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LIQUOR LICENSING AT HOME AND ABROAD

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Liquor Licensing at Home and Abroad.

THE law which determines what the people have to pay for their drink, and when and where they can get drunk, is necessarily of interest to all; and as, in the nature of things, such a law must be wholly satisfactory to few, it is certain to be the subject of many schemes for reform. But no scheme can be wisely prepared except in the light of the history which recounts how the law came into being and what caused it to take its present form. Moreover, the experiences of our colonies, of the fifty American states, and of other countries, are all worthy of the most careful study. Almost every sort of device for organizing the liquor traffic has already been tried; and in social science one experiment is worth a dozen theories, and one valid precedent outweighs invincible arguments. It is therefore not a little astonishing to find that no history of English licensing law has yet been written, and no general account of the legislation of other nations can be found in our libraries.

The growth of social reforms depends upon light even more than upon heat. It is vain to form societies and to hold demonstrations, to pass resolutions and to draft bills, if the promoters of these enterprises have no thorough understanding of the problem they are undertaking to solve. This dearth of information creates an uneasy scepticism. Is belief in teetotal legislation incompatible with a knowledge of history? Does the experience of other countries shed so lurid a light on Local Veto that teetotalers regard research as taboo? Some attempt at an answer to these questions will be made in the following pages.

Early English History.

The modern temperance reformer believes himself to be a fresh phenomenon in history. His enemies regard him as a fussy, faddy fanatic, whose latest greatest achievement has been the conversion of Sir William Harcourt and the confounding of the Liberal Party. These latter-day achievements are in fact by no means the firstfruits of victory. They are but the last, and not the most successful, of a long series of legislative enterprises extending over not less than nine centuries.

The earliest English temperance reformer of whom I can find record is Archbishop Dunstan. In the year 958 King Edgar, acting on his advice, suppressed all alehouses except one in every village.

Then comes that long period vaguely called the Middle Ages, during which the price of ale seems to have been fixed by the Justices, chiefly in accordance with what is known as the Assize of Bread and Ale. But, as the title of the Act indicates, this was merely part of the mediæval system of fixing prices as well as wages by legal enactment.

Selling "corrupt" wines was penalized by statute in 1331; and in 1494 power was given to any two justices to stop the common selling of ale, probably to prevent the misuse of barley in times of scarcity.

No temperance legislation is recorded during the reign of Henry VIII., and drinking appears to have grown apace. His son, Edward VI., has the credit of establishing the existing licensing system.

Licensing Established.

It was enacted by 6 Edwd. VI., cap. 25, in the year 1552. "Forasmuch," says the preamble of this Act, "as intolerable hurts and troubles to the commonwealth of this realm doth daily grow and increase through such abuses and disorders as are had and caused in common alehouses and other houses called tippling houses," therefore it was enacted that the justices should have direct control over the said houses by means of licences.

The artistic and literary talents of the Tudor period found an outlet even in Acts of Parliament, and one is almost inclined to surmise that excuses were invented for passing and repassing these Acts in order to afford the opportunity for composing their picturesque and graphic preambles. Anyway, in 1554, less than two years later, a new law was enacted, "for the avoiding of many inconveniences, much evil rule, and common resort of misruled persons used and frequented in many taverns newly set up in very great numbers in back lanes, corners, and suspicious places within the city of London and divers towns and villages within this realm." The law provided that no wine should be sold without a licence and that no licence should be granted except in cities, boroughs and market towns. Moreover, in no case was any wine sold to be drunk on the premises. The distribution of these licences is interesting. No place was to have more than two, except Bristol, which had six, York eight, Westminster three and London forty. It would appear that this legislation was not without effect; for, according to Camden, who wrote in 1581, Englishmen were "of all the northern nations the most commended for their sobriety," and in the reign of Elizabeth drunkenness was regarded as disgraceful. The only liquor Act of Parliament in her reign which need be recorded is one forbidding Irishmen to distil whisky in Pembrokeshire!

But it seems certain, according to several authorities quoted by Lecky,* that the wars in the Netherlands taught Englishmen a habit of, and admiration for, excess in drinking. And the great Queen was scarcely buried when Parliament undertook a new attempt at repressive legislation. The preamble of this Act, passed by the first Parliament of James I. in 1603, is worth quoting:

"Whereas the ancient true and principal use of inns, alehouses, and other victualling houses was the receipt, relief, and lodging of wayfaring persons travelling from place to place, and for such supply of the wants of such people as are not able by greater quantities to make their provision of victuals, and not meant for the entertainments and harbouring of lewd and idle people, to spend and consume their money and their time in lewd and drunken manner," it is enacted that a penalty of 10/- shall be paid by any publican suffering "an inhabitant to stay and tipple in his house," and a fine of 40/- shall be paid to the

* *History of England in the Eighteenth Century*, pp. 476, etc. Other statements in the text are derived from this source.

poor if the constables and churchwardens are negligent of their duty in enforcing the Act.

