If, therefore, prohibition cannot be enforced when enacted, let us set our faces steadily against enacting it.

Other Objections to Local Veto.

A CLASS MEASURE.

The first result of allowing any ward of an electoral area to veto the issue of licences would be that respectable residential districts would still protect themselves from the “lower orders” by driving out the “poor men’s clubs” in their midst. South Kensington electors have their clubs in Pall Mall and their offices and resorts in the City. Their wives and sisters have well-stocked cellars at their disposal. The cab-drivers and dustmen, the grooms and green-grocers, who are obliged to live and work in these localities, would be forced to go elsewhere for the refreshment they desire. This is no imaginary objection. It is exactly what is happening in Massa-

* Quoted in *Clarion* for 17th September, 1898.

chusetts. The growth of "a no licence régime in that State is solely attributable to the action of cities and towns within a radius twelve miles from the centre of Boston."* So in London the wealthy wards of Hampstead and Kensington, Wimbledon and Chiswick, would protect themselves at the expense of the already over-licensed central districts, just as Edgbaston already is protected by its owner to the detriment of the rest of Birmingham.

INEFFECTIVE LEGISLATION.

By its essence local option and veto would not affect those districts where a reduction in the number of licences is most wanted. The glaring gin palace is dangerously attractive to dwellers in the neighboring slums; the low public house fosters the growth of criminal classes. What good would local veto do amongst such populations? Does any sane person suppose that wards in Whitechapel or Soho, or the dock districts of Hull and Liverpool would give a majority of teetotal voters? Legislation on the principle of asking the blind to lead the blind is not up to the standard of modern political science.

The Plan of Referendum.

This is not the occasion to discuss the place of a referendum or popular vote in modern political machinery. It is enough to say that experience (as under the Scott Act in Canada) shows that the "local option" vote is singularly unstable; and constant change from licence to no licence (or, as the American phrase is, from a wet to a dry vote) would in our opinion in no way suit the temper and habits of the English people. Especially unsatisfactory would be such instability in the event, which is not improbable, of the adoption of a compensation scheme in any bill for reduction of the number of licences. It would be a grand pull for the publicans to be ousted and compensated (in the liberal English fashion) one year and reinstated the next by a popular vote. By a little skilful wire-pulling and canvassing the big brewery companies could thus gather a rich harvest from their tied houses.

Local Option for Reduction of Licenses.

There is some show of argument for taking a popular vote on the question of veto. There is no reason at all for asking each locality to determine by a vote whether or not it will reduce by one fourth the number of its licenses. At present the justices exercise their discretion, and grant such licenses as in their opinion are required. The right principle clearly is to continue this discretion to the licensing authority, but to limit it by a maximum and minimum fixed by general law. The total number of licenses is not usually a matter of the first importance, and clearly any districts which at present are debauched by an excess of drink shops would be the last to give a temperance vote. But it is exactly these districts where a reduction is needed, and where it can only be carried out by an independent authority, which should be responsible to the electors of a much larger area, if responsible to the electors at all,

* "The Liquor Problem," p. 227.

"six in a room" was suggested to consult a doctor, who attributed her illness to the fact that she had no comfortable enough.

and in our opinion should be guided by a general limitation statute. We shall next find politicians proposing that the number of police in each ward shall be determined by a local vote, in order that the wishes of the criminal districts may be adequately carried out. The right number of licences for a district is a matter which should be decided on evidence, by a representative body acting on full information laid before it.

Even more important is the objection that local veto does not touch the more serious evils of the present system. It does nothing to remove the private element in the trade which in our view is the root of the evil. The profits of the trade would still flow into private purses, and the consumer would pay huge dividends to brewery companies, because the law banishes free competition. We do not desire the increase of competition or the decrease of prices, but we object to the creation of a profitable monopoly by law, and the appropriation of its profit by private people. Nothing is done by local option to remove from the retailer the incentive to incite his customers to drink. The private licensee remains as anxious as ever to make his living out of the excesses of his victims.

