

# OUTLAWED WHISKY AND THE BOOTLEGGERS' BIG PROFITS

## With the Country's Bone Dry State Confirmed by the Supreme Court, a Barrel of Corn Liquor Brings \$2,000 and "Non-Beverage" Withdrawals from Bond Mount Amazingly

A BARREL of whisky now brings \$2,000, bootleg prices. This is at the rate of \$10 a quart. From New York City prices ranging from \$15 to \$25 a quart, for the best brands of corn whisky, are reported; from Washington, \$20 a quart; from Richmond, \$15, and from New Orleans, \$10. The price is still upward, and for pure whisky the price in most of the big cities probably averages \$15 a quart.

Only the theft of money itself offers such a reward to lawbreakers as whisky obtained for illicit sale. Stolen bonds are far less easily convertible into money than beverage whisky under present conditions. Money itself, in amounts of \$2,000 and up, is well guarded, behind steel walls, and with watchmen near by to supplement the protection of safes made to be burglar-proof. Against getting hold of money by forged checks there has similarly been built up by long experience a system of close vigilance.

But around the whisky now worth \$2,000 a barrel, stored in Government warehouses, there is no such protection. It is necessary to keep the facts of this comparison in mind to grasp the meaning of the amazing increase in the last few months in the withdrawal of whisky from bond for non-beverage purposes, the only way it can be taken out legally. The figures, here presented, point to fraud on a far greater scale than had been suspected and emphasize the difficulties of enforcing the prohibition law with the machinery at present available.

In March, 1919, before Federal prohibition went into effect, there was withdrawn from Government warehouses for non-beverage purposes 932,604 gallons of distilled spirits. In the same month 3,589,863 gallons were taken out for beverage purposes. In March of this year, for purposes alleged to be non-beverage, 4,016,983 gallons of distilled spirits were withdrawn; that is, nearly half a million gallons more than the quantity taken out of bond in March a year ago for beverage purposes. Most of the non-beverage whisky was used formerly for medicinal purposes; records show that in the past around 1,000,000 gallons were withdrawn a month for non-beverage use, and the inference is plain that a great part of the remaining 3,000,000 gallons taken out in March of this year was obtained in violation of the intent of the law.

Whisky on Hand a Problem. Returns for April are not yet in, but the withdrawals will again be not far below 4,000,000 gallons. At the time Federal prohibition went into effect one of the problems was, What would be done with the millions of barrels of whisky that would be left in the Government warehouses on owners' hands? At the reduced rate of non-beverage consumption it was evident, on the basis of past experience, that the bulk of it would have to be carried for years, some said for fifty years, by the owners. Demands were made for legislation to compensate owners for the presumptive heavy loss; one proposal, emanating from the extreme dries, was that the Government buy all the whisky and empty it into the ocean.

On March 1 there were 61,970,991 gallons of distilled spirits in bond, enough for sixty-one years for medicinal needs according to the pre-prohibition standard. At the rate of 4,000,000 gallons withdrawn a month, all of the distilled spirits now in bond would be consumed in one and one-half years.

As soon as the Federal amendment went into effect an amazing increase in withdrawals for "non-beverage" purposes took place. In July, 1919, 1,071,659 gallons were taken out of bond for non-beverage use; in August, 1,127,603 gallons. The months at the end of the year showed a rise, and then in January of this year there was a jump to 2,183,750 gallons; the February figures were 1,776,532, and then March mounted to 4,000,000.

By far the greater part of the distilled spirits withdrawn is alcohol. This, however, bears out the inference of widespread illicit use. Admitting that there has been a considerable increase in the consumption of spirituous alcohol (as distinguished from wood alcohol, which is not under consideration here) for purely commercial uses, the jump in withdrawals is too big to be explained in this way. In seeking the true explanation of the extraordinary rise in the withdrawal of distilled spirits, account is to be taken of the fact that many bootleggers and illicit rectifiers prefer alcohol. More gallons of an intoxicating drink resembling whisky can be made of 100 per cent. alcohol than of a whisky containing 40 per cent. alcohol.

Two methods were employed. One was to forge an order outright, supported by false affidavits. The other was to use illegitimately an order legally issued, taking out distilled spirits for beverage purposes under the cloak of the non-beverage permit. Small plants for making perfumery or patent medicine, some started new, were used as blinds in many instances. No attempt was made to steal the distilled spirits themselves in this class of frauds, or, if so, in not many cases, so far as can be learned; it was bought of the owner at from \$8 to \$10 a gallon. The big gain, from \$15 a gallon up, was what attracted criminals and others who hitherto had not been law-breakers. Perhaps there are now busy in this illicit business many who have grown expert in fraud, forgery and crooks of other kinds, who as fast as Government

agents uncover one of their schemes will be at work to devise others.