James I. assumed to himself the right to grant monopolies, and amongst others the monopoly of licensing. Mr. Alford, M.P., speaking of the operation of this monopoly in Bath, said that "instead of restraining the number of innkeepers where there were wont to be but six, and the town desired Sir Giles Montressor there might not be more, yet he increased them to twenty."

The King soon had to give way, and left the duty of issuing licences to the Justices as before. And in 1606 Parliament passed another Act "for the better repressing of alehouses whereof the multitude and abuses have been and are found intolerable." For the next few years the Acts appear to be numerous and various, and the language of their preambles is almost too vivid to quote in polite society. But as one of them states, "Notwithstanding all laws and provisions already made the inordinate vice of excessive drinking and drunkenness doth more and more prevail."

Of Cromwellian legislation the authorities give no record, and we next come to 1665, the year of the Plague, when regulations were made closing taverns at 9 o'clock "in accordance with the ancient law and custom of the City of London." And about the same the excise duties were granted to the King in exchange for certain feudal dues.

I mentioned before that the English were said to have learned from the Dutch to drink to excess. In 1688, Dutch William ascended the throne, and next year, as part of the policy of war against France, the importation of spirits was prohibited, and the distilling trade was made free to all, subject only to certain duties. "Small as is the place which this fact occupies in English history," says Mr. Lecky, "it was probably, if we consider all the consequences which have flowed from it, the most momentous in that of the eighteenth century."

What, then, were the consequences? Before this Act, in 1684, only 527,000 gallons of spirits were distilled. By 1735, the amount had grown to 5,394,000.

Meanwhile, laws were passed and repealed with feverish activity. In 1691, Parliament approved an Act avowedly to encourage distilling, and eight years later the curious Act of Elizabeth against distilling was repealed; but in the following year it was found necessary to prohibit excessive distilling because of the high price of corn. After this the Acts alternate. In 1702, encouragement; in 1709, repression; in 1713, encouragement once more, with such success that by 1724 in London and Southwark one house in every seven was a gin shop, and liquor was hawked about the streets and sold at 6d. a quart. So, in 1728, hawking was prohibited and high licence tried. This was so successful that in 1732 the Act was repealed because the distillers were suffering from diminished consumption.

The Gin Act.

At last, by 1736, things had reached a climax. Gin-drinking had grown to an excess hitherto unparalleled in England. Retailers had notice-boards hung out with the inscription "Drunk for one

penny. Dead-drunk for twopence. Clean straw for nothing."* In fact, cellars with abundant straw were provided in which customers could sleep off the effects of drink. Crime and disease grew apace. Grand juries in the one case and doctors in the other denounced gin as the cause of the growing evils. The country was aroused to enter upon the most dramatic anti-liquor crusade in English history. Parliament, in 1736, passed the Gin Act, which imposed a duty of 20s. per gallon and a licence fee of £50 on retailers. This was something like prohibition, and in one year consumption fell from 5,394,000 to 3,600,000 gallons.

For the moment severe measures proved successful, but the victory was short-lived. First came riots; then illicit selling. By 1743 things were worse than ever, and no less than 8,203,430 gallons were consumed. Then came a sudden change of policy. Clandestine drinking and the consequent prevalence of false informants proved to be a worse evil than the old system, and in order to repress them the duty was in 1743 reduced from £1 to 1d. a gallon, and the licence on retailers from £50 to £1. But lawlessness once introduced died hard. In 1749 over 4,000 persons were convicted of selling without a licence, and the private ginshops within the bills of mortality were said to number 17,000. By 1750 and 1751 the net result of partial prohibition, followed by almost free trade, was an annual consumption of 11,000,000 gallons, or double the amount of the Gin Act year; and a new outcry arose that robbery and murder and disease, all due to drink, were destroying civilized society. Parliament had learned by experience that heroic remedies for social evils often do more harm than good. The legislation of 1751 was moderate, and it was successful. It was a collection of details. Distillers were prohibited from selling retail, or to any but licensed retailers. Debts for liquor incurred in amounts of less than 20/- at a time were made irrecoverable. Retail licences were rendered less easy to obtain, and unlicensed selling was punished more severely.

In 1758, with a duty of 1/- per gallon, less than two million gallons were consumed, and this amount remained the average consumption from 1762 to 1780. It is not necessary here to trace the history of licensing legislation any further; the alterations in the last hundred years have not been of great importance. It remains to point the moral.

First it is to be noted that drinking to such excess as to call for parliamentary interference is no new thing in England, and therefore is not likely to be remedied in a decade. Secondly, we find that heroic remedies, hasty repression by high licence and partial prohibition, have created evils worse than those attempted to be cured, whilst moderate reforms have been markedly successful.

