# PROHIBITION OR CONTROL?

LONGMANS, GREEN AND CO.
55 FIFTH AVENUE, NEW YORK
221 EAST 20TH STREET, CHICAGO
TREMONT TEMPLE, BOSTON
210 VICTORIA STREET, TORONTO

LONGMANS, GREEN AND CO., LTD.
39 PATERNOSTER ROW, E C 4, LONDON
53 NICOL ROAD, BOMBAY
6 OLD COURT HOUSE STREET, CALCUTTA
167 MOUNT ROAD, MADRAS

# PROHIBITION OR CONTROL?

## CANADA'S EXPERIENCE WITH THE LIQUOR PROBLEM

1921-1927

BY

REGINALD E. HOSE, M.A.

*The possibility of promoting freedom or well-being by compulsion depends very greatly indeed on the unity of habit and experience which binds together a single Community.—Bosanquet, "The Philosophical Theory of the State."*

LONGMANS, GREEN AND CO.
NEW YORK · LONDON · TORONTO
1928

HOSE
PROHIBITION OR CONTROL?



FIRST EDITION

# PREFACE

THE purpose of this book is to record concisely the method adopted in Canada for controlling the liquor traffic. The dearth of collective information on this subject, apart from the official reports issued by the various Commissions, is perhaps sufficient justification for an attempt to treat the subject academically.

Some historical importance is attached to the continuity of the movement, which, from an incipient protest, voiced provincially against prohibitory laws, has developed into a national expression favoring the sale of liquor for beverage purposes. If it should appear that the continent-significance of this experiment is unduly stressed, it is not from any desire to enlarge upon the merits of the system in contradistinction to other methods; rather is it an attempt to bring the subject into true perspective.

Government Control has already been swept into the vortex of international affairs, but its genesis has a separate history in each province. To elucidate this, statistics have been employed, and comment added where such seemed relevant to an impartial rehearsal of the difficulties encountered. Such comment however is purely empirical and not to be interpreted as the viewpoint of those concerned with the administration of the laws.

Any attempt to encompass even one phase of the liquor problem in so brief a manner must necessarily be deficient. The author hopes, however, that something may have been achieved by collating the facts and constructing the framework for a further analysis of the subject.

REGINALD E. HOSE.

*September 14th, 1927,*
*Victoria, British Columbia*

## INFORMATION FOR READERS

THROUGHOUT the text the word "Commission" has been used to denote whatever administrative body (whether Board or Commission) the statutes create, with a collective meaning unless the context otherwise requires.

In a similar manner the words "Store Manager" denote any Vendor or Manager in charge of a government store.

Where the Annual Reports of the Commission are referred to, the abbreviations, "Alta.," etc., denote the province, the number following being that of the Report referred to.

# CONTENTS

## TABLES



## GRAPHS

# PROHIBITION OR CONTROL?

# PROHIBITION OR CONTROL?

## INTRODUCTION

THE term Government Control needs little explanation. Briefly, the system which it denotes restores the sale of liquor for beverage purposes under the direct management of a new authority, and brings the entire liquor traffic within the purview of, and under the supervision of, the State.

The development of the system throughout the Dominion of Canada, and its processional absorption of one province after another, has focussed attention upon this experiment as one equally important in its results to the North American Continent with that of total prohibition in the United States.

Originating simultaneously in the East and West, the movement by gradual stages surmounted the obstacles inherent in remedial measures, enveloped the agrarian provinces of the Middle West, overspread Ontario and New Brunswick, and culminated in the extreme eastern territory of Prince Edward Island. Here, where its promised introduction constituted an appeal by a local government for continued support, it proved unacceptable.

Throughout the entire Dominion there remain only the maritime provinces of Nova Scotia and Prince Edward Island (and the undeveloped Northwest Territories administered by the Department of the Interior) in which the control system is not in operation.

In the short space of seven years this wave of reform—provincial in its inception but national in its results—has swept aside war-time restrictions and prohibitory laws, presenting a contribution to the realignment of ethical standards which today finds such a ready battleground on this continent. The political institutions of Canada and the United States are as-

suming an increasing international importance, not the least of which is the determined effort by both countries to choose a course which offers some solution of the liquor problem.

Proclaimed on the one hand as emancipation from legislative tyranny and on the other with equal fervor as a retrograde movement, the main contention recoils on the fundamental argument of the liberty of the subject, which, after all, in a law-abiding citizen is merely juristic freedom from constraint.

It will serve no purpose however in presenting an historical review of the genesis of government control, to becloud the issue with theoretical digressions. The question is sufficiently topical—militantly so—to enlist consideration from all classes of society, for it is now essentially a national question with international possibilities.

A brief reference to earlier legislation affecting the liquor trade is necessary to any comprehensive study of this movement. It is apparent that government control is the outcome of a search for an alternative proposal to the more outspoken demands of both wets and drys. It rests as much on the necessity for adequate law enforcement to curtail the actions of those licenced to sell, as well as of those who consume, and a watchful regard in the public interest over matters of taxation and revenue. It is primarily the child of the Moderation Party to whom the more exacting demands of the trade on the one hand and the zealous reformers on the other have ceased to appeal, and especially to that big body of people who are seeking a balancing of citizenship rights.

In a country so wide yet sparsely inhabited, in which there are still large portions of unorganized territory, it appears a somewhat startling development of a bureaucratic system, but as such it is self-imposed, and in its most recent revision whereby in some cases the Commission has been placed in direct relationship to the Legislature, to the exclusion of Ministerial responsibility, a trend of thought, which fearlessly trusts the burden of administration to reputable citizens, is clearly indicated.

This point will be further elaborated, but it is important to remember at the commencement that the control system is the logical outcome of a sequence of experiments founded on tradi-

tional empirical results of earlier legislation in European countries. At its best it is a genuine effort to remove the more obstinate abuses to which the trade has been subjected, at the same time remaining aloof from clamorous demands which would encroach unreasonably upon the ideal of true liberty. To view the matter dispassionately it is necessary to bear in mind the history of European as well as American political institutions throughout the fifty years or more preceding the last decade.

In Canada, since Confederation (1867), the liquor laws have been extensively influenced by the influxes of population, British, European, and American, and the intermingling of these migrations with their predecessors the French-Canadians and colonials, whilst the linking up of east and west by the railways effected the unification of a continent essentially north and south in its physical features.

Irrespective of racial and religious affiliations the grouping of its inhabitants falls readily into, the Maritime Provinces—Nova Scotia, New Brunswick, and Prince Edward Island—the commercially powerful and more densely populated provinces of Quebec and Ontario, the agrarian Middle West comprising Manitoba, Saskatchewan, and Alberta, and the western side of the continent in which is contained the Province of British Columbia the successor to the old Crown Colony of Vancouver Island and the Yukon Territory. The Northwest Territories with their paucity of settlement scarcely enter into the subject.

Apart from the scattered and decreasing Indian population and the invading Oriental on the Pacific slope, the population as a whole presents no racial difficulties associated with liquor administration as was the case in South Carolina with the negro element when the dispensary system was attempted some thirty years or more ago.

During the past sixty years, liquor laws have exhibited a varying adherence to European standards, licencing being leavened by local option. This created the usual divisions of rural and urban opinion in its acceptance or refusal, though in the far west its entire exclusion prior to 1923 may be attributed to the sentiment engendered in Colonial times.

It is interesting to note that upon the opening of the first House of Assembly at Victoria on Vancouver Island which took place in 1856, His Excellency the Governor, in reply to the question of what funds were subject to its control, stated: "the revenue derived from the tax on licenced houses is, I conceive, the only fund absolutely at our disposal," and proceeded to give an abstract for the three preceding years of the amounts from these sources.[1]

As early as 1864, before Confederation, the Dunkin Act gave Ontario and Quebec the right to exclude liquor by local option and in 1878 the right to enact local option legislation was extended to all provinces.

Local option embodied in provincial and federal statutes, supplemented by licencing laws in other areas, continued with varying success throughout the Dominion, the maritime provinces exhibiting, as they always have done, a greater tenacity in keeping out the liquor trade. An added impetus was given to the Prohibition movement by the outbreak of war and the immediate participation of Canada in the struggle.

From this date various referenda were submitted by the governments of the provinces, at which open hostility to the bar and the licencing system in general was voiced, and the movement was greatly augmented by the federal restrictions on food-stuffs and the prevention of interprovisional transhipment of liquor in the interests of war assistance and economy.

In 1915 Saskatchewan alone, following a careful appraisal of the South Carolina Dispensary method, instituted a similar system which after two years' trial was abruptly abolished. This, therefore, can scarcely be counted a true experiment.

Throughout the war period the Federal Government had displayed a willingness to co-operate with those provinces which had turned to prohibition, and in 1916 passed a measure (commonly known as the "Doherty" act) "in aid of Provincial Legislation prohibiting or restricting the sale or use of Intoxicating Liquors."

With the cessation of war, and in the gradual process of

[1] Minutes of the House of Assembly of Vancouver Island, 1856–1858. Memoir No. 3, Archives of British Columbia.
In the following year the licencing laws were remodelled.

readjustment, the Canada Temperance Act (1878) was amended (1919) to enable provinces operating under a dry law to exclude the importation of intoxicating liquors. A later amendment empowered the Federal Government to prohibit export liquor dealers (other than brewers and distillers) from operating in a province in which importation was prohibited. Such action however was conditional upon the receipt of a resolution from the local Legislature requesting such action.

By the year 1919, the movement for restoration of the sale of liquor for individual use and the revolt against the "prescription" habit[1] had begun, and, as the more violent oscillations of public opinion ceased the country settled down to a trial of government control, following a general stock-taking of post-war conditions.

[1] Sir Victor Horsley and other eminent writers who discountenanced the use of alcohol could have little foretold the demands which later would be made upon the medical profession in countries where beverage liquor came to be prohibited. (Cf. "Alcohol and the Human Body," V. Horsley and M. Sturge, 1911.)

## *CHAPTER I*

# THE COMMISSION

### THE POWERS, FUNCTIONS, AND DUTIES OF THE COMMISSION

THE Provincial Statutes giving effect to the Government Control System all provide for the creation of Commissions or Boards to accomplish this purpose, with exclusive powers of purchase and sale, and authority to give expression to the general form of administration with which they are entrusted.

With a membership varying from one to as many as five, the Commission is responsible either to the Government or direct to the Legislature. In all cases, except in Quebec where the Commission was established as a Corporation operating under corporate seal, responsibility at the commencement was to a Minister of the Crown. The Statutes of Saskatchewan and British Columbia however were recently amended, and in these Provinces the Commission is now directly responsible to the Legislature, removable only by the Lieutenant Governor in Council on address of the Legislative Assembly, or by reason of ill health or resignation. In some cases the Commissioner's tenure of office is fixed for a term of years, and, where he is the sole incumbent of office, provision is made for an Assistant or Acting-Commissioner to take his place when absent for any cause. (*Appendix.*)

A permanent staff of executive officials direct the operations of the Commission in accordance with the policy laid down, assisted by the managers of the warehouses and retail stores, the law-enforcement officers, and other technical assistants.

The diversified duties of the Commission cover a wide

field of active management and quasi-judiciary action. The establishment of warehouse and store premises; procurement of adequate stocks and their appropriate distribution through the retail stores; regulation of the trade in all its merchandising aspects; and the exercise of a controlling hand over all licenced premises where the open consumption of beer or wine is permitted.

The trade in short has been removed from the sphere of private enterprise and vested in the State which through the agency of the Commission controls and carries on the business (exclusive of its manufacture) in a fiduciary capacity, meeting the public requirements by a broad policy of service and supply to those entitled to buy.

A highly important duty devolves upon the Commission in granting or refusing applications for licences, and effective co-operation in this respect with Municipal and Police authorities.

With ample powers for making regulations the Commission can implement the statutes in general matters of organization, though it is noticeable that much variation of opinion has been expressed by the Legislatures as to what should or should not be left to be fixed by regulation. In Quebec, for instance, the hours of sale, quantities purchasable at any one time and the tariff on licence fees, are all statutory, whereas in other Provinces such matters may be at the discretion of the Commission, as well as such important matters as the number of licences to be granted in any particular area and the qualifications of the licencees.

In fact the Commissions could scarcely be less circumscribed, and an implied confidence in their personnel is markedly evident in the duties intrusted to them by the various Legislatures.

Their powers are for the most part permissive, and seldom mandatory; optional in execution, and sufficiently elastic to insure their functioning in a broad-minded manner.

In short the Commission is the Directorate of a large business concern combining with ordinary trading activities such administrative duties as the Statutes impose. If it should appear anomalous for the Commission to be trading with one

hand and dispensing justice with the other there is ample precedence for such action in the rights which were granted to the old Chartered Companies operating in the then distant parts of the Empire.[1]

That the Commission's work is rated of exceptional importance is seen in the selection as Commissioners of executive, professional, and business men, prominent in the affairs of the country, who have been chosen by the different governments. Assisted by competent executive staffs, a proportion of whom have usually enjoyed some experience of governmental duties, the Commissions have sought to blend the procedure of ordinary commercial business with the exigencies of government routine which is both unavoidable and essential in adhering to the real purpose of the system.

Just the same, the subjection of business methods to administrative requirements forms no inconsiderable task, for, the Commission, as the sole source of supply, has to deal with a public sensitively opposed to restrictions on quantities and the manner in which they may be obtained, and the limited scope of licenced premises as compared with other days.

Thus the work of the Commission spreads into the larger field of educating the public to a new standard of both purchase and consumption, and a gradual eradication of the unrestrained habits which marred the old licencing regime.

The laws designed with the greatest care afford protection and scope for full development of the business, with ample power to provide by regulation for such contingencies as are likely to arise and upon which no definite policy can be determined until based upon practical experience. This is exemplified in the statutes of the Provinces which have recently adopted the system showing an increasing tendency to profit by the experience gained by those in which the system was first introduced. A general summary of the aims and purposes of State control is well set out in a declaratory clause (141) of the Ontario Liquor Control Act which recites that:

[1] Powers given by Royal Charter (1670) to "The Governor and Company of Adventurers of England trading in Hudson's Bay" to make laws, impose penalties, and punishments, and to judge in all causes civil and criminal according to the laws of England.

"The purpose and intent of this Act are to prohibit transactions in liquor, which take place wholly within the Province of Ontario, except under Government Control as specifically provided by this Act, and every section and provision of this Act, dealing with the importation, sale and disposition of liquor within the Province through the instrumentality of a board and otherwise provide the means by which such government control shall be made effective, and nothing in this Act shall be construed as forbidding, affecting or regulating any transaction which is not subject to the Legislative authority of the Province."

In the development of a system and its subsequent expansion or modification, the period of organization determines the foundations on which the structure as a whole may be maintained, and it is therefore advisable to present an examination of the functions of the Commission which combine the duties of administration, trading, and law enforcement, with such co-ordination of these subjects as is necessary to provide for a connected unfolding of its history and with such detail as may be relevant and necessary to properly envisage the Commission's work.

It is to the account of these precedents in State control and their relationship to the social and ethical standards of the times, that future students of the subject will turn, rather than to that of the individual actions, and accidental events of contemporaneous political history.

Analogy will occasionally be sought in the actual occurrences of similar experiments in the schemes from time to time devised in other countries for instituting some measure of nationalization of the liquor traffic.

The monopolistic character of the Commission's business; its creation as a separate government department; and the employment of the profits as part of the public funds; all have their parallel in other efforts to eliminate private competition by the substitution of public ownership. Thus in Japan during the past twenty-five years State monopolies have been created in salt, tobacco, and camphor, placing the manufacture and sale in the hands of the government, stabilizing distribution and prices, and yielding considerable profits to the national exchequer.

In Sweden the control of the liquor traffic under the Stock-

holm system inaugurated by Dr. Ivan Bratt (1913) and financed by private capital, was later developed into a monopoly of the manufacture and sale of all liquor except beer, and "the final aim of the system, brought about privately, was formally confirmed by the law of 1923, by which Spritcentralen and its subsidiary companies obtained from the government the privilege of the exclusive wholesale sale in the Kingdom for the period of 1924-1928." (*Marcus.*)

The system is operated by subsidiary retail companies with Boards consisting of two members of the parent society, two of the municipal authority, and a fifth member, the chairman appointed by the State Board of Control, the principal function of which is the supervision of all the companies and the general enforcement of the law.

A more recent example may be found in the debates of the House of Lords on the liquor (Popular Control) Bill—to apply only to England—which was reintroduced last year, and provides a somewhat elaborate scheme for a co-operative Board of Management and Central Advisory Council.

As the memorandum attaching to the bill indicates "if an area votes for the reorganization of the liquor trade a central body (called the Board of Management) appointed with the approval of and dismissible by Parliament but otherwise bearing some such relation to Parliament as do bodies like the Port of London or Mersey Dock Board, takes over the liquor trade in the area concerned."

The bill proposes that the Secretary of State shall form a Board of Management, consisting of a Chairman and such other Members as he (the Secretary) may appoint from time to time, who shall not engage in other business, and after the passing of the Act a Central Advisory Council shall be established, of which two-thirds at least shall consist of "persons qualified to represent the views of associations or bodies interested in the trade in intoxicating liquor, of temperance associations, of labor organizations, and of local authorities. The Secretary of State and the Board shall take the advice of these Committees whose term of office shall be for a period of three years with a retiring plan of one-third of the Members in every year, the Members receiving no salary."

Replying for the Government, Lord Desborough has intimated that the Government was opposed to legislating for the purpose of establishing local option or public management and that the bill will not be supported in its present form, but the suggested personnel of the administrative bodies presents an interesting proposal for dividing the responsibility.

## *CHAPTER II*

# LOCAL OPTION

### ITS APPLICATION AND DEVELOPMENT UNDER THE CONTROL SYSTEM

LOCAL OPTION which has been the underlying principle of temperance legislation throughout the Dominion has evolved as a type of local progressive prohibition, through which the Federal Government has extended to local communities (cities, towns, villages, and townships) the right to exclude the sale of liquor by local veto.

In Canada an elaborate system of municipal institutions has been perfected, "in fact the municipal system lies at the very basis of its parliamentary institutions." (*Bourinot.*)

Prior to Confederation the Dunkin Act (1864) passed by the Legislature of Upper and Lower Canada gave expression to this privilege in the territory of Ontario and Quebec—the keystone of Confederation—and in 1878 the Canada Temperance Act, enacted by the parliament of the Dominion, affirmed the principles of the earlier statute and widened the scope of its application to all Provinces included in the Confederation of 1867.

