

DEFENCE OF THE REALM (LIQUOR CONTROL)
REGULATIONS, 1915.

CENTRAL CONTROL BOARD
(LIQUOR TRAFFIC).

CARLISLE AND DISTRICT
DIRECT CONTROL AREA.

THE GENERAL MANAGER'S REPORT
TO THE BOARD

For the Year ending 31st DECEMBER, 1920.

Presented to Parliament by Command of His Majesty.



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CENTRAL CONTROL BOARD (Liquor Traffic).

CARLISLE AND DISTRICT DIRECT CONTROL AREA.

The General Manager's Report to the Board for the Year ending 31st December, 1920.

In presenting the fifth Annual Report on the work of the Central Control Board (Liquor Traffic) in the Carlisle and district area it is not proposed to go into great detail but to give in broad outline the main facts relating to the undertaking. Those who wish for a detailed consideration of the subject are referred to the two previous reports for the years 1918 and 1919 published as White Papers (Cmd. 137 of 1919 and Cmd. 666 of 1920, price 9d. and 2d. respectively).

1. REASON FOR DIRECT CONTROL IN THE CARLISLE AREA.

The fact of the presence in a provincial city of a Government department charged with the carrying on of the trade in intoxicants both wholesale and retail in that city and its neighbourhood requires some explanation. This is to be found in the proximity of one of the great munition factories which sprang up in this country during the war. The centre of the Gretna factory is situated about eight miles from Carlisle and in the early stages the factory site was inundated by great crowds of navvies, a large proportion of whom were housed in Carlisle, the nearest town of any size. The work was begun in the early autumn of 1915 and the number of navvies increased steadily until the middle of the next year when there were something like 16,000 employed. The result was seen in a great outburst of drunkenness, which, in spite of the imposition of the Board's standard restrictive Order in November, 1915, and of the acquisition by the Board in the first few months of 1916 of the public houses in the immediate neighbourhood of the factory site, increased to such an extent that by the spring of 1916 there was grave danger of the city getting out of control owing to the prevalence of drunkenness and disorder. In these circumstances the Board decided to take over the whole of the liquor trade in the city and a surrounding fringe and to sell intoxicants under conditions which would give no personal interest to the retailers in the proceeds of sale and which would at the same time, as far as possible, ensure that the Board's restrictions should be carried out. With this end in view the Board in July and August, 1916, acquired the four breweries at Carlisle with all their tied houses and other assets. During the next three or four months they took control of most of the other licensed houses in the city and in the early part of 1917 they put under management the houses in those country districts contiguous to the city which had been already scheduled. At a later date the area was enlarged to include the town of Maryport, where there was another brewery company owning important houses in Carlisle. This brewery was also taken over, together with all its properties.

2. EXTENT OF AREA.

The position at the present time is that the area under direct control now comprises the city of Carlisle, the petty sessional divisions of Cumberland Ward and Maryport, and part of the Longtown and of the Wigton divisions, comprising in all a total area of about 320 square miles in north west Cumberland, with an estimated population of 120,000.

In the area so defined there were in July, 1916, 340 licences. By 31st December, 1920, the Board had acquired all except 47, most of which are owned by brewery companies whose main business is outside the direct control area. 123 licences had been suppressed and the Board had put the remainder (with three or four exceptions) under their direct management. In addition the Board owned or held on lease or tenancy 33 licensed houses outside the area, 4 of which were under management and the remainder under tied tenancies.

For their own houses, whether under tied tenants or managers, the Board brew the whole of the beer (apart from proprietary brands) at the Carlisle Old Brewery or at the Maryport Brewery. At the Carlisle New Brewery, and to a lesser extent at the Maryport Brewery, they bottle all the beer required, and they blend, break down, bottle and distribute the whole of the spirits in and from a central spirit store at Carlisle. At the present time in the city of Carlisle itself there are only three licensed premises (two hotels and a licensed restaurant, none of them having a public bar) which are not under the Board's management.

3. LOCAL ADVISORY COMMITTEE.

The whole of the business of the area is managed from a central office at Carlisle under the control of the General Manager, who is responsible to the Board. But in order that close touch may be kept with local opinion a Local Advisory Committee—on which are represented the Municipal and County authorities, the Justices, the Trades Council and other bodies—meets regularly and considers all matters in which local interests are specially involved. In this way full advantage is taken of the knowledge possessed by residents whose personal qualifications and experience combined with their official positions, give great weight to their views.