Local veto increases the concern of the liquor dealers in politics and takes no step to deprive the trade of the malign power which at present it exercises so vigorously. Local option is to social reform in the same relation as charity to social suffering. As the ignorant and well-meaning person attempts to cure poverty by giving coppers to beggars, so the local vetoist tries to cure drunkenness by shutting public houses; and he adopts a popular vote because it is the easiest form of machinery to devise, and transfers responsibility of action from the legislator to the elector, just as the donor of charitable doles saves himself the trouble and responsibility of deciding on complex but real remedies for the distress which he cannot ignore.

Other Reform Projects.

Local option and local veto hold the field as temperance remedies. They have been put forward by Ministers of the Crown and have achieved the overthrow of a party. But there are other proposals seriously advocated which merit our attention.

In 1893, the Bishop of Chester introduced a bill into the House of Lords "for establishing a system of retail sale of intoxicating liquor by an authorized company." It provided that any district might decide by a ballot to adopt the Act; that on adoption by a bare majority no new licenses should be issued except to a company; and after five years all licenses should be handed over to the company which meantime should have power to take over existing licenses on payment of full compensation. Profits over 5 per cent. were to go to old age pensions, public libraries, hospitals and the like. In other respects the bill was a close copy of the Gothenburg system. It is a carefully thought-out scheme and its draughtsman deserves much credit for it, but of course the House of Lords threw it out on the second reading.

In the same year the Bishop of London introduced a bill to establish elective licensing boards which, after five years, should not

have power to grant more licences than 1 per 1,000 population in towns, and 1 per 600 in rural districts. The board would also have power, apparently, to refuse all licences. This bill also was rejected.

Other less authorized programs must be dismissed in a word or two. Aberdeen has a project to enable the municipality to administer the traffic through a committee two-thirds councillors and one-third nominated by the council, but ultimately subject to it. Absolute veto after a two-thirds vote on a referendum, and in any case a five years moratorium are provided. A somewhat similar scheme emanates from Dundee. According to this a specially elected board will become the licensing authority, and will have power to municipalize or to license a philanthropic company. The fatal clause allowing absolute veto on a two thirds vote appears as usual.

The Public House Reform Association, presided over by the Duke of Westminster, and patronized by Mr. Chamberlain, is an active organization for carrying through the Gothenburg plan, but I do not find that they have yet formulated any detailed scheme.

Threefold Option.

The Scottish Threefold Option Alliance,* an active society with many influential supporters in Scotland, has a more important project embodied in a Bill (No. 196) introduced on 3rd May, 1898. By its provisions the Town and County Councils of Scotland would become the Licensing Authorities, and would be empowered to take a poll of the electors on three issues. The alternatives are: (1) Prohibition, which would require a two-thirds majority; (2) Limitation, according to which, after five years, no more than one licence for 300 *electors* in an urban district, and one per 150 *electors* in a rural district, would be issued. These licences would be sold by auction to the highest bidder. The third option is for Local Management, and provides that, after five years, the Licensing Authority shall take over the management of the traffic and conduct it by means of a committee, or through a public company, on the 4 per cent. Gothenburg basis.

There are in the Bill some minor clauses, as that for the constitution of a publicly supported Temperance Reform Fund, which should be deleted when it is next introduced. Apart from these, and excepting the popular vote and the prohibition alternative, which we cannot endorse for reasons given elsewhere, the scheme is one of the best that has yet been drafted, and is an important step in the education of public opinion.

Mr. Chamberlain's Proposals.

But the most important project of reform is a good deal older than these, and emanated from a city once famous as the vanguard of municipal advance. Speaking before the House of Lords Committee on Intemperance in 1877, Mr. Joseph Chamberlain stated that the Birmingham Board of Guardians unanimously and the Town Council by forty-six to ten had approved a detailed scheme by which the Corporation should municipalize the liquor traffic of the

† 136 Wellington Street, Glasgow.

