Commercial Aspects
Of the Liquor Traffic
In the United States

Economics
A. M.
1909
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COMMERCIAL ASPECTS OF THE LIQUOR TRAFFIC
IN THE UNITED STATES

BY

ALVA JAY HILL

A. B. Ohio State University, 1906

THESIS

Submitted in Partial Fulfillment of the Requirements for the
Degree of

MASTER OF ARTS

IN ECONOMICS

IN

THE GRADUATE SCHOOL

OF THE

UNIVERSITY OF ILLINOIS

1909
UNIVERSITY OF ILLINOIS
THE GRADUATE SCHOOL

May 31, 1909

I HEREBY RECOMMEND THAT THE THESIS PREPARED UNDER MY SUPERVISION BY

ALVA JAY HILL, A.B. Ohio State University, 1906

ENTITLED Commercial Aspects of the Liquor Traffic in the United States

BE ACCEPTED AS FULFILLING THIS PART OF THE REQUIREMENTS FOR THE

DEGREE OF Master of Arts in Economics

Simon Littauer
In Charge of Major Work

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Recommendation concurred in:

Committee on
Final Examination
COMMERCIAL ASPECTS OF THE LIQUOR TRAFFIC
IN THE UNITED STATES

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COMMERCIAL ASPECTS OF THE LIQUOR TRAFFIC
IN THE UNITED STATES

I. Organization of Dealers.

"Liquor, in its nature," says the supreme court of South Carolina in the case of George vs. Aiken (26 L.R.A. 345) "is dangerous to the morals, good order, health, and safety of the people, and is not to be placed upon the same footing with the ordinary commodities of life, such as corn, wheat, cotton, potatoes, etc." The sentiment of this decision prevailing in the minds of many American citizens has forced the producers of liquor into a constant strife in order to bring their business to its present magnitude. Consequently, liquor manufacturers, wholesalers, retailers, bartenders, and all other persons who derive their income directly or indirectly from the manufacturing or marketing of the liquor products banded together into associations for their common weal. There was little organization among any of them until the middle of the last century, when they began to unite forming consolidations, unions and societies. We shall consider a few of these organizations with special reference to their influence in encouraging and extending the sale and consumption of the liquor products. (See Waldron, p. 116).

The United States Brewers' Association is perhaps the oldest national organization now in existence, having been formed in New York City in 1862. Its purpose has been to influence legislation in favor of the liquor interests. This body has been unusually successful in defeating the purpose of temperance legislation, as well as in preventing such measures from being enacted. For years it has been instrumental in preventing restrictive legislation in the District of Columbia. The undoing of the South Carolina state dispensary system is also largely attributable to this organization.
The distillers and wholesale liquor dealers, on October 18, 1886, organized, at Chicago, the National Protective Association, whose purposes are similar to those of the Brewers' Association. This association is at present financially backed by the Distillers' Securities Corporation. It has been especially active in raising large sums of money to prevent the enactment of prohibition laws.

The Distillers' Securities Corporation, better known as the Whiskey Trust, is the direct outgrowth of the Distillers' and Cattle Feeders' Trust, which was formed at Chicago on May 10, 1867, opening its headquarters at Peoria, Illinois. This organization grew very rapidly, and within a year is said to have controlled nearly ninety percent of the spirits produced in this country.

The National Retail Liquor Dealers' Association was organized in 1893, and is now represented by branch offices in nearly every state. One of its most important branches is its Protective Bureau, located at New York City. It is actively engaged in the distribution of anti-prohibition literature, by which it aims to influence public sentiment in favor of the liquor business.

The International Union of the United Brewery Workmen of America is another national association which aims to control and organize the laborers engaged in the manufacture of fermented liquors. It also seeks to influence union men in other trades, especially during elections in which the liquor interests are involved.

Closely allied with the Brewery Workmen's Union in purpose and policy is the Bartenders' International League of America, which seeks to unite these laborers into a solid unit for the cause of the industry which they serve.

A great many other national organizations might be mentioned, such as The National Association of Wine and Spirit Representatives, The National Model License League, The Bottlers' Protective Association, The Society of Brewers'
Cheinists of the United States, The Personal Liberty League, The Anti-Prohibition League, etc. For a detailed account of these and similar organizations see The Bar and Buffet of December, 1908.

The power of all these organizations is evident in every contest which they enter. They have at their command millions of dollars and many voters which they can turn over to their friends or against the enemies of the traffic. The reduction of the tax on beer in 1863 from one dollar to sixty cents per barrel was secured largely as a result of the combined efforts of the liquor dealers. As early as 1872 the liquor forces claimed that they were responsible for the defeat of Horace Greeley, candidate for President of the United States, who was an advocate of total abstainance. Mr. Clawson, President of the Brewers' Association in 1872, instructed the liquor organizations to unite their efforts, and to use every available power to defeat Mr. Greeley. Fully satisfied that they were responsible for the election of President Grant, Mr. Clawson made the following remark at Brewers' Convention the following year: "The last presidential election has shown us what unity among us can do. Let our votes and our work in the future be heard from in every direction." The same point is illustrated by an article in the Wine and Spirit Gazette in 1894, which boasted that the liquor interests in New York City could control two hundred thousand voters who lived "by the saloon," and they could control any state legislation that they chose. The same paper, on October 12, 1894, stated that large sums of money were collected by the liquor associations in Ohio, Pennsylvania, and Illinois, which they used by direct orders of David B. Hill to defeat Grover Cleveland and elect Mr. Hill Governor of New York.

