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8th May, 1928.

My dear Grigg,

I enclose a copy of a report on the totalisator at Longchamps and the pari-mutuel at St. Cloud which has been made by Christian and Douglas who inspected the arrangements there last month. The report gives a very interesting and attractive picture and brings out very clearly the great advantages of the system over the conditions obtaining on our racecourses here.

The Chancellor may be interested to see the report.

Yours ever,

(L C Floud)

P.J. Grigg, Esq.,

Treasury

INSPECTION OF TOTALISATOR AND PARI-MUTUEL.

A. The Totalisator at Longchamps

1. The new totalisator at Longchamps, its mechanism and financial arrangements, were inspected on Saturday and Sunday, 14th and 15th April, 1928. On the Saturday the machine was being tested out to see that it was in working order for racing on the Sunday. Every opportunity was thus afforded, thanks to the courtesy of Mr Wilkinson of the Automatic Totalisators Ltd., for seeing the machine both at rest and in full working operation. It was apparent that every detail of the machine had been thought out with the utmost care and that every attempt had been made to secure that it was fool-proof. The ease and simplicity with which this complicated piece of mechanism received and recorded the large sums lodged with it was remarkable.

2. The indicators. Longchamps is divided into three main parts :

(1) The Pesage (entrance fee 40 francs or 6s. 8d.)

(2) The Pavillon (entrance fee 15 francs or 2s. 6d.) and

(3) The Pelouse (entrance 3 francs or 6d.)

The main Totalisator machine has been placed in the Pavillon in a well-designed building facing the racedourse. It was placed there in deference to the French opinion though the totalisator people would have preferred the machine to have been behind the stands. On the outside of the main building there are big indicators like speedometers. These indicators can show (1) the amount invested on each of 42 horses for a win; (2) the amount invested on each of 42 horses for a place; (3) the grand total invested for a win on all the horses running in the race; and (4) the grand total invested for a place. As the money is invested at the different booths all over the course these

indicators revolve so that it is possible at each moment to see the amount invested on each horse and the total amount invested altogether. In addition to the indicators on the main building there are subsidiary indicators in the Pesage and in the Pelouse. The rapidity with which the figures mount up is most impressive to one who has never previously seen a machine of the kind in operation and quite justifies the description given to the machine by one of the Paris papers as "The Insatiable Moloch".

3. Receiving and Paying-out Booths. There are some hundreds of receiving and paying booths dotted all over the three parts of the racecourse. Provision is made for bets of 5 francs, 10 francs, 50 francs and so on up to 1,000 francs to be made at different booths, which are clearly marked as receiving bets of those amounts, but no receiving booth is a paying-out booth. The paying-out booths are situated either at the side of the receiving booths or immediately at the back. The procedure is very simple. One selects the horse by number from the official programme and goes to the booth which corresponds to the amount of the intended bet. At the booth there are two operators, one takes the money, and the other operates the ticket-issuing machine. This is quite small, and is in the form of a dial with the numbers running round it. The operator runs the pointer round and depresses it at the number of the horse on which the investment is made. The effect of the pressure is to print and issue a ticket on a blank roll of paper which has previously been fed into the machine. At the same time an electric impulse is sent from the booth to the central machine in the Pavillon, which in turn revolves the indicators all over the ground. If the

investor wants to bet for a place, and not for a win, he need not go to a special booth. All that the operator does is to use the same machine but with a different contact. A ticket is printed and issued in the same way as before, but it bears on it the word "PLACE" instead of the word "GAGNT" as in the case of the win. At the same time an electrical impulse is sent to the main building, but to a different recording machine. There is not possibility of a bet for a place being mixed up with a bet for a win. Nor is there any possibility of a ticket being issued for a horse that is not running in the race, for a control switch in the main building puts out of action at all booths all numbers save those of horses which have been actually declared and posted as runners. The paying out is equally simple : if the horse on which the investment is made is successful the winning ticket may be presented at any of the paying-out booths all over the ground, where the money is paid according to the declared dividend.

4. Dividend Indicators. There are several indicators placed in each of the three divisions of the racecourse which show, after the race has been run and the figures worked out, the dividend payable on each of the successful horses.

