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FOUR YEARS OF REPEAL

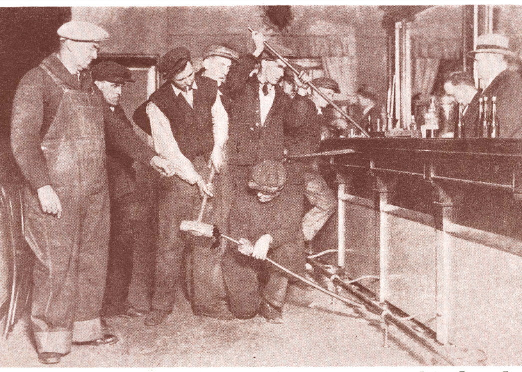
ONE afternoon in December, 1933, a Mr. S. R. Turman cast his vote for Repeal in Salt Lake City, and the United States, which had been legally dry for fourteen years, became legally wet. It was as simple as that. Less than twenty minutes after Mr. Turman voted, the Acting Secretary of State in Washington signed and sealed the proclamation which ended Prohibition. Vintners went back to their wine-making; distilleries opened up throughout the country, and the brewers' big horses, only stage props now but nostalgic ones, went clopping down Main Street again.

Four years have passed since Utah's historic vote for Repeal was cast. In those four years the liquor industry has grown from scratch to one of the most important and, in the revenue-producing sense, one of the largest in the country. A dry's-eye view is that it is back to all its old iniquities. A wet's-eye view is that it is circumscribed, chastened, and wiser. Probably no one will ever be quite satisfied with the liquor industry. That is implicit in its nature. But here are the facts, as the industry stands today:

With Repeal, approximately one million people went back to work, making wine, beer and distilled spirits, bottles and barrels; transporting, selling and serving liquor and advertising it. Innumerable industries indirectly connected with liquor, such as printing, building, and machinery-making, received a sharp stimulus.

With Repeal also, sorely needed tax money started to roll into the public coffers. Since 1933 more than two billion dollars in liquor taxes has gone into national, state and local treasuries. Taxes and imposts for 1936 alone netted the federal government $612,581,879 and the state governments $264,350,783. This is 133 per cent more for the federal government and 1272 per cent more for the state governments than they realized in the pre-Prohibition year of 1916.

From the standpoint of public finances, therefore, Repeal must be set down as a boon.



1928—PROHIBITION enforcement in this decade was as violent as, if less emotional than, the earlier efforts of the temperance workers

On the other hand, the ease with which liquor can be made has raised the specter of overproduction in the distilling branch of the industry and is causing uneasiness in some quarters. Figures tell the story.

WHEN Repeal became effective four years ago, there were seven distilleries operating legally in this country, turning out a small amount of alcohol for medicinal and industrial uses. Three years later there were 121 distilleries producing whisky by the tens of millions of gallons. Last year they produced 245,477,486 gallons. This year, if the record for the early months is maintained, they will again produce more than 200,000,000 gallons.

In other words, almost a half billion gallons of whisky alone—to say nothing of rum, gin, brandy and other distilled spirits—have been produced in the past two years. That is about four gallons for every man, woman, and child in the country—or, in terms of drinks, almost a drink a day for mamma, papa, and each of the babies in every home in the country. And this is only domestic whisky. It does not take into account the imports, or, of course, wines and beer.

Do Americans drink that much? They do not. Ever since Repeal the consumption has been increasing, but it does not approximate the amount produced. We drank last year about seventy-five million gallons of whisky and about 118,948,729 gallons of all distilled spirits, including whisky. With the population of the wet states numbering about 118,793,000, this means that each individual in those areas consumed during the year approximately one gallon of distilled spirits, and about two-thirds of that gallon was whisky. Production, on the other hand, amounted to approximately 2 1/3 gallons per person in the wet areas, or almost three times as much as was consumed.

What's happening to the surplus? Most of it is going into bonded warehouses to be aged in charred white-oak casks for four years and then put on the market as bonded whisky. Indeed, last year the distillers put 91 per cent of their product in storage, meeting current demands with older stocks. And every year since Repeal they have stored surpluses so that by the end of this year there will be almost a half billion gallons of whisky in bonded warehouses. That is almost a quarter billion more gallons than were stored in the peak pre-Prohibition year of 1914. Some day it must find a market.

It should be noted here that because a bonded whisky must age at least four years before it may be sold as such, the supply of bonded whisky this year and next is relatively small. It is in 1939 and 1940 that the huge surpluses will move into the market.

THREE distinct groups are greatly concerned with this situation.

The first is the distilling industry itself, which is, of course, concerned first with marketing its product at a profit, and second with keeping the country temperate enough so that the drys cannot return us to Prohibition. To achieve the first objective, it hailed the passage in Congress' last session of the Miller-Tydings bill which makes price maintenance legally permissible in 42 states. That may mean a legal check on dumping, even though the supply does greatly exceed the demand. And to maintain temperance, their second objective, some of the distillers are drumming away on the temperance theme in their advertising.