Subsequent controversies between the Provinces and the Dominion over conflicting prohibitory laws which need not be rehearsed, resulted in a Privy Council decision upholding the authority of the federal parliament. With important later amendments this act has remained undisturbed as to jurisdiction where, by provincial assent, it has been invoked, resting upon the declared object of uniformity in legislation regarding the traffic in intoxicating liquors to promote temperance in the Dominion.

The Maritime Provinces readily availed themselves of its

provisions and the general demand for a national expression of opinion on the sale of liquor was acceded to in 1898, the result of which though slightly favoring prohibition was not deemed sufficiently decisive to warrant further prohibitory action.[1]

The movement therefore fell back upon the provisions of the Canada Temperance Act and such subsequent restrictive provincial laws as could be passed under the powers extended to the provinces by the British North America Act. Laws which while not trenching on the federal field enabled existing arrangements for local option and subsequent prohibition to be established.

The inroads of government control and the new authority for administering the liquor laws have been resisted and the Canada Temperance Act sustained. The problem has however assumed a new aspect, more particularly in no-licence provinces, and where its operation was suspended by Dominion authority to make way for provincial prohibitory laws, as in Ontario and New Brunswick. The point has now been raised in New Brunswick where no provision has been made in the new liquor act for local option, that not being a prohibition act, the Canada Temperance Act will automatically come into force in those counties where it was suspended and not voted out; and that in any case it may preclude the operation of stores in such counties. The upshot of this dispute is that in all probability it will require to be settled by the Courts.

The sentiment for local option which had been established for sixty years in the East was respected in the declaratory clauses of both the Quebec and Ontario Statutes. The new method of government sale has been applied to the whole of the province, but its operation has been suspended in every municipality where the Canada Temperance Act was in force. This has been implemented in the case of Ontario by provision for local option by-laws in municipalities where the retail sale of liquor was prohibited when the Ontario Temperance Act became effective (1916).

[1] The question read: "Are you in favor of passing an act prohibiting the importation, manufacture, or sale of spirits, wine, ale, cider, and all other alcoholic liquors for use as a beverage?"

Manitoba retained its existing temperance law, the liquor control act being auxiliary to it, and the authority for local option voting was embodied in the control act. The act consolidating the liquor laws of Manitoba passed at the 1927-28 session of the Legislature and which provided for retail beer and club licences adhered to the former local option provisions but made them also applicable to the granting of these licences, but excludes altogether from licencing a number of electoral districts. Saskatchewan and Alberta included local option clauses in their control acts. British Columbia after three years of government sale without retail licences provided for a local option, vote on the sale of beer by the glass and other referenda on liquor questions, by a separate law known as the Liquor-Control Plebiscites Act. So too the Yukon Territory, after some years of government control, gave assent by ordinance to a plebiscite at which the sale of beer by the glass was approved though no provision was made for further plebiscites.

Local Option therefore may be viewed as a concomitant feature of the control system, enlarged to meet the new conditions of retailing intoxicating liquors and to include the opportunity of vetoing the establishment of government stores, brewery distribution points, and beer or club licences. This is an important expansion of privileges though in keeping with the main objective of this movement which seeks first to satisfy the opinion of the individual locality.

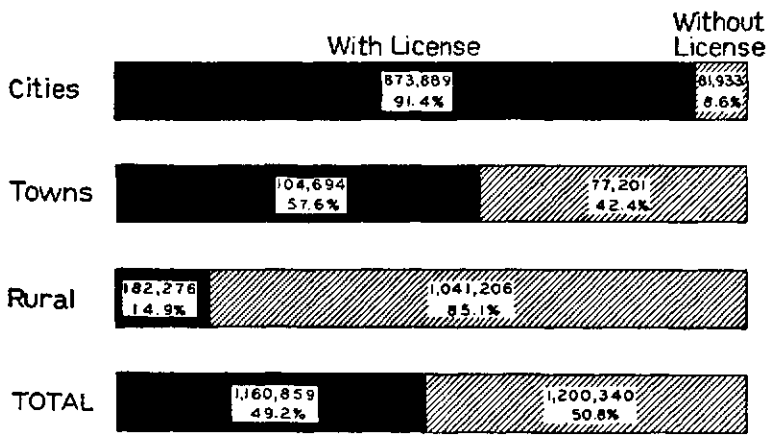
It is perhaps reasonable that the control system which arose only upon the structure of popular demand should in turn be restrained by recourse to the same public criticism in localized areas. Apart from this concession to the bone-dry standard of temperance, it has the disturbing feature of setting up machinery for continuous agitation even when voting is at fixed intervals of three years—and of focussing attention upon the controversial topics which the liquor question arouses. The fluctuating opinions this engendered, extend to and affect the material prosperity of the community deflecting or increasing the general trade, and embittering sectional disagreement.

As a progressive movement aiming by attrition to insure the gradual but final suppression of the sale of intoxicants, it

must be viewed at present as having failed to establish any assurance of fulfillment; for despite the ample opportunities afforded by the Canada Temperance Act, the war-time restrictions in conserving food-stuffs, and later entire prohibitory laws, the exercise of local option privileges has received but little encouragement. Its inclusion however in the control acts indicates a restoration to and recognition of its place in public opinion.

In the report of the Quebec Commission a comparative table of localities in that Province with and without licence from 1921 to 1926 shows that "in spite of local option which the liquor act has not abolished, the number of municipalities which have taken advantage of the privilege of prohibiting the sale of beer or spirits in their own territory, has not appreciably varied during these five years." (*Que.* 5.) Reduced to a graph the 1926 figures emphasize the sharp contrast of rural and urban opinion.

APPLICATION OF CANADA TEMPERANCE ACT




The control laws feature in their local option clauses "no trading," "no licencing," and "vetoing the establishing or continuing of existing licences and government stores" with provision *mutatis mutandis* where these privileges are sought.

Petitioning by municipalities either direct to the Executive Council or through municipal officials for a vote on these

questions, or for the creation of a local option area or territorial unit as the act may provide, is to be upon the signature of 25 per cent of the electors. Polling is to be held whenever convenient contemporaneously with the municipal elections; areas affected are to be advertised; results proclaimed through official gazettes; and the usual provincial election machinery employed for taking the votes.

The scope of the ballot has been limited. The questions in some cases are defined by statute and confined to the matters directly set forth with exemption from further voting upon the same questions for a period of two or three years—usually the latter—in which the Canada Temperance Act is followed. Ontario alone demands a three-fifths majority; in the rest of the provinces a straight majority vote decides. Whether a bare majority vote is prejudicial to securing a representative opinion on liquor issues is an old standing dispute, but certainly in the smaller rural districts the rights of minorities are relatively more important than in the urban centres which include large numbers of resident aliens.[1]

The whole question has been revolutionized by modern intercommunication, the advent of the automobile, and a general revision of time and distance which increasing facilities for transportation have brought about, and the regional conditions upon which the purpose of local option was grounded have been entirely altered.

There is also this point. The conceding of the right to exclude (by a local option vote) the establishment of government liquor stores in a particular area has modified the general authority given to the Commission, on a matter which had already been determined in the aggregate by the vote approving the introduction of government control, the principal feature of which is the direct retail sale by the Government. In the same manner the inclusion of licencing for sale by the glass modified the monopolistic character of the control system which aimed to eliminate private trading for profit. How-

[1] "Majorities are sometimes quite as unwise and may on occasions be as lawless as minorities. . . . Consider the liquor question. What the majority opinion of the nation is thereon is uncertain; and again, the majority opinion of today may be made up in part of the minority opinion of yesterday." W. E. Dever in "Get at the Facts." *Atlantic Monthly*, 1926.

ever a closer examination of the privileges afforded in the various provinces will explain these matters more fully.

Quebec and Ontario have declared their acts to be inoperative in every municipality where the Canada Temperance Act is in force; that is to say, in such areas the sale of liquor whether by licence or the Commission shall be dependent upon a local veto to be taken in the manner prescribed by the federal law. Upon a no-licence vote being recorded in the affirmative, and its subsequent confirmation by order-in-council, existing licences (if any) lapse within certain specified periods and the sale of liquor is prohibited. This however does not exclude private importation for "personal or family use" and does not prevent licenced manufacturers of native wine (Ontario) from selling in ten-gallon quantities to persons removing same beyond the no-licence area.

Ontario implemented these conditions by inserting in the provincial act a provision for, local option by-laws in municipalities or portions thereof where selling was prohibited at the time the Ontario Temperance Act was brought in; and on the question of extending or modifying the service offered through the government stores specifying the exact questionnaire to be submitted, viz.: The establishment or discontinuance of government stores for (a) sale of liquor, (b) sale of beer and wine, (c) sale of beer only. Somewhat capriciously a decision on only one of these matters may be sought at any one time, precedence being given to the petition first filed. This it will be noticed is a further expansion of the direct veto as it permits an expression of opinion not only on the general question of sale, but on the kind of liquor to be sold in the government stores, and demonstrates as a final phase the gradual changes initiated through the growth of public opinion on the liquor question.

These stages are now clearly defined and may be resolved into: the sale of *all* liquor prohibited in *all* areas; the sale of *all* liquor prohibited by local option vote in *certain* areas; and the sale of *certain varieties* of liquor prohibited by local option vote in *certain* areas.

It must be remembered, however, that Ontario has eschewed the licencing habit altogether except for a continuance

of the sale of light beer (2.5 per cent volume) in licenced premises.

Manitoba, her immediate neighbor, the only Province up to 1928 operating a direct delivery business instead of cash and carry stores, provided for local veto on the question of the establishment or exclusion of government order stores or brewery delivery points. These were the only questions upon which the municipal ballot could be taken. The form of question being simply whether the voter was "for" or "against" local option. In June, 1927, however, a general referendum was held at which the sale of beer in licenced premises was approved. This has caused a revision of the delivery system.[1]

In Saskatchewan the Commission conducts its own beer business and has established a considerable number of stores for the sale of beer only. No form of licencing is permitted and the only provision for local option voting is on the questions of establishment, continuance, or discontinuance of government stores, and the sale of liquor or beer in areas to be defined as Territorial Units and for which the necessary petitions have been received.

In Alberta the sale of beer in licenced hotels, clubs, and canteens was approved at the same time as the general plebescite on government control, and the local option clauses have taken cognizance of this by providing for the creation of local option areas by the Government either in a municipality or electoral district or groups thereof for the purpose of voting on the continuance or otherwise of club and beer licences.

Though not expressly stated, it would appear that the establishment of government stores is also conditional upon the result of such voting as it is expressly set out that no obligation is placed upon the Commission to maintain a store or grant a licence upon defeat of a no-licence vote. In addition certain areas described as "Improvement Districts" are definitely excluded from the local option clauses.

[1] Remodelling of the control system in this Province was provided for in Bill No. 2, 1927–28, introduced at the first session of the Manitoba Legislature (December, 1927). And an act entitled "the Government Liquor Control Act," 1928, replacing all existing liquor laws was passed in February of this year.

In the most westerly portion of the Dominion—British Columbia and the Yukon Territory—local option formed no part of the legislation which provided for government sale in 1921. Some three years later plebiscites were held and the sale of beer in licenced premises added to the sales through the government stores.

The Yukon Territory with its sparse population and limited inhabitable area decided by a straight vote of its people, and leaves to the Commissioner, the establishment of licenced premises either in certain districts or the whole Territory.

British Columbia by separate legislation offered a plebiscite and amended the control act to provide for licenced premises in those areas where the vote was affirmative. This Liquor-control Plebiscites Act (1923) though directly concerned in its initial application with the sale of beer by the glass—and it was a very burning topic at the time of its enactment—also provides the machinery for a vote on "any other question relating to the control or suppression of traffic in alcoholic liquors." This privilege may be extended not only to an electoral division but to any polling division or group of polling divisions, and as such perhaps illustrates the extreme extension of the local option principle, for upon the petition of 35 per cent of the voters of such division the Government may grant a vote.

Such are the principal innovations for which the control system is responsible and which have to a large extent qualified the previously accepted views on local option. In some respects the changes seem almost at cross-purposes with and in duplication of the federal law. The departures from the no-licenced theory have been necessary because the Commission, a government agent, is the direct successor to the former licencee under the old local option system. The "no government store" districts correspond to the "no licence" districts under local option. Thus, while the Provinces entrust liquor control to the Commission they limit its activities to those districts which by popular vote elect to be served. The additions lack co-ordination and seem to have been evolved from no fixed purpose other than out of respect for the majority wish on purely local affairs. The enabling legislation has

been devised obviously to meet local exigencies. Government control of liquor distribution presents a somewhat haphazard effort from a Dominion-wide standpoint. Though the questions are fundamentally similar, government control savors distinctly of each Province feeling its way particularly in that aspect of the problem which concerns drinking in public.

The question, as ever, rests on the difference in teaching temperance and legislating temperance. The urbanization of people, and the importance of the industrial life, which contribute disproportionately to the attractions of city life and the rapidly multiplying influences in urban centres, would suggest that the belief in local option is losing weight as a means of arresting excessive drinking, as it is not by fresh legislation but by co-operative and tolerant acceptance of existing legislation that moderation can be made successful.

A study of the local option platform is just as necessary perhaps at this juncture as the study of the more advanced program of total prohibition of which the former is the professed advance agent, and the true sequel will be best discovered in a proper perspective of the educational aspect of the question, and the respective merits of ameliorative and optional measures, as opposed to restrictive and preventative ones.

It may not be out of place to refer briefly to the manner in which local option has been advocated elsewhere within the Empire. The United Kingdom Alliance with extensive connections in the English-speaking Dominions, sets out as the first objective of the association its unswerving adherence to Local Option, viz.:

"To extend Political Liberty by the passing forthwith of an Act of Parliament giving to the people of England and Wales, at the earliest possible moment, the power on the widest possible franchise to prohibit in their own localities the sale and distribution of Alcoholic Liquors therein."

The Alliance founded some seventy years ago has so far only witnessed Scotland committed to local option with but desultory results since its inception in 1913, when provision was made for voting seven years later. Since 1920 when the

first polls were taken in 584 areas of which 508 registered a no-change vote, the position has become almost stationary in the gains or losses by either party. It is of interest to note that while the Act permits the election in any burgh, ward, or county on a petition of 10 per cent of the electorate a majority vote of 55 per cent is necessary to institute a no-licence regime with the total vote represented by not less than 35 per cent of the electorate. A majority vote, however, is sufficient to repeal a dry ordinance. An interval of three years must elapse between elections.

Australasia during the last twenty years has been the scene of much local option voting. The continuance of the licencing system however pertains, subject in some of the Australian States to reductions by Redundancy Boards who have power to levy compensation from the trade for the licences so taken away. In New Zealand during the last decade the question of Corporate Control has been introduced as an alternative to the issues of Prohibition or Continuance; the country being committed to a triennial vote on the liquor question.

In the South African Parliament a suggestion for local option somewhat on the lines of the Temperance (Scotland) Act has met with an unfavorable reception. Viewed from the standpoint of more recent legislation on the North American Continent where Government Control and total Prohibition are being tested as nation-wide experiments, the doctrine of local option appears likely to be overshadowed by the more aggressive character of these policies.

## *CHAPTER III*

# THE RETAIL BUSINESS

### ESTABLISHMENT AND MANAGEMENT OF THE GOVERNMENT STORES

EXCEPT for a few years in the Province of Manitoba, the Commission's retail business has been conducted through government stores operating on a cash and carry system. Though similar to the former wine and spirit stores of the trade, these stores are now distributed geographically in a manner determined more by service to the population as a whole than by competitive necessity and the opportunities of increasing business.

The Commissions purchased, leased, or rented, as the occasion demanded, suitable premises, equipped the same for the particular requirements of the business and proceeded to operate a chain of stores much as any ordinary mercantile house would have established them.

The details of the departmental features of the store business need little description; the merchandise is easily handled, credit is prohibited, and with no competition, prices are subject to but slight fluctuation other than such as the conditions of foreign buying markets may cause. The public are familiar with the goods offered and are not diverted by extravagant novelties or other trade devices to which the ordinary store has to resort under pressure of competitive business. In fact the purchase of liquor by the householder is as prosaic a transaction as that of obtaining the other ordinary household commodities.

The hours of sale and observance of public holidays, Sundays, and other special days on which the stores are closed follow the regular routine of store management, and con-

forming to custom, the sale or delivery of liquor from the stores is forbidden on days designated for federal, provincial or municipal elections in the districts in which they are situated. The fact that the sale is confined to sealed packages and that there are no opportunities for "tasting and sampling" has rid the stores of a certain loafing element which frequented the wine and spirit shops of the past.

There is no exterior display by window-dressing or advertising and the interior arrangement of the stores assumes in some cases more the aspect of a bank or business premises. In fact the Commission has tactfully removed such features of the former trade as might conceivably offend, without hampering the purchasing public, or unduly restricting the movements of the store customers, and where the drive of competition forced the former dealers into what were often encroachments on the privileges which their licence conferred. This feature is now entirely absent.

Arrangements for delivery where the customer chooses to pay for the same have presented some difficulties and in the case of beer have been governed by such regulatory action as the laws imposed. In some provinces the direct delivery by the breweries is allowed which relieves the stores of much cumbersome handling; and where necessary the common carrier is employed.

It is through the operation of the store business that the Commission represents the most radical innovation in the efforts to control the liquor trade; perhaps a long forward step toward nationalization in such matters as parliament—with the special consent of the people—has deemed to be one of the duties of the State. Acceptance of this duty though primarily in the interests of control, places it also in the category of the public services administered by Crown Officials and the responsibility carries with it a government assurance of disinterested management.

In this there is a marked difference to the Bratt system (Sweden) of corporate control where division of the profits is made with the vested trade interests operating the business on behalf of the Government, in which the former private ownership has been merged.

As the direct contact point with the public the government store acts as a barometer of law observance, and the Commission's business is judged to a large extent by the officials in charge and their proper observance of the regulations. With them rests the prevention of excessive or illegal purchasing, and the enforcement of such prohibitions as are usually associated with the sale of intoxicants, such as the refusal to sell to disqualified persons, minors, interdicts, Indians, and those who have forfeited their permit rights.

It was hardly to be expected that the majority of the purchasing public would be either fastidious or exacting in their choice of varieties or brands after a period of prohibition and limited opportunities of obtaining liquor of any kind, but the price lists of the Commissions disclose a variety of well-assorted staple brands of imported wines, spirits, and liqueurs, augmented in some provinces by the Commission's own bottling of draught goods as well as a full range of imported and domestic beer, ale, and stout.

Limitation of the quantities purchasable and the insuperable difficulties which this question raises of how to adequately control excessive buying, has remained for the most part unsolved.