Continental Licensing Laws.

Having exhausted our ancestors, we turn to consider our contemporaries, and again find an astonishing lack of prepared information. Apparently the doings of most foreigners are matters of which the teetotalers take no account.

* Hogarth's cartoon, "Gin Lane."

France, Belgium and Germany appear to have very simple licensing systems, almost approaching the type of the automatic sweetmeat machine. In France, you put 6d. in the slot, and a licence is forthcoming forty-eight hours later. By a law of 1887 licences are limited in Austria to one for five hundred persons.* Elsewhere in the empire a local high licence system obtains, under which teetotal crusades result in communal bankruptcy. Holland has had for fifteen years past a maximum of spirit licences per population, and the local licensing authority has, within limits, the power of varying licence fees. But the law only cancels licences spontaneously relinquished, and thus it acts mainly by way of preventing an undue increase. The maximum fee is usually exacted. Trade in beer is free. In Russia, the State has recently assumed the monopoly of spirit retailing in the greater part of the empire. The object of the government is said to be benevolent, officials are told that promotion will follow small rather than large sales, and the quality of the liquor sold has improved. As no liquor is sold for consumption on the premises, an illicit traffic is growing up, spirit being served in tea-pots in establishments which we should call coffee-houses. Curiously enough, the most democratic of countries has a similar monopoly, this time in the wholesale trade only. Switzerland is unhappily cursed with a written constitution; and the new constitution of 1874, guaranteeing freedom of trade, prevented restrictions on the sale of liquor. The consumption of drink, and the degradation of the people rapidly increased; and with a view to checking both it was proposed and carried by a two-thirds vote on the referendum that the Federal Government should assume the monopoly of the distilling trade. The new law came into operation in 1887, when all domestic stills and 1,400 distilleries were closed with the exception of about 68. These distilleries sell their whole product to the Government department at a fixed price for re-sale to the retailers. The result is a much better quality of spirit and a magnificent revenue to the State. In 1896, the last year for which the figures are available, the gross profit was £255,204 on a turnover of £528,580. The annual net profit (after providing for sinking fund of debt and for depreciation) has averaged £209,072. When the distilleries were closed compensation was paid to the amount of £140,000 for the minimum value of the plant, but not for the goodwill. As this works out at little over £100 apiece, it was clearly not an excessive amount; but the case is worth noting, as compensation is a very rare phenomenon. The consumption of spirits has fallen 30 per cent. since the introduction of the State monopoly; but this is said to be made up by an increase in wine, beer and cider.†

The Gothenburg System.

The Scandinavian system demands fuller treatment, because it is quite the most instructive example of drastic and successful licensing-law reform. In the early decades of this century, Sweden had free

* C. 5253, 1887, p. 2. The explanation of the law is obscure, but the effect appears to be as given above.

† F. O. Report, 1925. C. 8277, 143, June, 1897.

trade in spirits. Every farmer on payment of a few shillings could establish a still and sell spirits retail; and in 1829, the date of maximum, the country contained 173,124 stills. The results of the enormous consumption which ensued were disastrous to the health and prosperity of the country. After a prolonged agitation led by temperance reformers, and finally supported by King Oscar I., a series of strong laws was passed in 1855. Small stills were closed, and the number was thus reduced from 33,342 in 1853 to 3,481 in 1855. Rural local authorities were empowered to forbid retail sales: that is, were given local veto. Towns were allowed to fix the number of licences, to sell them by auction, or to sell them to a company. The country districts quickly adopted prohibition, but in the towns little was done till 1863, when the Municipal Reform Act came into force; and in Gothenburg a committee, appointed to consider the excess of drunkenness, reported in favor of handing over the licences to a philanthropic company. This was done. The company agreed to take no more than the then legal rate of interest on their paid-up capital (£5,500), but, strange to say, no capital has ever been used in the business. The sales are for cash, and although purchases are only on a week's, or, for foreign goods, a month's credit, all the capital used was a loan of £1,100, repaid in a fortnight. The profits are therefore practically all paid over to the public, 70 per cent. going to the municipality, 10 per cent. to the County Agricultural Society, and 20 per cent. to the Treasury, the exact percentages varying somewhat according to the conditions and locality. One thing must be remembered in discussing the Gothenburg system and its relative the Norwegian system. Both deal exclusively with spirits. But in both countries spirit is the national drink, and in 1894 the average Swede consumed four and a quarter gallons of spirits and six and a quarter gallons of beer, whilst the average Englishman drank twenty-seven gallons of beer and only nine-tenths of a gallon of spirit.* The consumption of beer is, however, rapidly increasing, and to this is attributed the recent increase of drunkenness in Gothenburg, especially amongst women.†

Briefly the Swedish system is as follows. The municipality is the licensing authority and fixes the number of licences, which are granted for three years. The regulations, byelaws, and proceedings of the company are subject to municipal control; and the council controls also the selection of sites and appointment of officials. In Norway a similar system arose, owing to the fact that when, by a new law, licences were offered for sale at auction, companies in fifty-one out of fifty-four towns offered the highest price and so secured the monopoly. The three excluded towns are small, and five others do not issue licences at all.