4. THE BOARD'S POLICY AT CARLISLE.

While always keeping principally in view the sobriety of the district and the improvement of the conditions under which the trade is carried on, the undertaking is managed as far as possible as a business proposition; the most detailed accounts and statistics are kept, and no effort is spared to eliminate waste and overlapping. The results are seen in the strong financial position which has been established in so short a time.

The Board's policy in the area can be shortly summarized under the following heads:—

- (a) fewer and better houses;
- (b) the provision of food and non-intoxicants in those houses where there is likely to be a demand for them;
- (c) the general improvement of the conditions under which the whole trade is carried on; and
- (d) the elimination of private interest in the sale of intoxicants.

To these four considerations which, it is submitted, are fundamental to any comprehensive scheme of licensing reform, the Board have endeavoured to give due weight in their work in the Carlisle district.

5. FEWER AND BETTER LICENSED PREMISES.

Everyone is agreed that at the present time the number of licensed premises is too large, especially in certain areas in most of our large towns. Everyone is also agreed that numbers of the existing licensed premises are of such a character as to be entirely unfitted for their proper purpose. Hundreds of public houses up and down the country are of such a structure and occupy such positions that any comprehensive system of reduction would sweep them away forthwith. At the same time it is not enough merely to get rid of unsuitable houses. They must be replaced, though not in as large numbers, by houses specially built or adapted for the carrying on of the licensed trade—houses which will give better accommodation and greater amenities to the customers, and will at the same time enable those in charge to exercise better supervision.

On the face of it, it would not appear so necessary to reduce the number of licences in an area where the whole of the trade is carried on by a single authority and where competition between different public houses has been eliminated, but on three grounds even in such circumstances a reduction in the number of licensed premises is beneficial.

In the first place, a smaller number of public houses means fewer temptations to drink to the large numbers of men and women who are not able to control their appetite for alcoholic liquor. In the second place, the expenses of distribution are cut down with the closing of each house and, so long as the number of licensed premises is not brought below the point where overcrowding sets in, the fewer houses there are as distributing centres, the less will be the expenses attendant upon distribution. In the third place, some of the houses in almost every area are in such a condition structurally that they are entirely unsuitable for the purposes for which they are used and should be closed as licensed premises at the earliest opportunity. The trade done in these houses is transferred automatically to larger, cleaner, roomier and better-ventilated premises, to the improvement of public order and to the greater advantage of the customers.

Acting on these principles the Board have made a considerable reduction in the number of licences in the area, as is shown by the subjoined table :—

Name of District.	Number of Licences.		Reduction per cent.
	July, 1916.	31st December, 1920.	
Carlisle	119	69	42
Longtown Division (portion under direct control)	16	8	50
Cumberland Ward Division	68	37	45·6
Wigton Division (portion under direct control)	56	38	32·1
Maryport Division	39	29	25·6

In the Wigton and Maryport divisions there are other houses belonging to brewers and private owners which the Board have not yet been able to acquire. This has materially affected the reduction in those parts of the area and it has not been possible therefore to deal adequately with the question of redundancy.

The acquisition of all the licences at Carlisle made irrelevant the considerations which operate so strongly when licences are being suppressed under the compensation provisions of the Licensing Act. The Board were free to close those houses which were least suitable for their purpose regardless of the amount of trade they did. The houses in the side streets and in lanes and alleys were dislicensed if they were not suitable as licensed premises whether or not a large trade was done at them, and the better houses, and especially those in more open situations, were retained. Out of the total number closed by the Board at Carlisle no less than 23 were of an annual value of £50 or less. The object of the Board has been to retain only those houses which are either suitable now for use as licensed premises or are situated in such positions as to lend themselves for improvement when their turn comes.

In addition to the food taverns (which will be presently described) a number of the houses have been reconstructed for ordinary public house purposes. There is not the demand in Carlisle, or in any town, to warrant the whole of the licensed premises being put in a position to supply regular meals. Except in the largest towns the majority of people have their meals at home, while in these towns the needs of those requiring meals are catered for to a considerable extent in unlicensed premises. There must, therefore, always be a proportion—and probably the greater proportion—of the public houses which are social centres where liquid refreshment only will be in request. In recognition of this fact the Board decided to improve radically a number of the public houses which by reason of their construction were not fitted for their purpose. This work of reconstruction has been and is being steadily pursued not only in Carlisle but in other parts of the area.

The Mayor of Carlisle, speaking at the annual licensing meeting in February, 1921 (as reported in the newspaper), referred to "the necessity of having the trade carried on under the best conditions. Personally he thought they had gone a long way towards achieving that end in Carlisle and he agreed with the paragraphs in the Chief Constable's report dealing with the reconstruction of licensed houses, the better supervision and the amenities being on a higher plane. He also agreed with the remarks in the report regarding the more restrained conduct of the public in leaving public houses, which compared favourably with the conditions existing before the war."