5. The Machine Itself. The recording machines for win and place are on different floors of the main totalisator building. When the impulse is received from the receiving booths it actuates a unit wheel which moves forward one place for each unit. The unit at Longchamps is 5 francs. When the unit machine has gone round 10 times it actuates another wheel which shows tens and when that has gone round

10 times it actuates a wheel which shows hundreds, and so on, so that up above each machine there is an indicator showing the total number of units invested on that particular horse. Each of those machines is in turn connected both with the Grand Total and with the course indicators previously described, so that practically instantaneously on the recording of a number on the machine the number is recorded on the indicators as well. It was explained that the machine as a whole had never failed in operation in Australia. Occasionally, for one reason or another, an issuing machine at a receiving booth had temporarily gone out of order, but that would only affect the issue of tickets at that particular booth, and the public would suffer no serious inconvenience. There are two sources of electrical power, so that if one fails the other can be used as a reserve.

6. The control tower. At the top of the building there is a control tower where an official of the promoting club is in attendance. When the horses have started the official pulls a lever, and this has the effect of cutting off the current in the machine so that no more tickets can be issued and no more bets received at any booth on the ground.

7. The calculation of the dividend. As soon as the betting has been stopped and the machine has come to rest the indicators are read and agreed by two different officials. The business of returning the counters on the indicators to zero is then begun and is done very quickly so that all is in readiness to start again when betting is opened on the next race. When the numbers of the successful

and the placed horses are known it is a simple matter to deduct the State and other deductions from the grand total, and arrive at the dividend in respect of each horse by division. This is done again by two officials, and the results agreed before the declared dividends are posted in various parts of the ground.

8. Ante-post bets. There is provision for a certain amount of ante-post betting on the days of big races, such as the Grand Prix. Several booths are set apart where bets may be made in advance of the big race. As the tickets are issued the impulses for the machines and are stored up on counters until the time arrives for the opening of the general betting on the race. Then the totals already recorded are transferred to the machine and recording goes on as before.

9. The machine in operation. The machine was inspected in full working order on Sunday 15th April both before and behind the scenes. From the race-goers' point of view, the position was that in front of each of the series of indicators stood groups of people watching the progress of the betting. No one seemed to have any difficulty in reading and in understanding the progress of the betting, and it was possible with a fair degree of accuracy to gain an idea of the odds on each of the horses at any particular moment. Thus, if the grand total showed a million francs, and on horse No. 4 the figure was 100,000 francs, the odds would be somewhere about 8 to 1, after allowing for return of stake and the deduction from the pool, and so on with the other horses. In addition there was an

organization which for 5 francs would supply 4 betting forecasts for each of the 6 races. It was noticed that the final prediction was amazingly accurate. It was possible from the machine to see at a glance how the betting was fluctuating as between different horses and to observe how one horse was going out of favour and another horse coming into favour. The wise punters were holding back until the end to see how the market was going before making their own investments. It took on an average 9 or 10 minutes for the dividends to be posted up all over the course from the time the result of the race was known. Thus it was not only easy but normal for people to collect any winnings they might have had on one race before investing on the next race. It is not possible to give the total invested on the day in question, but it may be said that the figure was at least 12 mln. francs. There were no long queues of people waiting, and there was perfect orderliness throughout. Behind the scenes, a crew of electricians and mechanics were attending to the recording machine which were roaring and vibrating as in a big power-house and ticking up bets at terrific speed. Betting had scarcely been opened for a few minutes on each race before the Grand Total showed investments of upwards of a million francs.

10. The cash control. Mr Wilkinson supplied us with documents which show the system of cash control operating under the old French pari-mutuel system, and under the totalisator system as it works in Australia. The French Authorities have not yet seen their way clear to adopt the Australian method of accounting, and still persevere with an

Adaptation of their control under the pari-mutuel system, which appears to be somewhat complicated. In addition to the mechanical checks on the machines, each of the clerks in charge of the receiving booths accounts for all the tickets which he issues, and each of the paying-out clerks accounts for all money he has paid out. A very minute check is thus placed upon the accuracy of all the transactions which are taking place. From a revenue point of view this is most satisfactory because it means that while in the ordinary way the figures are recorded on the machines may be taken for all practical purposes as being accurate, for the revenue return it will be possible and desirable to impose a further check from time to time based upon the accounting methods employed. For any race or for any race-meeting it will always be possible to ascertain the number of investments made at each denomination, the number of units (and therefore the total money) invested and the particulars of the investments and payments at each booth. This is of interest statistically as well as administratively.