During the campaign in Pennsylvania in 1889 for constitutional prohibition the liquor organizations raised in the neighborhood of a million dollars to fight the amendment. They assessed the large hotels of Philadelphia a
thousand dollars each, and small retailers from twenty-five to fifty dollars. All sales of beer were assessed ten cents a barrel. Everyone who had any connection with the traffic was assessed. Vast sums of money were used to hire newspapers to oppose the amendment. Weekly papers were paid from fifty dollars to five hundred, and daily papers received from five hundred to a thousand dollars. After spending the million dollars the committee in charge at the close of the campaign was still indebted over fifty thousand dollars to newspapers and politicians. (See Fehlandt, p. 188) All this simply illustrates that there are money, and votes, and power behind the liquor dealers, and that they are organized to meet and defeat every move of their opponents.

Besides organizing for the purpose of defense, the liquor manufacturers and their associates have other societies such as The Society of Brewing Technology, which holds meetings for the purpose of studying improved methods of making and marketing their products. The Wahl-Henins Institute of Fermentology, located at Chicago, offers this year two scientific courses of study. The Malster's course prepares young men for the more difficult positions in the manufacturing of fermented liquors. It includes instruction in the composition and cultivation of barley, malt house construction and outfitting, principles and practice of malting, malt house engineering, etc. The other course is intended for dealers, and aims to prepare them for the management and oversight of the brewery. (See advertisement in American Brewers' Review, Vol. 23, No. 3).

Technical knowledge of great value to liquor dealers is also disseminated by means of liquor trade journals, such as Barrels and Bottles, The Liquor Trades Review, The American Brewers' Review, The Wine and Spirit Gazette, The Bar and Buffet, The Wholesalers' and Retailers' Review, etc. These journals are the official organs of the various liquor associations and serve to bind the members more closely together, as well as to keep them posted on matters of a technical nature.
II. Development.

As the organizations among liquor dealers were formed to meet certain exigencies of the trade, so the production of liquors has developed along with the industrial life of the nation. In new and sparsely settled communities small stills, run by one or two persons during a part of the year, are numerous. They serve for the manufacture of cheap rum and whiskey for those in the immediate neighborhood. As the country develops and governments begin to demand part of the profits in the shape of revenues, the number of small stills diminishes, and larger ones, established on a larger producing basis, take the place of a number of the smaller stills.

About the first definite record we have concerning the manufacture and sale of liquor is in the year 1840. From that time on, fairly reliable statistics have been issued by the United States Census Bureau. The following data will give some idea of the development of the traffic since 1840. (See U. S. Census Rept. on Mfrs., 1900, Part 3, p. 595. Also see table on following page).

In 1850 there were 968 establishments making distilled liquor. It is interesting to notice that there was a decrease of about 500 distilleries between 1860 and 1870; a decrease in the cost of material used; also a decrease of .79 gallons per capita in the consumption, but an increase of over $3,000,000 in capital, and an increase of over $6,000,000 in the value of the product. Then another decrease of 400 distilleries occurred between 1880 and 1890, leaving fewer distilleries in 1900 than in 1850. The capital invested and the value of the product constantly increased during this period.

We naturally conclude, therefore, that the decrease in the number of distilleries is due to concentration of production and to the use of improved methods and machinery.
The growth of the malting and brewing industry has presented similar conditions. The number of establishments increased from 431 in 1850 to 2,191 in 1880. The following decade there was a sudden decrease of 900 establishments, while the amount of capital increased 154.9%, and the value of the products increased 80.8%. From 1890 to 1900 there was an increase of nearly 300 breweries and also an increase of 78% in the capital invested and 29% in the value of the product.

The production of wine in the United States has never assumed large proportions, yet a slight development is noticeable. We started with thirty-two wine presses in 1860, and during the next decade increased the number 1,143.8%. Then came a decline in number, and at the same time an increase in capital, following practically the same rule as noticed in the case of malt and distilled liquor. There were fewer wine presses in 1900 than in 1870, but the value of the product was nearly three times and the value of the capital more than four times as great. In 1905 the United States ranked only twelfth among the wine-producing countries of the world, making only .9 of 1% of the world's production. (See World's 1908 Almanac, p. 389).
### Table Showing the Development in the Production of Liquors