"six in a room" was suggested to consult a doctor, who attributed her illness to a room as comfortable enough.

town. He desired to obtain compulsory powers to buy licensed premises at the market price, which returned ten per cent. whilst the money could be borrowed at four per cent. In ten years he reckoned that the whole of the licences would belong to the Corporation. He preferred headquarters to a semi-private company, and scouted the idea that there could be any valid objection to municipal trading: all large municipalities were traders already.

The Committee issued a very statesmanlike report on Mr. Chamberlain's evidence, pointing out that it offered the following advantages, viz.: (1) local control; (2) diminution of number of licences; (3) removal of private interest in sales; (4) good liquor; (5) removal of public influence on elections; (6) reduction of drunkenness and relief, both directly and indirectly, of the rates. After dismissing the objections as unimportant, and shrewdly remarking that an experiment if successful would benefit the country, and if a failure would injure only Birmingham, the Committee reported in favor of granting the legislative facilities which Birmingham asked for. In the same year Mr. Chamberlain moved the following resolution in the House of Commons: "That it is desirable to empower Town Councils of Boroughs under the Municipal Corporations Acts to acquire compulsorily, on payment of fair compensation, the existing interests in the Retail Sale of Intoxicating Drink within their respective districts; and thereafter, *if they see fit*, to carry on the trade for the convenience of the inhabitants; but so that no individual shall have any interest in or derive any profit from the sale." This remarkable resolution was supported by 51 members of the House, but rejected by a majority of 52. Amongst those voting for it was Sir Wilfrid Lawson, who, in the course of a long speech, said: "Although I do not agree with everything in this resolution, there can be no doubt that it would, if passed, be the most deadly blow that this generation has seen struck at the liquor traffic as it at present exists."

Unfortunately, since this date the House of Lords recommendations seem to have been forgotten.

Reasons for Municipal Management.

Municipal management of the retail drink traffic is the only possible ultimate solution. The reasons for this are so obvious that it is not needful to do more than name them.

(1) The retail liquor trade is a simple one. There is, we are informed, no great variety of drinks to be compounded; new inventions are rare and fashions change but slowly. Stock in hand does not deteriorate but actually improves by keeping.

(2) Liquor now is said to be largely adulterated with harmful substances, to the detriment of the consumer and the profit of the producer. No *elective* body could provide adulterated liquor!

(3) The retail trade is strictly local and national. Temporary mismanagement by an unfortunately elected council could not drive it to foreign, or even to neighboring competitors;

(4) The trade is already to a large extent in the hands of a few monopolists. This indicates that it is ripening for complete centralization in the hands of public authorities.

(5) It has already been successfully managed by municipal or quasi-municipal authorities, as in Sweden and Norway ;

(6) It is in England already under strict governmental control, and a further extension of that control is a simple matter ;

(7) It is hugely profitable, and therefore suitable for municipalization ;

(8) Municipalization has special advantages in this trade above all others. For instance, it is specially important that liquor retailers should have no interest in persuading customers to drink to excess. But a publican who depends for his living on the profits of his sales is certain to encourage his customers like any other shopkeeper. Salaried municipal salesmen would have no interest in the drink they sold, and promotion would be more likely to follow diminished rather than increased sales.

(9) The second special advantage of municipalization of this trade is the destruction at once of the political power of the public house and the brewers. In England this power is a serious menace. In America it is a hideous monster. We all know how often politics in the States are completely controlled by Bosses who are nearly always in league with the saloons. This is not the place to describe their methods in detail. It is enough to refer to it as a possibility in England, and to note the dangerous symptoms of the disease already in our midst. It is fatal to the purity of politics that trade should influence elections. "The Trade" always votes for itself, frankly and unitedly. Politics to licensed victuallers are exclusively a matter of license laws and liquor duties. Pure downright self-interest alone determines the votes of publicans. We are a nation of shopkeepers by old repute ; but it will be an evil day when our politics are run by shopkeepers solely in the interest of their particular shops. The publican differs from all other shopkeepers in that he does induce his customers to buy more of his wares than they need. The public-house, too, is often the workman's club, and therefore its proprietor has special power to influence his votes. This much, at any rate, is certain, that it is high time that "The Trade" be removed from its position as to no small extent the arbiter of the destinies of our country.

