

*Confidential*

# LIQUOR INDUSTRY LETTER

*Circulated Privately to Businessmen Engaged in Distributing or Retailing Liquors*

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March 21, 1944

Dear Sir:

This is your first letter ... your own private report on what's going on in your industry. You'll get these letters twice a month, free of charge, because your wholesaler has paid the cost of getting them to you.

These letters will contain vital information condensed from scores of interviews, reports and news sources - boiled down for quick, easy reading into telegraphic sentences.

All information is carefully investigated, checked, rechecked, discussed and appraised, before you get it. With an intelligent understanding of what is happening and what is likely to happen, you are in a position to make your own decisions - wise decisions based on facts, rather than on rumors.

Everybody these days is wondering what's next - what's ahead for my business, my industry. One thing is certain - change ... continued change. And business must continually adjust itself. New problems - new restrictions - new regulations - new pressure groups - and new people who affect your business through their actions or beliefs are making their appearance almost daily. Bewildering, confusing, but inescapable in wartime. There is only one thing to do about such a situation - meet it! Keep, not only abreast of events, but ahead of them.

If you are in the liquor business, you are in the news. The spotlight of public opinion is on the industry all the time. A single violation is used by loud-talking minority groups to slander and threaten every legitimate and respectable businessman in the industry. The thousands of decent tavern and package store operators are never mentioned - the War Bonds bought by the industry, which has always over-subscribed its quota, the Red Cross and War Chest donations, the money for old-age pensions ... yes, the contributions which are made so liberally that even the enemies of the industry profit by them, are all forgotten when one violation is exposed to the public view.

Professional Drys are depending on individual cases of violation for ammunition. They are waiting for you in the industry to give them enough evidence on which they can build their group into a strong political machine. They foster and encourage every movement toward state and national prohibition. Sane legislators and wise businessmen know the facts and the trend - are endeavoring to combat it.



The "United Drys" representing the Ministerial Alliance, organized in January, are exceptionally active in seeking legislation to put you out of business. Officers of this organization are Otto H. Houser, Henry G. Smith, and Clark Bower. George Hetherington is their attorney.

State monopoly is dangerously near - threatens the whole democratic system of free enterprise. State control of liquor would put 16 out of every 17 package stores out of business - half of the taverns. Difficulties of distribution are being used as a springboard for proposed legislation. An Interim Committee of the House is now making a study of conditions. Black market selling by a few stores is adding coals to the fire.

The picture is not all black ... wholesalers are re-appraising every account, making certain of fair distribution of liquor - a survey of conditions of supply and demand is now underway, and dealers may soon receive benefit from results. Dealers too, those who want to stay in business, are working individually to stamp out black marketing - keep self-respect, and assure future business.

Myron Donald, state liquor director, has appointed two more inspectors to bring about stricter enforcement of law. New inspectors are Ralph J. Sanks, formerly with the farm security administration, and Albert P. McLain, former provisional auditor in the state auditor's office. Another new inspector was added to the staff a month ago.

Industry is cooperating with law enforcement authorities to reduce violations. Individual tavern keepers taking their cue from actual examples of other successful operators are finding it pays extra profits and real peace-of-mind to avoid violations. Most now refuse to serve those even appearing to be minors, are requiring that they show evidence of their age, or be satisfied with a coke. Drunks just cause trouble, and are not being served. The result is that good customers come back again, a better class of trade is attracted to the place. Violators are getting no sympathy from anybody; the industry as a whole is glad to see them closed up - enjoys being respectable.

Lack of supervision is one of main causes for trouble - noisy and tough customers quiet down when watched carefully. Don't leave your place inadequately staffed with manpower.

Liquor Industry still one of Uncle Sam's best supporters - taxes received from distilled spirits, beer and wines, last year amounted to \$1,454,201,727.00.

WPB still against holiday from making industrial alcohol - distillers have offered to buy up 50,000,000 gallons of industrial alcohol in Cuba, and deliver it in the U.S., providing they could withhold 33,000,000 gallons of grain alcohol for beverage purposes. So far, WPB has not agreed to the exchange.

The Treasury's Alcohol Tax Unit has just ruled that some imported gin, not up to U.S. standards, must be labeled "Distilled spirits made from cane products and flavored with Aromatics." This ruling will effect very little gin sold in Colorado.

Breweries to expand after war according to survey just completed. Of 108 companies interviewed, 61% indicated their aim to expand brewing facilities.

War Production Board has put under strict control all imported rum, gin, whiskey, cordials, and other beverages made from cane sugar. Purpose: to keep West Indian molasses needed for U.S. war alcohol from being too heavily diverted into beverages. May indicate slightly curtailed supply for retailers in months to come.

Package store dealers and taverns should take special note of the dry policy of many newspapers and magazines. It is not unusual to see liquor advertisements in fanatically dry publications. In the first place, your advertisement will be ineffective because of the type of readers; and secondly, you will be contributing your advertising dollars to enemies of your own industry.

Servicemen now overseas urge us to protect their right to buy a drink - according to hundreds of letters on file at the Brewer's Foundation offices. All are in protest to the recent prohibition bills that have been brought before Congress.

Of the approximately 2500 licences in the state, only fifteen this year have lost their licences and given the industry a black eye. Two licences were permanently revoked for illegal possession. One was suspended for selling for consumption on the premises, one for selling after hours, two for selling to intoxicated persons, and nine for selling to minors.

Stricter enforcement promised for industry - authorities are determined to stamp out deliberate violators, have increased their staffs and are calling for renewed efforts by city police and county officers. The industry is in accord with this effort, and will not defend violators.

Decision on amount of beer tax not yet reached as this is written - will probably be 7 or 8 cents per case, but this is not definite. You will be notified before April 1st.



The formula for determining the tax on package store liquor is being enclosed with this letter, will save much time and worry. Do not take a mark-up on the new tax.

OPA has not yet ruled on a method for adding the April 1st Tax on sales by the drink. As soon as this ruling has been established it will be passed on to you.

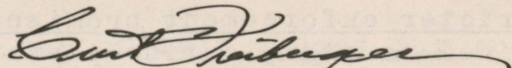
Customers continue to complain about scarcity of liquor giving no consideration to the part being played by the industry in the war effort. Just as the automotive and refrigerator industries are converted to war manufacturing, so is the distilling industry. NO LIQUOR HAS BEEN MADE SINCE 1942. The entire production of the distilleries in the United States is going into war alcohol. Quite often your customer's anxiety to buy a quart of whiskey makes him forget that it too, "has gone to war."

Here is present situation. The WPB has demanded 631,000,000 gallons of war alcohol for this year. Government stocks have dropped over 50,000,000 gallons in the last six months. It is prophesied that they will have dropped to 41,000,000 gallons by the end of 1944. Production last year exceeded requirements, this year will be 39,000,000 gallons below requirements. Which all adds up to the fact that retail and wholesale liquor dealers can expect less and less whiskey. If you get 50 percent of your 1942 supply you'll probably get an above average share.

Smart tavern operators will switch to substitutes - will push mixed drinks, gin, rum-cokes, etc. Wines too are expected to grow in popularity as a by-the-drink sale. Beer promises to be nearly as plentiful as last year.

On top of shortages of supply, enforcement of liquor laws will be harsh - it will pay every dealer to consider his own situation, watch out for any temptation to infringe on the word or letter of the law. Most are inclined to consider themselves above reproach, often get into trouble through carelessness. In spite of a rationed supply of liquor, you are in a good business - protect it, protect your license, protect yourself.

Yours very truly,

  
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