In Quebec this is controlled through statutory provision which limits the purchaser to one bottle of spirits at one time, though he may purchase wine in any quantity, a law obviously capable of being honored more in the breach than the observance where the purchaser conspires with others.

In Manitoba the Commission has placed a weekly quantity limit on spirits of one case, and on beer of two dozen quarts or four dozen pints with an alternative in the case of beer of one barrel (10 dozen pints) per month.

Saskatchewan customers are limited for daily purchases to two gallons of beer, or one gallon of wine and one quart of any other liquor per day, but under a special quantity permit they may procure up to ten gallons of beer or wine or two gallons of other liquor (which is the equivalent of a case of whisky) provided that no further sale is made to the holder for the next two weeks. (*Sack. Reg.*: 7.) Though no ordinary permit system is in use, the report of this province for the

first year's operations shows that 12,910 special quantity permits were issued, which indicates that this bi-weekly arrangement for purchasing found favor with a large number of customers.

British Columbia leaves the quantity question to the discretion of the store manager, supplemented by a scrutiny at Head Office of the counter-check returns for excessive purchases, and such further investigation as the Inspection Department may deem advisable.

In reality, the actual extent of the purchasing is determined by the individual's spending power in relation to the cost of the goods, but it is a common occurrence for people to buy automobiles in preference to a home, and liquor, always rated as a luxury whether correctly so or not, may prompt extravagance which cannot equitably be checked by law. The Commission does not seek sales as the trade did, and the purchasing public after all must be the arbiter of its own actions in this matter just as much as when buying jewelry, globe-trotting, or frequenting expensive resorts.

Quite properly—for it is essentially a control system—the legislation provides for regulatory action by the Commission, and the individual licence (permit)—for that is all the permit really is—specifically entitles the holder to purchase "for beverage, medicinal, or culinary purposes," and it is specious to argue that individual requirements can be reduced to terms of quantity with any degree of equity. Consider the application of this method to such cities as Chicago, Los Angeles, or New York.

Theoretically, however, as previously pointed out,[1] "the permit system, free from all discrepancies, omissions, and irregularities, is little else than an expansion of the licencing system from the former liquor dealer or retailer to the individual, with sufficient limitations and regulatory restrictions to insure opportunity for enforcement of the conditions under which it may be used."

The chief merit of the permit system lies in the assistance it affords to police action as a record of the habits and ex-

[1] "Control of the Liquor Traffic," *North American Review*. Sept.–Nov., 1926, p. 425.

penditure of offenders and the information available for magistrates. Perhaps too in a more abstract manner it is a constant if somewhat irksome reminder to the public that the purchase of liquor, like that of drugs, requires proper supervision.

In its application the permit system is certainly more workable in rural than urban districts, as its utility in metropolitan areas as a means of identification is lost; and in the final analysis it is probably of more use to the Police than the Commission, and might be supplanted by some form of registration if this could be done without annoyance, much as motorists are supervised in the ordinary interests of the safety of the community.

The issuing of permits places upon the store manager a considerable responsibility which the demands of service and courtesy to the public necessitate. But where licencing laws usually deemed it sufficient to place the onus of misrepresentation upon the licencee, the permit system largely relieves the store manager of this responsibility, as he must accept the presentation of a permit as the right of somebody to buy, unless he has reason to doubt the applicant's identity, and can make the necessary inquiries which cannot always be performed in the rush hours of a busy store.

The hours during which the stores are open for business (except in Quebec) are fixed by the Commission's regulations, the law governing which usually fixes an hour in the evening after which stores shall remain closed and in certain cases specifies that they shall not be opened for more than eight hours in the twenty-four.

The Commission operates on a business-like basis buying in the best markets. The Quebec Commission has a Paris House, for which the report claims that "from the financial point of view, it is apparent that the expense involved in the cost of the 'Information Bureau' at Paris represents only a small percentage of the economies which we are enabled to realize by the maintenance of this Department." (*Que.* 4.)

Some provinces publish detailed annual or semi-annual statements of the varieties and kinds of all liquors purchased, and though prices in the stores appear high owing to the increased customs and excise duties (1921)—which is dealt with else-

TABLE I

| | Hours of Sale | | | | |
|---|---|---|---|---|---|
| | Week-days | | Saturday | Municipal Half-holiday | |
| | A.M. | P.M. | A.M. P.M. | A.M. P.M. | |
| Quebec | 9–6 | | 9–1 | | |
| | | | 9–5 | ..... | If the Commission by by-law directs |
| New Brunswick | 9:30–5:30 | | 9–1 | | |
| Ontario | 10–6 | | 9–1 | | |
| | 10–10 | | 10–7 | ..... | 2 Stores in Toronto |
| Manitoba | 9–6 | | | | |
| | 10–11 | | ..... | ..... | 7 Stores in Winnipeg |
| Saskatchewan | 11–7 | | 11–7 | 11–7 | |
| Alberta | 10–8 | | 10–8 | ..... | Cities and Towns |
| | 10–6 | | 10–6 | ..... | Towns (small) |
| British Columbia | 10–12 | | 12–8 | 9–1 | |
| | 1–7 | | | | Towns (small) |
| | 10–6 | | 12–8 | ..... | Cities and Towns |
| | 4 P.M.–12 | | 3 P.M.–11 | ..... | 1 Store Vancouver |
| Yukon Territory | According to local conditions | | | | During 8 hours in 24 and not after 7 P.M. |

where)—the Commission's trading profits are sufficiently self-explanatory to refute the charges of unfair profit-seeking.

The general policy is to sell all liquor except beer at the same price throughout the province. The Commission fixing a flat rate for shipping or express charges: The price lists however furnish the information on this matter, and in general are drawn up to guide both resident and non-resident purchasers on all matters regarding permits, hours of sale, etc., as well as the list prices of the goods.

The sale of wines has been given great attention by the Quebec authorities who use every effort to promote their use in preference to spirits and the returns reported show a definite trend in this direction.

The famous Niagara vineyards have furnished a large portion of the wine sold in all the provinces as well as in Ontario, where even under the Provincial Temperance Law the sales which were still permitted to be made by licenced manufacturers represented a very large output.

The Attorney General for Ontario (Nickle) in the debates

on the address in reply to the speech from the Throne (1925) said, "Let me give you some idea of the native wine industry in this province. During 1923, there were 825,000 gallons of native wine produced, and in 1924 1,157,000 gallons. In Ontario in 1923, there were sold 370,000 gallons of wine, and in 1924 about the same amount. The value in 1923 was $970,000, and in 1924 $896,000, and the amount in stock at the close of 1923 was 1,481,000 gallons and at the end of 1924, 1,912,000 gallons."

The estimated production of grapes for the year 1925 was 24,000 tons for which the growers received an average price of seven cents per pound.[1] And for that matter long before the Ontario Temperance Act was passed native wines made from native grapes could be legally sold if not "fortified," in quantities of 10 gallons and up. (*C. T. Act, Sec.* 120.)

In other parts of the Dominion especially where the population has been largely augmented by European groups the sale of native wine is a considerable feature of the Commission's business; British Columbia has also in the last few years started to produce a new type of native wine made from loganberries. The Commission purchased an initial five thousand gallons from the 1923 crop made by an association of berry-growers on Vancouver Island. Succeeding years have marked the increasing popularity of this wine which has a highly attractive appearance, the Commission reporting that, "the popular reception which the wine has met with gives much encouragement for the further development of this local industry." (*B. C.* 5.)

The wineries are now well established, producing over 100,000 gallons a year, and the market has been extended to other provinces.

Druggists, physicians, dentists, and persons engaged in scientific pursuits, veterinaries and the Managing Boards of hospitals may obtain liquor for their professional requirements under special permits, and the doctor's prescription must still be honored by store managers.

Store premises are for the most part unpretentious for the

[1] "Canada Year Book, 1926," Table 31, ch. V, p. 240.

volume of sales transacted, due no doubt in part to the elimination of business competitors, and whatever unusual features are noticeable may be attributed to some peculiar requirement of the laws or regulations.

Window display has been banished, as it would no longer serve any purpose though some people might construe this as an admission that it is more to avoid giving offence to those who still regard the trade as "outlaw," but in this, as in the remodelled tavern premises, the abolishment of inducements to drink has followed a popular desire to remove—as in the Carlisle experiment—any suggestion of pushing the sale of liquor.

Canvassing by agents is prohibited especially of that kind which relates to the store workers, as for instance "no person shall canvass or approach a vendor or other employee of the Board with the object or purpose of promoting, inducing, or furthering the sale of any particular kind, class, or brand of beer, or any other liquor." (*Sask. L. Act.*)

The whole question of advertising has been dealt with confining it for the most part to newspaper advertisements and then only with the approval of the Commission, or subject to such regulatory wording as the Commission prescribes. There would seem to be little ground for perpetuating this habit other than a sentimental dislike for too much interference with a business practice of established usage for the marketing of all commodities.

Succeeding an interregnum between licencing and the control system, the Commission had neither to compensate the trade nor purchase the goodwill, though to get rid of existing holdings the Commission did buy some of the liquor-dealers' stocks (*Que.*) and so obviated losses to firms who had been previously lawfully engaged in the business and who could not sell elsewhere. But the intervening period removed any suggestion of compensation as a condition of state control, such as was attached to the New Zealand plebiscite (1919) when Corporate Control was offered as a third question to continuation of the licencing system or prohibition, and which would have involved the taxpayer in a promise to contribute ten million pounds sterling to buy out the trade.

It is frequently charged that the stores provide opportunities for the illicit vendor and back-room peddler to obtain supplies from which by adulteration he can carry on his concealed bar business quite profitably, and no doubt some advantage is taken of the stores in this way. The fault however can hardly be attributed to the opening of government stores or the manner in which the liquor is sold, as unless convicted the bootlegger cannot be barred from buying.[1] The reason is more probably found in the closing of public drinking places, for the bootlegger will certainly find ways and means of getting supplies so long as he is assured of patronage.

So the unsolved question of providing opportunities for the social amenities, which are an inseparable part of the use of intoxicants remains. It is evident that people who perpetuate the prohibition-time habits of drinking surreptitiously in any convenient meeting place will not be satisfied with store facilities for their buying, and when two or three foregather in a back-room where treating and some sort of service of the kind they like is offered, there will continue to be secret drinking.

Desirable as it was for the old-time bar to be abolished the fact must be faced that taking out the fixtures and locking the door did not abolish the habit. On the contrary it proved an incentive to the creation of innumerable concealed or private bars defying all effort at police enforcement, and with the return to the open shop the desire for the bar, where drinks by the glass could be procured, was revived.

Where prohibition prevails, and where through lack of sympathy with the law "shebeening" is condoned, decreasing criticism of the public who frequent these places leaves the way open for a dangerous form of nullification, which no amount of government stores for sale by the bottle will eradicate. In fact the educative feature, if it is fair to so term it, of the bootlegger's business which has corroded the North American Continent for the past seven years has placed the illicit vendor, in wet and dry areas alike, openly in competi-

[1] The Liquor Control Act (Ontario), chap. LXX, 1927, Sec. 43. (1) "Notwithstanding anything in this Act contained, the Board may for any cause which it deems sufficient with or without any hearing cancel or suspend any permit granted for the purchase of liquor under this Act."

tion with the State. For, during this time, the State has always sold, or authorized the sale of liquor either for medicinal or beverage purposes.

Coupled with this is the additional competition of the home-brewer who makes both wine and beer, and the inevitable leakage of his surplus or intentional output.

From a careful observance of the Press it is clear that the merchandising arrangements which the Commission has provided through the stores has been generally commended. But little criticism or complaint has been voiced, and the management has more frequently been referred to as fulfilling in a satisfactory way the decision of the people to purchase their requirements in this manner.

## *CHAPTER IV*

# LICENCING

### THE COMMISSION AS A LICENCING BOARD

IT IS frequently asserted that the control system is merely a compromise between total prohibition and the established custom of licencing, though in reality it is more of an alternative arrangement whereby the control of the entire liquor traffic is abrogated to the State.

In Great Britain the licencing system arose in the middle of the sixteenth century as an inseparable duty of the State in maintaining peace and order. From a permissive authority to individuals to sell liquor it developed by gradual stages into the granting of exclusive rights to a legalized trade, which in turn came to be looked upon as a source of direct and dependable revenue. The Justices of the Peace who acted as licencing Boards constituted an acceptable and representative authority conversant with local affairs to whom Parliament could entrust the conduct of the trade, but with the urbanization of large areas their powers were later merged with municipal authorities and in the early part of the nineteenth century when licences began to be rated on property values the authority of the Justices was gradually superseded.

As the control of licenced premises—chiefly those for the consumption of beer—passed into the hands of the manufacturing interests, the way was paved for a revised system of licencing and co-ordination of the various retail licences, which found expression in Mr. Gladstone's budget of 1880, a policy followed later by Mr. Lloyd George who increased the rateable value on tied houses which by this time (1910) had been accepted as the recognized method of distribution.

This policy had been reflected in the Dominion where licencing had been similarly conducted from colonial times, though subject after the passing of the Canada Temperance Act, 1878, to the fluctuations occasioned by local veto. During the war period more stringent measures of total prohibition swept across Canada and regardless of demands for compensation, prohibitory measures suppressed with ruthless severity both the wholesale and retail trade, leaving however the control of liquor distribution—which continued to evidence a very considerable figure of consumption—to the much abused method of medicinal prescriptions.

In 1920, the year which witnessed the abolishment of the retail trade in the United States, the wave of prohibition in Canada showed signs of waning; its force was already spent, and the Moderation League were actively petitioning for a return to the sale of liquor for beverage use. The beer trade had been carried on in a half-hearted fashion by the sale of so-called near-beer of a questionable alcoholic content, but so thoroughly had the old-time bar engendered the hostility of all classes, that a return to public drinking, even when confined to beer and light wines found little support elsewhere than in Quebec.

Where a vote on licencing was included in the questions submitted to the voters on the introduction of government control, the proposal was in some cases negative, and in the majority of cases a decision on licencing was not sought at the same time as on the general question. Subsequently however when some experience had been gained of the working out of the control system, the return to licencing was advocated, and then only with the definite assurance that such licenced premises would be directly under the supervision of the Commission. In fact opinion differed widely upon the advisability of a return to licencing in any form. The Commission was plainly on trial as to how it would manage the bottle-shop business.

It undeniably weakened the case for government control when by the insistent demand for "beer by the glass," duties were thrust upon the Commission more compatible with those of a local licencing Board, though these duties were entirely consistent with the early history of licencing. To whatever

extent the general control was likely to be revoked, or capable of being nullified by local veto, it cannot be overlooked that this expansion into the field of licencing formed no proper part of the original proposal to remove the trade from private ownership. The licencee was subjected to a new authority representing the Crown but he conducted his own business and his licence fee, if no longer an excise levy, in part or altogether found its way into the consolidated revenue fund.

So it was a departure of some moment when the State assumed the responsibility of replacing the licencing powers of municipal authorities and vested in the Commission all the powers and duties of a licencing Body. It is true that the general scope of the Commission's work was greatly facilitated through abolishment of the former spirit licence as well as by the limitations imposed by local option on certain areas, coupled with the arbitrary powers of suspension and cancellation and unfettered authority to regulate as appeared necessary to meet the new conditions. Even the hampering conditions of vested interests seemed to have been swept aside, but the old difficulties had not entirely disappeared; competitive trade amongst the brewers remained as before, and the element of private gain was in part restored; a dual enforcement of law observance raised conflicting points between the Commission and the Police and the problem presented all the difficulties which a fresh start accumulates.

It is therefore not surprising that the Commission, though beginning *de novo,* reverted in the main to the former licencing principles with such reforms as could conveniently be introduced without upsetting the general plan for conveniencing the public, and by using the accommodation, associated by custom and tradition with the trade, which the hotel business provided. Local option still prevailed in the rural districts where the no-licence areas largely exceeded those favorable to retail premises; licencing necessarily applied more particularly to an urban problem; and the extent to which licencing was restored determined the type of premises selected to meet the new conditions.

Licences are for the year of issue only, and in no case is a renewal a condition of the original franchise. Some implied

assurance may be presumed in the fact of their continued existence where the conduct of the establishment has been satisfactory, for the premises as a rendezvous become merged in the life of the particular community whose decision has approved its inclusion, and property and rental value immediately become a factor for equitable consideration and quiet enjoyment. It is plain that by mere efflux of time the property value will determine the standard of accommodation offered upon which the continuity of the licence will be largely dependent.

It is of advantage to examine cursorily the various measures in those provinces where licencing is in force.

### QUEBEC

This province shows the most liberal return to licencing privileges, the act providing for the retail sale of beer and wine in hotels, restaurants, clubs, steamboats and dining-cars, as well as the sale of beer in taverns. Licence fees have been fixed upon the municipal property assessment in a scale of ascending values, with reductions in proportion to the number of licences granted in any city or town except Montreal and Quebec. Particulars of the tariff are:

RETAIL LICENCES

TABLE II

| Sale of Wine and Beer with Meals | | |
|---|---|---|
| | | Annual Fee |
| Hotel or Restaurant..... | In Montreal or Quebec..... | $200 |
| | In any other city or town..... | 100 |
| | In a summer resort (6 months).. | 50 |
| Club..... | In a city..... | 400 |
| | In a town..... | 200 |
| Dining-car..... | ..... | 100 |
| Steamboat..... | On regular service..... | 300 |

The licencee is entitled to sell wine and beer by the glass or bottle during regular meals to travellers, boarders, and their guests, or members of clubs, as the case may be. Permission to sell on steamboats is confined to vessels whilst en route on

a regular service between two points in the province situated at least fifty miles apart, and under certain conditions and payment of a higher fee, licences may be granted to include sales between meals. The Commission may determine the manner in which a tavern or dining-room must be furnished or equipped, and in a village or rural municipality the sale of beer by the glass without meals may also be permitted in a hotel, provided that the room so used is indicated on the licence and the municipality has by by-law requested this arrangement.

The application forms for hotel and tavern licences point out that tavern licences may only be granted in cities and towns, and that both hotel and tavern licences must be refused in a municipality where a prohibitory by-law is in force.

TABLE III

| Sale of Beer in a Tavern | | |
|---|---|---|
| | | Annual Fee |
| Montreal | According to the municipal valuation—graduating scale from $0.00 to $24,999.99 * | $500 |
| | | 600 |
| | | 800 |
| | | 1000 |
| | | 1300 |
| | from $25,000.00 and over | 1500 |
| Quebec | According to the municipal valuation—graduating scale from $0.00 to $9,999.99 | 500 |
| | | 600 |
| | | 800 |
| | | 1000 |
| | from $10,000.00 and over | 1200 |
| Other Cities | Where 1 permit is issued | 450 |
| | Where 2 permits are issued | 338 |
| | Where 3 permits are issued | 263 |
| | Where 4 permits are issued | 188 |
| Every Town | Where 1 permit is issued | 338 |
| | Where 2 permits are issued | 263 |
| | Where 3 permits are issued | 188 |
| | Where 4 permits are issued | 150 |

Taverns established in summer resorts or amusement parks for six months or less, one-half the duties mentioned according to locality.