Seagram's has based a long-range advertising campaign on these themes: "Drinking and driving don't mix"; "Whisky is a luxury"; "We don't want bread money." Calvert's reminds its customers that Calvert bottles have corks. Owsley Brown, board chairman of the Distilled Spirits Institute, recently said in a public statement: "Distillers, more than any other class, are believers in and advocates of true temperance. The drunkard is the worst enemy that our business has or can have."

From within, then, the more thoughtful members of the industry watch the surpluses accumulate, using persuasion and legislation to check the danger implicit in those surpluses.

From without, two forces labor to check the industry: governmental regulatory bodies on the one hand, and the drys on the other.

The regulations laid down by municipalities, counties, states and by the national government for the handling and sale of liquor would fill a thick volume.

THE Federal Alcohol Administration's rulings are especially stringent as regards advertising. They prohibit the use of phrases indicating that a given product is made under scientific conditions, that it has any healthful effect whatever, or is any better than any competing product, or, indeed, any less harmful. Beyond these stipulated rulings, moreover, the Federal Alcohol Administrator, W. S. Alexander, has indicated what he *feels* should not appear in liquor advertising; and the liquor industry, in its relations with the Federal Alcohol Administration, generally operates on a word-to-the-wise basis. It listened with more than respect, therefore, when Mr. Alexander said last spring:

"It is my personal feeling that the radio should not be used in any manner as an advertising medium for distilled spirits, wines or malt beverages; that no liquor advertising material of any char-

1937—WCTU street sign shows in graphic, if perhaps ambiguous, terms, various alcoholic contents

acter should appear in Sunday newspapers or in the magazine sections of Sunday papers; that no advertising material of any character should contain pictures, drawings, caricatures of women, children or religious subjects or insignia, or of barroom scenes; and that no advertising material should refer directly or indirectly to the food value or health-giving qualities, if any, of alcoholic beverages."

Where the FAA leaves off regulating advertising, the states begin. The state of Washington insists that liquor advertising must be conservative and dignified in appearance and tone and must contain no illustration of or reference to Santa Claus, biblical personages, Father Time or the Easter bunny.

VIRGINIA bans every kind of outdoor poster advertising. Such newspaper advertising as it permits is hedged about with enormous restrictions. Facsimiles of bottles can be no larger than the bottles themselves and no more than three facsimiles can appear in one advertisement.

The copy relating to proof, age, brand name, and so forth, can be in no larger type than that appearing on the bottle label; italics and other means of emphasis are forbidden; and recipes, whether they are attached to the bottle or not, may not be reproduced in an advertisement. These are only a few of Virginia's restrictions.

Most states have banned the saloon—the President specifically requested this at the time of Repeal—and more lately the "salon." Some states require that you sit while you drink, and others that you eat if you drink. Some permit the sale of liquor only in sealed containers,—no drinking with your meals except at home, in other words. Some states permit window displays and others do not; some permit signs, but prohibit their illumination on Sunday. Others prohibit signs entirely. Nearly all require that the interiors of premises where liquor is sold be clearly visible from the street.

New Jersey's liquor administrator added a piquant note to his state's regulations recently when he ruled that magicians who materialize cocktails out of silk hats and magicians' assistants who pass around those cocktails must have a state license, magic or no magic.

Many states specifically prohibit direct-mail advertising and advertising which appeals to children, uses them for illustration, or which appears near schools or places where children are likely to gather. Some states prohibit the use of radio entirely while others permit radio advertising of wines and beers only.

Counties and municipalities frequently add their own special regulations to the state and federal lists. In Wake County, North Carolina, the drys, beaten at the polls, virtually took over control of the liquor stores and are doing their fighting now in the enemy's trenches. One dealer announced the opening of his store thus:

"It is not our business to see how much liquor we can sell. In fact, we are going to see how little we can sell. A big crowd and a lot of customers on opening day are just what we do not want." The Alcohol Board of Control in neighboring Edgecombe and Pitt counties ordered all liquor stores to remove their liquor posters and substitute large pictures of General Robert E. Lee with the quotation: ". . . abstinence from spirituous liquors is the best safeguard to morals and health." Virginia's Anti-Saloon League supplied the posters.

Some 17 states now operate or control retail outlets for liquor, and in these states regulations are even more stringent than in those where federal regulation alone prevails. The general attitude is that the liquor industry is a dog with a bad name but a watchful master.

Still, the ABC boards constitute a great force, acceptable to the industry as well as to the public, in insuring that we have legal liquor, and that, having it, we are not demoralized by it.

The third force operating to check the liquor industry is the dry movement. Organized in 43 states now, the drys are actively working not to stem the flow of liquor but to abolish it. They are advertising by newspapers, radio, billboard and poster. They are pushing local option in the wet states, so that about one-eighth of the population in 31 states still lives "dry."

They have kept five states dry in the face of national Repeal and overwhelming local odds; and they have never ceased to believe that one day Prohibition will be restored. Hammering away on the contention that automobile accidents and crime have sharply increased since Repeal—a contention denied by the Distilled Spirits Institute—they are working assiduously to return us to legal aridity.

If the public is largely indifferent at this moment to the drys, the liquor industry is not. It remembers too acutely that January morning in 1920 when the bootlegger took over.

In this, the fourth year of its rebirth, the industry has the bitter experience of the twenties to draw on, and it walks with circumspection.– *Isabelle Keating*