

Canada and Liquor Control

Presidential Address of
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at the
**ONTARIO PROHIBITION UNION
CONVENTION, TORONTO**

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Convention 1932

Ladies and Gentlemen:

It is a privilege and pleasure to bid you welcome on behalf of the Executive officers and staff to another convention of the Ontario Prohibition Union. It will be your duty as you meet in your various committees during this Convention to consider the present situation with regard to the liquor traffic as it obtains not only in the Province of Ontario but also in the Dominion of Canada as a whole. It will be your duty to study carefully the results of the Government Control or sale method of dealing with the liquor traffic. In our own Province this system has now been in force for a period of five years and in some of the Provinces for a period of ten years and we are better able now than heretofore to make observations and draw conclusions with regard to this particular experiment in dealing with the sale of liquor. It will be your duty in this Convention, therefore, and in your committees to consider carefully the whole present problem of the liquor traffic as it affects our people and to consider ways and means of improving the situation.

Brewer and Distiller Happy

Without going too much into detail it may not be misspent time to make a few observations with regard to the success or otherwise of our Government Control systems in diminishing or increasing the amount of liquor sold. In the first place let us make a comparison between the amount of money spent for liquor in the old license or bar-room days and the Government Control period. Just prior to the year 1916 it was estimated by the Premier of this Province that the people of the Dominion of Canada under the old bar-room system were spending yearly for liquor from 100 to 125 million dollars. In 1929 under the systems of Government Control there were spent in the Dominion of Canada nearly 193 million dollars.

It was estimated by the same competent authority that the people of Ontario were spending from 30 to 40 million dollars annually in liquor in the bar-room period just prior to 1916. In 1930 there were spent in Ontario under Government Control the sum of 52 millions and in the year 1931 the sum of nearly 46 millions.

It is doubtful whether there is much difference, in the amount of liquor sold and consumed, between the old license days and the present system even when taking into account increase in population and general prices. One hears little agitation on the part of the brewers and distillers for a return to the old system. If sales and profits had been greater under the old system I venture the opinion that we would have some agitation to return to that system. And since there is no such agitation we may assume that our brewer and distiller friends are well satisfied with the sales and profits they are enjoying under the system of Government Control. It is probable too that they enjoy considerable saving in that the expense of retailing the liquor through the Government stores is borne by the Government. In the old days of the bar-room a great many of the bar-rooms were owned and controlled by the brewers. In Toronto before Prohibition came into force 95 out of 110 bar-rooms were owned and controlled by the brewers. In Ontario just prior to the O.T.A. there were 1435 retail liquor selling establishments. Not only was there a large overhead of expense connected with the operation of the bar-rooms which was borne by the liquor trade but any odium for law-breaking by them attached to the liquor trade itself. Further, to those liquor dealers owning their own businesses, credit had to be extended and losses often occurred on this account. Under the present system the Government pays the expenses of all the liquor stores and there are no losses on credit account because the Government always pays. Is there any reason then why the distiller and brewer should not be happy under the present system? The happiness of the brewer and distiller under

the Liquor Control Acts is further cogent evidence of the fact that the quantity of liquor sold under those Acts is much more satisfactory to them than the amount they were able to sell under the former Provincial Prohibitory Acts.

Increases Sale

The figures we have just cited were to show the relative liquor consumption and sale of the old license days as compared with the present system of Government Control. The figures I now wish to give you are for the purpose of showing whether or not since Government Control has been in force there has been an increase or diminution in the sale and consumption, and whether or not Government Control in itself encourages or discourages the sale of liquor.

In the year 1924 in all Canada there were 15 distilleries manufacturing about 4½ million gallons of spirits. In 1929 there were 25 distilleries manufacturing nearly 17 million gallons of spirits. In 1924 there were 64 breweries manufacturing 44 million gallons of beer. In 1929 there were 86 breweries manufacturing nearly 66 million gallons of beer. In 1929 there was legally sold in Canada \$192,968,000 dollars worth of liquor and in 1930, a depression year, this was increased to \$193,620,000. You will see, therefore, that Government Control as a system has very definitely increased the amount of liquor sold and consumed. And we must keep in mind always that the certain test of all liquor-regulating or prohibiting systems is whether or not they succeed in decreasing the amount of alcohol consumed.