In the country districts also improvements have been carried out in several of the inns and in the majority of them a room has been set aside as a tea room where light refreshments can be served at all convenient times. That this is appreciated is shown by the fact that over 45,000 meals were served in the country inns (apart from the hotels and food taverns) during the year under review.

Two concrete examples of the carrying out by the Board of their policy may be given. At Longtown, a small town near the Gretna factory, there were seven licensed premises when the Board commenced operations. Four have been closed, while a fifth, the "Globe," was entirely reconstructed to comprise a large beer-hall, together with a kitchen and dining, billiard and reading-rooms. An off-sales shop also formed part of the scheme. The Graham Arms Hotel (which in 1916 was practically a drinking house only), was reorganised and equipped as a first-class country hotel, and is now chiefly frequented by fishermen and motorists. The drinking bars were abolished and a new smoking room was opened. Thus there are now only three licensed premises where there were seven before, and of these two have been greatly improved while a third, which has been little altered, is a good type of public house.

Another instance is the Greenbank Inn at Carleton, a village in the neighbourhood. At the village itself there was a single storey four-roomed cottage which had a licence, and a mile along the road there was a small farm which also had a licence. The latter was clearly inconvenient for the residents in the village and the licence was suppressed. As soon as possible a group of buildings in the village, consisting of a house, cottage and barn, was purchased and converted into a roomy inn, with bar, smoke room and tea room, and proper sanitary accommodation, and with ample living accommodation for the manager apart from the business premises. On the opening of this house the former inn was closed.

These are merely examples, but they serve to illustrate the possibilities of a system under which all licensed premises are in the hands of a central authority with full powers to suppress

and transfer licences with a view to the carrying on of the licensed trade in the public interest. Speaking generally, it may be said that the Board have aimed at providing premises suitable for the various classes of customers who make use of them. The reconstructions are not hailed by the Board or their Architect as revelations of what public houses should be; they are admittedly experiments, and for the most part only alterations of existing buildings, but it is held, and there are many who agree with this view, especially after seeing what has been done, that the experiments are in the right direction. Only by making such experiments will be evolved the ideal house of refreshment, whose keynote will be its suitability to environment and prospective trade.

With regard to the general question of improvement, the Board have been handicapped from the beginning by lack of labour and materials. When reconstruction started in 1916 the labour shortage had become acute, and this shortage in the building industry has, of course, not yet been remedied. Much more could have been done in the time had the necessary labour and materials been freely available. The expense of this work has been considerable, but the precaution has been taken of writing off, out of profits, a large portion of the cost, as representing the difference between the cost of doing such work now as against normal times.

6. PROVISION OF FOOD.

The restoration of a proportion of the ordinary public houses to the position of victualling houses where food and non-intoxicants would be provided as readily and cheerfully as intoxicating drinks, is one of the main planks in the platform of licensing reformers both inside the trade and out. The former aver that they would do far more in this connection if the magistrates would give them permission to make the necessary alterations in their premises. On the other hand the difficulties with which magistrates are faced when considering individual applications must not be overlooked. These are chiefly (a) the absence of any right of selection of the particular houses to fulfil such purposes, (b) the disinclination to sanction large additions to licensed premises which may add vastly to the monopoly value already possessed by the applicant—a value for which he has paid nothing to the State, and (c) the fear that the increased facilities, granted primarily with the object of providing for the sale of food, may ultimately be transferred into additional space for the sale of intoxicants alone.

As explained in previous reports the earlier experience of the Board led them to the conclusion that it is better in urban districts to provide facilities at selected places for regular cooked meals than to attempt to push the sale of food at all public houses indiscriminately. They have therefore reconstructed certain licensed premises to give facilities for the provision of regular meals. There are eight of these houses in Carlisle (popularly known as "food taverns") situated at convenient points in the city and they do a considerable trade in food. Another is in course of reconstruction and will shortly be opened. In each case there is a dining room where meals are served and the food is cooked in well-fitted kitchens specially constructed for the purpose. The largest of these houses, the Gretna Tavern, was opened as far back as July, 1916, and was very greatly appreciated by the navvies for their evening meals, especially in the early days when it was very difficult for them to obtain a meal in Carlisle at all. Some of these food taverns have "off" sales departments for food, where people, and especially children, bring their own basins and plates for soups, puddings, pies and the like. These food "off" sales are a great boon in the poorer parts of the town where in many cases the mother of a family is working during the day and there is no opportunity for her to prepare a hot midday meal for the children.