In Norway, the municipal council—besides as in Sweden controlling the byelaws and all the operations of the company—now, in most cases, also appoints representatives on the managing committee. The Norwegians make a great point of the fact that the profits are spent in subventions to voluntary charities. In both countries the system has proved, in the opinion of the people, a great success. In

* C. 7,415, of 1894, quoted in Nat. Temp. Ann.

† *The Gothenburg and Bergen Public House System*, by J. Whyte, Sec. U.K.A.; 1894.

Sweden, 77 out of 90 towns have formed companies, whilst the remainder still sell the licences by auction.

In Sweden, the companies provide comfortable taverns and also eating houses. In Norway, on the other hand, the premises are bare; no seats are provided in the bar, nor are there any inducements to customers to remain.

That the company systems have been successful is proved (1) by their rapid spread over both countries. (2) By the reduced consumption of spirits per head: Sweden, from 12½ quarts in 1871-5 to 7½ in 1886-90; and Norway, from 7 in 1876 to 3·3 in 1890. (3) By the profits realized: Sweden, year 1889-90, £374,044; Norway, 1890, £100,734.*

The success of the system in diminishing crime and excessive drinking is controverted by prohibitionists and by temperance reformers who deprecate using the profits of the traffic for public purposes. But even supposing their case were proved—which it is not—it would only show that the company system has not *all* the advantages claimed for it.

A recent Act (1894) in Norway permitted a vote to be taken in towns with Samlags (companies) on the question of prohibition. Votes were to be taken once in five years, and only in a certain number of towns in any one year. The first vote, in 1896, resulted in sixteen towns voting for prohibition and six against it. In 1897 five voted for and ten against. To March 31st, 1898, four voted for and ten against. According to police reports, the results of prohibition have been a great increase of drunkenness, a larger consumption of liquor, especially amongst the young, and a revival of illicit distilling.†

The United States.

Turning to the United States we find a perfect storehouse of precedent, a monstrous workshop of experiments. There are some fifty separate states and territories, and, subject always to a Federal licence, enforced for revenue purposes, each state manages its own affairs in the matter of the liquor traffic, and mostly manages them incessantly and exceedingly, altering its system on an average about once in two years. Moreover, many cities and townships have laws of their own. For example, the State of Kentucky passed in 1890 sixty special Acts giving special powers to some particular district, or prohibiting the sale of drink within so many miles of some church or school. And this is only one instance of a quite common practice. The combinations, varieties, and modifications of the liquor laws in the States are therefore absolutely bewildering. The following summary is as complete as it can be made, but it may include errors, and laws may have been altered since the date of my information.

Prohibition is the law in five not very important States, Kansas, Maine, Vermont, and North and South Dakota, and also in Alaska and Indian Territory.‡ Of its failure we shall speak elsewhere.§

* Fifth Special Report of Commissioner of Labor, by Dr. Gould. Washington, 1893; pp. 199-206. (Dollar taken at 4s.)

† *Times*, April 13th, 1898.

‡ Bliss's *Encyclopædia of Social Reform* (U.S. Report, 1895), p. 817.

§ See Fabian Tract No. 86, "Municipal Drink Traffic."

This much must be set to its credit: in Maine, where it has been in force continuously for forty years, the inhabitants are increasingly favorable to it, and, although drink selling has been by no means completely prohibited, the consumption of liquor has been materially reduced. On the other hand no less than eleven States have tried prohibition and have abandoned it.

Mulct Tax.—A singular modification, or rather nullification, of prohibition prevails in Iowa. The State has voted strongly prohibitionist, and all traffic in alcoholic drink, except for medical purposes, is totally forbidden, under severe fines. But the law was not obeyed, and a prominent prohibitionist, who tried to enforce it, was openly assassinated in a public street. That was about 1890. By 1893 and 1894 illegal drink-selling was freely carried on in the principal towns. In Davenport, for example, "a fee of $200 a year was required from saloon-keepers, and those who refused to pay were subjected to all manner of annoyances from the municipality." The lot of the Iowan publican was therefore deplorable. First, he was abolished by an Act of the legislature, and then, when he persistently refused to shut up, he had to pay an illegal cess on pain of being subject to all manner of annoyances from his town council. This continued annoyance of citizens, guilty of no other crime than carrying on a trade prohibited by law, apparently moved the great heart of Iowa, and the legislature passed an Act in 1894 which must surely have been drafted by a student of "Alice in Wonderland." The Mulct Tax Act provides that "nothing in this Act contained shall in any way be construed to mean that the business of the sale of intoxicating liquor is in any way legalized, nor shall the assessment or payment of any tax for the sale of liquors as aforesaid protect the wrongdoer from any penalty now provided by the law," but if the majority of the voters of any town consent, and the aforesaid "wrongdoer" pay a tax of £120 a year, and comply with some other conditions, he shall not be liable to the punishments provided by the Prohibition Law. How this singular legislation works it is too soon yet to report.

