

Confidential

LIQUOR INDUSTRY LETTER

Circulated Privately to Businessmen Engaged in Distributing or Retailing Liquors



January 20, 1945

Dear Sir:

Denver night life is soon to receive national publicity. Writers for Fortune Magazine have just completed an inspection and analysis of conditions in Denver, and are now in the process of preparing the story for publication. Fortune's reporters state that Denver is particularly respectable as compared with metropolitan cities throughout the nation. Trips were made with the military police, city police officials; and, private investigations were conducted. We can only hope that the final published story does not attract the attention of political do-gooders, or bring unfavorable attention to the few undesirables in the Industry.

Police authorities report reasonable progress being made in elimination of violations. We are told by city officials that the dealer's attitude, generally, is one of cooperation; that in most instances a warning has been sufficient to keep tavern owners and operators out of trouble. Also, we were told that the last year has been one of great improvement in self regulation. Those dealers who have worked hard to gain respectability certainly deserve to be complimented. By the same token, the ignorant and careless dealer who is today selling to minors or intoxicated persons, or operating a "disorderly" house should be, and is condemned by the whole Industry. We'll do ourselves a favor if we get rid of these few black spots in an otherwise clean picture.

WLB declares beer essential. The war labor board ruled last week that beer is essential, according to an INS report. It told the Teamsters Union (A.F.L.) that if it did not end a strike at three St. Paul breweries, the board would refer the matter at once "to the president for appropriate action". The closing of the breweries, the board held, "threatens substantial interference with the war effort. Union leaders, to promote their selfish interests and to avoid government interference with their strike, are trying to prove beer non-essential. Here is an example of the Montgomery Ward deal in reverse. Against government "take-over" now, unions were greatly in favor of it in the Ward case.

Temptation to pick on Industry too strong for Washington politicians. According to Associated Press, a new inquiry into the Liquor Industry was aimed January 16, at "shedding light" on what Senator Ferguson (Rep.) of Michigan called "the rule of the monopolies." Ferguson wants \$15,000 set aside for financing an investigation.

In the lime light of public interest, liquor is always a good object for political "grand-standing". The average legislator, realizing the need for earning his salary, believes that he can gain favor with his public by turning his effort to an investigation of the liquor business. He has an impression that the Industry always "merits further investigation".

In the present instance, Mr. Ferguson and his associates may get a big "back-fire". Producing alcohol for war purposes only, over a number of years, has not hurt public and even political opinion. Political monkey business and grand-standing at the expense of the Industry has just about ended. Real statesmen and important national figures are well aware of the contributions made to the nation by the distilleries. Let us hope that they will stop these recurrent attacks and investigations which soak up tax funds sorely needed for financing our war effort.

Prominent breweries are asking our state department embarrassing questions: According to one letter to the War Production Board, it was stated that 3,965,340 bushels of malt were shipped to foreign countries last year for the production of beer in those countries for export to the United States. In the month of August, alone, 270,418 gallons of beer, selling at excessive premium prices not subject to competitive price ceilings, was shipped into the United States from Mexico and South America. In September, 347,560 gallons were shipped to the U. S. from these countries.

Prices per bottle on this foreign beer range for 25¢ to 50¢ per bottle. That's paying a pretty good profit to our good neighbors on production from our own malt. In the meantime, local breweries making beer to sell for 10 and 15¢ per bottle are curtailed on their malt supplies by WPB. We hope that leaders in the Brewing Industry receive a good explanation from our State Department. Tax payers will be interested, as well as Industry members.

50% of Counties Now Dry. It is only 11 years since repeal, but already 24,962,683 Americans are again living under prohibition. The Anti-Saloon League, WCTU, and affiliated pressure groups have succeeded in wholly or partially drying up over 50% of the 3,070 counties in the United States. Dry laws affecting from 1/2 of 1% to 73% of the population have been enacted in 31 of the 36 states with legal option.

To hold and extend these gains, the Anti-Saloon League alone is currently engaged in raising a gigantic \$5,000,000.00 propaganda fund, over three-fifths of which is already reported to have been collected. HOW LONG WILL WE STAY IN BUSINESS IN THE FACE OF SUCH OPPOSITION? A lot depends on how we conduct our business.

Allied Liquor Industries has recently released the third in its series of booklets on economic and social importance of the Industry. Titled "State Liquor Revenues and Where They Go", here are some of the highlights:

1. 25% of last year's record total of two billion in liquor revenues went to state and local governments.
2. This revenue represented 7.5% of ALL state revenues.
3. Usually, 19% of this went to counties and municipalities, regardless of whether they were wet or dry.
4. Revenue funds went for following purposes: 29%, public welfare; 26.5%, education; 16%, highways; 24%, state general and miscellaneous funds and 4.5%, public safety and natural resources funds.
5. Residents of most dry areas are receiving benefits from liquor revenues, even though those areas have outlawed the legal sale of such beverages.

Liquor supplies continue to improve: Popular brands of whiskey on dealers' shelves have quieted panic of buying. Wine is improving in both selection and quality. Wine now on market is excellent value, even compared with pre-ration period. Beer is reasonably plentiful, although restrictions on malt still limit supply. Shortages of available goods from now on will be due more to manpower and transportation problems than to actual shortage of liquor supplies.

American Red Cross Drive to start March 1st. We have been urged to request Industry participation in the drive. Many dealers may wish to use Red Cross emblems in their ads, or appropriate window displays. Some dealers can actually work on drive. We have been asked to point out: "Red Cross activities are financed solely from voluntary contributions and gifts".

The Red Cross watches over the welfare of war prisoners of all countries that have ratified the convention covering this phase of warfare.

Red Cross workers visit war prisoner camps, inspect housing and food, talk to the prisoners in privacy, ascertain physical and spiritual needs, and see that they are properly cared for.

The Red Cross supplies whole blood to the armed forces.

The Red Cross has sent 2,832,826 books overseas since July 1, 1943.

The Red Cross conducts classes in first aid.

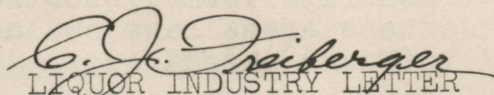
The Red Cross has 1600 hospital workers overseas.

The Red Cross has 200 clubmobiles in operation which bring music and entertainment to our fighting men in the field.

The Red Cross serves in thousands of other ways to keep our boys happier and healthier. When you help the Red Cross you are helping every man and woman in our armed forces, plus thousands of families at home.

Plan your cooperation now ... order the posters or other promotional material you need from the American Red Cross headquarters in your city. Tell your window trimmer to be ready with a Red Cross display for March 1st.

Yours truly,


LIQUOR INDUSTRY LETTER
P. O. BOX 2250
DENVER 1, COLORADO

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