A few public houses on similar lines to those at Carlisle have already been equipped in other parts of the area and alterations for the same purpose at another house near a colliery are almost completed. It is the policy of the Board to provide facilities of this character wherever there is sufficient justification for the expenditure of the necessary money. As showing the extent to which these houses are appreciated it may be noted that at the food taverns in the area, approximately 570,000 meals were served during the year.

7. THE IMPROVEMENT OF TRADING CONDITIONS.

The usual conditions under which the trade in intoxicants, both wholesale and retail, is carried on make difficult, if not impossible, any effective improvement in the carrying on of the trade. The conflicting interests of one brewer with another, of the licensees with the brewers, of the public (as represented by the licensing justices) with both, are a permanent bar to any concerted scheme of improvement. It is only from a unification of interests that improvement on a broad scale can come. Given such unification in a large enough area much might be done in the way of ameliorating the conditions under which the liquor is manufactured, prepared for sale, and supplied to the consumer.

On the wholesale side, it is obviously to the interest of a brewery company to manufacture and sell to its maximum output if it is to reap its maximum profit, and the competition for trade and the desire to control the distributing centres, had reduced many companies to an unsound financial position before the war. There is little doubt that there are far too many breweries for the economical conduct of the trade and this, with the overlapping of transport and the waste of labour, means that, if the trade is to continue to be conducted at a profit, the public will suffer either from inferior quality or from inflated price.

The acquisition of all the breweries by a central authority would result in enormous economies in the way of buildings, plant and labour, as well as in transport; and the evils arising from the necessity for pushing the sale of brewing products would cease.

When the liquor trade in any area is carried on under a single authority the economic principle of concentration can be carried to its widest limits. That this principle has been adopted in the Carlisle area on the wholesale side is shown by the fact that instead of brewing beer at four breweries at Carlisle the Board now brew at only one brewery there. The bottling of beer, which used to be done at a dozen places in the city, is now carried on entirely at one of the closed breweries. The breaking down, blending and wholesale distribution of spirits, operations which were formerly carried on at 17 different premises in the area, are now conducted at one central spirit store which has been fitted up with all the latest machinery and is conducted with a fraction of the former employees and with the utmost economy of time and labour. Transport is also beneficially affected; the lorries and carts are used to their full capacity and there is no overlapping. A great saving has been the result.

There is no question that the economies effected in these and other ways have accounted for a considerable portion of the net profits of the undertaking. An accurate estimate of such portion is, in the very nature of things, impossible to obtain, but on the wholesale and retail sides together probably something like £40,000 a year would be a moderate figure.

8. ELIMINATION OF PRIVATE INTEREST.

On the question of the elimination of the private interest in the retail sale of intoxicants opinions are naturally very sharply divided. It is held by one school of thought that a man in a respectable house who has a stake in the business in the way of invested capital will be more likely to observe the provisions of the licensing law and to see that his customers remain sober than a man who is merely manager at a weekly wage with no further interest in the premises—especially in the case of tenants of houses in good localities doing a large trade and not unduly troubled with competition from other houses. But other considerations must be borne in mind.

Under a competitive system, which is implied where public houses are conducted by tenants, the object of the distributor is to sell the greatest possible amount of goods in the least possible time. The more he sells the greater are his profits. This fundamental rule applies to the licensed no less than to any other trade, and it is the legitimate aim of the licensee, depending upon the profits of his business for his livelihood, to sell all the liquor he can so long as he keeps within the law. This is also the aim of the licensee of the adjoining public house. In these circumstances a publican will hesitate long before refusing to serve a customer whom his better judgment tells him has had enough, when he knows perfectly well that the customer has only to step across the road to get what he wants. Especially is this the case when the refusal may mean not only the loss of a good customer, but of a number of his friends.

That this state of affairs exists in certain districts of all our large cities is beyond question. Before the war, when competition was keen, a licensee was not only desirous of being popular, but was often driven to various expedients in order to push his own trade. The "long pull" was one of these; the treating of customers was another; the giving of credit was a third. Above all, a man would hesitate to seek a reputation for keeping a strict house when he knew that such a reputation might militate against his sales.