Revenues Down, Liquor Up

These are tremendous expenditures for a nation of 10 million people and it has been said that if this huge yearly expenditure were applied to paying off the national debt of Canada the national debt would all be paid in about 18 years. Note this fact also, that in 1929-30 the grand total of the revenues of the Domin-

ion of Canada were \$446,182,000. In 1930-31 they were \$356,216,000 — a decrease in that year of depression of \$90,000,000 or 20%. In that same period the liquor sales for the Dominion increased over half a million dollars. Think of it! The liquor sales were more in the year 1930-31 than half of the grand total of revenues for the whole of the Dominion of Canada — and in the Province of Ontario each year the revenues of the Liquor Control Board approach very nearly the revenues of the Provincial Government. Comparing the year 1930 with the year 1929 we find that in Canada:—

Our merchandise **imports** fell off by 172 millions.

Our merchandise **exports** fell off by 180 millions.

Our railway earnings dropped 80 millions.

Our steel products were less by 26%.

Our automobile production less by 42% ;
but our liquor bill increased by over $\frac{1}{2}$ a million.

This phenomenon of abounding prosperity in the liquor business paralleling great depression in other businesses is not peculiar to this Dominion. Take for instance a comparison made in the Economist of August, 1930, of 9 Brewing Companies and 9 Coal, Iron, Steel and Shipbuilding Companies of Great Britain. The 9 Brewing Companies show total net profits of £7,655,459. All paid dividends of from 8 to 35% — and their business showed an increase in net profits of £578,884 over the previous year. Of the nine coal, iron, steel and shipbuilding companies only three showed any profit divided and these three divided profits of only £92,916. And these are nine of the staple trades of Great Britain. Is it fitting that these staple trades should be starving, these trades that employ more men and have no evil by-effects, while the liquor trade is itself growing rich, and is leaving in its train unhappiness, poverty, ill health and crime?

Liquor Stocks Soar

Additional proof of increased use of liquor may be found in the fact that when the system

of Government Control was introduced the value of distillery and brewery shares greatly increased. Now the value of these shares depends upon profits from sales and the larger the sales, the greater the profits, dividends and values of the shares. Take the record of four companies before and after the adoption of Government Control in our Provinces:

	before	after
Gooderham & Worts.....	\$ 2,400,000.	\$ 12,800,000.
Hiram Walker.....	11,400,000.	25,600,000.
Brewers & Distillers.....	3,920,000.	17,640,000.
(Holding Corp.)		
Can. Ind. Alcohol.....	5,332,140.	40,202,900.

These are 4 of the largest but only 4 out of 100 distilleries and breweries in Canada. The net gain of these four stocks was \$73,140,760 or 315%.

Crimes Increase

Then the Gaol Report of Ontario is a further indication of the direction in which Government Control is leading us. With increasing sales of liquor under this system we find in our gaol records just what we would expect. Between 1926 and 1930:—

the number incarcerated in our gaols increased	61.5 %
the cost of our gaols increased.....	42.5 %
convictions with imprisonment for drunkenness increased	60.7 %
imprisonments for breaches L.C.A. increased	220 %
murders increased	80 %
manslaughter increased	50 %
attempted suicide	600 %
crimes against the person.....	65 %
crimes against property.....	86 %
common assaults, etc. cutting, wounding, shooting, etc.	62 %
population increased only	12 %

(for Dominion)

Where, in this record, is that respect for law which we were promised if we would but give Government Control a trial?

Trade and Employment

Then at a time like this when the channels of trade and commerce seem frozen and unemployment has reached a distressing height, what is the effect of the expenditure of these huge sums of money, upon legitimate business and upon unemployment? It is quite clear that the liquor stores are keen business rivals of all other legitimate businesses. What money is spent in the liquor stores plainly cannot go over the counters of other businesses. In other words, legitimate business in Canada under the system of Government Control has had a serious business rival which in one year diverted from legitimate business the sum of 193 million dollars. To illustrate: The exports of Canada to New Zealand were, prior to 1930, something between 20 and 25 millions yearly. Now if the money spent in liquor in Canada in 1930 had been diverted to legitimate business it would have been as beneficial as if we had secured eight new customers of the importance of New Zealand.

Then as to the effect of this traffic upon unemployment. In the comparison of the 9 Brewery Companies in England with the 9 Coal, Iron, Steel and Shipbuilding Companies there is this further matter to be noted. The liquor companies employed 550 persons per £1,000,000 of output while the Coal and Iron Companies, etc., employed 5690 persons per £1,000,000 of output. In other words, these legitimate businesses employ ten times as many men per £1,000,000 of output. And for this reason it has been said that if the huge expenditure for liquor in Great Britain should cease and be diverted to legitimate business the unemployment problem of Great Britain would largely be solved. Canada would be similarly benefited if her annual expenditure of \$193,000,000 in liquor were diverted to legitimate business.