<table>
<thead>
<tr>
<th>Vinous Liquors</th>
<th>1850</th>
<th>1860</th>
<th>1870</th>
<th>1880</th>
<th>1890</th>
<th>1900</th>
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<tr>
<td>Number of Establishments</td>
<td>------</td>
<td>32</td>
<td>398</td>
<td>117</td>
<td>236</td>
<td>359</td>
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<tr>
<td>Capital Invested</td>
<td>------</td>
<td>306,300</td>
<td>2,334,394</td>
<td>2,581,910</td>
<td>5,792,783</td>
<td>9,838,015</td>
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<td>Value of Products</td>
<td>------</td>
<td>400,791</td>
<td>2,225,238</td>
<td>2,169,193</td>
<td>2,846,148</td>
<td>6,547,310</td>
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<tr>
<td>Distilled Liquors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Establishments</td>
<td></td>
<td>968</td>
<td>1,215</td>
<td>719</td>
<td>841</td>
<td>440</td>
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<tr>
<td>Capital Invested</td>
<td></td>
<td>5,409,334</td>
<td>12,445,615</td>
<td>15,545,116</td>
<td>24,247,895</td>
<td>31,006,178</td>
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<tr>
<td>Value of Products</td>
<td></td>
<td>15,770,240</td>
<td>30,936,585</td>
<td>36,191,133</td>
<td>41,036,663</td>
<td>104,197,869</td>
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<tr>
<td>Malt Liquors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Establishments</td>
<td></td>
<td>431</td>
<td>1,269</td>
<td>1,972</td>
<td>2,191</td>
<td>1,248</td>
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<tr>
<td>Capital Invested</td>
<td></td>
<td>4,072,380</td>
<td>15,782,342</td>
<td>48,779,435</td>
<td>91,208,224</td>
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<tr>
<td>Value of Products</td>
<td></td>
<td>5,728,568</td>
<td>21,310,933</td>
<td>55,706,643</td>
<td>101,058,385</td>
<td>182,731,622</td>
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The above table was compiled from the United States 1900 Census Report, Manufactures Part III., pages 159-624.
III. Foreign Trade.

The fact that the United States is a very small producer of wine explains why our imports of vinous liquors exceed those of malt and distilled liquors. During the past ten years our imports of wine have increased from $5,969,180 to $11,808,781. Distilled liquors rank next highest, having increased from $2,134,794 in 1898 to $6,886,691 in 1907. Imports of malt liquors during the same period increased from $1,201,530 to $3,408,783.

Exports of wine from the United States are very insignificant. The value has gradually decreased from $728,749 in 1898 to $22,990 in 1907.

The graphical outline on the following page serves to illustrate a few points regarding the exportation of distilled spirits from 1873 to 1908. The most noticeable feature is that the percent of the production exported is becoming smaller and more uniform. During the first fourteen years of the period the exports varied from less than one and one-half percent to less than seven percent. The last seven years the export shows marked regularity, remaining between one and one and one-half percent of the total production.

Another noticeable feature is that the percent of exports increased by leaps and bounds during the years immediately following the industrial crises, the years in which the per capita consumption decidedly decreased. These changes in exports following the crises are noticeably growing smaller. This is likely because crises are affecting wider areas than in former years. The fact that monetary disturbances in the United States are being felt in foreign countries serves to check American exports.

Note: The data for the following graph were calculated from figures in the 1904 and 1906 reports of the Internal Revenue Office, and from special reports received from the Census Bureau.
From 1898 to 1906 exports of fermented liquors varied between .12 and .40 of one percent of the total production. Although the exports of spirits in 1906 were 1.1% and the exports of fermented liquors only .12% of the total production, still greater quantities of spirits were exported than of fermented liquors. In regard to value, however, the figures stand $1,020,172 for exports of fermented liquors, and $1,816,287 for distilled liquors.

In order to give a more comprehensive view of our foreign trade in liquors, the following two tables were made. They serve to contrast imports of liquors with imports of other articles, and likewise exports of liquors with exports of other manufactured products. We find that the value of imported liquors is one-fourth the value of sugars, our largest single import for the year 1908. We also notice that the value of imports of liquors is 1.74% of the total value of all imports. The table of exports shows that the liquor business compares very unfavorably with other manufacturing enterprises, the exports of liquor only constituting .17 of one percent of all exports.
EXPORTS OF LIQUOR COMPARED WITH OTHER MANUFACTURED ARTICLES

IN 1908.

Cars and other vehicles $215,260,588
Iron and steel, except ore 183,982,182
Hog products 124,806,125
Mineral oils 104,116,440
Wheat flour 64,170,508
Leather, manufacture of 40,688,619
Beef products 31,526,421
Cotton, manufacture of 25,177,758
Fertilizers 10,970,931
Tobacco, manufacture of 4,736,522
Sausage casings 3,959,384
Distilled liquors $1,816,287
Malt liquors 1,020,172
Wines 225,990
All liquors 3,062,449
All liquors less than .17 of one percent of the total exports
All merchandise exported being valued at 1,634,786,357

(See Chicago Daily News Almanac for 1909).

IMPORTS OF LIQUORS COMPARED WITH IMPORTS OF OTHER MERCHANDISE

IN 1908

Sugar $80,258,147
Chemicals, dyes, and drugs 73,237,033
Cotton goods 68,379,781
Coffee 67,686,106
Silk, Unmanufactured 64,546,903
Silk, manufactured 32,717,668
Hides and skins 32,717,668
Wood and manufacture of 43,527,174
Rubber, unmanufactured 39,250,088
Fruits and nuts 37,354,742
Tea 16,309,870
Malt liquors $3,464,671
Distilled liquors 6,560,606
Wines 10,746,527
All liquors 20,771,804
All liquors 1.74% of total imports,
All merchandise imported being 1,194,341,792

(See Chicago Daily News Almanac for 1909).
IV. Per Capita Consumption.