~~Documents are attached describing in full the two systems which have been mentioned.~~

11. Revenue control. If the Totalisator were established in this country the persons responsible for it would make a simple return after each meeting showing the total amount invested and the tax due. This would be accompanied by a cheque in payment. In addition the details of the amounts invested on each horse in each race and at each booth would be preserved and inspected from time to time. These details would be compared with the

cash books and with the dividend sheets. Further the final figures appearing on the machine at the end of each race could, if necessary, be taken down for the purpose of comparison later. It is probable, moreover, that the totalisator authorities would desire a representative of the Government or of the Jockey Club to work out the dividends independently of the totalisator official so as to provide at once a check and a safeguard. It would appear that in so far as the investments on the totalisator are concerned 100% of the tax will be collected at very little cost.

12. Credit Bets. Betting in Australia and at Longchamps with the totalisator is for cash only. In Australia, however, provision is made for a modified form of credit betting to avoid the risk of big bettors carrying huge sums of cash about with them. A person wishing to avail himself of this privilege must present himself at the totalisator office with a banker's cheque or some other guaranteed credit and open an account. If this is accepted he is given a book of vouchers and his vouchers are taken instead of cash for his investments. A running account of his transactions is kept in a special office on the course so that the investor can ascertain at any moment how he stands. When his investments equal his deposit no further investments are received unless the deposit is refreshed. After racing the account is made up and anything due to the investor is sent by cheque by the totalisator office. This facility would probably be in great demand in England by some owners and trainers and their friends.

13. General. The course at Longchamps is beautifully situated and beautifully laid out. The charges for admission are extremely low, as compared with the charges for admission to English racecourses. The result is that, on a Sunday at any rate, racing at Longchamps is in the nature of a social and family festival. Everything is clean and well ordered. There is no shouting and no jostling; there are ample facilities for refreshments at ordinary prices. No part of the ground is set apart from the general public, although some parts of some of the stands are reserved for Ministers and for members of the French Jockey Club. The stands are of modern construction, and afford an excellent view of the racing from start to finish, and there is ample seating accommodation. The lawns in front of the stands are used as a parade ground by the public. The totalisator appears to be very popular with the people betting, and it is clear that the general public, so far from fighting shy of the machine if it were introduced in England, would be enthusiastically in favour of it. There seems to be no reason why one should bet with a bookmaker when one can invest money more simply in the totalisator machine. Exception must perhaps be made to this general statement in so far as owners and professional backers are concerned. There are bookmakers (illegal) at Longchamps who, where owners and big investors desire their commissions to remain secret, take high bets. There is no doubt, however, that some at least of this money gets into the machine in cases where the bookmaker does not care to "stand" the bets himself. In the ordinary way the general public would have no hesitation in choosing the machine as a medium of making investments.

B. The Pari-Mutuel at St. Cloud.

14. The pari-mutuel. The pari-mutuel system was inspected at St. Cloud where racing took place on Monday, 16th April. The system there is generally on the same lines as at Longchamps except that instead of the up-to-date totalisator machine the investments were managed on a hand-worked pari-mutuel. There was the same absence of jostling and shouting which seems to be the indispensable accompaniment of the bookmakers' methods in England, but as compared with the totalisator the pari-mutuel seemed slower and almost out-of-date. Although the crowd was not so great as on Sunday at Longchamps there was longer to wait for the declaration of dividends, and it is evident that on big race days all the public would not be able to draw their winnings in time to enable them to make their investments on the succeeding race. This matter is important as it affects the total turnover for the day. The revenue control as regards the pari-mutuel if it were introduced on race-courses in this country would be confined to the check on the issue of tickets and the accounting for cash as in the second of the checks on the totalisator system. There would be no such simple and obvious check as in the case of the machine, but though the normal methods of control would be more laborious and therefore a little more costly, they would present not great difficulty.

(Sd.) WILLIAM CHRISTIAN

(Sd.) WM. S. DOUGLAS

April 1928