* $100 additional if the tavern is in a hotel where the licence does not exceed $500.

As indicated in the above tables the fees payable in the cities of Montreal and Quebec are regulated "by the amount of the rent or annual value of the premises," and the Commission requires a certificate of the valuation to be attached to the form, such valuation also including all additional rooms or dependencies used by the licencee in the premises. This procedure is similar to the Licencing Act of Great Britain which employs rental values as a guide to fixing the fees and, though taking population as a basis also, requires that for the purpose of annual assessment of the premises the figure shall be based upon the annual reasonable rent taking one year with another which the landlord would have to pay to include all the tenant's rates, taxes and tithe, taking into consideration the cost of repairs, insurance, and other maintenance charges necessary to command the same rent which the landlord would have to incur if no licences were granted. The Quebec act expressly states (Sub. Sec. 34, Sec. 5) that "the Commission must in addition, refuse to grant any permit to sell alcoholic liquor upon grounds occupied by an agricultural or industrial exhibition or for any race-meeting."

The Intoxicating Liquor Act, 1927, passed recently by the Irish Free State Parliament affords an interesting comparison on this matter. In this case provision is made for the issuance of a general exemption order subject to the recommendation of the Garda Siochana (police) extending the hours of sale of intoxicating liquors to accommodate "any considerable number of persons attending any public market or fair." The exemption order may relate to any time (except between one and two o'clock in the morning) but is conditional upon the licencee supplying also to any patron food and non-alcoholic drink during the extended hours.

The Quebec Commission has also adopted the forward policy of compulsory improvement of hotel premises stating that "the improvement of hotel accommodation throughout this province has been held by the Commission to fall within the scope of its duties." Renovation and repairs are insisted upon as a condition precedent to obtaining a licence and the Commission has by regulation fixed the minimum assortment of wines which are deemed compatible with the ordinary re-

quirements of the travelling public in whose interests the Commission has declared its intention to insure a general upkeep of the accommodation offered.

Though the licences are in no sense comparable with those issued to the innkeepers of former days the demands of service upon hotel men are greater, and the edict of the Commission voiced the trend of public opinion towards a higher standard of management, especially where the sale of alcoholic refreshment is allowed, an example of which may be noticed in the "Improved Public House Act" passed by the House of Lords in 1924.

The Tavern [1]—this being the word used in the Quebec act—though not followed by other statutes—is defined as meaning "an establishment specially adapted for the sale by the glass and consumption on the premises of beer, or in a hotel, the room specially adapted for such purpose."

From a tabulation of licences granted, as shown in the Quebec report for the year 1926, the licenced premises consisted of:

| Issued to | In Cities | In Counties | Total |
|---|---|---|---|
| Hotels | 68 | 455 | 523 |
| Restaurants | 70 | 5 | 75 |
| Clubs | 40 | 18 | 58 |
| Dining-cars | 12 | 2 | 14 |
| Steamboats | 8 | ... | 8 |
| Taverns, including taverns in hotels | 366 | 223 | 589 |

The Commission also has power to issue permits for the sale of beer and wine at banquets on premises other than those licenced for sale with meals the use of which appears to be inconsiderable (82).

There are also important off-licences which the Commission may grant the distribution of beer. The brewer's licence is dealt with in a separate chapter, as also is the method of sale through grocery stores. The licenced breweries numbered, six

[1] Tavern: cf. its use in the British North America Act, Section 92 where it is listed amongst the subjects of exclusive Provincial legislation, in order to raise revenue for Provincial, Local or Municipal purposes.

with five additional Ontario breweries, and the beer stores thirteen hundred odd.

Licences may also be issued to Trading Posts to sell alcoholic liquor to their employees and the people living in such territory upon conditions to be fixed by the Commission, and for certain clubs a licence is issued "to keep alcoholic liquor belonging to the members of the Club," a provision which will be more fully discussed in conjunction with a similar privilege in other provinces.

### ONTARIO AND NEW BRUNSWICK

In sharp contrast with the Quebec policy, Ontario and New Brunswick, the most recent recruits to the control system have excluded licenced retail premises from their liquor acts, the only noticeable feature being the continuation in Ontario of the sale of light beer (2.5%) in premises designated by the Commission, for which the nominal fee of $20.00 per annum is charged.

Proprietors of shops and stores may be licenced to sell this beer for off-consumption, and restaurants to serve it to their patrons. The sale of light beer is also permitted under licence in standard hotels, to be sold only with meals on Sundays and during specified hours on week-days. (*Ont. Reg.* 69, 79.) Mention is made in Chapter VII of the manner in which these hotels are otherwise licenced by the Commission for the sale of soft drinks, tobacco, etc.

### MANITOBA AND SASKATCHEWAN

Continuing westward across the continent, these two provinces have also prohibited entirely the retail sale of liquor, though at the present time Manitoba is engaged in preparing to give effect to the referendum (June, 1927) at which the opening of licenced premises for the sale of beer was approved.

### MANITOBA

As will be seen by reference to Appendix A the sale of beer in licenced premises was negatived in 1923 and approved in 1927. During the interval the sale of liquor and beer was

confined to the Commission's business. The 1928 act however provides for the sale of beer by the glass in licenced premises which include hotels, clubs of specifically mentioned soldier organizations and canteens.

Many of the regulatory provisions adopted by other provinces have been incorporated in the statute itself and as such, give evidence of the confidence in the earlier steps taken by other provinces to establish satisfactory rules and regulations for governing this part of the trade.

### SASKATCHEWAN

This province has entirely prohibited the retail trade in any form other than through the Commission's stores.

### ALBERTA

The general referendum provided for licenced beer premises and the sale of beer in licenced premises has been established for several years.

The licences are issued to clubs, hotels, and canteens. Qualifications for a club licence are exacting, and no other liquor

TABLE IV

Sale of Beer in Hotels and Clubs

| | Number of Licences | Annual Fee |
|---|---|---|
| Hotel | With a population:<br>Up to 500 ... 1<br>Up to 1000 ... 2<br>Up to 2000 ... 3<br>Up to 3000 ... 4<br>For every additional 4000 .. 1 | Rural Communities:<br>With a population up to 1500 ... $200<br>Towns or Villages:<br>1500 to 7000 ... $250<br>Cities:<br>7000 to 15,000 ... $350<br>15,000 or over ... 400 |
| Club | Discretion of Commission | With Membership:<br>Up to 100 ... $100<br>150 to 200 ... 150<br>200 and over ... 200<br>Golf and Country ... 100 |

is allowed on the premises. The hotels must be "standard" with suitable equipment and sufficient bedrooms to be "reasonably suited to the requirements of the Public."

Applicants of bad fame or character are disqualified as are those against whom a conviction has been registered in the three years immediately preceding the application. The licencing tariff is based on population.

Canteen licences may be issued in camps, armories, and barracks of the permanent and non-permanent units of the Canadian Militia and the Royal Canadian Mounted Police. The report for the year 1926 of the Alberta Commission shows that licences were issued to:

349 Hotels 49 Clubs 14 Canteens

BRITISH COLUMBIA

In this province the method of licencing is somewhat different and no fixed limitations are imposed upon the Commission in determining the number of licences to be granted. The governing feature has been, after two years' experimental work, to allot such number as will sufficiently convenience the local requirements and to set a fee commensurate with the volume of business transacted. In the latter respect the Commission has been guided by the figures of the sales of beer licencees as all sales of beer are made through the Commission. The growing city of Vancouver which comprises perhaps, with its metropolitan area, one quarter of population of the province, has formed the chief problem as it also caters to the bulk of the visiting and transient trade which passes through this westerly port, the termini of railways, and the starting point for the Orient and Australasian points. In addition, the equitable climate of the province attracts great numbers of visitors from the State of Washington and further south.

The licence fees which are fixed from year to year by regulation of the Commission are based on barrelage turn-over and location, with due regard to population and such industrial undertakings as are operating in the localities at the time of licencing.

Though the act does not specifically limit the premises to

that of hotels the Commission has made it a practice to utilize the accommodation offered in this manner and to confine licences to such buildings. The number granted for the year 1926 was 260.

TABLE V

| Sale of Beer in Licenced Premises | | |
|---|---|---|
| | Fixed by regulation—within a minimum and maximum of $150 to $1000 | Annual Fee |
| Vancouver | | $1000 |
| Cities and Towns | Based on barrelage turn-over and location | 750<br>500<br>350<br>250 |
| Villages and elsewhere | Based on barrelage turn-over and location | 150 |

YUKON TERRITORY

The sale of beer by the glass was approved in this territory after two years of the control system. By reason of the limited population licencing is confined to a few settled areas, and the remoteness of this northern land necessitated certain discretionary authority being vested in the Commissioner. Clubs and hotels are eligible, the former only in respect of premises having the accommodation required for a hotel licence and a *bona fide* membership of twenty people.

The sale of bottled beer is allowed only in rooms designated as "refreshment rooms" or with meals served in the dining-room at regular hours in hotels. Such hotels in the principal towns must have not less than ten bedrooms, nor less than three in other localities. The Commissioner may grant licenses in other parts of the territory at his discretion, in suitable hotels and roadhouses.

In addition to the privilege of sale by the glass the licencee may sell at times when the government stores are closed, in quantities of three bottles of beer at a time for off-consumption.

TABLE VI

| Sale of Beer in Licenced Premises | | |
|---|---|---|
| | Number of Licences | Annual Fee |
| Dawson | 8 | $100 |
| Town of White Horse | 4 | 75 |
| Town of Mayo | 4 | 75 |
| Keno City | 4 | 75 |
| Elsewhere | Discretion of Commission | 50 |

The licencee is required to exhibit a sign over the front door of the premises bearing the words "LICENCED TO SELL BEER."

## *CHAPTER V*

# THE BREWERIES

### CONTROLLING THE BREWERIES—THE BEER TRADE

THE manufacture of liquor being a licencing prerogative of the Federal Government the breweries come under the Department of National Revenue and operate under excise licences.

The fee for a licence is $50.00 per annum, the brewer being required to furnish a guarantee bond in the sum of $2,000 and to make the customary returns of materials used, quantities brewed, and such other data necessary for computing the excise tax of 12½ cents per gallon. Sales are unrestricted in the matter of export, but restricted provincially by local statutes and local option.

As a further means of upholding such legislative authority as the provincial authorities can exercise over the brewer's business, certain provincial licences have been introduced which the brewers are required to take out to enable them to conduct their business with the Commission. And, as they cannot sell within the province unless so licenced, the Commission is given an opportunity of excluding them from the local market, whilst by suspension or cancellation of their licence the Commission may exercise a disciplinary control without recourse to prosecution in the courts.

The markets for the breweries are therefore:

(a) Local—under Provincial Statute.
(b) Export—under Federal Statute.

### (*a*) *The Local Business*

Provincial control of brewery products presents difficulties totally at variance with the handling of the retail trade in other

liquor. The sale of beer remained the outstanding reminder of the "over the bar" trade of former times, and continues to be as it was in the beginning, a complicated legislative problem. This has been accentuated by the class differences which it seemingly raises. Much was heard of the working man's right to his glass of beer when the control system was first mooted, and the Moderationists and the Service clubs were unremitting in their efforts to include this in the initial scheme. The activity of the Moderation Leagues it must be recalled had a very large share in shaping the actual nature of the plebiscite questions, and the Province of Manitoba submitted their suggestions (embodied in a bill) as actually emanating from—though with the approval of the Legislature—the leagues of that province. That was in 1923 in which year the licencing suggestion sponsored by the Wine and Beer League was defeated. And it must afford some satisfaction to its proponents to have had it successfully reintroduced at the Government's own volition conjointly with a general election four years later.

The brewers in every province conducted an energetic campaign assisted by the hotel men for "beer by the glass" and the compromise "jitney bar" selling near-beer did much towards influencing the public to hold out at least for light beer in licenced premises. The voting however disclosed some conflicting results.

Quebec and Alberta opened their regime with licenced premises; British Columbia and the Yukon Territory omitted it from the questions first balloted upon, but some two or three years later each accepted the system through another referendum. Ontario, Manitoba, and Saskatchewan voted it down, and Manitoba reintroduced it in 1927.

The actual dates of the referenda are of some interest:

BEER BY THE GLASS

| Approved | | Rejected | |
|---|---|---|---|
| Quebec | 1919 | Ontario | 1919 |
| Alberta | 1923 | Manitoba | 1923 |
| British Columbia | 1924 | Saskatchewan | 1925 |
| Yukon Territory | 1924 | | |
| Manitoba | 1927 | | |

Just how to conduct the sale and delivery of beer has given the Commissions a great deal of worry. In some cases direct transactions between the brewer and the consumer are permitted, in others the sales are entirely through the Commission's stores and through licenced premises.

In Quebec, Manitoba, and Alberta, the sale and delivery of beer direct to the consumer has been conceded. The profit to the Commission in these provinces is derived from a royalty (variously described as a duty or tax) imposed either upon

TABLE VII

| Conditions of Sale, Licence Fee, and Tax | | | |
|---|---|---|---|
| | Licence Fee | Tax | Conditions of Sale |
| Quebec | $5000 | 5% on value of all sales* | To sell and deliver to any person authorized by the Commission to sell beer |
| Ontario | $2500–$5000 | ..... | To sell to the Commission and deliver on order of the Commission to store manager or permit-holder |
| New Brunswick | $1000 (local brewer) $2000 (outside brewer) | | To sell to Commission and deliver on order of the Commission |
| Manitoba | $1500 | $0.125 per gal. | To sell and deliver to permit-holders |
| Saskatchewan | ..... | ..... | To sell to the Commission and deliver on order of the Commission |
| Alberta | $1500 | $0.125 per gal. | To sell and deliver to a store manager, permit-holder, and beer licencee |
| British Columbia | None | ..... | To sell to the Commission, Export House Licencee, and deliver on order of the Commission to store manager and beer licencee |
| Yukon Territory | None | ..... | To sell to the Commission |

* Rebate allowed where the sales exceed $100,000.

the value of the total sales or the gallonage output of the brewery. The result in either case is almost identical in the matter of the relative amount of tax collected, and is computed from the figures submitted to the Inland Revenue Department in payment by the brewery of excise. This forms a ready and convenient method of collection for the Commission.

In addition as already stated breweries operating in certain provinces are required to take out a provincial licence.

It will be noticed that in those provinces in which no licence is imposed the sales are all made through the Commission whether to the individual or the beer licencee. The profit is probably approximately that of the other provinces, though the royalty method obviously assists matters and relieves the Commission's stores of much cumbersome work especially in the matter of distribution and of delivery. The use of the federal figures for collection of tax simplifies the accounting and secures to the Commission, without much additional effort, a regular return on the proceeds. Just the same this procedure risks a strict enforcement of the statute depending upon the honesty of the brewers in the matter of delivery to authorized purchasers, as well as lessening the opportunity for reliable supervision of the hours of sale and delivery.

On the other hand where the sales are made through the Commission's stores, with such local delivery as may be arranged with the breweries, the Commission continues—as in the case of other liquor—to be the sole distributor.

Brewers are required to furnish samples when asked, and statistical returns of their business with such essential information as relates specifically to the provincial laws. All barrels and receptacles must be labelled with the words "beer," "ale," "stout," and "porter"; the hours of delivery are fixed; and the establishment of brewery agencies and warehouses at approved points are determined by the Commission.

The method of distribution in the various provinces may be briefly analyzed in the following manner:

*Quebec:* Brewers licenced by the Commission may sell and deliver beer to any person licenced to sell the same (hotels, taverns, and grocery stores) and may have other establishments approved by the Commission for the distribution of

their products. The beer however may only be transported direct from the brewery to the purchaser (or exported), but if shipped to a point within the province transportation must be made by railway, steamboat, common carrier, express company or the purchaser himself in his own vehicle. Quebec has some six licenced breweries in addition to which five Ontario breweries are also licenced to sell in this province.

*Ontario and New Brunswick:* Licenced brewers may sell to the Commission only, but may deliver on the Commission's order to store managers or permit-holders.

Brewers may have lawfully appointed agents, and in Ontario the establishment of central warehouses has been provided for by regulation. (*Ont. Reg.* 49, 55.) A fee of $200.00 is charged for this licence which enables the brewer "to warehouse and store his goods therein," and from these central warehouses distribution may be made.

An employee of the Commission is detailed to work in each brewery and central warehouse, to scrutinize and pass upon all movements of beer.

*Manitoba:* In this province where eight breweries are licenced to manufacture, the sale and delivery of beer direct to the permit-holder is allowed. Delivery may be made either from the breweries, or the depots established with the consent of the Commission.

Limitation of quantities and the method of delivery were defined by regulation (*Man. Reg.* 2, 3), and drastic amendments to the Control Act, for the most part dealing with breweries, were passed at the 1927 session of the Legislature.

The Attorney General in an address delivered at the Annual Convention of the United Farmers of Manitoba in January of 1927, attributed the greater portion of the troubles of liquor law enforcement to the illicit sale of beer, and submitted statistics showing that an unprecedented number of convictions against the breweries had been obtained. (*Craig.*)

It was not unexpected therefore when the Government some six months later submitted a referendum to the electors on the beer question, to find the last inquiry reading, "are you in favor of abolishing the right of the brewer to sell direct to the permit-holder?"

*Saskatchewan:* The geographical distribution of the inhabitants of Saskatchewan, in which there are no cities of more than forty thousand inhabitants, necessitated a somewhat different programme, more especially as all sales and deliveries are required to be made through the Commission. A large number of stores for the sale of beer only were opened, some ninety in all, being scattered throughout the province. To facilitate these, special arrangements had to be made, for which as the report states, "a system was devised whereby the brewers were required to furnish, jointly, storages at convenient points throughout the province from which the stores could be supplied. Consequently a beer supervisor in the employ of the Board was appointed for each storage point, and this official is in sole control of the beer in such storage, as well as exercising supervision over the manufactured beer in the breweries in this province." (*Sask.* 1.)

Breweries in the two contiguous provinces were invited to tender for sales to the Commission and all domestic beers from the three provinces are offered to the public at a uniform price.

The beer stores all carry on a mail order business but the major portion of the sales are on the cash and carry principle.

