

*Confidential*

# LIQUOR INDUSTRY LETTER

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

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July 19, 1944

Dear Sir:

A word of thanks is not out of place at this time for the way these letters are being received. Many letters from readers express appreciation for the information we are furnishing. Prompt notification of address changes and expressions from dealers and wholesalers alike are always welcome. Please continue to write in for information or assistance.

Important events will not be overlooked, nor will we relax our attention to Industry problems. We will crowd all available information into these letters, and should the necessity for special action arise, we will prepare special letters covering the subject.

Self regulation among Industry members is now a proven fact. Our report of July 10, showed NO SUSPENSIONS due to violation of State Liquor Laws. Only one suspension for the City & County of Denver. However, this one violation should not have occurred. It spoiled an otherwise wonderful showing. The BIG job of our retailers is to avoid sales to minors. Dangerous, unhealthy, it is the worst type of violation because it represents extreme carelessness. It's a sort of "hit and run" type of offense. Don't bring disrepute on the whole Industry by serving a minor.

Resumption of beverage liquor distilling, as predicted here, is now practically underway for a limited period of time: A 30-day August production will be permitted by WLB. Nationwide interest in this "holiday" makes it important that you know the story. In the light of future effects on YOUR BUSINESS you should know the story.

Here's the situation as we see it:

1. As a result of this 30-day limited conversion, whiskey stocks in the U. S. will be increased by about 50,000,000 gallons of beverage alcohol. And, that's not enough, when compared with monthly consumption, to cause any dealer to go on a wild "selling spree".
2. Whiskey stocks for 1944 based on estimated August production will still be some 107,000,000 gallons under the 1942 supply.
3. Most distillers have not planned any special promotion because of this extra production. One distiller has switched from War Bond advertising to brand advertising. Others are planning to combine War Bond advertising with brand advertising.
4. Bourbon is out, as far as extra production is concerned, as corn is restricted to the war effort. Distillers do hope to turn out a record breaking volume of rye, wheat and barley liquors beginning August 1, 1944.
5. Beer volume may be affected by demands of distillers for brewing grains.
6. Remember, too, that this order was ostensibly given to permit building up liquor stocks for aging, a big part for four years, to assure future supply of bonded liquor.
7. Probably part of the August production will go into blending some liquor now in storage. More blends may appear after the end of August.
8. It is likely that first evidence of August output will appear in the form of increased quantities of gin, which demands little if any aging, has recently been most scarce of liquors in the East, and is a warm weather drink. Some new brands may appear.
9. Some new brands of rye may also appear as there has been a noticeable shortage of rye brands in some lines.
10. Immediate effect of the "holiday" has been to cause many retail stores to release additional quantities of their stocks to the trade. This has had an exceptionally good effect which probably could not have been brought about in any other way. It has reduced buying pressure in general and improved customer-retailer relations.

11. False optimism among dealers should be avoided. There will, very definitely, NOT BE an abundance of liquor thrown on the market by wholesalers and distillers. The present holiday is for "relief", not for building volume.
12. The way the Industry, as a whole, handles the present lifting of distilling restrictions will probably serve as a guide for WPB as to whether or not they allow further "holidays".

Imports of liquor from Mexico were expanded last month. But, Mexican gins and rums will not materially affect the retail market.

OPA Rules: No ceiling on wine grapes. It was officially announced last week by the Office of Price Administration that there would be no ceiling on any grapes for crushing from the 1944 crop. This policy is the same as in 1942 and 1943. Latest revised estimates of the California Crop Reporting Service place 1943 grape production in California at the all-time high level of 2,789,000 tons. July forecasts of 1944 grape production were set at 2,423,000 tons. This would be 13% less than in 1943.

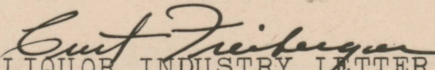
Members attending the Small Brewers Meeting in New York recently bought two and one-half times the amount asked for in War Bond subscriptions.

State Monopoly and how it works was witnessed by the writer of this letter during a recent visit to Utah. Those interested or considering the possibility of State Monopoly should see it in action. One liquor store in most towns handles all sales. Usually located in the worst section of the city. No signs are permitted on the building, and windows are "blacked out" or painted out so that stock may not be seen from the street. Stores remind one of the old speak-easy. Obtaining permit for purchases compares with the process for obtaining gasoline ration coupons in Colorado. Drinking is done in public places, but must be carried there in paper sacks or hip pocket flasks. Brand names have no value. Purchasers take brand available and "like it". Other than the fact that it provides a number of soft jobs for state-hired clerks, and results in semi-prohibition, it is difficult for an outsider to figure out any reason for it. Hotel rooms and homes provide drinking places. Limiting of purchases encourages the prohibition-era "binge". Most buyers get gloriously drunk on allotment -- then wait for next time. Certainly, if monopoly works this way in other states it is a thing to be shunned by "drys" as well as "wets".

Colorado Industry is making progress toward elimination of all law violations. Prominent wholesalers and intelligent retailers have succeeded through self regulation in reducing law violations. Tavern keepers or store keepers who willingly violate the law today are in the very small minority. Among these limited few, the usual cause for violation is ignorance. Careful supervision, an intelligent viewpoint on the part of the owner, maintenance of proper closing hours and strict adherence to a pledge not to serve a minor or a drunk will keep any retailer from bringing blame on himself or the Industry. Over a period of a few short weeks, this policy gives the dealer's place of business a desirable reputation which will increase his trade.

The success and reputation of our Industry depends upon eternal vigilance. Be alert for unexpected circumstances which may lead to law violation. Let it not be said that YOU caused trouble. Protect your business as you would your home. You are rendering a public service when you sell to the public ... you know what to watch for -- they don't.

Very truly yours,

  
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