When, on the other hand, the trade is carried on by a single authority, under the management system, such objections largely disappear. If there is no redundancy of licences, there is sufficient demand for intoxicants in any urban area to enable the trade to be carried on profitably without any inducements to customers to drink more than they reasonably require. The managers are free to refuse to serve a man when in their judgment they consider he has had as much as is good for him. It is in no way to their advantage to give him the benefit of the doubt. At the same time the managers are relieved of the strain of competition, the continuous and sometimes severe effort to make ends meet, the constant fear of losing trade and popularity and so reducing profits. They are paid a weekly wage irrespective of the amount of goods they sell and they are free to carry on the trade in the best possible fashion. They know that it is to their interest, and not to their detriment, to keep a strict house and to see that no customer obtains an undue supply of intoxicants.

For the purpose of carrying out this side of their policy of licensing reform, the Board have appointed salaried managers in their houses in the area. In almost every case the original tenant (though compensated for the loss of his legal interest) was given the chance of becoming a manager under the Board, and in the majority of cases these appointments have been continued and are successful. The managers have grasped the difference between the old and the new methods of selling intoxicants, and have done their best, in admittedly difficult circumstances, to conduct the trade loyally upon the principles laid down by the Board.

9. HOTELS.

Nothing has been said so far about the Board's residential hotels. The Board own and manage two large hotels in Carlisle and eight in other parts of the district. In some cases it was found necessary to carry out large schemes of modernisation to bring the buildings into line with present-day requirements in the way of heating, sanitary accommodation, furnishing, and general equipment. Considerable pains are taken in every case to maintain a high standard

of management and service. That these hotels now meet with the approval of the different classes of visitors for which they cater is evident from the number of letters of appreciation which are received at the Carlisle office throughout the year.

10. PERMANENT ACQUISITION.

Reconstructions and alterations on the scale carried out by the Board inevitably imply the element of permanency in the Board's tenure of the premises concerned. The Board needed a free hand. It was necessary that they should be unhampered by any possible claims for compensation or reinstatement at a later date. In order that this absolute freedom of action should be guaranteed, the properties which were taken over were purchased outright and the full market value given. The future disposal of the properties was not allowed to militate against the necessities of the time, and the consequence is that the Board are now absolute owners of the whole of the licensed and other premises that they have acquired. A criticism has been levelled against the Board that they were appointed merely for war-time purposes and that their property should not have been acquired permanently but only for the period of the war. This point was fully considered by the framers of the statute which constituted the Board, and the power of permanent acquisition was given deliberately in case such circumstances as those at Carlisle should arise.

The question of the ultimate disposal of the properties is one upon which no opinion can be expressed in this report. If the property is to be held permanently by the State the legal title to it is already vested in the Board's trustees. If Parliament decides that it is to be sold it will be sold in its present condition without any claims on the part of the previous owners or tenants for disturbance or for diminution in value of their respective holdings. One thing is clear—that even in the event of the State divesting itself of these properties, their acquisition on a permanent basis has enabled the Board to improve vastly their market value.

11. HOUSING PROVISION.

In addition to the alterations to licensed premises the Board have found themselves compelled by circumstances to do a certain amount of reconstruction of unlicensed premises, which came into the Board's possession as part of the properties of the brewery companies whose assets they took over, in order to provide housing accommodation. As elsewhere in the country, the housing shortage in Cumberland is very acute, and in making changes in the management of licensed premises the Board are often faced with the desirability of providing the retiring manager with living accommodation elsewhere. In such cases they have found great difficulty in doing so, and to increase the number of available dwelling-houses some of the dislicensed inns have been split up into cottages, which has enabled the whole of the premises to be occupied. In other cases derelict cottages in the country districts, which had not been inhabited for years, have been remodelled and brought back into habitation by the spending of a much smaller sum than would have been necessary to build new houses. In this way a considerable number of habitable cottages have been provided.

12. THE BOARD'S MONOPOLY.

It is a common criticism that the paramount aim in the conduct by the State of the licensed trade in the Carlisle area is to provide revenue and that the carrying on of the trade for the public benefit is secondary to the endeavour to obtain a large income. Another point taken is that competition having been removed, profiteering on a large scale has been the result. Both these charges are entirely unfounded.

There has been no attempt to augment the profits of the undertaking by pushing the sale of intoxicants and thus increasing their consumption. As evidence of this, it may be recalled that the Board have abolished all forms of advertisement of their own goods. This is more than a formal self-denying ordinance in view of the display of private firms who seek through the medium of the Carlisle papers and hoardings to induce the public to purchase alcoholic liquors through non-controlled sources.