Another way of looking at this low employment record of the liquor manufacturers is that of all moneys spent by manufacturers less money remains in the hands of the labor en-

ployed by the liquor manufacturers. In other words, liquor labor receives a smaller share of the money spent for liquor and the manufacturer gets and keeps an undue proportion for himself. The total result in the liquor business, therefore, is that there is little for labor but much for the manufacturer. This is something to be considered by all who are interested in a more equitable distribution of wealth.

History Recalled

Let us recall for a moment how the systems of Government Control came to our Provinces. In the years 1916 and 1917 the majority of the Provinces passed legislation similar to the O.T.A. prohibiting the sale of liquor for beverage purposes within the Provinces. This was all the Provinces could do, for the power to prohibit the manufacture of liquor was vested in the Dominion. The reasons the Provinces took the step toward Prohibition in 1916 and 1917 were mainly two. **The first** was that through long years the struggle against the licensed bar-room system had been going on and the number of licenses had been gradually reduced until it was thought opportune for the Provinces to try the experiment of prohibiting the sale of liquor. **The second** reason was that we were engaged in a life and death struggle with Germany and Austria and it was thought wise to conserve every national resource.

Then you will recall that in 1918 the Dominion Government prohibited the importation into Canada, the manufacture in Canada for beverage purposes and the shipment of liquor into dry areas. This Dominion prohibition was continued for 21 months until the end of the year 1919. Only in the Province of Quebec was the sale of liquor carried on as usual under the old license system during this period of Dominion-wide Prohibition. During Dominion-wide Prohibition also, it must be recalled that the distillers, while prevented from manufacturing, were not prevented from selling from their huge warehouse stocks for export.

Liquor Lawlessness

At the end of 1919, the Dominion restrictions were removed, the brewers and distillers resumed their manufacturing, but, as most of the Provinces had closed the domestic market to them by their Provincial Acts against sale, the brewers and distillers found what market they could for their product in rum running, export business, in inter-provincial trade, and local bootlegging. You will recall their neat little device of "short circuiting" by which an order given would be sent to a point outside the Province; from this point the order would be placed with a brewery or distillery within the Province and delivery then made direct by the brewery or distillery to the person ordering. The notorious international liquor trade became so disgraceful that the Dominion Government appointed a Royal Commission to investigate it. And amongst other things the evidence taken before this Royal Commission disclosed that there had been "systematic and organized payments to and corruption of customs officials and agents, railway officials and employees, and police; switching and camouflaging of cars of beer in order to pass them into the United States; theft of United States and Canadian customs seals, and the forgery or unlawful procuring of customs and shipping documents; sales of strong beer in Ontario in violation of provincial law; falsification of records so as to conceal these sales; and failure to show sales of strong beer on sales tax returns to the Government.

False Propaganda

Further, these distilleries and breweries had been suffering in their business for want of lucrative domestic markets so they set about to discredit the Provincial Prohibition enactments. They knew the old license system would never again be tolerated by the people so they hit upon the Government Control system as something that would provide them with a large, if not an equal market, to the old license system.

They skilfully played upon the words Government Control; they adroitly suggested that the Government would reap the profits the bootleggers had been making; they promised taxes would be lowered; they blamed all the rum-running, bootlegging activities for which they themselves were chiefly responsible upon Prohibition legislation; they promulgated these arguments in the newspapers and through Moderation Leagues widely and persistently, and they made huge contributions to the political parties. One firm of distillers was shown to have contributed \$18,000.00, another \$200,000.00, another \$91,873.00. By such methods the brewers and distillers finally succeeded in securing the repeal of various Prohibition laws and the passage of the present Government Control legislation.

Let it be noted here, that in all the record of alcoholic consumption in the Dominion under the Provincial Prohibition legislation and under the Government Control legislation it is established beyond any doubt whatever that the period of greatest legislative restriction was the period of smallest liquor consumption. And this can be fully demonstrated taking into account also what may be consumed by tourists entering our country. That is to say that under the O.T.A. there is no doubt but that consumption of liquor was steadily growing less notwithstanding the activities of the brewers and distillers. There is no doubt also that under Government Control consumption has been steadily increasing. If our Provincial Temperance Acts had been supported by Dominion legislation prohibiting the manufacture of liquor the results would have been still more satisfactory.