Our foreign trade in liquor is very small in proportion to our home consumption. The graphical outlines on the preceding page show the average amount of the three principal kinds of liquor consumed by each person in the United States since 1840. It shows a gradual growth in the consumption of malt products from 10.62 gallons in 1840, the minimum amount, to 21.23 gallons in the year 1907, which was the maximum. Vinous liquors average about one-half gallon per capita throughout the period of sixty-eight years. From 1840 to 1870 the consumption of distilled liquors averages about two and one-half gallons per capita, while from 1870 to 1908 it averages about one and one-half gallons. The variations in the consumption of vinous and distilled liquors is so small in comparison with that of malt liquors, that in order to notice the exact fluctuations in their consumption, it is necessary to observe the graph on the following page, which uses each small ruled space to represent one-tenth of a gallon. There we can notice clearly the increase and decrease in the consumption of these two beverages. It is not possible to correctly account for all the changes indicated, but we can make some safe estimates, in a few cases. The great increase in the use of distilled spirits from 1850 to 1860 might have been slightly due to the decrease of the tariff on liquor in 1857 from 100% to 30%. But the increase was more likely due to the extraordinary expenditures and business activity prior to the panic which culminated in 1857. The imports of merchandise during the period from 1850 to 1860 increased $200,000,000; purchases and sales, of course, increased proportionally. Following the panic a marked decrease in the consumption of distilled and vinous liquors was experienced. The use of malt liquors increased. This may be explained, perhaps, by the fact that beer was relatively less expensive; but it undoubtedly was caused more by the fact that the introduction of modern methods of brewing and
malting began to produce a better beer, which, rapidly increasing in popularity, began to take the place of old molasses rum and corn whiskey.

The first noticeable decrease in the consumption of beer and other fermented liquors was during the period of four years following the crisis of 1873. A decrease in the consumption of distilled liquors began slightly in 1872, then very noticeably decreased during the next five years. There was a slight increase in the sales of wine from 1870 to 1874 and only a slight decrease in 1875 and 1876. 1883 and 1884 were years of industrial depression, which had slight diminishing effect upon the sales of wines and spirits, but the consumption of beers remained uniform without any noticeable change. The crisis of 1893 was remarkable for its great effect upon the sales of liquors. Wines, whiskeys, and beers all decreased to the total amount of 1.24 gallons per capita. The consumption of beer remained stationary for the six years following 1893, but then showing a rapid increase until 1907. The financial depression of 1907 brought on the same consequences as all the preceding crises. The consumption of whiskey, beer, and wine dropped a total .52 gallon per capita in the year immediately following the stringency. Thus it is seen that the consumption of liquors varies directly with economic changes, increasing in periods of prosperity and decreasing in times of depression.

In the preceding remarks the per capita consumption of liquors considered every man, woman and child in the United States as drinkers of intoxicating liquors. This does not give a correct idea of the actual quantity consumed by drinking people. The report of the Committee of Fifty on the Liquor Problem (Page 29) states that fully twenty percent of the adult males are total abstainers, which would leave only eighty percent to form the class of occasional and habitual drinkers. The 1900 census reports 25,620,399 males who are fifteen years or older. Taking these figures as the number of adult males in 1900, there would be 20,496,391 drinkers. The census also shows that
the liquor consumed in the United States in 1900 was 1,348,785,491 gallons. The division of this number by the number of drinkers makes an average of 65.8 gallons for each man. But this makes no allowance for women and children, or for liquors used in the arts and sciences. In 1890 there was, in round numbers, 10,000,000 gallons used in arts, sciences, and medicines, but the amount so used was not reported in 1900. (See 1900 Census Mfgrs. Part 3, p. 616). So, to get results as nearly correct as possible, deduct 19,000,000 gallons as the probable maximum amount used in 1900 for arts, sciences, and medicines, and allow one hundred million gallons for the women and children. This leaves the average for the drinking men over sixty gallons.

Note: The data for the preceding graphs were taken from special reports from the Census Bureau, Department of Commerce and Labor.

This large per capita consumption among drinkers will give us some idea why $150,000,000 is being spent each year for liquor advertising, and why the saloon keepers resort to their various devises to capture new customers and to encourage the drinking habit. Each new customer gained means an average increase of at least sixty gallons in the yearly output. This will also explain why the liquor dealers take so active a part in local option elections in townships and villages in which there are only a few hundred voters. Every one hundred customers lost means at least 6,000 gallons less in the year's sales.
V. Retail Trade.

The increasing per capita consumption explains certain changes in the retail business. Throughout the entire period of our industrial history it has been the custom to handle intoxicating drinks in connection with other forms of business. In earlier days the custom of selling liquor over the grocery counter was much more prevalent than at the present time. The serving of liquor with meals in hotels and inns has also been somewhat discontinued, and in place of this custom we have the saloon as a separate business and occupying separate apartments, or the lunch counter as a side issue in the saloon with rooms for rent above. The advent of the high license system has brought about a segregation, making the sale of liquor a separate and distinct business, requiring more attention and greater sales than under the low license system. (See Fehlandt, Chap. V.) About the only business conducted along with the saloon today is the running of cigar stands, pool and billiard tables, gambling devices, slot machines and keeping of prostitutes. Competition is greatly responsible for these side issues as they are now conducted, as they greatly increase the sales of liquor. On this subject Mr. Bookwalter, the mayor of the City of Indianapolis, made the following statement in a speech before about three hundred saloon keepers in Pierson's Hall, Indianapolis, on April 3, 1909. (See Indianapolis Daily News, Apr. 4, 1909).