Equally true it is that there has been nothing in the way of profiteering. During the last three years this has been rendered impossible owing to the fact that all prices are fixed by the Food Controller's Orders. Before these Orders came into force the prices that were being charged at Carlisle, in spite of the monopoly, were never greater, but often less, than the prices charged in the immediate neighbourhood, and it is a fact that when the Order limiting the price of bottled beer came into force, the Board's prices, which were lower than in many places, were found to be practically those prescribed by the Order.

As to the quality of the goods supplied, here again the Board has in no way taken advantage of its monopoly in order to manufacture and sell goods of poor quality. The materials used in brewing are the best obtainable and every care is taken to ensure that the finished product is of a high standard. The spirits and wine purchased for distribution in the area are most carefully bought, while the food supplied is obtained from the best local sources and is regularly inspected by those whose business it is to supervise that side of the Board's undertaking.

The considerable profits which have been made by the Board and which gave rise to at least one public accusation of profiteering are due, not to any excess in the prices charged, but chiefly to the economies which have been effected by concentration. On the basis of these profits it is true that the prices of beer and spirits could have been reduced without involving the undertaking in financial loss, but this would inevitably have laid the Board open to the very pertinent criticism that such reduction was an inducement to increase the consumption of intoxicants on the part of the customer.

13. CONVICTIONS FOR DRUNKENNESS.

The number of convictions for drunkenness in the city of Carlisle, which was 80 in 1918 and 78 in 1919, increased in 1920 to 136. The figures for England and Wales are: 29,075 in 1918, 57,948 in 1919, and (approximately) 96,000 in 1920.

A good deal of criticism has been directed to the increased number of convictions for drunkenness which occurred in Carlisle during 1920, and the inference is drawn that, in this respect, Carlisle is no better, and in many cases worse, than other towns. From the actual figures, however, it appears that the fact is that, as compared with the low record established in 1918, the figures for England and Wales as a whole showed increases for 1919 and 1920 of about 100 per cent. and 230 per cent. respectively, the corresponding figures for Carlisle showed a slight decrease for 1919 and an increase of not more than 70 per cent. for 1920.

Speaking of the large decrease in the number of convictions for drunkenness in Carlisle as compared with the pre-war average (which he calculates at nearly 50 per cent.), the Chief Constable, in his report to the magistrates for the year 1920, says: "This very considerable reduction in the number of convictions for drunkenness represents a real diminution in the amount of drunkenness in the city. The streets are quieter, and on leaving the public houses customers are more orderly and restrained than in pre-war days."

14. MISCONCEPTIONS AND MISREPRESENTATIONS.

There is perhaps no other undertaking of the social importance of that carried on by the Board at Carlisle of which so little is accurately known by the public and about which so many misconceptions exist. It is also true to say that many of these are due to the deliberate misrepresentations spread abroad by the opponents of the undertaking. One small instance may be noted. In a certain daily newspaper of the 2nd September, 1920, there appeared a letter from a Carlisle city councillor who has always been antagonistic to the scheme, to the effect that while in the years 1913 to 1915 the police paid 1,215, 1,063 and 1,308 surprise visits respectively to Carlisle public houses (an average of 10 visits per house per annum), in the years 1916-17-18, when the Board were in control, the number of such surprise visits was nil. He added, with some truth, "The figures speak louder than words." This misrepresentation is inexcusable in one who had access to all the official sources of information wherein the figures are given. During the latter years these numbers were 1,241, 862, and 653 (an average also of 10 visits per house per annum, when the reduced number of licences is taken into consideration). Such a statement is copied and exaggerated and, however quickly it is denied, it is never caught up.

Another instance is furnished by the periodical visits of prohibitionists who go about the streets on a Saturday night at closing time taking careful note of every person who is in any way under the influence of liquor, and afterwards publish horrifying accounts of the excessive drunkenness in the Carlisle streets. These statements also are republished, with suitable exaggerations, until thousands of earnest persons regard Carlisle as a perfect sink of drunkenness, and think that this condition is the direct and inevitable result of State management of the liquor traffic in the area. The public statements of the Mayor and the Chief Constable already quoted should be sufficient evidence to convince unbiassed persons of the unreliability of such accounts.

The widespread statements that the Board do not pay any rates at Carlisle and that customers are subject to special restrictions not to be found in any other part of the country have been too often made ever to be effectively contradicted. But the fact is, that the Board pay a sum in lieu of rates on the same basis as that on which the rates were paid by the brewers and licensees before the Board took over the trade, in spite of the fact that large numbers of public houses have been closed and their unlicensed rateable value, in most instances, reduced. That the arrangements on this head were satisfactory to the Corporation at Carlisle at the time they were made, was testified to by the Chairman of the Finance Committee. And it cannot be too often stated, that the only restriction under which the public of the area now labour, which does not apply to nineteen-twentieths of the country, is the one prohibiting or limiting the service of intoxicants to persons under 18, a restriction which not even the most determined opponent of the Board's undertaking has criticised adversely.