Local Option appears to prevail in not less than sixteen States, including Massachusetts, Illinois, Kentucky, Virginia and Texas. This provides under various forms that any town or township can vote once in every few years, or, as in Massachusetts, is compelled to vote every year whether or no it will permit licences to be issued. In the Southern States, prohibition is largely adopted, chiefly in country districts; but changes are frequent and a county will often vote "wet" one year and "dry" the next, and so on. Local option in another form exists in New York State and New Jersey, where special boards of Excise Commissioners are elected, to whom, of course, the electors can give what mandate they please; whilst in California and Ohio the municipal authorities control the traffic and in the former State several counties, and thirty to forty small towns and districts have in this manner voted prohibition.

High Licence, one of the most successful methods of controlling the trade, prevails in Pennsylvania and four other states and territories, and it also co-exists with Local Option in many other places.

In Boston, for example, the whole of the cost of the police is paid out of the licence fees. It is strongly opposed by many of the teetotalers on the ground that making the best of a bad job is immoral, whilst it is favored by the brewers and distillers, because under it their customers, the publicans, are, as a class, more solvent and respectable. High Licence fees vary from £520 a year in Columbia and £300 in Boston, to an average of £100 to £200. But in some cases fancy figures are asked, as in the town of Shiloh, South Carolina, where, under its Act of Incorporation, no retail liquor licence can be issued for a less fee than £4,000 a year, whilst in some counties in Georgia wine merchants are invited to pay a fee of £2,000 a year.

Dispensary Law.—In South Carolina, the whole business of liquor retailing is conducted by State officials, and the profit goes to the State funds. The State dispenser is empowered to sell only to persons bringing an elaborate certificate stating applicant's age and residence, and the quantity of liquor required. The applicant, unless personally known to the dispenser, must produce some known person to guarantee that he is not a drunkard nor a minor. No liquor is sold for consumption on the premises. This law has been declared unconstitutional in various forms, and the latest report received states that in January, 1897, the United States Supreme Court finally pronounced against a part of it.

West Virginia prohibits sales without a licence or behind a screen of frosted-glass window, and Tennessee has some similar nondescript law. This accounts for some thirty-five states and territories. Of the remaining fifteen I can find no record, but they are mostly obscure places like Idaho, Wyoming, Delaware and Nevada, and their legislative efforts are apparently deemed unworthy of mention even by specialists in American liquor laws.*

The subsidiary legislation of these States in regard to the drink traffic is often curious and sometimes very sensible. In Rhode Island any person who sells liquor to a woman is liable to a fine and imprisonment for not less than three months. This is quoted as an example of curious legislation. As a specimen of the sensible laws, the enactment may be mentioned which renders a publican liable in damages for injuries or death caused by drunkenness due to drink sold by him. This excellent plan is not uncommon.

Our Colonies.

The colonies must be dismissed in a few words. In Australasia Local Option generally prevails. New Zealand has an elaborate and recently amended system which has proved successful in preventing an increase in public houses. Victoria is peculiar as one of the very few places where compensation has been paid: in Ballarat forty hotels were closed and almost exactly £40,000 was paid as compensation. It has also adopted a definite ratio of licences to population. A popular vote can raise the number to, but not above, this limit, and can reduce the number to, but not below, it. Canadian experiences are peculiarly instructive. Strict legislation had for a long time prevailed there, Local Option in some places, High Licence in others; and

* But see list of books, page 15.

the consumption of liquor is lower than that of any country except Russia, New Zealand, and Tasmania. In 1878 a drastic Local Veto Act, known as the "Scott Act," was passed with such universal approval that there was no division on the second reading. This Act gave a bare majority in a referendum power to enforce prohibition, and it was at once adopted in many places by such majorities as 1,215 to 69, and 2,062 to 271. But the fit soon cooled, and a repeal movement promptly set in with equal energy. Smuggling assumed large proportions, the law was openly disregarded, and legal controversies arose as to the powers of the Dominion and Provincial Governments. The result is that the Act, although declared to be legal, is out of favor, and no place has adopted it since 1886. Prior to that date it had been adopted in sixty-three cities and counties, but in 1894 it was in force in only twenty-nine of these, twenty-six of which are in the maritime provinces, that is, may be counted as out-of-the-way places.* The teetotal party appear to have profited by this lesson exactly as much as they usually do; that is, not at all. They are now agitating for Prohibition, and a referendum vote under a recent Act, taken on 29th September, 1898, gave a small majority in favor of the introduction of a Prohibition Bill.