*Alberta:* Here the brewer may sell and deliver direct to the permit-holder; to the beer licencee; or to the store manager for such supplies as are required for customers purchasing through the government stores.

The Commission points out that owing to pronounced overlapping of distribution facilities the difficulties of law enforcement were increased, due to the failure of the brewers to consolidate their warehouses in the rural centres and the keen competition prevailing, and in a subsequent report warned the public that "until the brewers co-operate in cutting down their elaborate and expensive overhead in connection with the distribution of beer and eliminate the heavy investments being made directly or indirectly in purchasing or financing licenced hotels, there is very little hope of any reduction in the price of beer." (*Alta.* 2 and 3.)

*British Columbia:* The bulk of the Commission's requirements are handled through a central agency in the City of

Vancouver representing a combine of five coast breweries.[1] The beer is sold entirely through the Commission's stores and distributed to them in the ratio of each brewery's interest in the combine. There are also five interior breweries who act separately from the amalgamation of coast brewers and supply the stores in their immediate localities.

No sale of bottled beer for off-consumption is permitted except through the Commission's stores which, operating as a cash and carry business, arranges the delivery in the large cities to individual customer's ex-stores through an agreement with the brewers, and to the licencees direct on order from the store manager. At certain interior points brewery agencies are established for the convenience of beer licencees.

### (*b*) *The Export Business*

The export trade of the breweries only affects the Commission's business through the opportunities which arise for illegal selling within the province where the brewery is situated, or by extra-provincial trading and irregularities in adjoining provinces.

The brewer under the Canada Temperance Act (federal) may sell in quantities of not less than eight gallons at a time to any person carrying same "beyond the limit of the city or county where Part 2 of the Canada Temperance Act is not in force," and there is the further opportunity of sale through the export liquor warehouses where such places of business are allowed to operate. These sales are subject to a drawback of the excise tax equivalent to the duty imposed, and in proportion to the strength of the beer.

The export business is very extensive and all statutes (provincial) have been enacted with a view to arming the Commission with real powers against illegal distribution by the breweries, and direct control is more real in those provinces where licencing by the Commission is a condition of selling to the Commission. The remarkable ramifications of the export

[1] In British Columbia five coast breweries incorporated a company known as "The Amalgamated Brewers Agency of British Columbia Limited" to act *inter alia* "as agents exclusively for the sale of the brewery products of the brewing companies in accordance with an agreement entered into by them." *British Columbia Gazette*, Oct. 26, 1923.

trade have been freely disclosed by the evidence submitted before the Royal Commission inquiring into the Customs Department from which it is apparent that the work of keeping the business of the brewers within proper bounds is seriously impaired by the freedom of movement which the export trade necessitates.

Both to federal and provincial authorities the brewer is the prickly pear of the liquor problem, and nothing perhaps has taxed the ingenuity of the Commission more than that of arriving at a safe and equitable manner of handling the delivery and distribution of beer.

### THE BEER TRADE

Linked to the retail end of the liquor traffic and inseparably associated with public drinking no ready method suggested itself for taking the sale of beer entirely out of the hands of the brewers. The very nature of the commodity added physical difficulties in supplying, storing, and handling through the government stores and where at first (with the exception of Quebec) no licenced premises were permitted, the Commission was confronted with a distribution problem to cope with store sales for off-consumption in place of the former bar trade.

The bulky nature of beer, the absence of draught beer, the necessity for delivery arrangements and the class of trade to be dealt with, aggravated the situation which at the best of times afforded a dangerous loophole for beer-bootlegging, and where identification of other liquor was simple through the official neck-seal, the sealing of beer in this manner to determine lawful possession was admittedly impracticable.[1]

Prohibition-time habits had not contributed any assistance; rather the reverse, for in those days a means of nullifying the prohibition laws had been found. Spirituous liquor had been obtained under pretense of medicinal necessity, and strong beer —or ordinary strength beer—in the jitney-bars under the guise of near-beer. The latter had kept the public unprepared for

[1] Regulations Nos. 34–45 of the Liquor Control Board of Ontario (*Ontario Gazette*, Vol. LX, No. 22, May 28, '27), provide for the use of an officially lithographed crown cork stopper, which constitutes the official beer seal of the Board.

the sudden closing of such premises and the cumbersome substitute of getting bottled beer only at the stores. But closing the near-beer resorts was a necessary precaution which had to be put into effect concurrently with the opening of the new system, and it was plainly the duty of the Commission to control the movement of beer from the time it left the brewery until it reached the lawful purchaser.

The whole question rested squarely on the necessity of a public place for beer-drinking, which is as traditionally associated with public drinking as that of wine drinking in private entertainment.

In Quebec the question was solved from the commencement through the licencing of hotels and taverns and the sale of bottled beer for off-consumption in grocery stores which relieved the Commission's shops of this work. In the west, after three years' trial of the control system, Yukon and British Columbia added licenced premises for beer drinking, and with Alberta licencing in the same manner, the entire west was provided for. Somewhat to the surprise of the Moderationists the licencing suggestion was defeated in Manitoba and Saskatchewan, though Manitoba has since reintroduced and approved of the question. Ontario after reviewing, no doubt, all the circumstances of the other provinces is endeavoring to satisfy the demand by continuing the sale of light beer, which proved somewhat abortive in the years immediately preceding the commencement of the new Control Act, and is selling full strength beer for off-consumption only through the government stores.

Naturally the field for the brewer is largely increased where the sale of draught beer takes place, and in the Province of Quebec a considerable portion of the beer consumed comes in from Ontario. In the other provinces the trade is essentially local, and where the sales are made only through the Commission's stores, entire elimination of extra-provincial beer can be arranged if the Commission chooses.

It is clear that the control of a locally manufactured article raises problems unassociated with imported goods—as in the case of liquor—for which the handling requirements are no different from any other line of merchandise, and concerning

the purchase of which no question arises other than the price, quality, and the demand for specific varieties and brands. With a domestic product such as beer, however, where competition continues, though the market be only that of the one firm (the Commission), between local interests, the equitable distribution of the Commission's business and its consent (where the act requires) to direct sales to customers, brings the monopolistic character of the Commission's trading into sharp contrast with the local vested interests.

The breweries may also have found some difficulties in adapting their business to the altered conditions of restricted markets, and sales conducted in a manner altogether foreign to their ordinary method of service, and savoring to them more ostensibly of red-tape than precautionary measures, the whole arrangement being a radical departure from the previous way in which the trade was handled.

The five years or more of prohibitory law had witnessed a declining standard of hotel management and efficiency, and a disrespect for law which promiscuous bootlegging and its acceptance by the public as a no-licence system had encouraged. It must be remembered that the great prohibitory experiment in the United States which commenced in 1920 almost synchronized with the return to beverage consumption in Canada, and the open defiance of the National Prohibition law had not reached the condition of nullification apparent today.

In Canada the harvest for the brewers was ready. The farce of near-beer ended, and the arrangement for legitimate trading through the Commission established without many of the ordinary risks of competitive selling. It remained only to push the sales and to press a campaign by all the well-known routes of lobbying, political support, and public demand, for further concessions.

If the bar had gone the ale room of the public house remained. The public were eagerly awaiting the sale of beer in some form, and the restored opportunities were likely to be no worse and probably much better for an enforced abstention by a large part of the public. Hence the brewers and hotel men alike sought by every legitimate device to bring back this part of the liquor business and even the usual accompaniments

of lunch counters, and the sale of cigars and cigarettes, was admitted as no longer absolutely necessary.

The monopoly which the Commission enjoyed was to some extent counteracted by local competition amongst the brewers who in some cases vied with one another resulting in a rate war as happened in Quebec in 1925. In other cases the brewers combined arbitrarily to fix selling prices both to the Commission and the public. The former reacted favorably for the public but the latter subjected the Commission's sole authority to the pressure of a market control over a commodity which the business could not afford to be deprived of, and supplies of which were not available from elsewhere without seriously inconveniencing and hampering the Commission's business.

There was the additional necessity of maintaining a proper standard of quality and of catering to the popular taste which the brewers sought by advertisement to excite in favor of one or other brand. In some cases the output of breweries that were manufacturing, greatly exceeded the local requirements, resulting in a desultory campaign of increasing sales by advertising and illicit selling and exporting. That this greatly aggravated the difficulties of effective handling and control was fully demonstrated by the evidence submitted at the hearings of the Royal Commission on the Customs Inquiry in the different provinces (1927).

## *CHAPTER VI*

# LAW ENFORCEMENT

### A REVIEW OF THE PROHIBITIONS AND PENALTIES

THIS difficult problem can only be touched upon in a general survey of the prohibitions, interdictions, and penalties for which the statutes provide. It is obvious that the Commission's work will be judged pre-eminently by whatever degree of enforcement is manifested, and, as such, forms the storm centre of all discussion of the liquor question.

No phase of the problem is exempt from its connecting lines which are the outward and visible sign of the change from private ownership to control by the State. As a subject of contradictory opinion and contentious dispute the rigidity or laxity with which the law is enforced forms the chief topic, and though in a great measure the efforts of the Commission are dependent upon the co-operation of external forces—the Police and the Judiciary—public opinion condemns or approves according to the results immediately observable.

It is the most vulnerable point in the Commission's administrative armor and is frequently assailed through a mass of contradictory statistics and superficial arguments advanced by public organizations, hostile or sympathetic as the case may be to the general scheme of government control. The Press endeavoring to meet the insatiable appetite of the public for sensational news finds a ready topic in the spectacular smuggling and bootlegging episodes of rum-running by land and sea into United States territory.

Such prosaic matters as the routine business of the government stores and the reasonable use of liquor in the home—the large and well conducted family trade side of the business—receive little attention in the face of exciting recitals of law

violations. And without minimizing the latter it is fair to comment upon the difficulties which are thrust upon the Commission through exaggeration of the bootlegging activities, the suppression of which is insuperably hampered by the entire southern boundary of the Dominion being contiguous to a dry territory.

The habits implanted during the prohibitory period immediately preceding the control system; surreptitious drinking catered to by back-room peddlers; and the consumption of liquor of any kind at any time without regard for its appropriate use, but merely because it was obtainable through a doctor's prescription, have left their mark, and the methods so employed have far from died out.

To many who sought only the right to purchase for their own consumption at home the present arrangements seem sufficient, but to others it appears that the prohibitions still interfere too stringently with the personal liberty and social enjoyment which could be had under former licencing laws.

Statistics are employed with little relevancy to the subject, and barometric charts point to arrests for intoxication, premature deaths attributed to alcoholic indulgence,[1] and mortality tables instancing the ravages of specific diseases as directly traceable to the same cause, are compared with periods before and after the introduction of restrictive laws in a spirit of intolerance which both parties manifest in their anxiety to demonstrate the mitigation or encroachments which have appeared under one or other of the systems. Quite often the surrounding circumstances and external influences of the periods reviewed are but scantily explained, and illogical deductions are drawn from the analogy of unequal premises.

For example drunkenness may be tabulated without any consideration of the penalties involved in the periods compared. The value of liquor consumed may be worked out on a per capita population basis without reference to increased duties and excise, and the consequent enhanced prices, and periods having no relative economic prosperity or the reverse are matched to illustrate whatever particular quotient is sought,

[1] In rebuttal, see "Alcohol and Longevity," by Dr. Raymond Pearl, 1926.

without regard to fluctuations in population, and the general demeanor of the people toward law observance at that particular time.

The Commissions in their annual reports, for the most part, have refrained from comment on this angle of their work other than by a detailed tabulation of the actual results—the convictions and penalties imposed and the forfeitures and seizures associated with the same—as it is obvious that the public in their everyday life have full opportunity, of both witnessing and contributing to the ordinary law observance. Attention was pointedly drawn to this by the British Columbia Commission who, reporting on the second year of their operations stated the matter in no uncertain manner in the following terms:

> The difficulties attendant upon establishing an effective system for law enforcement are too well known to warrant reiteration.
>
> The "bootlegger"—now a recognized international pest on the American continent—has proved his ability to provide increasing embarrassment to all classes of officials directly or indirectly concerned with the administration of liquor laws. Whether it occurs in a "wet" or "dry" territory, the illicit sale of liquor is a continuous source of trouble. (*B. C.* 2.)

As data, the rise and fall in numbers of some specific phenomena may in certain cases and where considerable diligence in searching and reviewing all attendant circumstances has been conducted, directly prove or disprove some legislative expediency, but for the most part per capita figures and comparative totals are highly unsafe as a criterion for judging the results of experimental laws. And this applies equally to permissive as well as to restrictive laws, for under both the sole object of the violator is some financial gain.

To review even the more outstanding causes of law infraction would entail a separate examination of the social and ethical conditions under which the present systems are working, and it will be more profitable to examine the machinery and the manner in which the Commission is called upon to function, in enforcing the law, rather than to trespass upon the field in which the work of the sociologist lies.

The permissive authority which is vested in the Commission to conduct the general trading business, empowers the Com-

mission to sell liquor for beverage purposes under regulatory conditions, to the general public, resident or non-resident who (unless disqualified) may buy their requirements at the Commission's stores. Purchasers are controlled directly through a general system of individual licencing (permits), or indirectly from the breweries licenced by the Commission to sell and deliver beer, and also in premises licenced for on-consumption of wine or beer.

The method in which the stores are to be operated is expressly set out, and the onus of observance of the law in this case falls directly upon the Commission in the proper supervision of its employees. In the same manner the licencing of retail premises being vested in the Commission, the duty of suspending or cancelling such licences is at the discretion of the Commission irrespective of the penalties which may be imposed in the courts upon licencees or their employees. The Commission, with wide arbitrary powers, thus acts as a Licencing Board in place of the former municipal authorities, and as a court of correction, where abuse takes place, of the franchises granted to licencees.

Special powers are also given to the Commission to issue permits for special occasions, and generally by regulation to supply any apparent deficiency in the statutes. It is at once apparent that the Commission is directly responsible for the general conditions under which the public obtain their requirements, and this is altogether separate from the prevention of drunkenness or illicit selling.

In some matters it is mandatory upon the Commission to do certain actions. Such for instance as the granting of export warehouse licences in British Columbia; the removal of government stores or licenced premises where the same have been vetoed by a local option vote under the Canada Temperance Act; and such other matters as consenting to the granting of federal licences to bonded manufacturers, as well as compliance with the federal statutes in the conduct of its own bonded warehouses and the importation of liquor.

Prohibitory clauses however relate both to the Commission and the public. There are placed upon the Commission itself certain checks and restraints in the general interests of tem-

perance, and a reasonable policy for the sale of liquor at such times and upon such conditions as are compatible with the ordinary methods of retail business. It is incumbent upon the Commission to regulate the action of the store managers who with their staffs are brought within the scope of the general—and in some cases special—penalties for dereliction of duty or corrupt practice. Otherwise the prohibitions relate to the actions of persons engaged in the trade who whether by virtue of a federal licence to manufacture, or as agents for manufacturers and distillers are doing business with the Commission. And by curtailing such matters as advertising or soliciting for orders, and especially that of enlisting the assistance of the Commission's employees in pushing the sale of particular brands.

The wider application of the prohibitory clauses is, however, toward the public who are expressly excluded from engaging in selling or trading in liquor in any manner; compelled to comply with the procedure laid down for purchasing; and regulated in the matter of possession and consumption of liquor, the latter being dependent upon the statutory authority either permitting its consumption only in a private dwelling, or prohibiting its consumption in a public place.

The most important prohibition is that of the sale of liquor (other than a sale to the Commission) and forms the principal offense. The words "sale" and "sell" are meticulously defined to include "exchange," "barter," and "traffic" and (in Saskatchewan, Alberta, and British Columbia) "the supplying or distributing of any liquor known or described as near-beer," to which reference will be made later. In addition the definition is extended in some cases to include "sale by any partnership or by any society, association, or club whether incorporated or unincorporated."

A comparison of the penalties attaching to illegal selling will demonstrate the particular attitude of each province toward this offense. In all cases of sale by an incorporated company heavy fines are fixed, an increasing ratio for second or subsequent offenses.

Without attaching any great importance to the fact, it is noticeable that in the eastern portion of the Dominion com-

TABLE VIII

PENALTIES FOR SELLING LIQUOR

| | First Offense | | Second or Subsequent Offense | |
|---|---|---|---|---|
| | Fine | Gaol | Fine | Gaol |
| Quebec | | 3 months * | | |
| New Brunswick | $200–$500 and 2–6 months or $500–$5000 and 6–12 months † | | | |
| Ontario | | 3–6 months | | 6 months |
| Manitoba | $200–$1000 (Default 60 days) or $100–$300 and 2 weeks–2 months (Default further 60 days) or | 4 months | | |
| Saskatchewan | $200–$1000 (Default 60 days) or $100–$200 and 2 weeks–2 months (Default further 30 days) or | 4 months | $400–$1500 and 1–3 months (Default further 30–60 days) or $400–$1500 and 4–6 months (Default further 30 days) | |
| Alberta | $100–$1000 (Default 3 months) or | 6 months | | 3–6 months ‡ |
| British Columbia | $300–$1000 (Default 3–6 months) | | | 6–12 months |
| Yukon Territory | $200–$500 (Default 1–2 months) | | | 12–21 months |

* Subject to reduction by Court to 1 month.

† If the value of liquor involved is greater than $10 according to retail prices at government stores for liquor similar in character, the higher penalty is imposed.

‡ Penalty applies after previous conviction for "any" offense under the Act.

In Manitoba, Saskatchewan, and Alberta alternative penalties for first offenses in the discretion of the Justice.

prising Ontario, New Brunswick, and Quebec, and including two-thirds of the whole population, the penalty is imprisonment for a first offense, and the punishment by imprisonment shows increasing severity in the order in which these provinces have adopted the control system. In the middle west it is in the discretion of the Justice to impose fine or imprisonment, or both, and in the westerly territory of British Columbia and the Yukon, imprisonment is only an alternative in default of payment of a considerable fine. The punishment for a second or subsequent offense is imprisonment in each case. Moreover

the procedure for trial is upon summary conviction before a Justice of the Peace and there is no delay such as that occasioned in the United States Courts by reason of jury trial.

The right of search and peremptory confiscation is ample. Wide powers are extended to enforcement officers, whether employed by the Commission or as ordinary police and the liquor so seized is the *res gestae* for a large proportion of the cases involving a charge of illegal selling or possession. Disposition of the confiscated and forfeited liquor is dealt with, provision being made for its reversion to the Crown, or for its reclamation if improperly seized, and the additional loss of property, motor-cars, boats, etc., by the offender is often very considerable.

