

The Rockefeller Report on Liquor Control

TOWARD LIQUOR CONTROL. By Raymond B. Fosdick and Albert L. Scott, with a foreword by John D. Rockefeller Jr. 220 pp. New York: Harper & Brothers. \$2.

By CHARLES MERRZ

IT is difficult now to re-create the mood in which the American experiment with national prohibition began in 1920, but certainly there was no lack of confidence on the part of its chief sponsors. This was to be the end of the saloon, of the distillers' lobby, of crime bred by the liquor traffic. "It is here at last—dry America's first birthday," said the Anti-Saloon League of New York, in a statement given to the press on the night before the new law took effect. "At one minute past 12 tomorrow morning a new nation will be born. Tonight John Barleycorn makes his last will and testament. Now for an era of clear thinking and clean living!"

This early confidence, destined to taper off into disappointment, is worth recalling because it has a parallel in the enthusiasm of many of the chief sponsors of repeal. This is to be the end of the speakeasy, of liquor as an issue in politics, of crime fostered by an illegal traffic. States will be able readily to impose controls which will meet with popular support. Liquor taxes will pour a golden stream of revenues into Federal and State treasuries, balancing unbalanced budgets. The bootlegger and the racketeer will be driven out of existence overnight.

Messrs. Fosdick and Scott do not share this faith that repeal will automatically dispose of questions which national prohibition failed to solve. Commissioned by Mr. Rockefeller to survey problems which will survive the Eighteenth Amendment and to propose a workable plan for

the control of liquor on a basis of State management, they have written a shrewd, concise and valuable report. Much that they recommend has already been summarized in the news columns. But the book as a whole is a more complete and persuasive agreement, with the additional advantage of appendices which furnish a short-cut to much useful information: summaries of pre-prohibition liquor laws which will remain in force after the Eighteenth Amendment is repealed; summaries of Canadian and European methods of control; a convenient bibliography covering both the history of national prohibition and the alternatives presented by repeal.

Mr. Fosdick and Mr. Scott have two primary objectives: a system of control which will avoid stimulating the demand for liquor, but one which will at the same time leave no legitimate need for the bootlegger to satisfy. The first point rules out, in their opinion, any variant of the pre-prohibition licensing system. It is defective, they believe, primarily because it preserves the private-profit motive. But they recognize that many States will experiment with it, including some which are legally dry at present, and accordingly they outline a licensing plan which they believe would at least constitute a great improvement over methods in vogue before the war.

Its essential points are a single State licensing board, with as much protection against political influence as it is possible to devise; elimination of the "tied house"—that is, of the establishment under contract to sell exclusively the products of a single manufacturer; authority for the State board to regulate both the number and the character of places where liquor may be

sold; recognition in the licensing system itself of differences between beer, wine and spirits as problems of control; and, finally, adaptation of the pre-war local option plan to present-day conditions.

This method of licensing would correct, they believe, many of the weaknesses inherent in earlier methods. But because they are seeking a plan which will avoid stimulating demand and because they regard this purpose as fundamentally inconsistent with the sale of liquor for private profit, they prefer a method of control which will eliminate the private-profit motive.

With this end in view, they recommend to the various State Legislatures now hastily patching laws together a plan for a public monopoly in the retail sale of the heavier alcoholic beverages for off-premises consumption. This could be done through the establishment of a State Authority which would set up a chain of stores for the sale of spirits and fortified wines—light wines and beers being sold freely under license. Manufacture would still remain in private hands, but would have no outlet for its heavier beverages save through the State Authority. A profit motive would remain, since the State would pocket the proceeds of its retail sales. But no individual connected with such sales would gain by reason of selling a larger quantity of liquor, nor would his employment be imperiled if he failed to show good sales returns, as might be the case in private trade.

This plan, to be sure, would put State governments directly into the liquor business. But Mr. Fosdick and Mr. Scott believe that objection on this ground is based on emotion rather than on a logical facing of the facts. For better or for worse

the liquor business is about to be revived on a lavish scale. To insist on some arrangement that will minimize the artificial stimulation of sales, and at the same time to oppose the State Authority plan merely because it identifies government agencies with the liquor traffic, they regard as an inconsistency which cannot be justified on realistic grounds.

Because they believe that it would actually minimize the stimulation of demand more effectively than any other system they have studied, the State Authority plan achieves for Mr. Fosdick and Mr. Scott the first of the two primary objectives they are seeking. Because the same plan provides abundant opportunity for the purchase of spirits and heavier wines—subject only to the requirement that it be bought for off-premises consumption, and here with certain exceptions in favor of restaurants and hotels—they believe that it would meet their second requirement of a workable system of control: namely, that it leave no legitimate need for the bootlegger to satisfy.

Here they also recommend that the Federal Government, the States and the municipalities refrain from a policy of high taxation, lest they play into the bootlegger's hands and merely provide him with a continuing market for his ever-ready wares. Balancing unbalanced budgets ought not be the first objective of liquor taxes, Mr. Fosdick and Mr. Scott believe. These taxes should be "broadly social, not narrowly fiscal." At least for the next few years, until bootlegging "has been driven out of business," legal liquor should be made available at low enough prices to rout the vast illegal traffic that has prospered under prohibition.