It is true that the present proposal does not necessarily involve the big brewers and distillers. But the power of "The Trade" depends not so much on the long purses of the beer lords as on the fact that every public house is a committee room for the beer party, and every publican an agent for the politician who favors his trade. A municipal barman will no longer determine his politics by his occupation, and will have no need to influence the votes of his customers.

Our Proposals.

The experience of other countries* seems clearly to indicate that the following are practicable and real reforms :—

(1) Determination of a ratio of licenses to population, both a minimum and a maximum.

* See Fabian Tract No. 85.

"six in a room" was suggested to consult a doctor, who attributed her death to the fact that she had been so comfortable enough.

- (2) High licence.
- (3) A Representative Licensing Authority.
- (4) Municipal control.

I.—RATIO OF LICENCES TO POPULATION.

The first two proposals should be enacted for the whole country at once. A bill should be prepared providing that not more than say one licence to every 1,000 persons in urban districts and one per 600 in rural, as proposed by the Public House Amendment Bill of 1896, and by the Bishop of London's bill before mentioned. In rural districts the area should be the parish, so that each parish should have at least one licence.*

In any case the bill would require careful drafting, to make allowance for exceptional places, and for hotel and restaurant licences.

Moreover, it should operate gradually. Renewal of licences need not be refused to existing holders, but no fresh licenses should be issued or transfers of old ones allowed, if the number exceeded the statutory limit. By this means the scandal of excessive facilities for drinking in certain localities would be removed. For example :

II.—HIGH LICENCE.

In the next place the high licence system should be introduced. There is every possible reason why the value of the licence should no longer be a free gift to the brewery shareholders. No wonder on such terms that beer lords are crowding the aristocracy out of the House of Peers, and that brewery and distillery stocks stand at three, four, and five hundred per cent. premium. The city of Philadelphia received 1,999,200·56 dols. (say £400,000) for its 2,176 licences in 1894, and Boston received 1,084,194 dols. for the same year. The cry of municipal reformers is everywhere for more money, whilst their opponents call for, and sometimes get, relief for the ever-grumbling ratepayer. Here is a source of revenue ready to hand. The value of every public house licence should be secured at once for public purposes.

The assessment committee of each union should be ordered to determine the true rateable value of every public house as a going concern, and also the value of the premises, as an ordinary dwelling house or shop. The rates should be assessed in the ordinary way on the latter. The difference, that is the excess of annual value of the licensed premises over the same premises unlicensed, would clearly be the annual value of the licence. A deduction of 20 or 30 per cent. should be made for manager's wages, profits, etc. (the percentage would of course vary according to the size of the house, and in remote country inns with very small custom, it might run up to 50 or 70 per cent.), and the balance should be payable as licence rate to the rating authority. It should, of course, be further enacted that

* It is curious that law makers and law devisers always give a different proportion to urban and rural districts, but whilst American and Colonial practice is to allow more licences per population in towns, English projects would allow fewer. By the Massachusetts law of 1888, still in force, the limitation is 1 to every 1,000 inhabitants, except in Boston where it is 1 for every 500.

the occupier can deduct such rate from his rent, and any contract to the contrary must, as in the case of income tax, be null and void.

This scheme brings the high licence duty within the compass of existing law. No doubt for a time the licence rate would be inadequately levied. But the farmers and shopkeepers who form rural assessment committees—and as hereafter explained these would be mainly concerned—are not as a rule interested in the brewery companies that own the majority of the public houses, whilst they are interested in relieving their own rates. Difficult questions would of course arise, but custom would rapidly facilitate their settlement, and the law courts would be the courts of appeal in this as in other rating problems.

