

Fabian Tract No. 86.

MUNICIPAL DRINK TRAFFIC

WITH A CRITICISM OF LOCAL VETO
AND OTHER REFORM PROJECTS.

PUBLISHED AND SOLD BY

THE FABIAN SOCIETY.

PRICE ONE PENNY.

THIRD EDITION. WITH POSTSCRIPT.

LONDON:

THE FABIAN SOCIETY, 3 CLEMENT'S INN, STRAND, W.C.

PUBLISHED NOVEMBER 1898. THIRD EDITION JUNE 1903.

MUNICIPAL DRINK TRAFFIC.

FEW can be found to deny that the drinking customs and licensing laws of England need drastic reform. With the teetotal 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 amendment of the law of licensing.

Neither of the great political parties has reason to be proud of its experiments in legislation for the regulation of the drink traffic. 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 serious than a Royal Commission, destined to produce the same results as most other 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 teetotal party, 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 of 1895 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 the power of 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 fatal 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, Massachusetts, 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. . . .

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

† This Committee, formed in 1893, includes the leading economists and sociologists of the United States. The Liquor Problem Sub-Committee (Charles W. Eliot, Seth Low, and James C. Carter) employed Messrs. F. H. Wines and J. Koren to make the investigation embodied in the book, *The Liquor Problem in its Legislative Aspects* (Boston: Houghton, 1897; and Gay, London—6s.). The passage quoted above is from the introduction (pp. 4, 5 and 6), and is signed by the sub-committee of three already named.

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 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 the 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.

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 further protect themselves from the "lower orders" by driving out the public-houses in their midst. South Kensington electors have their clubs in Pall Mall, their resorts in the City, and well-stocked cellars at their houses. The cab-drivers and dustmen, the grooms and greengrocers, who are obliged to live and work in the West End, would be forced to go elsewhere for the refreshment they desire. This is no imaginary objection. It is exactly what is happening in Massachusetts. The growth of "a no-licence régime in that State is solely attributable to the action of cities and towns within a radius of twelve miles from the centre of Boston."* So in

* *The Liquor Problem*, p. 227.

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 White-chapel 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 British 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 LICENCES.

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 licences. At present the justices exercise their discretion, and grant such licences 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 licences is not usually a matter of the first importance, and in those districts which at present are debauched by an excess of drink-shops, reduction can only be carried out by an independent authority, which should be responsible to the electors of a much larger area, and should be guided by a general limitation statute. 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 doctrinaire democrats would not propose that the

number of police in each ward should be determined by a local vote, in order that the wishes of the criminal districts might be adequately carried out.

PRIVATE INTEREST IN DRINK SELLING.

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 encourage his customers to drink. The private licensee remains as anxious as ever to make his living out of the excesses of his victims.

"THE TRADE" IN POLITICS.

Local veto increases the concern of the liquor dealers in politics but 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 the 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 a short notice.

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 licences should be issued except to a company; and after five years all licences should be handed over to the company, which meantime should have power to take over existing licences 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 is a close copy of the Gothenburg system. It is a carefully thought-out scheme and its draftsman 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, apparently, could 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, to consist two-thirds of town councillors and one-third of persons nominated by the council; but the committee's decisions would be subject to the council. 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 which a specially elected board would become the licensing authority, and would have power to municipalize or to license a philanthropic company. The fatal clause allowing absolute veto on a two-thirds vote appears as usual.

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. (3) 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, such 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 already, 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 comes 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 could municipalize the liquor traffic of the town. He desired to obtain compulsory powers to buy licensed

* 136 Wellington Street, Glasgow.

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 publican 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 that 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. Much of the stock in hand does not deteriorate but actually improves by keeping.

(2) Bad liquor is said to be largely sold, to the detriment of the consumer and the profit of the seller. No *elective* body could provide such 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 prompt municipalization.

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

(9) Another 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 dominate elections. "The Trade" always votes for itself, frankly and unitedly. Politics to licensed victuallers are exclusively a matter of licence 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 most other shopkeepers in that, when he induces his customers to buy more than they need of his wares, the results are specially harmful. The public-house, too, is often the workman's club, and therefore its proprietor has exceptional 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 motive for seeking 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 licences to population, both a minimum and a maximum.

* See Fabian Tract No. 85, "Liquor Licensing at Home and Abroad," by E. R. Pease.

- (2) High licence: that is, a charge for the licence approximating, more or less, to its actual value.
- (3) A Representative Licensing Authority.
- (4) Municipal control.

I.—Ratio of Licences to Population.

The first three proposals should be enacted for the whole country at once. A bill should be prepared permitting not more than, say, one licence to every 1,000 persons in urban, and one to 600 in rural, districts, as proposed by the Public House Amendment Bill of 1896, and by the Bishop of London's bill before mentioned, and providing for *at least* one licence for, say, every 5,000 of population, or part thereof, in any urban licensing area, that is, in any corporate town or urban district. In rural districts the area should be the parish, so that each parish should have at least one licence.*

The bill would require careful drafting, to make allowance for exceptional places, and for hotel and restaurant licences. Moreover, it should operate gradually. During the moratorium of five years the renewal or transfer of existing licences should not be refused, but no fresh licences should be issued if the number exceed the statutory limit. The scandal of excessive facilities for drinking in certain localities is too obvious to need more than mention of the notorious example given by Sir William Harcourt of a street 191 yards in length in which, out of twenty-seven "structures," fifteen were public-houses. Such evils would be remedied by the reforms here proposed.