Actual conviction of illicit sellers presents many difficulties in the matter of obtaining satisfactory evidence, and the prospect of a gaol sentence does not appear really to deter the bootlegger from plying his risky trade. In this he is assisted by the fact that the greater proportion of his patrons—and he is of necessity discriminating—are not the sort who are really addicted to heavy drinking or who come into conflict with the police. Roughly speaking they break up into three groups—the well-to-do itinerant hotel guest, tourist, or resident, who wishes to buy the bottle after the stores are closed, the "odd-shot" man and his friends in whom the habit of treating at the bar is too deep seated to have been eradicated, and the casual joy-rider, dance hall type whose hip pocket flask has given out.

To meet the bootlegger in his more favored territory, the vicinity of the high class hotels and restaurants, the British Columbia statute was recently amended to permit the government stores remaining open after eight o'clock in cities with a population of over 25,000, and the Commission is trying the novel experiment of keeping a store open until midnight to counter the activities of the bootlegger with his chain of agents, taxi-drivers, bell-boys and other runners.

Commitment to gaol without the option of a fine would appear to be the prevailing opinion as to the best method of dealing with this class of offense, though the fitness of punishment has been, and always will be, the subject of widely

divergent views.[1] The statement of the United States District Attorney for New York City in 1926 before the Judiciary Committee (U. S. Senate) that "you will never enforce the prohibition laws in my district until people begin to go to jail" forms an interesting comparison with the considered opinion of the "Committee of Fifty" whose report on the liquor problem, published thirty years earlier stated:

"Experience in various States has shown that the penalty of imprisonment prevents obtaining convictions in liquor cases. This penalty has been tried over and over again by ardent legislators, but in practice has never succeded,—at least for first offences. Fines have seemed to ordinary judges and juries sufficient penalties for liquor offences. Laws with severe penalties have often been passed, and courts have often been deprived of all choice between fine and imprisonment; but in practice such enactments have proved less effective than milder ones."

*Autres temps, autres moeurs,* is doubtless the reason for such contradictory opinions. The present day aspect is moreover complicated by the advance in transportation and the opportunities for rapid disappearance or change of *venue,* and the shiftless, transient character of the liquor peddler for whom the padlock law seems to be the best curb. The Province of Quebec reports the inclusion of this power in the Municipal Act in 1926 and in commenting on the result says:

"We further intend to give our full suport to the Municipal Police for enforcing the so-called "Padlock" Law, adopted at the last session, which authorises the absolute closing up for the period of a year of any place kept for certain illegal purposes designated in the Act."

The feature of this weapon is that it strikes at the investments of those who connive at bootlegging, over the heads of the waiters and other subordinates who commit the actual offense on their behalf.

In the more recent Manitoba Act this form of enforceable authority has also found a place.

Next in recurring frequency is the offense of drunkenness, with the new offense of "intoxication in a public place" replacing the "drunk and disorderly" of the criminal code by an

[1] "It must always be considered, in dealing with a relative failure of the deterrent power of punishment in regard to certain offences, whether a better adjustment of rights or a greater certainty of detection will not meet the end more effectively than increased severity of punishment." Bernard Bosanquet, "The Philosophical Theory of the State."

offense against the provincial law. The motive for creating this offense has already been suggested; namely, that "where previous federal legislation had been content to attack drunkenness only when associated with disorderly conduct, this act endeavored to inhibit public drinking by creating the new offense of 'drunkenness in a public place,' and thus brought within the scope of enforcement a more practical opportunity of effacing the objectionable publicity which intemperance occasions." [1]

This innovation aptly illustrates the unreliability of comparative figures, as the comparison of statistics relating to prosecutions in periods during which the offenses differed would be radically unsound. In the same way it is equally wrong to group all persons arrested for intoxication under the common category of "drunkards."

The penalties for this offense show some variation, and in those provinces which have included it in their control statutes, are as follows:

TABLE IX

PENALTIES FOR DRUNKENNESS
(Provincial Statutes)

| | First Offense | | Second Offense | | Third or Subsequent Offense | |
|---|---|---|---|---|---|---|
| | Fine | Gaol | Fine | Gaol | Fine | Gaol |
| New Brunswick | $20 (Default not exceeding 30 days) | | | | | |
| Ontario | $10–$100 (Default 30 days) | | | 1–2 months or | | 3–6 months |
| | | | $200–$500 (Default 2–4 months) | | | |
| Manitoba | $20–$100 (Default 10 days–2 months) | | $100–$300 (Default 2–4 months) | | $100–$500 (Default 3–6 months) | |
| Alberta | $20–$200 (Default 30 days–2 months) | | | 2–4 months or | | 3–6 months |
| | | | $200–$500 | | | |
| British Columbia | $25 | | $50 | | | 20 days–3 months |
| Yukon Territory | $50–$100 (Default 1–2 months) | | $100–$300 (Default 2–4 months) | | | 3–6 months |

[1] *The North American Review*, Vol. 223, No. 3, p. 426.

Where the offender becomes a chronic tippler and a menace to his family or the community in which he lives the law of interdiction is invoked which is in effect the application of individual prohibition, and for chronic intemperance a natural corollary to the penalties for drunkenness.

In the customary language the statutes recite that "where it is made to appear to the satisfaction of the interdiction official that any person by excessive drinking of liquor, misspends, wastes or lessens his estate, or injures his health, or endangers or interrupts the peace and happiness of his family" an order of interdiction may be made directing the cancellation of any permit held by that person and prohibiting the sale of liquor to him until further order.

Such orders are implemented by notices sent out by the Commission to all store managers and licencees and until revoked by the interdiction official upon proof of subsequent good behavior, or set aside by a County Court Judge, the interdict is entirely debarred from having liquor in his possession or from being upon the premises of any government store or licenced premises, and severe penalties are meted out to any person assisting him to get liquor.

The interdict, in rural districts, is usually a well-known character and the order is effective, but the interdiction of persons in the large cities of necessity often fails to afford the correction intended, as the interdict's identity is merged in the crowd, and the store managers and their staff have little opportunity of associating him with the particulars given in the notice.

In this as in other matters the constant shifting of population and the opportunities to move to other parts of the country, has tended to reduce the efficacy of "siwashing" [1] as this form of out-lawing is usually called in the West, and there does not seem to be any practical method of providing the actual publicity necessary for black-listing these confirmed inebriates who, though happily few in number, are quite incorrigible under any system.

[1] "Siwash," a corruption of "Salish," the name of an Indian tribe which inhabits parts of Vancouver Island, British Columbia. In the slang sense to "siwash" a man is to deprive him of the privilege of obtaining liquor, i.e., to put him on the same footing as Indians in respect to obtaining liquor.

The causes leading to interdiction must be carefully distinguished from ordinary sporadic drunkenness, and blacklisting is not resorted to unless proper representation is forthcoming from the person's family, and as a corrective where other influences have failed. In this way a restraint is placed upon the confirmed toper where neither fine nor imprisonment would succeed, and where incarceration would only inflict additional hardships upon the offender's own family.

Other prohibitions of a general nature relate to the issuance of permits to disqualified persons, Indians, minors, interdicts and those whose permits have been cancelled for violations: this being usually accompanied by a denial of the right to purchase a permit for one or more years; offenses connected with improper use of permits; drinking on government or brewery premises; possession of liquor on the premises of unlicenced clubs, restaurants, and in hotels except in guest rooms; and various other limitations.

## *CHAPTER VII*

# LAW ENFORCEMENT (*Continued*)

### SUPERVISION OF THE LICENCED PREMISES

### *Licenced Premises*

AN UNUSUAL difficulty, unassociated with former licencing, arose through the necessity of stopping the sale of so-called "near-beer." The prohibitory period had been marked by much irregularity in the sale of full strength beer under the guise of near-beer. In licenced hotels, where the old beer was operated in this manner, the premises quickly earned the sobriquet of a "jitney bar," and when the trade passed into the control of the Government a problem of considerable gravity arose—especially in those provinces where no licenced premises were allowed—as to how to dispose of existing conditions and do away with this class of business. As these premises were municipally licenced, and selling supposedly a non-intoxicating beverage, the motive for their suppression rested entirely upon the necessity for precautionary measures, and more especially to abolish the old type of bar premises. The breweries had instigated the sale of this light beer as a means of continuing their business, and to tide over what they correctly gauged as a transient "dry" period, as well as to assist the hotel men who in the disorganized post-war years experienced genuine difficulties in maintaining their establishments at a proper standard.

The Commission's authority however received the necessary support, and the severity of the penalties in the western provinces which were confronted with these conditions, indicates the urgency of keeping the jitney bar suppressed. It is not surprising to find this offense rated much the same as illegal sell-

ing of liquor, and in British Columbia and Alberta the penalties are the same whilst in Saskatchewan for "keeping near-beer with soft drinks" the penalty is $100 to $400 (or in default, 2 months) for a first offense. In the Yukon Territory the sale was prohibited, upon the control system taking effect, with a penalty of $50 to $100.

In Ontario the problem was somewhat different. There an experiment had been tried in 1924 of amending the Ontario Temperance Act to provide for the sale of "4.4 beer" (2.5 per cent alcohol by volume) to satisfy the demand for beer by the glass in licenced premises. In a debate on the introduction of this charge the Hon. Attorney General stated, "the contemplated legislation raises the legislative standard from 2.5 proof spirit content to 2.5 alcoholic content by volume, that is 4.4 proof spirit," and after exhaustively reviewing the expert opinions on the degree of alcoholic strength conducive to intoxication said, "I can reach no other conclusion than that of some redress, some easing, is not given with reference to the Ontario Temperance Act, the Act, much to my regret, would be doomed to extinction." (*Nickle.*)

It is quite fresh in the minds of those who have followed the control movement how prophetic these words were and how obviously the 4.4 beer failed to afford the easing he spoke of.

Continuation of these premises is provided for in the new liquor act, under licence from the Commission, and subject to such regulations as the Commission may impose governing their operation. The licencing of standard hotels for non-intoxicating drinks, which has been more fully described in a preceding chapter, is plainly intended to cure the situation which would be created by the inclusion of near-beer with non-intoxicating beverages in unlicenced hotels and houses of entertainments.

As an attractive non-intoxicating beverage near-beer makes a slight appeal. Its inclusion in the statute books has been occasioned by the misuses to which the sale of it has led, and it appears to have been definitely relegated to the background, and hall-marked as a recognized subterfuge.

It shows that the near-beer movement which followed the

suppression of the open bar—and this is an important lesson —owed its popularity more to the survival of the environment with the usual lunch counters and other conveniences, than to the quality of the actual beverage sold. And the licencees as a whole derived a sufficiently good return from the patronage it drew, to prevent their risking the illicit sale of hard liquor which would jeopardize the licence.

It demonstrates that the main obstacle to law observance hinges on the objection to publicity in drinking, as weighed against the assistance which regulatory efforts receive from that very publicity which collective drinking affords.

Certainly it is true that detection of back-room drinking is difficult and the back-room soon becomes a club or miniature bar, whereas when numbers prevail and the accommodation is in a place of free entry, surveillance becomes at once easy and possible. In other words curtailment of the gregarious and sociable instincts (to which if blameworthy in this matter succeeding generations have by habit and custom become inured) immediately provokes recourse to other methods when such aggregation is disintegrated into smaller units.

Enforcement difficulties become greater necessitating the introduction of espionage, and surrounding the individual citizen with much the same suspicion as is applied to the ordinary house-breaker or thief.

The bar with its noisy throng and alluring service; with the kind faced bar-tenders and their wiles, was certainly repugnant to all serious-minded reformers, but in a zealous effort to emancipate its frequenters the immediate necessity of some suitable substitute was not met, and the inevitable rise of the big and little bootlegger to the position of a trader—and the universal acceptance of his position as such—has been vividly portrayed in the last seven years.

We have seen that on-licences are confined to the sale of beer and wine—the latter in Quebec and Newfoundland only —and that the premises licenced do not necessarily compare with the former innkeeper's licence, nor to the retail licences issued to clubs in other countries.

The insistence with which the Quebec Commission has endeavored to raise the whole standard of hotel management

and service, as part of the Commission's duties, has also been referred to. In the West where the sale of beer only is allowed and restaurant licences are not granted, the problem of standardization has been somewhat different.

Of necessity, the equipment for serving beer; the style of premises suitable for the class of trade anticipated; and the convenience of the travelling public; could best be catered to in existing standard hotels, and by tacit consent the old bar premises were utilized. The remodelling called for considerable alterations; freer observation of the patrons; seating accommodation in restaurant fashion; and the screening in of the service-bar, with sufficient floor-space to accommodate large numbers constantly coming and going.

An excerpt of the British Columbia regulations setting out "the conditions, accommodations, and qualifications requisite for a beer licence" is shown as an appendix and illustrates in a sufficiently comprehensive manner the Commission's requirements.

A disturbing question arose over serving women. Though by no means a new problem this difficulty was aggravated by the rights which had been conceded through their enfranchisement, and, in the down-town districts of sea-port and other large towns, bristled with difficulties.

In the large cities the hotel men readily recognized the associated evils which encouragement of this class of trade would bring and in the West, after a futile attempt at segregation in the licenced premises, elected to serve men only.

Times however had changed since the bar-room days. The freer intermingling of the sexes; the great influx of touring automobiles and the tourist trade; the dancing craze with increased cabaret and restaurant parties; had all added their quota to the altered view-point. The matter drifted back to segregation, and separate service for women, either together or escorted, with usually a somewhat more attractively decorated part of the premises set apart for their use.

In Vancouver the suspension of a licence for permitting drunkenness on the premises, which, however, the proprietor alleged was due to his taking the initiative in readmitting women, led to mandamus proceedings for the return of the

licence. The action of the Commission was sustained by the court, the Chief Justice giving an interesting opinion that the licence as constituted by the Statute was only a privilege and not a right; and that the powers of the Commission were quite arbitrary as to its continuance.

This same matter had attracted attention in England during the war-time Carlisle experiment, conducted by the Central Control (Liquor traffic) Board where a Committee of Inquiry into the number of women frequenting public houses in Birmingham found that there was "no evidence that any great number of these women were drinking to excess or that munition work was being materially delayed or interfered with on this account" and the investigation showed that the inference of increasing intemperance was unfounded.

As pointed out in a discussion of this subject: "Over and over again the practice of women frequenting public-houses has been deplored as a new thing formerly unknown" (Shadwell), whereas this has never been the case in countries where licencing has been practised, licences very often being granted to females, and in Europe and other parts of the Empire the "bar-maid" has been little short of an institution. On this Continent however the exclusion of female service has been maintained, though the exclusion of women as customers which involves the threadbare question of class distinction, the contrast of urban and rural environment, and the social proprietariness of their admission, has yet to be settled.

The question has more recently been dealt with in the Report of the Committee on the Disinterested Management of Public Houses, presented to the Imperial Parliament in May 1927.

The Committee which was required to "consider the several systems of disinterested management of public houses which have been put into practice, whether in connection with private enterprise or otherwise" points out that "it was impossible to disassociate disinterested management and the improvement of public houses from the wide and controversial issues of the liquor problem in general" (Southbourne), and considerable analogy is afforded from its findings to the issues before the Canadian Commissions.

A paragraph (41) entitled "Separate accommodation for women" explains that "the alternatives before State Management were either to exclude women altogether from its houses or to provide rooms available for men and women or to make separate provision for women, and it was decided to adopt the latter course."

The experience gained in Carlisle may not be entirely applicable. It is obvious however that this state management experiment, which perhaps has been more condemned than praised in Great Britain,[1] has been governed by many of the reformatory ideas upon which the control system is built, though a more advanced programme has been displayed in the encouragement of amusement, recreation, and sale of food as part of the operation of the licenced premises.

"The policy," the report states, "followed in the improvement of houses has been to abolish snug-bars and passages, to give as much air, space and light as possible, to give greater facilities for supervision both of the customer and the staff, by the manager . . . and to get rid of the suggestion that the house is a place for drinking only, by providing for the sale of food, for games, music, and other recreation or for sit-down instead of stand-up drinking. Advertisement of liquor on the outside of houses has been abolished and the exterior of the ordinary public house has been replaced by a quieter scheme of decoration."

### *Clubs*

The return to licencing under the direction of the Commission in the Provinces of Quebec, Alberta, British Columbia and the Yukon inevitably raised the question of licencing registered clubs.

In Alberta provision was made for a licence to sell beer only, no other liquor being permitted on the premises. The Quebec Act in addition to granting club licences for the sale of beer and wine at meals, empowered the Commission to licence a club "to keep alcoholic liquor belonging to the members of the club." This precedent in club licencing was later

[1] Cf. A Liquor Control Board in Being, *Rabalac Fortnightly Review*, May, 1925.

followed by British Columbia where considerable conflict had occurred between the Commission and the service organizations and other clubs whose members exercized the right of private importation. Considerable difficulty too had been experienced with the mushroom growth of proprietary clubs which operated as concealed bars.

By an amendment to the act (1923) provision was made for granting a club licence "entitling each member of the club to keep on the premises a reasonable quantity of liquor for personal consumption on the premises." This was implemented by a regulation in which the Commission sought to treat the clubs upon the same footing as other licenced premises in the matter of hours for drinking, elimination of the service-bar, and service charges, and limitation of charges for locker dues. The object being to prevent the operation of clubs purely for gain.

In according the right to consume liquor on club premises the varied interests and objectives of the different organizations claimed consideration. The Commission required to be satisfied as to the legitimate revenue resources of the club whilst the usual conditions were imposed as to the *bona fides* of membership, guests, etc., the club being required to furnish annual returns of a balance sheet and profit and loss account, a list of the officers and servants of the club and the regulations prescribed other facilities for checking and inspecting the club's actions.

As in the case of other licencees the club has no legal claim or vested right to demand a renewal of the licence, and as the act specifically makes an unlicenced club "a public place" so far as the consumption or possession of liquor is concerned (*B. C. Act, Sec.* 49) the suspension or forfeiture of the licence is a serious risk.

The use of liquor in clubs at all times presents an embarrassing question for law enforcement. Opportunities are numerous for secret selling, combined excessive purchasing, unobserved inclusion of non-members, and the tendency to drift into a proprietary type. Irregularities in the observance of hours, Sunday drinking, and other opportunities for petty evasions where the club is shielded from publicity, gives much

annoyance to those not equally privileged by a club membership.

The provinces of New Brunswick, Ontario (as did Manitoba under the first control act), limit the possession and consumption of liquor to the residence in which the purchaser resides, except as otherwise provided by the Act and Regulations, and a broad definition of the word "residence" includes in the two first-named provinces a private guest room in a club. In Manitoba the use of liquor in a club was not permitted until the new law of 1928.