High licence is, under present arrangements, the barest justice. The monopoly created by law and custom is, to use an expressive American phrase, "a valuable franchise." At present it is handed over for nothing to the licensee, and in effect, as a rule, to the brewing or distilling company. It now goes in the form of enormous dividends into the pockets of the beer lords and brewery shareholders. No wonder the brewing industry is probably the most profitable in the country. If bakers or butchers or tobacconists were protected by licences from competition, and amalgamated into huge combines, big fortunes could as easily be made out of these trades at the expense of the consumer, and the House of Lords could speedily be filled with the owners of tied bakehouses or licensed butcheries.

"High licence prevails in Pennsylvania, and appears to be a success. The tone of the whole trade has been raised. The improved character of the saloon is remarked by all observant citizens. Sunday selling has ceased, and minors are usually kept out of the saloons. The wholesale dealers have stopped selling liquor to be consumed on their premises. In many places great care is taken not to sell to persons already visibly under the influence of liquor."*

"Speak-easies," "kitchen-bars," and other characteristic American institutions have sprung up since the Brooks Law of 1887, but that is a danger we must face. Probably we shall find it easier to cope with such offences in England, because it is our custom to carry out what the law enacts. In the United States the case is otherwise, and of fines under this Brooks Law in Philadelphia during the years 1893 and 1894, 78,340 dols. (£15,668) was imposed, and the sum collected was 16.75 dols. (£4 1s.). The rule is that persons fined are let off if they swear that they really cannot afford to pay, and this seems to be the usual state of affairs amongst the Philadelphia publicans.

An alternative method would be that usual in the United States, viz., raising the Justices' Licence from its present figure, a few shillings, to a suitable sum graduated on a regular scale. In Pennsylvania the scale by the law of 1890 is, licences in cities of the first and second class, £200; third class, £100; in other cities £60; in boroughs, £30, and in townships £15. This law doubled the fee in first and second class cities, but it had no effect in reducing the

* "Liquor Problem," Report on Philadelphia, p. 249.

"six in a room" was suggested to consult a doctor, who attributed her illness to a room which was not comfortable enough.

scramble for licences.* It is clear, therefore, that these fees are easily paid and do not represent the monopoly value of the licence. This simple system no doubt has advantages, though it would work more irregularly than the assessment plan, and would probably leave a larger monopoly value in the hands of the owner of the public house.

III.—REPRESENTATIVE LICENSING AUTHORITY.

We propose that every County, Town and District Council should in the first place be constituted the licensing authority for their respective areas: that is, that the duties of the Justices in Brewster Sessions† should be transferred to the local representative body. There is no reason why any appeal against their decisions should be given to any other body. Each council would by this enactment obtain complete control over the locality of the licences in its district, and over their number subject to the maximum and minimum law. For a period of five years (or such other term as should be decided) they would be restrained from refusing existing licences except for offences and they would have no other fresh compulsory powers of dealing with the traffic.

IV.—MUNICIPALIZATION.

The third is by far the most important of our proposals. The first point to determine is by no means an easy one. Are we to confer additional powers on Town Councils (and to save repetition that phrase must hereafter be interpreted as including the London County Council and Urban District Councils, but not County Councils) or shall we create a new licensing board elected *ad hoc*? Both courses are open to serious objection.

On the one hand the liquor issue will too often be an all-powerful one in determining the election of councillors. The time-honored distinctions between Liberal and Tory, Progressive and Moderate, will sink out of sight. Past services will be forgotten; promissory programs will attract no votes; elections from Inverness to Plymouth will be fought on the Publicans versus the Temperance party ticket. Municipal gas, water, trams, sanitation, parks, police, and the scores of other matters which now form the business of the town councillors, may sometimes be abandoned to the chances of the fight between publican and teetotaler. Nevertheless, these evils must be faced. The only alternative, the creation of another elective body, of a special council for dealing with the Liquor Trade, is out of the question. A Licensing Council elected by teetotalers or publicans, with no other duties, would often be a committee of fanatics, unaccustomed to municipal affairs, and the mouthpiece of a casual majority rather than the accredited representatives of the citizens. Men of affairs, accustomed to manage municipal gas and water and trams, are best fitted to conduct successfully the municipal Drink Traffic. The elaborate machinery of a modern municipality is ready to cope with a new department of corporate activity.