Our Own Licensing Law.

Turning again to our own country we find that our present licensing system, the haphazard growth of centuries, is like so many of our institutions, illogical and unreasonable to the last degree; but unlike many other parts of this curious, glorious constitution of ours, in practice it works on the whole very badly. Only in a democracy founded on feudalism, only in a land where Acts of Parliament passed 350 years ago are still valid, could such an anachronism continue to exist. The Licensing Authority is the Justices of the Peace, who are appointed, as everybody knows, by the Lord Chancellor, himself the nominee of the Premier of the day. The Lord Chancellor appoints, as a rule, on the nomination, in the counties, of the Lord Lieutenant, and in the towns, of the local magnates. In practice the existing magistrates have a large share in selecting the additions to their ranks. The result is that the justices in the counties are, as a rule, rich, elderly gentlemen owning large estates, and in the towns successful business men, and both sorts are as far out of touch with the mass of the people as any class well can be. On these gentlemen, assembled in Brewster Sessions once a year, devolves the duty of granting licences to retail liquor over each petty sessional district. An appeal from their decision lies to the quarter sessions, which consist of all the justices in each county, and in practice, of a few of the most capable of them. The licence is granted to a fit and proper person to sell liquor retail in a certain house for one year. The magistrates require satisfactory assurances that the man is trustworthy, and the house structurally suitable, and in case of a new

* Of these eleven were in Nova Scotia (population increased 2¼ per cent.); eleven in New Brunswick (population decreased); four in Prince Edward Island (population increased 0.17 per cent.); in each case in ten years, 1881 to 1891. In Canada generally the increase was 9¾ per cent. and in Manitoba 144 per cent.—*Canada Statistical Year Book*, 1894.

licence they demand clear evidence that it is needed in the locality. A practice now prevails in many places never to increase the number of licences. If a man wants a new one he must be able to show that he is cancelling an old one somewhere else. And as a fact the number of all sorts of liquor licences issued in the United Kingdom has decreased from 173,795 in 1882 to 169,011 in 1897;* and the number of publicans in London, according to the census, has decreased from 18,200 in 1861 to 15,000 in 1891.†

The absurdity of this system is, first, that the public has no sort of control over the licensing authority; and secondly, that a monopoly is created which is dispensed in exchange for neither gold nor favor, nor anything whatsoever. A concrete case illustrates this clearly. An acquaintance of mine is proprietor of an old established, eminently respectable hotel, which for years had been unlicensed. A few years ago he obtained a licence, and speaking of it to me he said, "It is worth £10,000 to me, and I got it for the asking." Can any method of managing a public trust be more absurd? A monopoly worth £10,000 is granted for the asking, simply because the asker is eminently respectable!

The Value of Licences.

The value of a licence in London appears to be on the average about £1,350. This is deduced from the fact that the Metropolitan Board of Works acquired, in the course of clearances, and allowed to lapse, 108 licences at an average loss of £1,340 apiece, whilst the London County Council has in the same way lost an average of £1,370 on twenty-seven licences acquired by them.‡ Who then gets this free grant? Most of it goes to the landlord who owns the house in the shape of a big rent. The rest goes to the publican in the shape of big profits. If the house is a tied one, the brewery company, as landlord and licence-owner, gets it all. The fact that the profit is there is indisputable. The tale is told in terms of hard cash.

It is typical of our bungling constitution that we should first create a monopoly with a vague idea of benefiting the public, and then confer it on landlords and other private persons in exchange for nothing and without expecting so much as thank you in return. Most English-speaking nations alter their licensing laws every few years. Ours are still based on an Act passed 350 years ago, and are as out of date and ill-suited to the times as in the circumstances one would expect.

Of course the community obtains a share of the value of the monopoly. The Justices receive for their licence a few shillings in fees. The excise licence which follows the Justices' licence as a matter of course, varies from 5s. for table-beer "off" retailers to £60, the fee for a full licence in premises rated at £700 a year and over. The average charge for 91,220 full licences in the United Kingdom in 1898 was £17 3s. 3d. There were besides 30,092 beerhouses

* National Temperance League *Annual*, 1898, p. 130.

† C. Booth, *Life and Labor of the People*, Vol. VII., p. 95.

‡ Witnesses before the Royal Commission estimate the value of licences in London and in Hull £2,000 in each case; C.—8,356; Questions 8,784 and 3,133.

paying only £3 10s. each, and numerous other licences of various sorts and degrees.*

Big Companies and Tied Houses.