"There are seven hundred saloons in Indianapolis, and, gentlemen, that is two hundred and fifty too many. The great number of saloons does not come from the demand for the product. It comes from the desire of the producers to increase the sale of their products. It is like this: Hoffmeier starts a saloon on one corner. His family live upstairs, and he is getting along nicely with a nice trade. He is selling a certain kind of beer and refuses to change because his trade is satisfied. But when he refuses to change, the city agent
of another company thinks that the thing to do is to start another saloon on the opposite corner. Then the agent of another company comes along and says, 'Hello, here's two saloons and we are not represented,' so he starts a saloon on another corner. And the city agent of another company comes along and starts a saloon on the fourth corner. Then one of the saloon men starts a card game. Another, to keep up with the procession, starts a craps game. And another puts in booths so that men may invite girls in to drink."

The mayor then went on to describe that this competition often leads to law breaking and other degrading methods to increase sales. This illustrates the system which has operated to make the American saloon corrupt, degenerate, and dangerous. The saloons in the slums of our large cities often serve as a rendezvous for thieves and criminals. Even the marble floor and mirror wall type of high class saloons in our main thoroughfares resort to the practice of enticing customers by displays of obscene pictures, paintings and statues. Billboards to display baseball scores, results of prize fights, and election returns serve to detain the customer as long as possible. Sweet strains of music, cheap and often vulgar vaudeville performances enchant the drinker in many places, and lull him off into a drunken stupor. Immoral women who frequent many of our saloons are given a commission by the saloon keeper on all sales which they can coax others to purchase.
VI. Regulations.

As a result of the debauchery and degradation caused by the American saloon, and on account of the poverty and misery caused by drunkenness, the liquor traffic has been subjected to numerous forms of regulations and restrictions.

One of the most famous attempts to regulate and control the sale of liquor in the United States has been the Dispensary System in operation in the State of South Carolina since 1903. Under this system the retail trade in alcoholic liquors was taken out of private hands and carried on in dispensaries by State officers, who obtained no profit from the sale of liquors, receiving only a stipulated salary. The aim of the system was to reduce the evils of the liquor traffic by taking it out of the hands of private parties, and by monopolizing the sale of liquor to secure large revenues for the State. The State also controlled the production of liquor, since it was necessary for the producer to obtain a permit from the State before he could make a single gallon. A great many evils and corrupt practices resulted, and the loss to the liquor dealers was so great that the legislature of 1907 was induced to repeal the law which had created the system. (See Roundtree and Sherwell, p. 412, also Cherrington, p. 53 and 177, and Wilson, pp. 66 and 94).

The most common restrictions of the present time are in regard to the hours and days in which business can be done. Sales of liquor on Sundays and on election days are in most states prohibited. The sale of liquor within a certain prescribed distance from school buildings is frequently forbidden. Cities and villages usually provide that saloons must close during certain hours of the night. Sales to minors are generally restricted. Many prohibition localities provide that liquor can be sold only when prescribed by a physician. All such restrictions have until the last few years been most universally opposed by
liquor dealers.

The extreme opposition to the sale of liquors and the widespread prohibition have recently caused the liquor dealers to resort to new and previously unheard-of methods. They have decided that the American saloon system must be reformed, or that their markets will be effectively and permanently closed. As a result, a conflict is being waged by private saloon keepers to force out of business the saloons owned by the breweries. State legislation to prevent breweries from owning or operating retail saloons have already been enacted upon the recommendation of certain organized liquor societies in Missouri and several other states. The various liquor organizations are also taking it upon themselves to compel retailers to obey ordinances and regulations in regard to closing hours, sales to minors, and certain other matters. This attempt to stem the tide of hostile sentiment which has developed against the sale of intoxicating liquor shows clearly that the liquor traffic is coming to feel the tightening reins of the enemy, and is ready to make concessions in order to prevent absolute prohibition throughout the Union. Mr. H. E. O. Heineman, editor of the Brewer's Review, in this "Rule of Not too Much," (p. 123) recognizes the seriousness of the position when he says "Let us hope that it is not too late to effect a real clean-up, and convince the public that they (the brewers) mean business." (See any Liquor Journals of recent date).

The legislature of the State of Ohio just passed a law going into effect May 1st, under which saloon keepers will be obliged to answer five questions under oath, before securing a license. The questions bear upon their citizenship and past record. The bill was proposed by the liquor interests in order to "convince the public that they mean business." (See Ohio State Journal, April 27).