* "Liquor Problem," p. 234-240.

† See Fabian Tract No. 85.

And finally, we must not have any more elections. Already our frequent elections are a constant worry to the citizen who is concerned mainly in earning his daily bread. The Londoner especially, with his Vestries and Guardians, his School Board, County Council and Parliament, has little peace from the mild persistence of the canvasser and the wild eloquence of the candidate. A *crisis* is always bursting over him, when the fate of London or the Empire, his children or his drains or the rates, depends upon his presence at the polls to support the right. And as we sadly know, 50 to 70 per cent. of him calmly stays at home and lets the crisis burst and blow away unheeded.

Each new electoral opportunity tends to confirm the elector in his habit of abstention; and each new body to be elected creates a further demand on the small stock of competent persons able and willing to devote their time to the public service. Practical politicians know only too well how hard it is to find fit men and women willing to come forward as candidates for public bodies. Our vestries and town councils already are burdened with members, either ornamental and negligent, or malignantly active because they have private ends to serve. It is a choice of evils; and on the whole we prefer the former.

Our plan is to allow the council a wide choice of procedure after the expiry of the term of notice, because it would be impossible to compel them to undertake the management of the liquor traffic against the will of the citizens.

Subject to a general law, fixing a maximum and minimum number of licenses, and requiring the enforcement of a high license by fee, or assessment, the council should be empowered to adopt one or other of the following plans:—

- (1) Private management as at present. This no doubt would be the usual course at first, owing to the conservatism and dislike of change usual in England.
- (2) Sale by auction to the highest approved bidder.
- (3) The Gothenburg system: management by a semi-public joint stock company.
- (4) Municipal competition with private traders.
- (5) Complete municipal management.

In the first and second of the plans named the new duties of the council would not be heavy: they would simply replace the Justices in Brewster Sessions. They would have to arrange for a reduction of the number of licences to the legal maximum, where this was necessary, and for the public sale by auction if this plan were adopted. It is possible that, as in Norway, this method might merge into the Gothenburg system, since the highest bidder for licences might be a philanthropic company formed for the purpose.

The Gothenburg System.

The third alternative need not detain us long, since details can easily be learned from one of the numerous reports of its working in Norway and Sweden.*

* See also Fabian Tract No. 85.

"six in a room" was suggested to consult a doctor, who attributed their discomfort as comfortable enough.

The general lines would be the same as in those countries. The maximum dividend should be fixed at 4 per cent.; and all profit above this should be returned to the public purse. Councillors should have seats on the board of the company, as in Norway. The rates of profit to be charged should be fixed within narrow limits, in order to prevent prohibitive prices or undue concessions to consumers.

Municipal Management.

If the council determined to municipalize the drink traffic either partially or completely, they would no doubt arrange generally to take over existing licensed premises as going concerns. Very careful detailed rules must be drawn up and sanctioned by Parliament for the proper conduct of the business, in order to provide that reasonable prices be charged and proper facilities afforded: in a word, that the authorities carry on a *bonâ fide* business, and make no attempt either to enforce practical prohibition, or to secure enormous profits by encouraging excess of drinking. The latter course, however, could offer few temptations to a body which, unlike the publicans and brewers, has to consider not only public opinion, but the increase of poor rates, police rates, and hospital rates, and the decline in rateable values which so shortsighted a policy would involve. Undoubtedly, under municipal management, gin palaces and beer shops will gradually be replaced by refreshment houses and restaurants.

Of course every council should be empowered to produce its own beer and spirits. The municipal brewery is the natural accompaniment of the municipal public house. By this method a great part of the wholesale as well as the retail drink traffic will presently fall under public control, and yield a revenue to the collective purse.

Rural Districts.

