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Monthly Notes

VOL. 27.

JANUARY-FEBRUARY, 1937.

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A BUSINESS MAN ON TEMPERANCE REFORM.

THE title of this article has been inspired by the recent publication of addresses on various subjects given over a course of years by Mr. Angus Watson, and now collected in book form under the title of "The Faith of a Business Man."* Since the book as a whole has been adequately reviewed in other journals, we may be allowed here to devote our attention exclusively to the part which concerns us most immediately; namely, the section entitled "The Forward Look in Temperance Reform," which consists of the reprint of an address given to the Commercial Temperance League, Glasgow, in 1930.

We need hardly point out that the matter of this address does not lose in value from the fact that it is nearly seven years old. The problems which Mr. Watson then reviewed are substantially the same to-day, and the remedies which he suggests need the same consideration as they did in 1930. Since, moreover, he has consented to the re-publication of this address in a form which will reach a much wider public than his original audience, we may assume that his attitude on this question has remained the same. It is the attitude, we may add, of one who is not only a successful business man, but a prominent Nonconformist and Liberal; that is to say, of a man standing in and carrying on a long tradition of interest in practical reform in all aspects of the social question.

* London: Ivor, Nicholson & Watson, 5s.

The "Realistic" View.

Mr. Watson, as we should expect, deals with the problem of Temperance reform from a realistic as well as an idealistic standpoint—if we may be allowed to use these rather loose terms. That is to say, he is careful to distinguish between what might be in a more perfect world, and what we can hope to achieve in the world as it is. Thus, in considering the possibilities of a Temperance programme he points out that "it is necessary to keep steadily before us the fact that what is ideally desirable, and what is immediately practical are not necessarily in harmony, and that it is useless to strive to secure legislation which will not carry with it the support of the majority of our citizens . . ."

For this reason, Mr. Watson rejects Prohibition and confines his attention to less rough and ready methods. Those which he considers may be divided into two categories: educative and legislative, and the latter again into what we may call immediate and piecemeal legislation to deal with certain individual problems, and fundamental measures to get at the root of the matter.

While recognising to the full—as the League always has done—the value of educative work as one of the most important factors—and we personally would consider education in its widest sense, as anything leading towards a higher and more civilised standard of living—we may be excused if we concentrate on the proposals which Mr. Watson makes with regard to legislative measures.

Club Reform—And other Measures.

Those which we distinguished as "immediate" may be summarised as follows: reform of the law dealing with Registered Clubs (Mr. Watson suggests that "they should have to obtain magisterial licences on the same lines as those necessary in the obtaining of a public-house licence"); the extension of Sunday closing to England; the transfer of the granting of excise licences to the licensing benches; proper certified accounts to be submitted by licensees when application is being considered for the payment of compensation on the cancellation of a licence.

We cannot give an unqualified endorsement to the details of all these proposals. The suggestion with regard to Registered Clubs appears at first sight to be consistent with the spirit of our licensing laws; but, we believe, only at first sight. Though too many registered clubs are in fact nothing more than unlicensed public-houses, the nature and purposes of the genuine club, both in theory and in practice, differ from those of the public-house, and we are not sure that it would be desirable to introduce legislation which would tend to obscure this difference by an assimilation of methods of procedure. (This quite apart from the fact that we cannot conceive a present-day government sponsoring such legislation, or being able to overcome the opposition which it would

arouse). We think that the main recommendations of the Royal Commission on this subject would not only have far more chance of acceptance, but would achieve the purpose which Mr. Watson and all reformers desire to see fulfilled while maintaining the distinction—in our view necessary and desirable—in law and social functions—between the registered club and the ordinary licensed premises.

With regard to Sunday closing in England, we wonder whether Mr. Watson's own caution about distinguishing between the ideal and the realisable does not apply to this suggestion. Those who have convictions on the subject have both the right and the duty to endeavour to influence public opinion on this subject, but it would seem to us a pity if this were to detract from efforts to achieve certain more immediately practicable measures; such as reform of the club law, and other points considered by Mr. Watson, and to which we shall now refer.

Included among these is the proposal that the granting of excise licences should be transferred to the licensing authorities. The number of these on January 1st, 1935, was 1,579. As was said some time ago in these NOTES: "There is no reason to believe that, generally speaking, they are other than well conducted. Their position is nevertheless anomalous. Licences in their case are granted automatically, irrespective of local need and without restriction of numbers. In the case of ordinary off-licensed premises, doing the same kind of retail trade, the grant of a licence is subject to the discretion and approval of the local licensing authority who must be satisfied that the licence is really needed. . . . It is not in our view a question of Temperance or sobriety, but a question of consistent law and common sense."

Local Option—And Its Drawbacks.