Private vs. Government Control

How little Government Control there actually is, as far as ownership and profits are concerned in the liquor business in Canada, may be seen from the fact that of the 5135 liquor-selling establishments in Canada in 1929 only 575 were owned by the Provincial Governments; all the remaining 4560 were

owned by private concerns and the profits of those 4560 liquor-selling businesses went into the pockets of those private concerns. Not only this but everyone is aware that the wholesale profits are much greater than the retail profits and all the wholesale liquor-selling businesses are private concerns. Here is the list of the liquor-selling agencies in Canada in 1929:

25	distilleries	privately owned.
52	wineries	privately owned.
84	breweries	privately owned.
400	government stores.....	government owned.
138	brewers agencies.....	privately owned.
1480	beer saloons	privately owned.
1829	beer shops all	privately owned, but 175 in Saskatchewan Government owned.
297	clubs	privately owned.
708	hotel and restaurant (wine and beer).	
122	other selling agencies.	

5135

- 575 Government-owned liquor selling places from which the Government receives the profit from the sales.
- 4560 privately owned liquor selling places, from which private persons receive the profit from sales.

I leave it to you, is this Government Control or Private Control? Which is the tail of the liquor-selling dog—the Government or the private liquor-selling interests—and, a further question, does the dog wag the tail or does the tail wag the dog?

A Liquor-Selling System

When we attempt to apply the supreme test therefore of whether or not the Government Control system is effective in diminishing the amount of liquor consumed, and applying other tests we have mentioned, you will see that the system of Government Control has lamentably failed, and that it is little more than a half-way house—a poor half-way house. Yes we would even be generous, I think, if we said it was only a quarter-way house, on the highway that leads our people from the old license

or bar-room days to Prohibition. Let us never forget that the old license or bar-room system was a liquor-selling system—and that Government Control is also a liquor-selling system and that the Government Control system is nothing more than an attempt of the liquor traffic to present a little more respectable appearance. It is merely the futile attempt of the leopard to change its spots. But whether you call the liquor traffic by the more polite name of Liquor Control or not, it is always and everywhere a corrupt tree bringing forth evil fruit. And as far as the Christian Church is concerned its duty is not to attempt to regulate or control the growth of this corrupt tree but its duty is to hew it down and cast it into the fire.

Contradictory Policies

Then our Provincial Governments have placed themselves in a strange and inconsistent position by engaging in the sale of liquor. Ordinarily we look to governments to rule the people for the benefit of the people, but by engaging in liquor selling they are engaging in a business which is harmful to the people. For instance, our governments spend large sums each year in trying to improve the general health, and yet they sell liquor to the people — a product than which there is nothing more detrimental to the public health. They are **spending large sums for public relief** and yet no business is more conducive to promoting hunger and poverty than liquor selling. Our governments are concerned about, and spend much money **to relieve unemployment**, yet engage in a business the cessation of which would give a tremendous impetus to employment. Governments everywhere are **practicing and preaching economy**, yet, engaged in the liquor business, they are encouraging gigantic waste. Government departments of education are on the one hand teaching temperance and health in our schools, and Government Liquor Control Boards are on the other hand acting as vendors of liquor to over 400,000 permit holders. Ten years hence these pupils in our day and Sunday

Schools will be the 400,000 or more liquor permit holders. I wonder sometimes whether the heads of our Departments of Health and Education are on speaking terms with the head of the Liquor Control Board. What a fine mutual aid association they must make as they sit around the common council table. The strangest animal met by Dr. Doolittle in all his travels was the "Push-me-pull-you." It had two heads, one at each end of its body. So strange a creature was it that Dr. Doolittle decided to take it home with him and make it a circus attraction. Dr. Doolittle himself never explained its method of locomotion. Its name suggests there were certainly some difficulties in that regard. But its handicap was a mere nothing compared with that of our "Push-me-pull-you" Provincial Governments.

An Economic Enemy

It can scarcely be doubted that we are living this year in one of the momentous years of the world's history. It is a year of ominous international disturbance, it is a year of business depression and intense and widespread economic distress and suffering. Is there no statesman within the confines of this broad Dominion courageous enough, with vision enough to call upon the people to discipline themselves to the extent of cutting off this huge waste of 193 millions annually? In 1916 and 1917 there were such statesmen and there was a people in Canada with courage enough to take such action — and at that time there was no such widespread economic suffering as exists today. Is this a time to permit 5135 liquor-selling agencies within this Dominion to abstract annually the great sum of 193 million dollars of our economic life blood? In the words of a statesman of that other day in 1916, "Is this a time to talk of personal liberty, to think of our pleasures, our appetites, our enjoyments, when the civilization of the world is hanging in the balance"?