The law, as we have said, deals with an individual licence-holder controlling his own premises. But this is one of those legal fictions which play so large a part in modern life. The truth is that the retail as well as well as the wholesale liquor trade is quickly being concentrated in a few hands; and the whole business is becoming a series of gigantic monopolies.† In Burdett's Stock Exchange Official Intelligence for 1898, particulars are given of no less than 265 joint stock companies, trading in the United Kingdom, with share and loan capital varying from £100,000 to £6,000,000 apiece, and totalling £134,069,000. Besides these, forty-four smaller companies are mentioned with a total capital of perhaps £2,000,000, making in all 302 companies and £136,000,000 sterling in capital. Of these no less than twenty-one have each a capital of over £1,000,000. It is well known that an enormous part of this capital consists of tied houses owned or rented by the brewing or distilling company. Information as to the number of these houses is not easy to obtain. A return to the House of Commons in 1892 gives particulars of the ownership of licensed premises not owned by the licencee; but as the occupations of the owners are not stated, exact conclusions are difficult to draw; and brewing companies undoubtedly lease many houses which they do not own. Numerous figures are, however, given by witnesses before the Royal Commission on the Liquor Laws now sitting. Their estimates of the proportion of tied houses vary from 75 per cent. in Manchester, &c., to 90 per cent. in Brighton, and 91 per cent. in Hull. Precise numbers are quoted for Birmingham, 1,513 out of 2,300 houses; Cirencester division, 67 out of 89; Lancashire Police District, 3,454 out of 5,418‡. From this it would appear that a general estimate of three tied houses to every one free house gives a fair average.

Compensation.

This monopoly in the retail liquor trade has an important bearing on the thorny question of compensation. Many countries are luckily free of the difficulty. In the United States, for example, no compensation has ever been given, and it has only been seriously demanded where brewers have been ruined by State Prohibition. The Supreme Court decided that a State could do as it pleased, and in the case in question it pleased to ruin a brewer to the tune of $80,000. As to retail licences, sweeping reductions are frequently made, as for instance in Philadelphia, where the number was reduced from 5,770 to 1,740 in one year, and not a penny of compensation was paid. The only countries where compensation has actually been given appear to be Victoria and Switzerland, to which allusion has been already made.

* Return of Taxes and Imposts. H.C.—334, 2 August, 1898.

† The number of brewers has decreased from 15,774 in 1882 to 8,305 in 1897, whilst the number of barrels brewed has increased from 27,987,405 to 34,203,049. National Temperance League *Annual*, 1898, p. 128.

‡ Questions 24,186, 22,881, 25,816, 5,622, 22,243, 9,981, &c. C.—8,356 and 8,523.

Its History.

The story of compensation in England is peculiarly instructive. In 1888 Mr. Ritchie, in his Bill establishing County Councils, proposed to vest in them the power to license, but provided that compensation should be paid for licences not renewed through no fault of the holder. So great was the opposition to this proposal that the clauses were altogether withdrawn from the bill. In 1890 Mr. Goschen provided £440,000 a year in his budget with which he proposed that county councils might buy up licences in order to extinguish them, and he also proposed that no new ones should be issued without their sanction. Mr. Caine resigned his seat as a protest, and the agitation aroused was so vehement that the scheme was abandoned and the money devoted instead to technical education. In 1891 the battle was transferred to the law courts. The Kendal magistrates refused to renew the licence of one Susanna Sharpe, landlady of an inn at Kentmere, on the ground that it was not wanted in that place. The decision was appealed against, on the plea that the magistrates were not entitled to decline to renew a licence unless for some offence of the holder. The case, entitled Sharpe *v.* Wakefield, was fought up to the House of Lords, but the Licensed Victuallers got absolutely not a shred of victory. Every court decided, and decided unanimously, that there is no vested interest in a licence, and that the magistrates have complete power to decline to renew, if in their opinion the licence is no longer required in the locality.

This principle is extensively acted upon. According to a House of Commons return, quoted by Sir William Harcourt,* between the years 1890 and 1893 no less than 189 renewals were refused by the magistrates for no other reason than that they were not wanted.

History, then, shows that the path of the compensators is thorny; the authority of the law declares that compensation is uncalled for. If, after repeated warnings extending over years, after unquestionable decisions of the law courts, and unchallenged practice of the magistrates, publicans and brewery directors are still fools enough to regard the renewal of an annual licence as a right, and to invest money on this rotten security, that is no reason why the community should make good their folly, or use public funds to protect the dividends of brewery shareholders. Property which the law and our forefathers have sanctioned should not be lightly confiscated. But it is another matter to give value for rights which the law both in theory and practice declares to be non-existent.

Compromise.