15. THE FINANCIAL ASPECT.

It is generally admitted, even by its enemies, that on the financial side the Carlisle undertaking has been successful. Thanks largely to the great savings effected by the concentration

of both the manufacturing and distributing sides of the business, made possible by single ownership, the net profits have been very considerable. These profits are arrived at after making all the adjustments proper to a commercial undertaking and after writing down drastically all assets subject to depreciation, and deducting from the cost of improvements all sums which might not add to the realisable value of the properties altered. The books and accounts are kept exactly as in an ordinary commercial concern, and a complete system of costings has been put into operation. So far as the Treasury is concerned, the Board draw from the Exchequer all the money they need for the carrying on of the business, subject in all cases of unusual expenditure to preceding Treasury sanction, while the whole of the receipts are paid into the local banks, who remit them to the Bank of England to the credit of the account of the Paymaster-General.

But it must be remembered that the Carlisle undertaking is something more than merely a commercial concern, and there are expenses incidental to the Board's management which are absent from an ordinary business. Under this head must be included the considerable expenditure of time occupied by the staff at Carlisle in connection with the correspondence arising from the fact that it is necessary to keep the Board in London closely in touch with all that goes on. The same thing applies to the Local Advisory Committee, while no pains are spared to deal adequately with the frequent enquiries which come from those, on the one hand, who desire information on what they consider to be a most interesting piece of social work, or from those, on the other, who appear to be anxious to criticise adversely the result achieved.

Further, the Board exist for the purpose of controlling, and not for the purpose of pushing, the consumption of liquor, and, undoubtedly, if the undertaking were conducted by a commercial firm, the profits made could very well be greater. All that the Board can do is to ensure that by careful management and rigid economies the amount of liquor that is manufactured and sold shall be made and distributed at the lowest possible cost consistent with good quality.

In spite, however, of certain obvious handicaps, the Board have no reason to hide the financial results of the undertaking, and the attached balance sheet and profit and loss account, as at the 31st March, 1920, is a proof of this statement. The accounts show that the capital employed in the undertaking at that date, consisting largely of accumulated profits, amounted to £916,226, while the total trading profits were £168,115. After providing for interest on the money supplied by the Exchequer for the purpose of the undertaking and for all other charges, including licence duty, excise duties, property tax (Schedule A) and contributions in lieu of rates (but not including income tax, corporation tax or excess profits duty), the net surplus which accrued to the State for the year was £139,263. This sum gives a return of nearly 16½ per cent. on the average capital involved, in addition to the interest already provided for. In other words, there is a full return of 19 per cent. on the whole capital engaged. When it is taken into account that this capital has not been all employed since July, 1916, but has only been gradually used, it is calculated that by the end of March of last year when the Board had repaid permanently out of profits the sum of £343,174, the State had received back more than one-half of the average capital employed in the undertaking. This is in addition to reserves put aside by the Board and held by the State which, though specifically ear-marked, may not ultimately be required for the purposes proposed. Further than this, the Board have defrayed out of revenue all ascertained charges for preliminary expenses in connection with the acquisition of the properties and other assets.

The accounts for the year ending 31st March, 1921, have not yet been made up, but from interim accounts which have been prepared for the first six months of the year and from other evidence, it is fairly clear that the results for this year will show a net profit available for further reduction of the capital indebtedness of the undertaking, which will compare not unfavourably with the results of the previous years.

16. CONCLUSION.

For the benefit of those who have not hitherto had the opportunity of reading previous reports, wherein is contained much information of the detail of the work carried out, a short summary is added by way of conclusion. This shows that the Board have put into operation at Carlisle most of the generally accepted measures of licensing reform which have been proposed during the last half century. They have been able to do this by virtue of their position as the sole licensing authority, and as the sole owners of the manufacturing and distributing centres in the area. That this is so is shown by the following list of reforms which they have instituted :—

- (1) The reduction of the number of licences in the city from 119 to 69, and a corresponding reduction in the country districts.
- (2) The suppression of all grocers' licences.
- (3) The limitation, to a reasonable number, of the places where " off " sales of spirit are conducted.
- (4) The abolition of advertisements of intoxicants.
- (5) The limitation of the sale of intoxicants to young persons.
- (6) The appointment in all the Board's houses, of salaried managers who have no pecuniary interest in the sale of intoxicants.
- (7) The provision of food taverns.