II.—High Licence.

In the next place, a 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. On such terms it is no wonder that beer barons are crowding the aristocracy out of the House of Lords, and that brewery and distillery stocks stand at three, four, and five hundred per cent. premium.† The city of Philadelphia received 1,999,200 dollars (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.

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

* 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 to every 500.

† Guinness Common Stock has touched 611 during 1898. The nominal amount, £1,700,000, is therefore worth about £10,400,000. It pays 19 per cent.

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 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 butcher-shops.

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 ordinary rates should be assessed in the usual 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 net annual value of the licence, and this sum should be payable as licence rate to the rating authority. It should, of course, be further enacted that the occupier could 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 precedent would rapidly facilitate their settlement, and the law courts would be the courts of appeal in this as in other rating problems.

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 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.

"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."†

* *The Liquor Problem*, pp. 234-240.

† *The Liquor Problem*, Report on Philadelphia, p. 249.

"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 under the Brooks Law in Philadelphia during the years 1893 and 1894, fines amounting to 78,340 dols. (£15,668) were imposed, and the sum collected was 16.75 dols. (£3. 7s.). 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.

III.—Representative Licensing Authority.

This proposal is by no means a novel one. In 1835, Lord John Russell included in his great Municipal Corporations Bill a clause which transferred the power of granting ale-house licences to the municipal councils. It passed the House of Commons, but was struck out by the House of Lords, and abandoned by the Government. In 1890 a similar proposal was made in regard to County Councils, but it was also withdrawn.*

We now propose that every County, Town and Urban District Council should in the first place be constituted the licensing authorities for their respective areas†: that is, that the duties of the Justices in Brewster Sessions‡ should be transferred to a 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 fresh compulsory powers of dealing with the traffic.

IV.—Municipal Control.

The fourth 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 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 other County Councils) the power to municipalize, or shall we create new boards 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 Perth

* See Fabian Tract No. 85.

† County Councils (except that of London) would of course be the authorities for the Rural Districts only.

‡ See Fabian Tract No. 85.

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, will sometimes be abandoned to the chances of the fight between publican and teetotaler.

A NEW ELECTIVE AUTHORITY UNDESIRABLE.

Nevertheless, these evils must be faced. The 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.

And, finally, we must not further multiply 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 to entrust the new powers to existing bodies.

A STATUTORY COMMITTEE SUGGESTED.

There is, however, a way by which Town Councils could mitigate the pressure of the liquor interests in contested elections. The duties of licensing and control of the drink traffic might be conferred (as in the Aberdeen proposal) on a Statutory Committee, composed, like the Technical Education Board of the London County Council, of a certain number of councillors, together with other persons appointed by the Council or co-opted by the Committee itself. This plan would have many advantages, and would, of course, approximate to the Gothenburg system. Future references to the

“Council” must be understood to mean the Council, or its statutory Liquor Law Committee.

A Choice of Methods.

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 licences, and requiring the enforcement of a high licence 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, that is, 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.†

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

* There are two societies advocating the use of this system in England. The Public House Reform Association is an organization for influencing public opinion and Parliament. The People's Refreshment House Association, Broadway Chambers, Westminster, promotes reform independently of legislation, by acquiring, or co-operating with local bodies in acquiring, public-houses, with a view to their management on Gothenburg principles.

† See also Fabian Tract No. 85.

detailed rules must be drawn up and sanctioned by Parliament for the proper conduct of the business, in order to ensure 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. In this way 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 licences and of municipal management does not present any serious difficulty.

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

* 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, and Hampton Lucy, Warwick. The Birmingham Corporation has a Village Canteen at its Waterworks, Elan, Radnorshire. A pamphlet entitled *Popular Control of the Liquor Traffic* (published by Griffith, Grosvenor-street, Chester; id., 1896?), describes the last two. The People's Refreshment House Association (see page 14) owns several village public-houses, which are managed on the Gothenburg plan.

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 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 may decide. It would be clearly unwise to compel expenditure on specified objects, as in some cases this would certainly lead to carelessness and extravagance. The profits 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 of these, and the Local Government Board should have general power to approve other schemes on similar 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 36 millions a year are paid into the public purse from excise duties and licences. 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 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 Councils, and should formulate some project for raising otherwise the 36 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 fully 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 expropriation 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 greatly simplify compensation by depriving 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 present market value could pass the House of Commons. On the other hand, the opposition to any proposal involving 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 subject to 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 equitable annuities payable out of the profits of the trade, to those who have suffered loss by the transaction. Moreover, provision should in all cases be made for employees who suffer, temporarily or permanently, by loss of work. 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 control. Parliament must decide upon the hours and times of opening

* Fabian Tract No. 85.