Mr. Watson further advocates Local Option. He does not, however, regard it as a panacea for the ills of the nation in the realm of excessive drinking and redundant public-houses; for as he himself says: "In the districts where a reduction of public-houses is most necessary, it will generally be most difficult to obtain a vote for their reduction." On the other hand, "where social amenities are adequate and counter-attractions most easily obtained. . . . Local Option is most likely to be successful." We feel that this admission indirectly supports the majority attitude of the Royal Commission, which rejected the principle of Local Option, and provided for the planned reduction of redundant houses through the working of the proposed National Commission. Alternatively, if the principle of Local Option is to be adopted, then, as the League has always held, particularly at the time of the Scottish Act of 1913, the choice should be a wider one, and should include the alternative of Disinterested Management. If the citizens are to be given the power of voting on certain alternatives, then these

alternatives should not be unnecessarily restricted. Mr. Watson points out that the principle of Local Option was widespread in America before Prohibition. It has now been re-introduced in many cases, and these often include the alternative of State Liquor Stores.

We offer these comments in no spirit of carping criticism, but in the nature of suggestions as to how, in our opinion, steps may be taken towards the social betterment which Mr. Watson, along with all other public-spirited citizens, desires to achieve; steps which will be in harmony with what is realisable in the present state of public opinion.

The Only "Real Step Forward."

We come now to what in our opinion, as well as in Mr. Watson's, we believe—since he devotes more of his space to it than to any other single proposal—is the most important measure of all. Referring to the proposals outlined above, Mr. Watson says:

"Although these reforms are immediately necessary, they would not in themselves secure any large reduction in our present liquor consumption.

"Students of the problem are increasingly recognising that no further real step forward can be obtained until the Trade is taken out of private hands, and controlled by some disinterested body, which has no personal interest in the further extension of the industry."

After pointing out the success obtained by Disinterested Management in Scandinavia (where, we may add in parenthesis, it has always had the enthusiastic support of Temperance bodies, including the Good Templars), Mr. Watson gives his opinion of the results achieved by the Carlisle Scheme in this country.

"The effect of this experiment has been to decrease largely the number of public-houses, greatly to increase the quality and character of those remaining, to decrease the consumption of intoxicants in the area, and gradually to build up a fund which is now sufficient to redeem and cancel *all* the remaining licences, if this was desired by the community, without any cost to the State or the area affected."

Following the recommendation of the Majority Report of the Royal Commission, Mr. Watson would like to see public ownership extended to a further and larger district "so that it could be properly tested out and the results very carefully examined." In support of this, he quotes from the evidence given before the Commission, which he summarizes by saying that:—

Local Opinion on Carlisle.

"Public officials in the City, who are in the best position to express an opinion on the results of the Carlisle experiment, are in

favour of it, but that religious opinion in the district is at least divided as to its efficiency."

(Religious opinion may be divided, but we think that the division of opinion "on the spot" is heavily in favour of the scheme. The Dean of Carlisle told the Commission that 25 out of 40 local incumbents were "quite definitely favourable to the continuance of the scheme," and only six were definitely opposed to it; the Rev. G. Bramwell Evans, a Methodist Minister who worked in Carlisle from 1914-26—and whose ultimate goal was Prohibition—was strongly in favour of the scheme; and the Bishop of Carlisle has both before and since paid unqualified tribute to its beneficial results. See, *eg.*, MONTHLY NOTES, February, 1934).

In extending the Carlisle Scheme, Mr. Watson would like to see certain modifications in the working of it. It should not be under the direct control of the State, but under a Disinterested Management Board, or rather Boards, and all profits earned, apart from the interest on the redemption loan, "should be set aside for the cancellation of licences"—the scheme being combined with local option.

Finally, Mr. Watson anticipates and answers the ill-founded criticism that such a scheme would give the nation a new "vested interest" in the continuance—and the maintenance to its full extent—of the "Trade."

"It is, of course, a fallacy to argue that citizens are not at present directly interested in the continuance of the Trade. At the present time (1930) there is an annual income passing into the coffers of the State of about 130 millions,* by way of taxation on the industry and to that extent we all have a stake in the carrying on of the Trade and a responsibility for its continuance.

"The only difference between the present position and that of control through Disinterested Management would be that whereas at present we benefit as a State by the profits earned, we have no effective control of the industry as now carried on, which we would quite certainly secure if our future administration was conducted with a modification of the policy now operating in the Carlisle Area."

Significance of these Views.

To sum up our review of Mr. Watson's thoughtful and stimulating article. Not the least of its value lies in the appeal which, owing to Mr. Watson's position and personal views, it should make to those of the Temperance movement who have hitherto been too

* In 1936 it was just over 105 millions (including revenue from licences, monopoly value and club duties).

inclined to reject out of hand, and without due consideration, the most important of his proposals: namely, the extension of a scheme of disinterested management. Its effect should be even greater among those who, while not so one-sided in their consideration of alternatives, have been rather chary in any dealing with this proposal. In this connection it is encouraging to note that the Editorial of the latest "Temperance Number" of the *Methodist Times and Leader* gives particular attention to Mr. Watson's article, mentions the main proposals therein outlined, and urges its readers to support actively constructive policies for Temperance reform.

These developments are significant, and Mr. Watson's views will receive careful consideration among all sections of the Temperance movement. They should, and we think will, convince many—who seem still to be in need of this reassurance—that proposals for disinterested management, far from being Machiavellian schemes to sabotage Temperance progress, represent the most hopeful line of advance—if not indeed the only practicable one at the present time—towards the objects which they, along with Mr. Watson, have at heart.