The Supreme Court decision, sustaining the prohibition amendment and the Volstead act, has centered attention on the enforcement of the law, and suppression of the illicit hard-drink traffic is the worst problem facing the Federal Prohibition Commissioner. So pressing is this, that other phases of enforcement have to take second place. In order to head off the outpouring of whisky and alcohol at its source in the Government warehouses, the system of issuing permits is to be tightened in every way possible. Every new detail, however, increases the burdens of the Government agents, as it means a several-sided investigation into orders presented for the withdrawal of distilled spirits from bond. Where it would ordinarily be least suspected fraud may lurk.

One other source of illicit hard drink is from moonshining. In the moonshine districts the chance of big gain has worked a change bordering on revolution. The former five-gallon stills have been increased to fifty-gallon stills and larger. So high are the prices received that the moonshiners can afford to sacrifice the plant if they can get away with the output. Reports are that some of this new type of moonshiner have a capital of \$50,000, which includes automobiles for getting the product to the city.

To cut down supply at these sources and to break down the underground distribution of hard drink is thus the first challenge in the enforcement of prohibition in those parts of the country which are wet in sentiment. Where the community is dry, the public itself is the greatest help in the enforcement of prohibition, but in dry States it has been found difficult to stamp out bootlegging in cities where the sentiment was wet. Here the difficulty is enhanced by compelling prohibition in a State that is wet. It is admittedly one of the greatest problems in administration that has arisen in this country. It is now to be put to a real test. With the strength of the Supreme Court's decision behind the amendment and the Volstead act, redoubled efforts are to be made for enforcement. Three main problems are embraced:

First, suppression of the hard-drink traffic.  
Second, suppression of light wines and beers.  
Third, suppression of the making of intoxicating drinks in homes.



THAT NON-REFILLABLE BOTTLE

To accomplish this three-sided task the total force is about 1,500 men. In sixteen States they must deal with communities classed as wet in sentiment. Congress cut the appropriation asked for enforcement. It amounts to \$4,000,000, but of this \$750,000 was set aside for the administration of the Harrison anti-narcotic law. In addition, on account of the way whisky was being stolen from Government warehouses, \$1,000,000 was appropriated for adding to the number of guards.

Probably the enforcement machinery would have been much larger had not

the wets raised the cry of the cost of enforcement, asserting that it would cost not less than \$100,000,000 a year to insure a strict compliance with the law. This, no doubt, had an influence on the dries, and one argument they brought forth was that the amount of fines collected and the sale of liquor seized would more than cover the appropriation actually asked for. It will be no surprise to some of those not in the controversy but in touch with some phases of the problems at hand if it develops that a force of men many times larger than the present one be required.

So far the most attention has been given to combating the illicit traffic in hard drink. Next has come beer and light wines. In preventing the spread of small stills in homes, little or nothing has yet been done, it is reported. The force of Government agents has been occupied with the outstanding problems; to reach out into private homes would require an army of investigators. Reports are that in some of the wet territory use of private stills has become widespread. Ingredients used are cornmeal, rye, raisins, dandelions, dried fruit and prunes. In some cities hops and other elements used in the making

of beer are displayed in shop windows, with the sign, "Here are the makin's." In coping with violations that reach out individually into the community a strong appeal must be made to public opinion. What is especially desired is to prevent the law from falling into disrespect; once this happens in a community the difficulty of enforcement becomes multiplied. This is the immediate question brought to the fore by the Supreme Court decision. The second question is whether experience in the practical problem of enforcement may not result in a modification of the Volstead act to permit

the use of light wines and light beer. Here the decision has thrown the wets and dries into a new single alignment. The wets realize that their last hope from the courts is ended and will go into the campaign as the one means left to them. The dries are preparing to meet this. In every Congressional district where there is any division of sentiment there will be wet and dry candidates for Congress, and it is predicted that this will be a paramount issue in numerous sections, causing a break in party lines.

### Prohibitionists' Tactical Error.

Here are the two sides in the political fight now beginning in earnest:

Dr. Wilbur F. Crafts, Superintendent of the International Reform Bureau at Washington and a national prohibition leader, said:

"The liquor interests have exhausted their last resource in the courts and the money they intended to spend there as long as there was a chance left will now be put into the campaign to try to elect a Congress that will amend the Volstead act and make possible 2.75 per cent. beer. It is an unfortunate situation, but it must be met. It means a fight at the polls extending over not less than ten years before prohibition is made secure, and what makes it almost tragic, to my mind, is that it might have been avoided.