Mr. Heineman, in addressing the Society of Brewers' Technology in Chicago,
on March 27th of this year, stated that the traffic must be reconstructed. He said "Drunkenness is a curse, and spirituous liquors are, to say the least, dangerous, and to dispute these statements of the prohibition is to ruin our own cause." In his "Rule of Not too Much" (p. 146) he says "The Brewers have always insisted that prohibition and strongly restrictive regulation works to cut off the use of beer and promote the use of spirits, and very seriously handicaps their business." The Editor does not attempt to explain why the consumption of spirits has decreased from 2.52 gallons per capita to 1.44 gallons per capita, and the consumption of beer increased from 1.36 gallons to 20.97 per capita from 1840 to 1908. The object of this attitude of the Brewers is, evidently, to encourage the consumption of their products by shifting the responsibilities of wrong doing to the distiller.
VII. Taxation.

Ever since the formation of our Union, intoxicating liquors have been the source of duties, imposts, and excises; but the evils which have resulted from present methods of retailing have greatly increased liquor taxation. The revenue and protective tariffs which have fallen on imports of liquors in the course of our history have served the liquor manufacturers in the same way in which they have aided the other American industries. They undoubtedly have encouraged the growth and development of large breweries and distilleries, and made possible the development of the American Whiskey Trust, and other great liquor combinations.

The effect of internal revenue on the liquor business has hardly been of less consequence to its development. It has made it necessary to increase the output, and consequently the sale and consumption. It has given the American people the idea that the government cannot exist without the revenue derived from this source. They consequently have encouraged the extension of the traffic, and have frequently voted to retain the licensed saloon. The United States government has thus become a partner in the traffic, and in 1907 collected over $215,000,000 as its pay for overseeing, and indirectly encouraging and fostering the business. This fact has become one of the liquor dealers' most potent arguments with the American voters, and has thus indirectly served to increase sales. (See Fehlandt, Chap. V.)

The United States government derives 27% of its total revenues from the liquor business, or last year (1906) $199,966,424 out of the total of $736,717,582. (See Wilson, p. 45). The Department of Commerce and Labor figured that the total cost to the consumer of all liquors used that year was $2,174,766,955. By process of division we find that only 9% of this total went for revenue. The total expenditures for running our national government
is thus only one-third of the amount that is spent directly for liquor.

The Encyclopaedia Britannica (Vol. 30, p. 294) states that the high license system originated in Nebraska in 1881, the rate being fixed, for the privilege of retailing, at $500.00 for cities under 10,000, and $1,000.00 for cities over 10,000 population. In 1880 Massachusetts made the fee not less than $1,000.00. Missouri, at about the same time, fixed the minimum tax at $550.00, and the maximum at $1,000.00. Ohio and other states have recently adopted the $1,000.00 rate. In fact the general tendency throughout the Nation seems to be to increase the price of the retailer's license.

The high license tax on retail liquor dealers has grown quite popular among the temperance forces and equally distasteful to the saloon keepers. But, as a matter of fact, the higher the liquor dealer is taxed for his privilege, the higher the consumer is charged for his beverage, the larger the revenue to his state, and the more the existence of the traffic is considered as an absolute necessity. Many laborers and land owners consider that without this liquor revenue their taxes would become unbearable. So the importance of the liquor man is magnified, and he is elevated to the rank of a public benefactor. A business men's club in Cass and Blackwell counties of Indiana was organized, and defeated the anti-saloon agitators in the county local option election on April 6, 1909, for the very reason that they considered that the absence of liquor revenue in their counties would cause a financial panic in their midst. Thus the sale of intoxicants is being greatly encouraged, and the enactment of prohibition discouraged, by the revenue and license system.
VIII. Prohibition.

The first state of the Union to declare for absolute prohibition was the State of Maine, in 1851. (See U.S.Rept., 45-90.) Since then much liquor has been sold in Maine in defiance of the law, mainly because of the fact that in many places the brewers and distillers and their allies have succeeded in getting elected to local offices, such as the offices of mayor, sheriff, police, aldermen, and judges, the duty of which is to enforce the law. Having gained control of the situation in a locality, the liquor dealers have no hesitated to sell their products openly and freely, boasting that prohibition does not prohibit. On the other hand, in localities where anti-liquor leaders with plenty of nerve and determination have been elected to the offices, prohibition has prohibited in the strictest sense. One instance was in the City of Portland, in 1901, while Samuel F. Pierson was sheriff of Cumberland County. He succeeded in closing up three hundred liquor selling establishments and keeping them closed. He offered one hundred dollars to any one who could find a single liquor seller doing business in his county. He was determined to enforce the law, and he succeeded. (See Wilson, p. 164). Throughout the half century of prohibition in Maine there has been a constant struggle on the part of the liquor dealers to prevent the enforcement of the law. They have used all their powers to make prohibition in the State of Maine a failure. And now those dealers argue that prohibition makes law breakers, when they, themselves, have fostered and encouraged it.

Not discouraged by the violations of the law in Maine, other states have decided to try a hand in the suppression of the liquor traffic. During the past sixty years we have had three great waves of prohibition to sweep across our continent. Although not always successful in enforcing prohibition laws, the advocates of prohibition have never ceased to teach and preach these prin-
principles throughout the entire Union.