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, there will be no great difficulty in bringing clubs, hotels 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, that is, the diminution of drinking and drunkenness, and because they are not designed to interfere with the private ownership of a monopoly created by law yielding enormous profits which are now used for the encouragement of excess and the corruption of politics.

We have proposed to meet this evil 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.

POSTSCRIPT TO THE THIRD EDITION.

THE preceding pages have been reprinted from the stereo plates of the second edition, which itself was but little altered from the first: a few points therefore must be noted, on which the statements made are now no longer correct.

Page 1.—The present Government have passed an Act reforming details of the Licensing Law. They *have* therefore ventured on something more serious than a Royal Commission.

Page 13.—London Vestries have now become Metropolitan Boroughs, and a Bill to abolish the School Board is, at the time of writing, under discussion by the House of Commons.

Page 15.—Parish Councils are no longer elected annually, but sit for three years. The force of the objection to their management of the liquor traffic is therefore modified.

Page 17.—It is no longer correct to say that renewals of licences have been refused by the Justices only in "a few obscure cases." The practice has quite recently become more general and has attracted a large amount of public attention.

Since this Tract was published in November, 1898, the Municipalization of the Drink Traffic has come to the front in an unexpected way. This is largely due to the publication in April, 1899, of *The Temperance Question and Social Reform*, by Joseph Rowntree and Arthur Sherwell. (Ninth Edition; Hodder, 1901. 6s.) The method and opinions of the authors of this volume are closely similar to those adopted in this Tract and in No. 85. They condemn prohibition as a failure in large towns and advocate municipal management and control. Great stress is laid on a plan for depriving the locality of direct interest in the profits of the municipal drink trade, and the authors, in strange contradiction to their own arguments, advocate the passing of a local option law.

The same authors have since published: *British Gothenburg Experiments and Public House Trusts* (Hodder; 1901. 2s. 6d.); *Public Control of the Liquor Traffic* (Richards; 1903. 2s. 6d. net.), and other minor works, all of high value.

The Final Report of the Royal Commission on the Operation and Administration of the Laws relating to the Sale of Intoxicating Liquors, consisting of a Majority Report, a Minority Report (drafted by Lord Peel and often called by his name) and appendices, was issued in 1899.

The greater part of the two Reports is devoted to the consideration of details of the present law, and numerous useful amendments are recommended.

Both Reports advocate a large reduction of the number of licences, although evidence is given which tends to show that where the ratio of licences to population is highest, as in some English agricultural counties, arrests for drunkenness are fewest, whilst in Scotland licences are scarce and drunkenness exceedingly prevalent. Both recommend that the licensing authority should be partly nominated by Town and County Councils.

The Majority Report propounds a scheme of compensation for non-renewal of licences, to be raised by a tax on remaining licences, and by a licence rent, to be fixed by tender, on all new licences.

Lord Peel's Report admits the principle of compensation with verbose reluctance. It advocates a statutory maximum of licences per population, a seven years' period, after which no compensation should be paid, and during which compensation for cancelled licences should be given. It recommends that direct popular control be given to Ireland after seven years, and to Scotland after five years, and for England it observes that after seven years "the field would be clear for any legislation, experimental or otherwise, that Parliament might be disposed to enact," a conclusion which is judicious rather than effective. Municipal management is scarcely considered, and the only final opinion expressed is that "only experience can tell what the actual results would be"! Local Prohibition is condemned to postponement for at least seven years.

In some respects, notably in its recognition of the absurdity of granting valuable licences to private persons free of charge, the Report is an important contribution to the literature of the subject. The price is 3s. 3d.

Some of the recommendations of the Report, especially those relating to the power to arrest for simple drunkenness, the publication of black lists, and the forbidding of sales to children have recently become law.

A considerable movement has sprung up in favor of the reforms advocated by Lord Peel's Report.

The *Public House Trust* movement (organised from the Central Public House Trust Association, 116, Victoria Street, Westminster, S.W.) is the most notable development of recent years in the direction of public management of the Drink Trade. It was started by Earl Grey in 1901, and has since spread over nearly the whole of England. Trust Companies have been established in the county or other area, with large subscribed capitals, and directorates of the highest standing, for the purpose of taking up new licences, and managing any that can be acquired by grant from the owners or otherwise. Already over 100 licenced premises are under company management. The profits, after payment of a fixed interest on capital, are to be handed over to trustees for public purposes.

In Scotland the Hill of Beath experiment mentioned on page 15 has been copied in five or six other villages, and has attracted wide attention. The plan appears to produce much profit, financial and moral, to the inhabitants.

The case against this form of municipalization, with details of the existing houses, is given in *The Commonwealth as Publican*, by John Walker (Constable, 2s. 6d. net), to which *Public Control of the Liquor Traffic*, mentioned above, is a crushing rejoinder.

The Second Annual Report of the Central Public House Trust to December, 1902, contains a useful list of recent books and tracts on the subject. A striking book which impartially reviews the question, and criticizes with effect some arguments used by municipalizers (in this Tract, amongst other places) is *Drink, Temperance and Legislation*, by Arthur Shadwell. (Longmans; 1902. 5s. net.)

June, 1903.

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