The licencing statistics for England and Wales afford an interesting comparison where a decrease in "on-licenses" of some 3,500 since the year 1919 has been marked by a corresponding increase of a similar amount of club licenses. From this it may be inferred that diminishing the opportunities for public drinking encourages the patronage of the semi-private drinking clubs which negatives proper supervision of the consumption of intoxicants.

There is little doubt that the present form of control of the liquor trade necessitates some method of subjecting all clubs to restrictions similar to those imposed upon other licenced premises, more particularly in the registration and admittance of new clubs to licencing privileges.

Stripped of all embroidering excuses and with due allowance for a certain amount of venalities incidental to the business, for which the punishment is cognate to, but never fits the crime, the fact remains that liquor law observance will always be determined for the most part by the freedom and publicity —or the converse—which the trade enjoys.

## *CHAPTER VIII*

# TAXATION

### FEDERAL AND PROVINCIAL TAXATION

THE raising of money by any mode or system of taxation is included in the exclusive legislative authority of the Parliament of Canada, and the provinces therefore have no say in the matter of customs duties, excise, and sales tax. These tariffs however have a very decided influence upon the Commission's business, and the upward movement of these imposts in all countries, especially since the conclusion of the European War is common knowledge.

In the Dominion the big jump in duties and excise occurred in 1921, coinciding with the declared intention of Quebec and British Columbia to experiment in government control. The duty on imported liquor was doubled, raising it to $10.00 a proof gallon at which figure it still stands, and the excise duty on alcohol was increased to $9.00 per proof gallon based on actual measurement and strength to correspond with the customs increase.

Sales tax, an additional levy which had been originated during the war, stood at this time at 5 per cent of the duty paid value of the merchandise, and has since varied between 6 per cent and 4 per cent at which figure it now stands.

The history of the revenue from customs and excise since Confederation is illuminating more especially as this matter is interlocking with the demands by the provinces for increased Dominion grants, more commonly described as "better terms."

For the purpose of briefly illustrating the changes which have occurred in the thirty years which have elapsed since the national referendum on prohibition (1898) the years 1901, 1914, 1918, and 1927 have been selected.

These years broadly speaking mark the period of expansion and increasing population prior to the war; the war-time period in which total prohibition became effective in several of the provinces; the three succeeding years of readjustment; and the past seven years which have witnessed the swing to government control.

On spirits the customs duties, which in 1914 were $2.40 per proof gallon, were increased in 1918 by the luxury tax (a special war measure) bringing the duty up to $5.00 per proof gallon. In 1921 this duty was doubled, or rather the luxury tax was abolished and the customs duty raised to $10.00 per proof gallon with a 15 u.p. allowance. By an amendment to the Inland Revenue Act the excise duty was at the same time raised from $4.60 to $9.00 per proof gallon to correspond to the customs increase.

Some statistics of a general nature relating to these years will be of interest at this point, as a considerable portion of the customs and excise duties have at all times been derived from the taxation of alcoholic beverages.

TABLE X

REVENUE AND LIQUOR TAXATION

| | Total Revenue from Customs and Excise | Amount Collected on Spirits | Tariff Rates |
|---|---|---|---|
| 1869 (Population, census 1871, 3,689,257) | $11,106,016 | C. $812,417<br>E. 1,769,958 | C. $0.80 per proof gal.<br>E. 0.63 per wine gal. |
| 1901 (Population, census 1901, 5,371,315) | 39,530,844 | C. 3,263,079<br>E. 5,180,775 | C. 2.40 per proof gal.<br>E. 1.90 per proof gal. |
| 1914 (Population, census 1911, 7,206,643) | 128,669,446 | C. 8,916,822<br>E. 9,038,028 | C. 2.40 per proof gal.<br>E. 2.40 per proof gal. |
| 1918 (Population, census 1921, 8,788,483) | 188,606,910 | C. 3,573,296<br>E. 11,486,526 | C. 3.00 per proof gal.<br>E. 2.40 per proof gal. |
| 1927 (Population, estimated, 1925, 9,364,200) | 208,105,171 | C. 15,365,435<br>E. 12,632,267 | C. 10.00 per proof gal.<br>E. 9.00 per proof gal. |

At the Inter-Provincial Conferences of the representatives of the provinces, which from 1887 to 1913 were held at intervals of every three or four years, and which were continued in 1918 and 1926 and 1927, the original bargain between the provinces and the Dominion fixing the federal subsidies to the provinces has been continuously debated in an effort to obtain better terms. The importance of the revenue from customs and excise and the unexpected increases therefrom have led the provincial representatives to restate on these occasions the actual basis of the subsidy agreement in the hope of securing a revision of the financial basis upon which the Union of the Provinces was effected.

In arranging the terms of Confederation, the Union Act—the result of the Quebec Conference—and subsequent enactments, provided for the maintenance of the governments of the provinces by a specific subsidy of 80 cents per head based on the census of 1861 with a grant in the aggregate of $260,000 for civil government and legislation, the provinces being permitted to raise such additional revenue from Crown lands, tavern licences, and other minor sources as they deemed necessary by direct taxation.

It is claimed that this subsidy was granted to the provinces in consideration of the transfer to the Central Government of their customs and excise duties—surrendered at Confederation—amounting to $11,580,968 in *lieu* of which they received $2,227,942.

By 1913 the revenue from customs and excise had grown to $133,212,000 of which the provinces only received $10,281,000, and at these conferences the demand was made for an additional subsidy equal to 10 per cent of these duties from year to year. There was also the repeated request that an award should be made to the Provincial Governments of an amount sufficient to meet the costs of the administration of Criminal Justice.

This question plainly would be affected by the ebb and flow in liquor manufacture and importation and the duties from time to time imposed. The conference of 1918 coincided with a prohibitory period, and no reference to the question is made in the printed reports of the meeting, but at the

(June) 1926 conference when the control experiment had been spreading across the Dominion and the export business had been a contributory cause of local and costly enforcement, the matter was again tabled from a somewhat different angle.

In the interval the Commissioners administrating the liquor acts of the four western provinces had conducted meetings among themselves with a view to mutual co-operation and alignment of policy, and had announced to the Press in a résumé of their meeting in Calgary[1] in the early part of the same year that "the question of the existing customs and excise duties and sales tax on liquors was also discussed and it was shown that the taxes on liquors paid by the Provinces to the Federal Government, exceed the net profits of the several Commissions."

Subsequently at the Inter-Provincial Conference (1926) a resolution introduced by the Attorney General for Manitoba was approved, which disassociated the argument for reduced taxes from the former grounds and rested it upon the new facts that (1) all the Provinces of Canada have some form of government sale of all wines and spirits, the necessary enforcement of which involves much expenditure; (2) the duties and sales tax make the cost excessive; (3) the amounts so levied exceed the provincial profits; (4) the provinces bear all the responsibility of the government sale of liquor.

In the preamble to the resolution it was further argued that: to protect government sale a preference should be given to the use of Canadian-made wine and spirits; and to assist Provincial Government Commissions or authorities to reduce the cost of wines and spirits when bought in a legal manner, the duties should be reduced.

It was suggested that such reductions should be applicable only to the governments of the provinces in which the principle of government sale prevails, and provide for a reduction in the present duties of one-third on Canadian-made wines and spirits sold to provincial governments and one-half on wines and spirits imported by provincial governments.

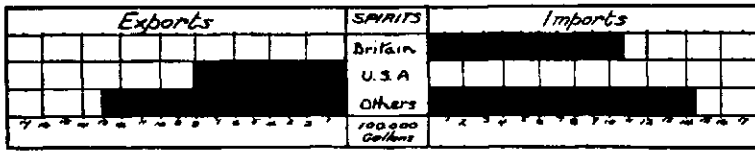
[1] The *Calgary Albertan*, February 13, 1926, reported the Conference of the Commissioners of British Columbia, Alberta, Saskatchewan, and Manitoba.

These changes it was argued would tend to eliminate the present incentive to illicit manufacture and assist in enforcement of liquor laws. The secretary to the meeting was authorized to transmit this resolution to the Dominion Government (Inter-Provincial Conference Report). Some months prior to this, the Dominion Government had been receiving information on this matter from a different source. A special committee of the House of Commons appointed to investigate the administration of the Department of Customs and Excise had presented their third and final report,[1] stating that the matters referred to it by the order of reference could not be completely reviewed, and that the report was incomplete and suggestive rather than final.

In the matter of evasion of duties on liquor, attention was drawn to the incentive caused by the adoption in the United States of the Eighteenth Amendment and the opportunity through mass production in that country of the corresponding incentive to import illegally such products into Canada, the acceptance of false landing certificates to obtain cancellation of bonds given for foreign export of cargoes cleared ostensibly for a foreign port but in reality sailing to "rum-rows"; and the strong presumption that some proportion of such liquor was finding its way back into Canada for consumption.

This Committee recommended that "excise and sales tax be levied on all Canadian-made intoxicating liquors released from bond, no matter where they are carried and consumed, and that duty and sales tax be levied on all alcoholic liquors entering Canada, whether in bond or otherwise, irrespective of their ultimate destination."

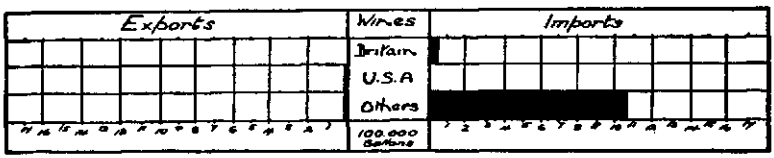
QUANTITY OF LIQUOR (DISTILLED)
EXPORTED FROM AND IMPORTED TO CANADA (1926)




[1] February 5, 1926. Journals of the House of Commons of Canada, 16 and 17, Geo. 5. Session, 1926.

QUANTITY OF LIQUOR (FERMENTED)

EXPORTED FROM AND IMPORTED TO CANADA (1926)




Following this report a Royal Commission was appointed and an exhaustive inquiry was conducted from the Atlantic to the Pacific. At all points where this Commission held sittings the provincial governments took the opportunity to press the outstanding difficulties of the Liquor Commissions, in which the excessive duties were stressed. Dealing generally with the question of smuggling, the Royal Commission in its final report submitted the case in the following terms:

"In seeking a cause for smuggling of liquor on such an extensive scale as we found to exist, we had evidence presented to us which indicated that one of the reasons was the present high price of liquor in Canada, owing to some extent to the high Customs tariff on imported liquor and the high excise duty on liquor manufactured in Canada.

"The incentive to the smuggling of liquor is the possibility of very large profits to the smuggler. This is possible because of the great difference in price between liquor legally manufactured or imported and that smuggled. This difference in price is due to a material degree to the high tariff on imported liquors and the high excise duties on liquors manufactured in Canada—the Customs duty being $10 per gallon while the excise duty is $9 per gallon. It may well be that with the profit to the smuggler substantially reduced, he will be loath to take the risks incidental to his operations.

"As the sale of liquor in Canada is largely, if not altogether, in the hands of the various liquor boards of the provinces, the full benefit of a reduction could not be realised unless with the cooperation of the provincial authorities.

"At the present liquors exported to a foreign country are exempt from excise and sales tax, and there has been evidence adduced before us showing that considerable quantities of liquors alleged to be for export to foreign countries were in point of fact smuggled back into Canada. This condition offers another inducement to the smuggler, and we have elsewhere suggested that these taxes be imposed.

"Another result of the present high price of liquor is seen in the somewhat prevalent practice of illicit manufacture of same."

The amounts paid by the provinces in liquor taxes as disclosed by the official reports are shown to be greater in some cases than the profits from the business, and attention has been directed with detailed examples to the manner in which these taxes are computed. (*Que.* 2; *Alta.* 2.) The Quebec Commission points out in dealing with the sales tax that "the sales tax is levied not merely on the initial cost of the goods, but on the cost of such goods plus Customs duty;" so that where an excise tax is charged for local consumption in the country of origin, "the sales tax is computed on the cost of the goods at the distillery abroad, plus the Customs duty, and also plus the excise tax in the country of origin" and, having analyzed the customs, excise, and sales taxes, concludes with the statement, "we make no formal objection against either the imposition of this tax or the rate at which it is assessed; our only purpose is that the public should be well-posted on this point." (*Que.* 3.)

For the year (1926), the amounts paid to the Federal Government as compared with the net profits from all sources were:

TABLE XI

| Comparison of Taxation with Profits | | |
|---|---|---|
| | Duties, Excise, and Sales Tax (To Dominion) | Net (To Province) |
| Quebec | $7,276,085 | $5,546,490 |
| Manitoba | 1,240,146 | 1,063,634 |
| Saskatchewan | 1,686,519 | 1,897,758 |
| Alberta | 1,353,044 | 1,803,552 |
| British Columbia | 2,946,560 | 3,331,934 |

As the Commission's business is without competition there may not be much merit in the comparison other than to emphasize the relative amounts accruing to the Federal and Provincial Governments from the liquor business. The case of

Newfoundland however is different. There the Customs duties and excise amounting for the same year to $450,000 and the net profits of $395,675 are both eventually absorbed into the general revenue of the colony.

Canada benefits from certain commercial treaties, and the British Preferential Tariff applies to the goods manufactured in certain British countries. An excerpt of the Canadian Customs Tariff is given in the Appendices.

It is of interest to refer to the situation in Great Britain where owing to the high duty on spirits a greatly increased consumption of wine, in which empire-wines are participating, has taken place in the past few years.

Since the pre-war period the excise duty on spirits in Great Britain has been increased five-fold, viz.:

| | 1914 | 1918 | 1919 | 1920 |
|---|---|---|---|---|
| Per proof gallon.... | 14*s.* 9*d.* | 30*s.* | 50*s.* | 72*s.* 6*d.* |

The duty has remained at the last mentioned figure to date and represents $17.60 per proof gallon.

*The Wine and Spirit Trade Record* commenting editorially says, "The Budget, 1927, furthermore obviously favors imports into this country of colonial wines, but what has it done by way of assisting exports say of whiskey, from the United Kingdom to wine-producing and other countries? . . . As everybody knows, the Chancellor of the Exchequer was unable to announce any reduction in the duty on spirits, the high rate of which has long since seriously impeded the sales of whiskey."

And after further deploring the reduced consumption abroad proceeds with "naturally, with the successful establishment of new distilleries in the actual territory of our principal whiskey customers (Australia and Canada for example) the trade figures as concerns such countries must necessarily undergo eventual modification. With the duty on imported spirits standing at, we believe, 45*s.* in South Africa, 35*s.* in Australia, 36*s.* in New Zealand, and 40*s.* in Canada, we may expect to see further developments in the way of overseas distilleries. And this in spite of the fact that in at least two of

the countries named the United Kingdom is a good customer for their wines."

The price lists of the Commission bear out these statements. For example, price list no. 4 of the Saskatchewan Commission, issued in June of this year, enumerate 27 imported brands of Scotch followed by a separate heading Scotch Whisky Type, under which are listed the products of four Canadian distilleries.

Arising out of certain test cases "a Royal Commission on whisky and other potable spirits" was appointed in 1908, by the Imperial Parliament. In an interim report presented by the Royal Commission in the same year certain conclusions were given, viz.:

(a) That no restrictions should be placed upon the processes of, or apparatus used in the distillation of any spirit to which the term "whisky" may be applied as a trade description.

(b) That the term whisky having been recognized in the past as applicable to a potable spirit manufactured from (1) malt, or (2) malt and unmalted barley or other cereals, the application of the term "whisky" should not be denied to the product manufactured from such materials.

In their final report in the following year the Royal Commission dealt exhaustively with the question of attaching special significance to particular designations such as "Scotch Whiskey" and "Irish Whiskey" and of placing restrictions upon the use of such designations as trade descriptions.

The conflicting definitions suggested by witnesses appeared to be based on different assertions of principle as to the limitations to be imposed on the use of the word "whiskey" if the process of manufacture should determine its meaning, as the Commission states, "There was also the further question of the meaning attaching to "Irish" and "Scotch," and whether the definitions give these terms a geographical meaning, and that the materials used must be indigenous to Ireland and Scotland, or whether such definitions are descriptive only of the character, taste, flavor, etc., wherever manufactured."

Apart from competition of other countries, there are limits to the safe taxation of spirits, the too heavy imposition on

which creates illicit distillation and consumption, and evils akin to those brought about by too drastic restraint. (*Shadwell.*)

The question of wines is different. Empire wines are finding an increasing demand in Great Britain in which Canada should share, and the acceptance of native wines by the public which the Commissions' sales show, indicates that they will obtain a footing in the market in which at present Australia and South Africa predominate.

The vineyards in Ontario occupy some ten thousand acres with a gallonage production of over eight millions, and the new industry of loganberry wine has found a market in the other western provinces besides British Columbia, in which alone the climatic conditions are suitable for its production.

There remains as in the case of whisky the questionable procedure of utilizing European nomenclature for empire-grown wines and in reviewing the difficulties of the same dilemma in the use of the word "port" the opinion of the Director of the Commonwealth Laboratory (Australia) published in the *Victoria Geograprical Journal* of May, 1919, is interesting: "Nothing short," he writes, "of the complete abandonment of European geographical wine names will meet the Australian needs and save us from international discredit. . . . This reform in the nomenclature must be carried out if we desire to assure the future prosperity of our Australian wine industry."

The duty on wines has always been marked by a determining line of the degrees of alcoholic strength of proof spirits, and preferential treatment can be afforded in this manner to empire wines, which, as opposed to wines requiring to be "fortified," develop a higher natural alcoholic strength.

In British Columbia the right to import liquor for personal use was not revoked by the introduction of government control but provision was made in the Government Liquor Act for immediate declaration by the party in possession and the imposition of a tax equal to the profit which would have accrued to the Government if the liquor had been purchased from a government liquor store. To this tax an additional 10 per cent of the tax amount was also added.

The general order of the Commission providing for the rate

of tax, promulgated in 1921, was quickly tested on the grounds that the power to impose this tax was *ultra vires*.[1] The Court of Appeal however sustained the trial judge who held that it was within the power of the Provincial Legislature to impose a tax in the manner prescribed on liquor in possession not purchased from a government store.

[1] Court of Appeal, B.C., Little *v.* Attorney General, March, 1922.

## *CHAPTER IX*

# SURPLUS REVENUE

### THE PROFITS AND THEIR DISTRIBUTION

IT IS no longer unusual for governments to participate in profit-making and profit-sharing undertakings—in itself but a phase of nationalization—and some historical interest is attached to the arguments advanced at each successive appeal for a trial of the control system.

Ontario recently has afforded an interesting illustration in this respect, being very much in the public eye, that is to say, the North American eye, and having been to Canada in the past what Maine has been to the United States in matters of liquor reform.