In addition to the foregoing the Board, in the interests of their customers, have taken steps to make the public houses in the area more comfortable and healthy, and have carried out certain reorganisations in the conduct of the trade which have resulted in increased efficiency and in very considerable economies. These may be summarised as follows :—

- (8) The improvement of the structure and arrangements of many of the public houses.
 - (9) The provision of tea rooms in country inns.
 - (10) The permanent closing of two out of the four breweries in Carlisle.
 - (11) The bottling of beer in one building instead of a dozen, with its resulting economy.
 - (12) The establishment of one up-to-date spirit store instead of the wholesale trade being carried on at seventeen different places.
 - (13) The organisation of the whole trade in intoxicants on an economical and co-ordinated business footing, to which the financial strength of the undertaking is largely due.
- Looked at broadly, the Board's efforts are admitted, by impartial observers who know the facts, to have been a success. It is, indeed, the very fact of that success that has made critics on both sides so bitter in their denunciation of what has been accomplished in so short a time.

EDGAR C. SANDERS,

General Manager.

19 Castle Street, Carlisle.

23rd March, 1921.

Appendix.

CENTRAL CONTROL BOARD (LIQUOR TRAFFIC).

CARLISLE AND DISTRICT DIRECT CONTROL AREA.

Statement of Assets and Liabilities as at 31st March, 1920.

LIABILITIES.			ASSETS.				
	£	s. d.	£	s. d.	£	s. d.	
1. Outstanding Issues from the Exchequer	460,041	9 8	1. Land, Breweries, Maltings, Spirit Stores, Licensed and other Properties (including Licence Values), and Fixed Plant, at actual or estimated cost, <i>less</i> Depreciation of Leaseholds and Fixed Plant	684,349	5 1		
2. Suspense Account :— Compensation Claims in course of adjustment, and accumulated provision from profits (£55,000) for deferred repairs and improvements	113,010	7 9	2. Additions and Improvements, <i>less</i> amounts written off	49,471	14 6	733,820	19 7
3. Sundry Creditors and Accrued charges	62,675	16 3	3. Loose Plant, Furnishings and Utensils, <i>less</i> Depreciation			44,401	16 0
4. Balances brought from Profit and Loss Accounts, being accumulated surplus accrued to the Exchequer towards replacement of Capital cost—			4. Stocks at cost or under			170,074	12 8
	£	s. d.	5. Sundry Debtors...			4,579	0 1
Accumulation as at 31st March, 1919	203,911	9 8	6. Cash at Banks and in hand			26,025	17 9
For the year to 31st March, 1920	139,263	2 9					
	343,174	12 5					
	£978,902	6 1				£978,902	6 1

Profit and Loss Account for the year ended 31st March, 1920.

Dr.	£	s. d.	Cr.	£	s. d.
To Interest on Exchequer and other Balances (including estimate for interest on claims outstanding) ...	24,463	19 10	By Balance from Trading Accounts after making provision for Rent; Repairs and Alterations; Licence Duty; Taxes—other than Income Tax (Schedule D) and Excess Profits Duty—and Rates (or Contributions in lieu thereof); Managerial and Architectural Staff; and Depreciation of Plant, Furnishings and Utensils	163,085	19 1
„ Depreciation of Leasehold Properties	685	6 8	„ Balance from Property Account ...	5,028	15 0
„ Preliminary Expenses (Valuer's Fees and Law Costs), part estimated...	3,702	4 10			
„ Balance accrued to the Exchequer towards Replacement of Capital cost	139,263	2 9			
	£168,114	14 1		£168,114	14 1

EDGAR C. SANDERS.

General Manager of the above district on behalf of the Central Control Board (Liquor Traffic).

11th August, 1920.

Having audited the books containing the records of Income and Expenditure in respect of the premises included in the direct control undertaking of the Central Control Board (Liquor Traffic) in the Carlisle District (other than the payments made by the London Office of the Board, which have been incorporated in accordance with certified abstracts, and are subject to audit by the Comptroller and Auditor General), and having obtained all the information and explanations we have required, we certify that in our opinion the foregoing statement of Liabilities and Assets correctly sets forth the position of the undertaking as at the 31st March, 1920, and that the relative Profit and Loss Account correctly sets forth the results of the trading to that date according to the best of our information and the explanations given to us and as shewn by the books.

MANN, JUDD, GORDON & Co.,
Chartered Accountants,
Auditors.

11th August, 1920.