Nevertheless, I suggest that we might go so far to as give a five years notice. Let the Act come into effective operation five years after the date of its passage. Further, out of the profits of high licences and municipal trading, let us authorize compassionate allowances to all persons who can prove that they have been brought to the workhouse door through the operation of the Act. The venerable village innkeeper, the hoary-headed publican,

* Speech on introduction of the Local Veto Bill.

if any such there be, whose living is taken away from him, should receive enough to let him end his days in honorable retirement. The bar-tender who is unemployed, the barmaid who is thrown on an over-stocked labor market, should be entitled to assistance and out-of-work benefit. Lastly, the widow or the orphan, or the elderly spinster whose little all has been invested in a public house should not be driven to despair and suicide. All such cases should be met fairly, and even liberally. But I would refuse one penny of compensation to brewery companies owning tied houses, to landlords who have already fattened on a law-created monopoly, to mortgagees, to jolly publicans in the prime of life, and to all and sundry who are quite well able to take care of themselves, and for whom a five years' warning is the very utmost that can be demanded.*

This, then, is the law. That it needs reform is generally admitted. The question at issue is the method to be chosen.

The teetotal party has long advocated Local Veto and has at last succeeded in persuading the Liberal leaders to adopt their policy. Fabian Tract 86 will explain why this proposal must be unhesitatingly condemned, and what alternatives can be adopted.

* This is the opinion of the writer. For the view of the subject adopted by the Society, see Fabian Tract 86, "Municipal Drink Traffic."

LIST OF BOOKS.

There are very few good books dealing with the political side of the liquor problem. The best are :—

Sober by Act of Parliament, by F. A. MACKENZIE. Sonnenschein ; 1894. 2s. 6d. This is the only handbook which covers the whole field.

The Liquor Problem in its Legislative Aspects, by F. H. WINES and J. KOREN. An investigation made under the direction of [a] sub-committee of the Committee of Fifty [of New York]. Gay ; 1897. 6s. An admirable study of the laws of eight typical American States.

Liquor Legislation in the United States and Canada, by E. L. FANSHAW. Cassell ; 1895. 2s. 6d.

Economic Aspects of the Liquor Problem (Washington, 1898), the 12th Annual Report of the [United States] Commissioner of Labor, 1897, contains elaborate statistics of the capital, labor, &c., employed in the liquor trade in the United States and a synopsis of the liquor laws of every American state. The Report only reached London whilst this Tract was passing through the press, too late for corrections in the text should any be necessary.

THE GOTHENBURG SYSTEM.

The Gothenburg Licensing System, by E. GOADBY. Chapman ; 1895. 1s.

The Gothenburg System of Liquor Traffic. Special Report to U. S. Commissioner of Labor. 1893 ; *o.p.*

Local Option in Norway, by T. M. WILSON. Cassell ; 1891. 1s.

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LEAFLETS.—13. What Socialism Is. 1. Why are the Many Poor?

II.—On Application of Socialism to Particular Problems.

TRACTS.—86. Municipal Drink Traffic. 85. Liquor Licensing at Home and Abroad. By E. R. PEASE 84. Economics of Direct Employment. 83. State Arbitration and the Living Wage. 80. Shop-life & its Reform. 74. The State and its Functions in New Zealand. 73. Case for State Pensions in Old Age. By GEO. TURNER. 67. Women and the Factory Acts. By Mrs. SIDNEY WEBB. 50. Sweating: its Cause and Remedy. 48. Eight Hours by Law. 23. The Case for an Eight Hours Bill. 47. The Unemployed. By JOHN BURNS, M.P. 39. A Democratic Budget.
LEAFLET.—19. What the Farm Laborer Wants.

III.—On Local Government Powers: How to use them.

TRACTS.—82. Workmen's Compensation Act: what it means and how to make use of it. 77. Municipalization of Tramways. 76. Houses for the People. 62. Parish and District Councils. 61. The London County Council. 60. The London Vestries. 55. The Workers' School Board Program. 52. State Education at Home and Abroad. By J. W. MARTIN. 54. The Humanizing of the Poor Law. By J. F. OAKESHOTT. LEAFLETS.—81. Municipal Water. 68. The Tenant's Sanitary Catechism. 71. Same for London. 63. Parish Council Cottages and how to get them. 58. Allotments and how to get them. FABIAN MUNICIPAL PROGRAM (Nos. 30 to 37). The Unearned Increment. London's Heritage in the City Guilds. Municipalization of the Gas Supply. Municipal Tramways. London's Water Tribute. Municipalization of the London Docks. The Scandal of London's Markets. A Labor Policy for Public Authorities. The 8 in a red cover for 1d. (9d. per doz.); separately 1/- per 100.

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29. What to Read. A List of Books for Social Reformers. Contains the best books and blue-books relating to Economics, Socialism, Labor Movements, Poverty, etc. 3rd edn.; revised 1896. Stiff cover, 6d. each; or 4/6 per doz.

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70. Report on Fabian Policy and Resolutions presented to the Internat. Socialist Congress. 41. The Fabian Society. By BERNARD SHAW.

VI.—Question Leaflets, containing Questions for Candidates for the following bodies:—

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