CARLISLE FINANCES: SOME FURTHER REMARKS.

Not unexpectedly, comments have appeared in the Trade press, and in periodicals sympathetic to the Trade, on our recent article dealing with the real position of Carlisle finances (MONTHLY NOTES, October, 1936). As our readers will remember, the article in question considered the criticisms which had been made by the Select Committee on Estimates in their report on State Management finances. The Committee, in considering the profits made by the Scheme, used the basis of net profits as a percentage of net assets, and by treating the accounts of a dozen representative Brewery Companies in the same manner, we showed that the Carlisle profits in every case compared favourably with the results achieved by private trade.

Not unnaturally, perhaps, in the face of this conclusion (an inescapable one on the basis of the accounts taken, and which included those of some of the greatest and most prosperous brewery companies) comes the claim from the *Brewing Trade Review* of December, 1936, that the figures we used have been "adjusted" and treated "superficially." Now, since we should be the first to admit that very often "figures can be made to prove anything," we would wish to deal fully with this particular criticism, if it should prove to have weight. Unfortunately we have nothing

to go on here, for the writer in the *Brewing Trade Review* does nothing to substantiate his accusation of adjustment. So, instead of answering we are bound to ask instead: why is it "adjusting" figures to treat brewery accounts in the same way as the Carlisle Accounts are treated by the Select Committee?

This is not merely a rhetorical question, for we do not know the answer to it ourselves. If the writer means that this method of treating accounts is in principle an unfair one, then it is unfair for Carlisle also. But apparently he thinks it was good enough for Carlisle, for he says at the beginning of the article that the Select Committee (which used this method) "exposed the poor financial results recently achieved by the State Management Schemes." Yet, when this method is extended to the accounts of other concerns, and it is found that their results are no better than the "poor" results of Carlisle, the writer suddenly discovers that it is "superficial" and that the figures have been "adjusted." He cannot have it both ways.

For the same reason, there is no real point in his remark that "by this means a company which paid 22 per cent. on its ordinary shares and 6½ per cent. on its preference shares is shown to have made a 'real' profit of only 6 per cent." Once again, the same answer applies. The cold fact is that, using the same methods that were used by the Committee with Carlisle's accounts, the said company is shown to have made this percentage; neither more nor less. If the writer means that another method would have shown that this company was making a larger percentage "real" profit, then it would have shown a larger percentage profit for Carlisle also, and to exactly the same degree. (In fact, our whole criticism of the Select Committee's Report was that it did not reveal the real state of Carlisle's prosperity; and this was the purpose of our comparison with results achieved by private trade, calculated on the same basis).

The writer goes on to mention, that in the accounts of one of the companies quoted in the comparison, there are items "General Reserve, £750,000," and "Improvements Reserve, £167,049," together with items of goodwill written off and General Reserve capitalised in 1929, amounting in all to £1,395,603, representing accumulated profits which have been "reinvested in the business as a whole during recent years." This is very interesting, but we fail to see how it affects the results. For if we are to give this company credit for these items, then we must credit Carlisle for the corresponding item in its accounts, namely, the balance of profits retained in the undertaking, £282,500. Now, if the writer really intends that this odd million of accumulated profits should be added on to the profits of the year taken in considering the real percentage profit of his company—we can hardly believe this, but we do not see what else he is getting at—then we must add on

the accumulated retained profits of Carlisle in exactly the same way. Our new comparison will then be:—

| | Net Assets. | " Profit." | % " Profit." |
|--------------|-------------|------------|--------------|
| Company ... | £8,256,221 | £1,890,100 | 23 |
| Carlisle ... | £891,767 | £338,787 | 38 |

We can hardly believe that our writer intended to achieve a result so much more heavily in Carlisle's favour than the one reached by our own method, at which he cavilled, but there it is. If, on the other hand, the writer suggests that the total of the reserves (£750,000 plus £167,094), viz. : £917,094, should be deducted from the net assets, as well as the figure of £610,670, being the balance of the Profit and Loss Account in the year to which the writer refers, the net assets of the particular Company would be represented by £8,256,221 less £1,527,764 or £6,728,457, with a net profit of £494,497 or 7.35 *per cent.*, compared with Carlisle net assets of £891,767 less £282,500 or £609,267, with a net profit of £45,287,* showing a return of 7.43 *per cent.*

And in spite of the fact, which the writer of the article did not mention, that these accumulated profits of Carlisle represent profits retained in the undertaking *in addition to and after the repayment with interest of the whole original capital cost of acquiring the properties.*

Whichever way the writer wishes us to deal with " profits retained in the business," Carlisle emerges with better financial results than we claimed in MONTHLY NOTES for October, 1936, and we are grateful to the *Brewing Trade Review* for affording us the opportunity of confirming our previous estimate of the financial success of the Carlisle Scheme.

* After deducting £11,000 for " Income Tax allowance."

SOME RECENT LEAGUE PUBLICATIONS.

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