The liquor traffic under Government Control has in these past ten years abstracted not less than 750 million dollars directly from the

channels of legitimate commerce and the same sum by way of the indirect cost. What a gain if we had not committed this waste in the past ten years and these many millions were coursing healthfully through the veins of trade and commerce. What tragedy if this staggering and useless and harmful waste is allowed to continue! Some magic may cause prosperity to return from around the corner but it is very unlikely to return that way. Prosperity disappeared through our waste and failure to discipline ourselves, and it will return through our thrift and a rigid self-imposed discipline.

In the face of the present economic situation, when the liquor traffic is as great an enemy of economic recovery and industrial wellbeing as it was the great enemy of our national safety during the war, are we as an organization, as we were in effect advised the other day by a letter writer in the *Globe*, to bring into the battle against the liquor traffic only ink bottle artillery and pamphlet projectiles? Are we to be an organization militant or an organization quiescent? Are we to cease criticizing the Government sale method of handling liquors and to devote our **whole** attention to persuading the brewers and distillers that they really shouldn't take the money? Are we by our quiescence to allow any political party or Government to think that Government Control is a satisfactory solution of the problem? Are we going to stand idly by and permit any political party or government to refuse us even the right to express our opinion on this great question by referendum or otherwise? Someone has said "it is not too much politics that is the trouble with the temperance cause, but too little — politics is a part of religion, and religion that has no politics in it is only half a religion at the best." This also has been said: "There is a deal of cowardice that masquerades as caution and laziness that poses as wisdom — the dilatory and cowardly course is never the prudent or wise one."

A Challenge to the Church

What would Amos, Hosea, Isaiah or John the Baptist do if he were living in this day and were dealing with the liquor situation as we have it in our midst? Would he be content with any vague exposition of general ethical principles in connection with the matter? Would he keep out of any politics that involves a moral question? Would he take the attitude that much might be said on both sides? Would he so dilute the truth of the matter that all parties would be pleased with his attitude? We all know he would not — and for the reason he would not, the Church and this organization must not! The liquor traffic is a moral question, and because the Church is a society-transforming power it is the natural enemy of the liquor traffic and must continue so until the last vestige of that traffic is wiped out. Let us not forget that this organization is the Church in action against the specific evil of the liquor traffic.

I am convinced that as this is a momentous year in other respects so it is also a momentous year this Prohibition Union. We owe it to the people of Canada to take aggressive action against the present system of Government sale of liquor. We owe it to our friends in the United States to tell them that in Canada we have tried the Government Control experiment and have found it wholly unsatisfactory. It is our duty to demonstrate the weaknesses and failure of this system. It is our duty to point out that any system that has increased the sale and consumption of liquor is a failure, and that both sale and consumption have alarmingly increased under Government sale. Let us point out clearly and persistently that the evil by-effects of the liquor traffic are directly proportionate to the amount of liquor sold, that the greater the amount sold, the more crime, ill-health, drunkenness and accidents there are. Let us prove, and we can do it conclusively, that during the period of the Provincial Prohibition Acts the per capita consumption of spirits, malt and wines was

greatly reduced and that during the period of Government Control the per capita consumption of all three has alarmingly increased.

To Call a Conference

At this convention then let us take such aggressive steps as are necessary to strengthen our work in this Province. Let us formulate a definite plan of action to strengthen our organization throughout the Province, both in numbers and in a financial way. Let us give leadership to all friends of temperance within this Province and to the movement throughout Canada. Let us do our part to co-operate with the W.C.T.U., with the Churches and other sympathetic temperance organizations in this Province. And in order that there may be such a plan, such leadership, such co-operation, and such a definite step forward toward the great objective of the total elimination of the liquor traffic from our midst, let us take the initiative in inviting at the earliest possible date a conference of Church and Temperance leaders representative of the whole of Canada, and at that conference formulate such a united, comprehensive and effective plan as shall look definitely forward to the elimination of the liquor traffic within the next five years. Let us here and now, in this very convention, throw down the gauge of battle to the liquor traffic in no uncertain way. Science is with us, the facts are with us, let us have faith in our people to decide the issue wisely when the facts are clearly put before them. Great progress was made by temperance forces when the liquor traffic was much more firmly entrenched than it is now, and when less was known of its evils. It is said that at the second continental congress met to decide what course to pursue with reference to the attitude of George III toward the American Colonies, George Washington alone attended in uniform. Let us in the same certain and definite way indicate our active opposition to the liquor traffic, and may we not doff our uniforms till the battle is permanently won.