We propose to confine the powers of the County Council over the liquor traffic to licensing, because the area of a county is too large for proper control over a scattered retail trade. But experience* has already shown that Parish Councils can sometimes manage their local liquor traffic very effectively. It would not perhaps be desirable that councils elected for one year, often by show of hands and more often still without a contest, should have uncontrolled power to municipalize their public houses. But the Local Government Board should have authority to permit any Parish Council to undertake the municipal supply of liquor, and to instruct the County Council to grant licences in any parish only to the Parish Council or its nominees.

The Profits.

The problem of the disposal of the profits of high licenses and of municipal management does not present any serious difficulty.

In the first place the officials of the licensing department must be highly paid. Any other policy would be a fatal mistake. The pro

* At Hill of Beath, Dunfermline (pop. 1,200), a municipal public house, owned by the Fife Coal Company and managed by a village committee, made £500 clear profit in 1896-7. See Mr. Carlow's evidence, Royal Commission, 8 February, 1898, especially Q. 49,666. Other parishes have adopted similar plans, as Grayshott, Hants.

fits of municipal management will be enormous, and a few hundreds or even thousands of pounds more or less spent in salaries in each town will not be noticed. The officials must be put above the temptation to accept the bribes which will certainly be offered them; and the surest way to obtain the services of men of ability and high character is to offer liberal salaries, secure tenure and retiring pensions. With such men to organize the municipal traffic, the difficulty likely to arise is not the raising of funds for their salaries but the wise expenditure of the profits which their department will yield.

A second charge would be compassionate allowances to persons deprived of their livelihood by the closing of public houses, and any compensation payable as proposed in another paragraph.

The council will of course be entitled to use any part of the profits for capital purposes: that is, the purchase of premises for use as public houses, stores, municipal breweries, etc., etc.

For the rest, precedent happily furnishes a satisfactory solution. A large sum of money raised from excise is at present handed over to the County Councils ear-marked for technical education. The councils are not bound to spend it in this manner; but they are expected to do so. The result is that a large part of the money is so spent, and all legitimate demands are usually met.

We propose, therefore, that the profits of municipal management and of high licences in rural districts should be ear-marked for special purposes, but that it should be left to the discretion of the local authorities to spend it or not, as circumstances shall decide. It would be clearly unwise to compel expenditure on specified objects, as in some cases this would surely lead to careless extravagance. They should be allocated to educational, recreative, and other purposes, such as parks and open spaces, museums and art galleries, free libraries, free public hospitals under public control, scholarships from elementary schools, the free feeding of necessitous children in elementary schools, public halls, allotments, free concerts, municipal bands, municipal theatres and music halls, workmen's dwellings, and other such purposes.

The Act should contain a full schedule and the Local Government Board should have general power to approve other schemes on the same lines.

The extreme teetotaler is said to object to the community making a revenue from the drink traffic. As a burgess he would not touch the accursed gold; as a taxpayer he, as a rule, is only too glad that 34 millions a year are paid into the public purse from excise duties and licenses. Though he clearly does not desire an increase of the revenue from drink by an increase in its consumption, he is forced by the logic of facts to favor the imposition of higher duties on alcoholic liquors. Certainly the teetotaler is rare who advocates free trade in drink because he declines to benefit as a taxpayer by the revenue at present derived from it. And if he answer that these duties diminish consumption, we reply that this is one of the objects of our municipalization and high licence proposals. Excessive consumption of drink is at present fostered by private profit-seekers and by the crowds of competing public houses which in some districts

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tempt the incipient drunkard at every street corner. The levying of a high licence, and the transfer of the public houses to municipal management would undoubtedly check such excess. The teetotaler who objects to the local use of funds derived from the drink traffic, should denounce on that ground the technical education schemes of the County Council, and should formulate some project for raising otherwise the 25 millions a year at present derived from the drink duties.

Compensation.