"In that connection I will tell some unpublished history. When the prohibition amendment was drawn there were two sides in the committee of prohibitionists that had it in hand, what might be called the radicals and the conservatives. The radicals were in favor of prohibiting any 'non-alcoholic liquor.' The conservatives stood for 'non-intoxicating' liquor. The conservatives were afraid that if non-alcoholic were used it would endanger the passage of the amendment, especially facing the antagonism of the patent-medicine men.

As a matter of fact, we now know that in the state of public opinion 'non-alcoholic' would not have endangered the amendment. Some of the Congressmen that voted for it thought that the whole question would be settled for good and would not come up to plague them in future elections. Nor would it if non-alcoholic had been inserted. This would have barred any drink containing alcohol, in any appreciable amount, as some of the States had in their laws before the amendment.

"Thus the whole question of inter-

preting 'intoxicating' by Congress would have been avoided. I know that temperance people regret now that this was not done; it would have been the end of the fight. But there is one comfort to be drawn out of it—the campaign will be one of education and will drive the benefits of prohibition home.

"We have a threefold campaign ahead—to see that the political platforms do not repudiate prohibition enforcement, to see that men are elected to Congress who will stand against any weakening of the Volstead act and that a President is elected who will not sign any bill that does amend the Volstead act. Here we have at least two Presidential campaigns ahead of us. What we demand in the platforms is a declaration in favor of the enforcement of the laws, not merely the prohibition law but the enforcement of the law against the profiteer, the anarchist and the bootlegger.

"I know the old game of the wets that prohibition does not prohibit. But that has been disproved in the enforcement of prohibition in individual States, and it will be disproved in the case of Federal prohibition. The wets are raising the cry that the law cannot be enforced and that therefore it must be weakened, and no doubt they will do all they can to prevent success here, but it is a dangerous thing to encourage disrespect of the law of the land."

### Finds Force Honest.

"Do you think the Prohibition Commissioner has a staff large enough to deal with the situation?" was asked.

"I do," said Dr. Crafts. "The machinery is not going fully as yet. There has been uncertainty, waiting for the decisions of the Supreme Court. It has been a big task to organize a force from the ground up for this work. Prohibition Commissioner Kramer has a fine lot of men, devoted to their duty. We know that they are men to be trusted in a work where there are strong temptations to be resisted, because we have had detectives follow them up. We did not find a single man we thought ought to be dismissed. In the District Attorney's offices conditions are not so good, as most of these officials were appointed before the amendment was adopted.

"Half of Mr. Kramer's force can be used as a flying squadron to be sent without notice into a district calling for attention, and it can be cleaned up on short notice. It is only in the wet territory that any serious trouble will be found. After some of the leading offenders are fined from \$5,000 to \$10,000 and sent to prison the corrective effect on others who are not complying with the law will be found to be most decided. I am confident the problem of enforcement will be met. We are not going to bow before the demand that if criminals will not obey the law we must legalize them by changing the law. The law can only be changed by a wet Congress and by a wet President, and we are sure there will be neither."

### Wet Leader's View.

Representative William L. Igoe of Missouri, who headed the minority report of the House Judiciary Committee against the Volstead bill, said:

"There is no chance for any change in the enforcement act by the present Congress. It all depends on how widespread and aggressive the opposition to the Volstead act is, and also on the experience that is had in enforcing this measure. I think the change will come, but it is a question of how long it is to be before the public expresses its opinion. Hard drinks are gone for good, and only a few want them back. No one wants the saloon. But I think that many of the prohibitionists themselves would not object to light wines and beers—non-intoxicating. It is a false situation; the amendment says non-intoxicating and then Congress fixes the standard at one-half of 1 per cent. and we can prove that 2.75 per cent. is not intoxicating. Drinks actually not intoxicating are barred. This is what we object to, and the American people will have to pass on it.

"It is a question of fact as to what is intoxicating, and I tried to have this put in the law, but it was beaten two to one. Enforcing the law as it stands is an immense undertaking. I have said that it would cost \$50,000,000 a year, and I do not believe there is any exaggeration in the statement. Enforcement will be all the more difficult now that the Supreme Court has rendered its decision giving the Federal Government the authority. The States, especially where there has been a wet sentiment, are going to begin to withdraw from enforcement and leave the job to Uncle Sam. It will be more and more a case of the States 'letting George do it.' An added inducement will be the saving of money by the States in leaving enforcement to the Federal Government."

"What we ask is that a bill be passed extending to every one the right given those who are permitted to have cider and fruit juices in their homes. The law here says that the cider and fruit juices must be non-intoxicating, and the interpretation bestowed on this by the Internal Revenue Department is that it is a question of fact. That is, the one-half of 1 per cent. does not apply here. So long as the cider and fruit juices in the home are not strong enough in alcoholic content to be actually intoxicating the law is not violated. We claim the same for light wines and beer for the city man that the farmer has for cider."