From 1851 to 1855 eighteen different states voted in favor of "state wide" prohibition. From 1881 to 1889 six other states took similar action, but the power and money of the liquor forces, and the inability of those states to prevent shipments of liquor from crossing their borders caused the repeal of the prohibition laws within a very short period after their enactment. The State of Maine is the only one of the first eighteen, and North Dakota and Kansas of the last six, to keep the laws on the statutes until the present time. With these, we have at present only ten states and territories which have prohibition laws in force. (See Waldron, p. 110).

Alaska is "dry" by declaration of President Cleveland. Kansas became "dry" in 1880 by constitutional amendment, and Georgia by legislative enactment in 1907. North Dakota and Oklahoma were admitted to the Union with constitutions forbidding the sale of intoxicants. Alabama, Mississippi, and North Carolina became "dry" January 1, 1909, by legislative vote. Tennessee has just joined the ranks by passing a prohibitory measure over the veto of the Governor.

This struggle to stop the traffic in alcohol in its various forms has recently taken on new life. Much is being done by means of county, township, and ward Local Option. The conflict is being waged in every state of the Union. The warehouses and barns of breweries are becoming filled with bar fixtures which are being shipped in from anti-saloon territory throughout the country. The Indiana News, April 10, 1909, states that "bars and faucets and plate glass mirrors are now being shipped into Indianapolis by the carloads, and are being stored in convenient places." The same statement can be made regarding all the large brewing centers east of the Rocky Mountains. This condition has been growing year after year until now over two-thirds of the territory of the United States, containing more than one-half of our population, is, as far as state and local laws are concerned, closed to the products
of our breweries and distilleries. (See Cherrington, p. 175).

The question has often been asked why this great spread of prohibition has been accompanied by a gradual increase in the per capita consumption of liquor. Several reasons may be assigned for this anomalous condition. In the first place, had it not been for the temperance crusades the per capita consumption most likely would have been far greater, as it has been in nearly all of the European States in which prohibition has not been exorted to. (See Strong, p. 106). The wonderful immigration of these Europeans bringing with them a cultivated appetite for strong drink also greatly increases the consumption of liquors in this country. Then, again, liquors are not the only articles whose consumption has increased. The per capita consumption of tea, coffee, cocoa, tobacco and nearly all articles of present use has increased with our industrial development.

On the other hand, the liquor forces have, as a rule, been very successful in preventing prohibition from decreasing their sales. The United States Government always has, upon application and the payment of the government tax, issued a license to sell intoxicating liquors, in whatever state or locality the applicant desired, even though the laws of the state or locality absolutely forbade such sales. That is why the internal revenue reports each year show large collections from the sale of liquor from the prohibition states. Then, again, the national laws regulating interstate commerce are such that one state cannot prohibit shipments of liquor from another state into its prohibition territory.

On page 119 of the American Brewers' Review for March, 1909, an article under the heading of Corporation Affairs shows clearly how the liquor dealers take advantage of the interstate commerce regulations to evade state prohibition laws. The secretary of the Kansas City Breweries' Company, in explaining why that company had an increase of 40% in its business for the last fiscal
year, states: "Since the strict enforcement of the prohibitory law in Kansas under the direction of Attorney General Fred S. Jackson, the Kansas breweries have been shut down and are now being supplied with stock from the Kansas City breweries under the interstate commerce law."

Year after year Congressman C. E. Littlefield, of Maine, and others have introduced bills into the United States Congress to correct these conditions, but by the powerful influence of the organized societies of liquor dealers, the measures, as a rule, seldom if ever leave the committee, to which they are referred. Consequently the sales of liquor have increased in spite of prohibition. (See U.S.Rept.,45-90).
IX. Opposition.

The Nation, on November 18, 1869, published an editorial which is not far from expressing the truth as we see it, after the lapse of nearly half a century. It says "The overwhelming defeat of the prohibitionists in Massachusetts, Maine, and Minnesota must give the 'National Anti-Dram Shop Party' (as the Republican Party was then nick-named) unpleasant food for reflection, but the conflict is by no means over. It has been raging too long, and too fiercely, and too many acute intellects have occupied themselves with it, and indeed the matter is in itself too important to be decided by one popular election."

If the indications are not misleading, the majority of the markets which have been destroyed by the recent prohibition of the sale of liquor in so much of our territory east of the Rocky Mountains will remain closed. And there are equally strong grounds for believing that even the Rocky Mountains cannot stop the movement, which has already invaded the Pacific Coast. In explaining the grounds for such assertions let us recall the fact that the present temperance movement is not a revolution, not a sudden outburst of sensationalism, but the gradual growth and development of the past two centuries. It is the result of careful investigation, deliberate action, and the determined will of the great majority of our sovereign people.

For the past twenty years the children of our public schools have been taught to admire the successful athlete and the master mind, which they learn can be developed only by the most careful training of the total abstainer. (See School laws of the various states.)

The Sunday schools, churches, and societies by the score have, for nearly a century, been teaching millions of our people that the use of alcohol as a beverage is absolutely wrong from the religious and economic standpoints.