The fate of any project for reforming the liquor law depends largely on this question. In another Tract,* the history of the subject is given, and the case against compensation strongly stated. The Fabian Society, however, has always contended that any particular portion of property taken (except by taxation) for public purposes must be paid for by the community, and that the transfer of land and capital from private to public ownership must not be effected at the sole cost of the individuals in possession. Any such confiscation would be not unreasonably condemned as robbery, and would, in the end, bring about reaction.

Now it may fairly be contended that licences are an actual, though perhaps not a legal, property. They are reckoned as personalty by the Inland Revenue authorities, and probate duty is charged upon their values. That they are freely bought and sold at enormous prices is notorious; and the fact that in a few obscure cases renewals are refused by the justices, through no fault of the holder, indicates the theory rather than the practice of the law. It must, however, be remembered that the introduction of high licence will deprive public houses of much of their present speculative value.

In our view, therefore, the matter is eminently one for compromise. On the one hand, it is certain that no Bill which provided for purchase of licences at the full market value could pass the House of Commons. On the other hand, the opposition to any proposal to allow the wholesale confiscation of licences would be irresistible. Both proposals would have the same practical result: nothing would be done. The difficulty could be partly met by providing a period of notice, for five or more years, during which holders should be guaranteed possession of their licences during good behavior. In addition, a tax might be levied on the private licence-holders who remain, for the benefit of those whose licences are extinguished; and, where the municipality takes over the whole of the licences, a court should have power to award annuities for a limited period, payable out of the profits of the trade, to those who have suffered loss by the transaction. On some such lines as these a solution of the difficulty will probably be found.

Side Issues.

We have not dealt with a large number of debateable matters, such as Sunday closing, closing on election days, sale of liquor to minors, licences for clubs, hotels, etc. Our view is that these are not matters over which local authorities should have legislative con-

* Fabian Tract No. 85, "The Laws of Liquor Licensing," by Edw. R. Pease.

trol. Parliament must decide upon the hours and times of opening and closing, and the law, whatever it is, must be a general one. As to clubs and hotels, the difficulties connected with them are no doubt important, but they are by no means insuperable. It is not necessary here to set forth detailed plans as to their inclusion in our scheme. If the broad lines of our proposal should be adopted by public opinion, there will be no great difficulty in bringing clubs and restaurants within their scope.

Conclusion.

Our task is now at an end. We have condemned local option and local veto because they would not effect the object for which they are designed, and because they are not designed to remedy the most serious evils of the drink traffic, viz., the fact that the monopoly created by law yields enormous profits which are conferred on private persons and used by them for the encouragement of excess and the corruption of politics.

We have proposed to meet these evils by transferring the value of licences to the public purse, and by encouraging municipal management of the traffic, thus destroying the power of "the Trade" over politics, removing the incentive to the retailers to force drink on unwilling consumers, and allocating the profits, not to extension of trade, but to such educational or recreative purposes as are likely to materially compete with the attractions of drink.

We are convinced that the liquor licensing problem can only be solved on the lines of our proposals, even though the machinery we have sketched may not be found the most convenient. The proposals actually adopted by Parliament may be wider than ours, or they may only authorize experiments in particular places.

But one thing is perfectly clear: Local Option is a plan which could only have been devised in the days of triumphant *laissez faire*. It involves the power of the community to decide on the number of licenses, but never dreams of allowing the community to interfere with the management of the business or the profits of the industry. These are sacred, in the holy name of Private Enterprise. It was only the sacrilegious hands of Mr. Chamberlain that ventured to propose interference with them. In our opinion Mr. Chamberlain was wise in his drink-municipalization, as in so many other of his schemes.

The Liberal Party are scarcely likely to court another defeat over Local Option. All sane politicians—off the platform—admit that the Teetotal vote is too dear at its present price. Here, then, is a project which should attract all the reasonable elements of the Temperance Party, and which should not rouse the opposition of those who object to robbing the poor man of his beer. If the Liberals do not adopt it we offer it to their opponents, with the suggestion that, as they effectively trumped Mr. Asquith's Employers' Liability with the Workmen's Compensation Act, so they should trump Local Veto with an Act for authorizing the Municipalization of Public Houses.

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