Our newspapers and magazines have also become a mighty influence in edu-
eating the people to abstain from the use of liquor. There are hundreds of periodicals throughout the land today which are proclaiming the cause of the temperance reformer. During the campaign in Ohio in which Governor Herrick was running for a second term the Ohio State Journal devoted entire pages of its daily issue in explaining to the public the affiliations which the Governor had made with the liquor dealers, which exposure was largely responsible for his defeat. Many of our papers and magazines are refusing to place liquor advertisements in their columns, but are devoting much of their space to moral persuasion and encouragement for the temperance forces. The following popular magazines are a few of the many which are excluding liquor advertisements: Arena, Argosy, Century, Colliers, Everybodys, Ladies Home Journal, Literary Digest, Living Age, McClures, Munseys, Outlook, Railroad Men's Review of Reviews, Saturday Evening Post, Success, and the Youth's Companion.

The attitude of our railroads, insurance companies, banking corporations, and other institutions which require men of absolute reliance, is doing much to discourage the sale and consumption of alcoholic liquor. The following general notice issued by the Baltimore and Ohio Railroad Company will illustrate the attitude of the company. It reads as follows:

THE BALTIMORE AND OHIO RAILROAD COMPANY

Baltimore, Md., Jan. 1, 1908.

General Notice

"For the protection of life and property and the good of the service, the rigid enforcement of the company's rules against the use of intoxicants is imperative.

Officers and employees will take notice that there will not be employed, nor permitted to remain in the service, in the capacity of train-master, dispatcher, operator, engineer, fireman, or trainman, yardman, block or other
signal man, watchman, or in other positions where in any way charged with the direction of operation of trains, persons who use intoxicants while either on duty or off duty.

Under no circumstances will exceptions be made."

(Signed) "G. L. Potter."

"Third Vice President."

The United States Department of Commerce and Labor reports (abstract page 535) that ninety percent of the railroads, seventy-nine percent of the manufactures, eighty-eight percent of the trades, and seventy-two percent of the agriculturists discriminate against employees addicted to the use of intoxicants as a beverage. Marshall Field & Company is an example of the business firms which strictly enforce the rule.

The attitude of many of our greatest statesmen is just as antagonistic to the liquor traffic as our business and professional men. Abraham Lincoln, America's greatest statesman and reformer, took an active part in the campaign of the Washington Temperance Society from 1840 to 1843. In 1846 he wrote a total abstainers pledge and secured many signers. Some of these still live in the vicinity of Springfield, Illinois, and claim to have remained true to their pledge to this day. The following expression of Lincoln's sentiments is proving an inspiration and slogan for thousands of temperance reformers and leading them on to victory.

"The liquor traffic is a cancer in society, eating out its vitals and threatening destruction, and all attempts to regulate it will aggravate the evil. There must be no attempts to regulate the cancer; it must be eradicated; not a root must be left behind; for until this is done, all classes must continue in danger of becoming victims of strong drink."

"The demon of intemperance ever seems to have delighted in sucking the
blood of genius and generosity. Of our political revolution of '76 we are all justly proud. Turn now to the temperance revolution; in it we shall find a stronger bondage broken, a viler slavery manumitted, a greater tyrant deposed. In it more of want supplied, more diseased healed, more sorrow assuaged. And when the victory shall be complete—when there shall be neither a slave nor a drunkard on the earth—how proud the title of that land which may truly claim to be the birth-place and cradle of both those revolutions that shall have ended in that victory. How nobly distinguished that PEOPLE who shall have planted and nurtured to maturity, both the political and moral freedom of their species." (Taken from a speech delivered before the Washington Temperance Society in the Second Presbyterian Church at Springfield, Illinois, on February 22, 1842.)

Judge Samuel R. Artman, in handing down a decision on a case tried at Indianapolis, Indiana, in 1906, declared "It must be held that the state cannot, under the guise of a license, delegate to the saloon business a legal existence, because to hold that it can is to hold that the state may sell and delegate the right to make widows and orphans, the right to break up homes, the right to create misery and crime, the right to make murderers, the right to fill orphanages, poor-houses, insane asylums, jails and penitentiaries, and the right to furnish subjects for the hangman's gallows."

Hon. Charles Grosvenor has declared that "A man engaged in selling strong drink is a worse citizen than a murderer or a thief."

Senator Tillman says "When I consider the multiplied infamies, the damnable atrocities which lie at the door of the American saloon, I cannot talk with any degree of calmness about it." (See Cherrington, p. 182.)

Similar expressions can be quoted from other great American statesmen of the present day, including Senator Beverage, Clay, and Hale; Governors Folk, Hughes, and Cummins. There was a time, not long ago, that even the ministers
dreaded to speak of temperance from their pulpit for fear of offending the congregation. But now, when we behold men like Governor Folk, who in closing the saloons of St. Louis intimated that he would call out the militia, if need be, to maintain his stand,—when we find men of such courage and determination, with business man and incorporations of our country backing them up, with the masses of our citizens educated to abhor the liquor traffic as a pestilence, and demanding that "the saloons must go," we cannot but conclude, as did Governor Hanley of Indiana when he said, "I hate it, as Abraham Lincoln hates slavery. As he sometimes saw a prophetic vision of the end of slavery and the coming of the time when the sun should shine and the rain should fall on no slave in the Republic, so I sometimes seem to see the end of this unholy traffic: the coming of the time when, if it does not wholly cease to be, it shall find no safe habitation anywhere beneath Old Glory's stainless stars."
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