In this province the proposal was submitted to the electorate (Dec. 1926) as the direct policy of a government appealing for a continuation in office, instead of by referendum to the people, although this very issue had been rejected at a plebiscite held two years previously. An affirmative vote of some sixty to forty favored its trial and returned a government pledged to introduce a measure of temperance reform consistent with the sale of liquor for beverage purposes, to be modelled upon a system, the feasibility of which has been demonstrated in other parts of the Dominion.

Whatever other inducements may have entered into the controversies which this policy aroused, in a province whose vineyards and distilleries had played an important economic part, the prospects of profits for the use of the province unquestionably contributed towards convincing both rural and urban voters that the system could be advantageously employed to assist the financial expediencies common to all Provincial Treasurers in their efforts to balance the yearly budget.

In an address to his constituents, printed subsequently as a formal government pronouncement, the Premier-elect directed his appeal in the following words:

"Do you not think," he said, "it would be better, where the demand exists and there is a determination to secure liquor at any cost, that we should face the problem squarely and direct the supply necessary to meet this demand through recognised and properly controlled channels in the open, and that the profits now enriching the dealers should be made available for public uses and the reduction of taxation in Ontario."

Here was the situation clearly and concisely postulated. Eradication of the bar and the general licencing measures had only been replaced by illicit selling and defective enforcement. The demand, still present, had been met illegally by the bootlegger, and legally through the subterfuge of medical necessity. Plainly the demand had not abated as prescription sales were running over five million dollars a year; the spirit of law-resistance had become an increasing menace; the very boldness of this attitude had been exhibited when an attempt to collect income tax from a notorious bootlegger had been brazenly defied until settled by the Privy Council.

Small wonder that the Ontario leader urged that the problem be "faced squarely." Then, too, liquor legislation makes strange bedfellows. Geographically the sale of liquor in Ontario involved a problem with deeper significance than that inferred in the laconic question of "wet or dry." With her southern boundary contiguous to a rich and densely populated industrial area under a dry regime; with her immediate neighbors to the east and west reaping the economic benefits of state control; with the experience of both movements before her; it was inevitable that fluctuating opinion would crystalize into a concrete attempt to control and exercise provincial rights in a manner advantageous to the province.

The official bulletins issued by the liquor Commissions of other provinces had disclosed not only a large and unvarying volume of business, freed in the matter of competition as no private venture could be, but an assurance of profits forming no inconsiderable portion of the total provincial revenues. For example take the figures from the reports for the fiscal year

1925–26 as illustrating the trading returns for a normal period.

TABLE XII

| Trading Profits for the Fiscal Year 1925–26 | | |
|---|---|---|
| | Sales of Liquor | Net Trading Profit |
| Quebec | $19,018,299 | $4,421,335 |
| British Columbia | 13,434,345* | 3,209,011 |
| Saskatchewan | 7,812,675† | 2,067,040 |
| Alberta | 4,268,586 | 1,345,575 |
| Manitoba | 3,745,377 | 996,166 |
| Total | $48,279,282 | $12,039,127 |

* Including sales of beer—ex-stores ..... $3,595,001
to Licencees .. 1,966,629 $5,561,630

† Including sales of beer—ex stores ..... 3,001,124

In these figures the sales of beer are included in the Provinces of Saskatchewan and British Columbia only, and in comparing the trading results it is necessary to take into account the amount of royalty which the other provinces collected in the same period, forming a considerable addition to the net income, viz.:

| | |
|---|---|
| Quebec | $878,477 |
| Manitoba | 262,099 |
| Alberta | 474,190 |

Some variation occurs in the allocation of revenue received from fines, seizures, and confiscations, though this additional income is, where included in the Commissions' accounts, partially offset by cost of administration and law enforcement.

The actual net profits from all liquor sources for the fiscal year 1925–26 as set out in these reports [1] were:

| | |
|---|---|
| Quebec | $5,796,490 |
| British Columbia | 3,331,934 |
| Saskatchewan | 1,897,758 |
| Alberta | 1,803,552 |
| Manitoba | 1,315,185 |

[1] Cf. net profits under the Stockholm (Bratt) system 1924. Kroner 8,508,184.02 (approx. $2,300,000).

Such are the figures selected from a representative year to illustrate the ratio of business to profit.[1] It may well be asked in passing what would be the effect in the United States if Senate Joint Resolution No. 85 should succeed and a similar system of sale inaugurated in those densely populated states which favor a return to even a modified form of beverage consumption. (*Appendix.*)

Before proceeding to an analysis of the manner in which these profits are distributed it is necessary to refer briefly to the encroachments in taxation which have accompanied the introduction of state control, though this has been more fully dealt with elsewhere. (*Taxation Chapter.*)

The Federal Government realizing the opportunity for increased revenue raised the duty on imported liquor concurrently with the inauguration of the system in 1921. This greatly increased the cost to the local consumer who pays on whisky approximately $1.64 per reputed quart to the Federal Government for Customs, Excise, and Sales Tax. The Quebec Commission emphasizes the amount paid to the Federal Government stating that during the years 1921–26, "out of a total operating revenue $91,630,242, the Federal Government has levied the sum of $33,068,973 or 36% in Customs, Excise and Sales Tax." (*Que.* 5.)

The British Columbia Government attacked the right of the Federal Government to impose duties upon the liquors imported by it for sale in the government stores, seeking to establish exemption from federal taxation under Section 125 of the British North American Act,[2] but an appeal from the judgment of the Supreme Court of Canada affirming a judgment of the Dominion Court of Exchequer was dismissed by

[1] At the Jubilee dinner (May 12, 1927), of the Distillers Company Limited, the Managing Director is quoted as saying, "they [The Distillers Company Limited] were now in a position to place their knowledge and skill at the service of other Empire countries far beyond the area of the British Isles, and substantial interests had already been acquired in Canada and far away Australia as evidence of their Imperial spirit."

The report of the associate Company Buchanan-Dewar Ltd. showed a net profit for the year ending March 31, 1927 of £1,155,563.

—*Harper's Wine and Spirit Gazette*, May 28, 1927.

[2] Liquor imported for the Commission is consigned to "His Majesty the King in right of his Province of . . ."

the Privy Council (1923), which affirmed the judgment of the Supreme Court of Canada.

The financial arrangements for the Commission's business follow a general procedure of providing for working capital by advances, together with loans at banks approved by the Provincial Treasurers. Such advances are made either as direct payments from the Consolidated Revenue Fund or by way of Treasury Bills and in either case are interest-bearing for such time as the monies are required.

Provision is made for annual or semi-annual audit of the Commission's books either by the Comptroller General of the province or by some firm appointed by the Government, and for the presentation of a balance sheet and profit and loss account to the Legislature when in Session, or within fifteen days after the opening of the succeeding Session.

Declaratory clauses recite that "all monies acquired whether real or personal and all monies acquired, administered, possessed, or received by the Commission and all profits earned by it shall be the property of the Government" or words of like effect, though some variations occur in the method of dealing with the revenue collected.

In those provinces where the purchase of liquor is by "permit" the fees received from the sale of permits are expressly excluded from the general revenues of the Commission, and are paid direct to the Government.

Other sources of income incidental to the Commission's business such as licence fees are included in the Commission's accounts. The proceeds from fines and seizures are determined by whatever statutory disposition is imposed, the local municipal authorities sharing *pari passu* with the Commission on the basis of work performed.

Ample protection is afforded to the Legislatures for a proper consideration of the Commissions' affairs the supervision of which is assured by the auditing departments and the official reports on the general conduct of the business.

The distribution of the profits, annually or semi-annually, rests with the Government in the manner indicated by the statutes.

*Quebec:* A résumé is given in each annual report of the

amounts which have been turned over to the Provincial Government or expended on its behalf for capital account. In the five years—1921–1926—the net operating profits amounted to $19,161,365 with an additional amount of $6,452,351, from licences and seizures. From this total ($25,613,716) there has been set aside annually for reserves of working capital and insurance sums which have accumulated to $2,000,000 for the former account and $4,000,000 for insurance, the rest having been turned over to the Provincial Government and totaling over twenty-three millions.

*Ontario:* The fiscal year is set for the 31st day of October in each year. A reserve fund is to be created from the profits and the Commission's receipts from all sources are subject to a monthly checking and auditing by the Provincial Auditors Department.

All the net profits are to be paid into the Consolidated Revenue Fund and the statute makes no prearrangement as to the disposal of the same.

*Manitoba:* The statute requires a reserve fund to be established "to meet any loss connected with the administration of the act or through repeal of the statute, and for the cost of referendums." The net profits are divisible in the proportion of 50 per cent to the Consolidated Revenue Fund for the public service, and 50 per cent to the municipalities based on an equalized assessment.

*Saskatchewan:* There is no declared arrangement for distributing the profits. Provision is made for deducting the cost of introducing the system and subsequent plebiscites as well as all expenditures incurred in carrying out and enforcing the act, together with other expenditures as may be approved by the Government Treasury Board, including the establishment of a Reserve Fund "to meet any loss that may be incurred by the Board in case the system or any store shall be discontinued." From the profits remaining the Commission is required, upon demand from the Provincial Treasurer to pay such amounts as he deems fit for deposit in the Consolidated Revenue Fund.

*Alberta:* After the deduction of an amount for a reserve fund, the purposes of which are the same as described in the

Manitoba Act, the net profits are to be paid into the General Revenue Fund of the province.

*British Columbia:* The Government Liquor Act of this province provides for a more elaborate scheme of distribution. The cost of plebiscites is chargeable to the Commission under a separate measure known as the "Liquor-control Plebiscites Act" and such disbursements therefore appear in the ordinary working accounts. A Reserve Fund is to be created taking precedence of other distributions "to meet any loss that may be incurred by the Government in connection with the administration of the Act or by reason of its repeal." By a later amendment, a further deduction ranking equally with the reserve fund, was attached, providing for payment of a sum necessary to cover the expenditure incurred in the administration of the "Mothers' Pension Act."

Distribution of the net profits remaining, is made upon the basis of 50 per cent to the Consolidated Revenue Fund for the public service; 15 per cent to be paid into the same fund, but earmarked for distribution to hospitals upon vouchers approved by the Provincial Secretary; and 35 per cent to the municipalities appropriated on the basis of school attendance.

The British Columbia Government under the described arrangement has allotted the profits for the first five years in the undermentioned manner:

TABLE XIII

| Net Profits (1921–1926) | Distribution | | | | |
|---|---|---|---|---|---|
| | Reserve | Mothers' Pension | Municipalities | Hospitals | Consol Revenue |
| $13,156,500 | $740,568 | $781,344 | $4,465,567 | $1,351,727 | $5,817,294 |

In all these provincial laws it is clear that the use of the word "profits" and the arrangement for their distribution, presupposes—as monopoly must—that some financial gains are assured, and that no serious losses will be incurred, other than through repeal of the statute, against which contingency a reserve fund is established.

As the selling prices to the public are fixed with a clear knowledge of the probable overhead cost of the business, and as the Commission conducts the same without competition, a margin of profit commensurate with ordinary trading is quite certain to result. Whilst this has not been abused it must be remembered that were the statute in any sense capable of being construed as a revenue act it would trench upon the federal field, and its authority therefore rests entirely upon the necessity of controlling the liquor traffic, the profits being merely such as would be incidental to the ordinary management of a like business.

The use of the word profits is perhaps somewhat of a misnomer and as such likely to give the impression that the trading features are allowed to overshadow the real purpose of this legislation. In reality it is used to indicate what is really a predetermined surplus over expenditure and into which the element of ordinary government revenue largely enters—for there is a contribution of considerable magnitude from licence and permit fees which are clearly co-related, and a partnership with the municipalities which in some cases has been prearranged.

Certainly the State has entered upon a business which all Treasury Officials will be loath to relinquish, particularly at a time when recuperation from strained post-war financing is urgent, and when any fresh avenue of indirect taxation is a welcome assistance to meet the demands of new kinds of public expenditure. True it is neither a natural resource nor a public necessity and measured by the cold dialectics of Henry George the acceptance of revenue—*quae* profits—from such unproductive sources may lead to a *terra incognita* from which it may be difficult to withdraw.

It is not the purpose in this chapter to question the merit of profits derived from the sale of liquor. Rather is it to illustrate from accredited sources the revenue which has been drawn from large geographic areas, sparsely inhabited as the world is peopled now-a-days. This revenue forms a large additional income for each province not dependent upon the ordinary interchange of commerce. For with competition eliminated, and production certain, there is no room for the

argument of abundance or scarcity as the determining factor.

The situation has some obvious dangers such as the dependence of municipalities upon a guaranteed participation in the profits and the consequent rebudgeting of their share, sometimes in anticipation of the distribution, and more particularly from the tendency to place too great reliance on the permanency of this source of revenue.

An example of municipal participation in liquor profits is furnished in the report of the Inspector of Municipalities for the Province of British Columbia. The figures for the year 1926 show:

| | Total Revenue | Proportion Derived from Share of Liquor Profits |
|---|---|---|
| Cities | $16,632,272.66 | $527,468.29 |
| Districts | 7,728,430.87 | 369,838.56 |
| Villages | 53,258.61 | 10,956.77 |
| | $24,413,962.14 | $908,263.62 |

The debenture issues of these municipalities is given as

Cities $78,845,581.87 Districts $30,270,311.01

The principal municipality is the City of Vancouver whose annual report for the same year gives the city's population as 128,350, assessment values $423,730,916, and liabilities in debentures $37,526,905.

Of this city's revenue of $7,750,000, approximately $250,000 is received from its share of the liquor profits, and this sum is now included in the annual estimates as an assured revenue.

## *CHAPTER X*

# NEWFOUNDLAND

### GOVERNMENT CONTROL IN NEWFOUNDLAND

ANY description of the spread of government control on this continent would be incomplete without mention of its establishment in the Dominion of Newfoundland, where since the beginning of 1925 a system closely parallelling that of Quebec, though on a correspondingly smaller scale, has been put into operation.

Newfoundland with a population of slightly over a quarter of a million people and an area of some forty-three thousand square miles has as a dependency the coast region of Labrador contiguous to the province of Quebec. The boundary line with Quebec which has been the subject of a long-standing dispute has finally been determined by the Privy Council (March, 1927). As such it forms a connecting link between the Canadian systems and Newfoundland which is the most easterly outpost of the new authority.

After some years of an unsatisfactory dry regime in which control of the liquor traffic proved a disturbing political factor, the Government by direct legislation approved of a measure modelled on the Quebec law, and repealed the acts relating to the prohibition, importation, manufacture, and sale of liquor.

In some particulars the new act differs from the statutes of the Canadian provinces. There is no question of possible confliction with a federal authority, but the physical features of the colony necessitate some distinctive provisions. Such for instance as exempting under the definition of the word "import," the bringing in of alcoholic liquors in transit from and to places outside the colony placed in a customs warehouse; liquor which is part of a ship's stores and warehoused accord-

ing to law; wine imported for the purpose of being matured and re-exported (provided always the Commission is notified), and liquor on board warships of any nation for the use of the officers and crews whilst on board such ships.

A Commission of three, appointed by the Governor-in-Council is "vested with all the rights and powers belonging generally to Corporations," and protected from writs of *quo warranto* or mandamus proceedings.

The Commission has power to make any regulations it may deem necessary respecting its internal economy and "the conduct of its business (including methods for ascertaining the wishes of electors as to the opening or closing of branches)" this being tantamount to a local option privilege resting with the Commission.

All the profits and property are in the right of the colony, the accounts being subject to government audit, and there is no declared arrangement for distribution of the surplus.

The Commission may have its principal store and warehouse with two additional stores in the capital City of St. John's, and may define areas for stores in other electoral districts provided such stores do not exceed the number of Members of the House of Assembly to which such district is entitled. Further local option privileges provide that no branch store shall be opened until a petition of the majority voters in such district has been authenticated. Such a branch store may be either for liquor generally or for wine and beer only, though in the latter case the arrangement may subsequently be changed to a full store if it is found advisable to do so, after a two years' trial.

Licences (as in Quebec termed permits) may be issued for the sale of wine and beer with meals on railway passenger trains and steamers, as well as in hotels, tourist hotels, and clubs, for the sale of "bottled wine or beer" to travellers and members respectively, the hours of sale being between 9 A.M. and 11:30 P.M.

Manufacture of any alcoholic liquor is prohibited except under licence from the Commission, and a brewer is required to collect and pay to the Commission, as in Quebec, a royalty or tax of 5 per cent on his sales.

Importation by any person (except the Commission) is prohibited, subject to the exemptions above referred to and any permission which the Commission may give for bringing in sacramental wine.

An interesting arrangement for doubling the punishment for adulteration of liquor which is offered for sale is contained in one of the penalty clauses which recites that "whenever any person is prosecuted and found guilty under this Act, the amount of the fine, or the length of the term of imprisonment to which such person would be otherwise liable, shall be doubled, if at the trial, it be proved that the alcoholic liquor sold by such person was of bad quality and was unfit for consumption, had been made fraudulently, or was adulterated or misrepresented as to its character."

There is a Gilbertian flavor about this dispensation of justice which might readily appeal to the anti-poisonists in the arguments which the denaturing of industrial alcohol have aroused in the United States.

The hours of sale are fixed by statute; the quantity limit is one bottle at a time which incidentally the Commission in its report recommends should be altered to suit the convenience of persons living in the out-of-the-way parts of the colony, so as to allow of shipping more at one time, as the Commission is specifically enjoined by the act to pass "special regulations to safeguard the rigid observance of this limitation."

In consequence of the population being small, the Commission is able to establish a suspension list which really corresponds to the cancellation or suspension of individual permits under the Canadian provincial laws, and which is used against those who abuse the quantity limit.

The reports furnish some very interesting statistics, and as the Commission pays duties to the Customs Department it would appear that the revenues of the colony are augmented by both the customs duties and excise and the profits which the Commission makes.

Taking the two years covered by the reports which deal with a period of from February the first to January the thirty-first in each year we find the following results:

TABLE XIV

| Year | Net Sales | Licences | 5% on Beer | Fines and Forfeit | Net Profits |
|---|---|---|---|---|---|
| 1925 | $1,057,745 | $1,150 | $147 | $2,265 | $285,276 |
| 1926 | 1,140,351 | 1,250 | 454 | 6,962 | 395,675 |

In each year one brewery licence was issued, and 11 to 12 tourist hotel licences.

The amount paid to the Customs was $412,732.42 in the first year and some $36,000 more in the second, so that in two years out of a turn-over of some $2,200,000 (sales) the Government of Newfoundland has had a revenue from duties and profits amounting to $1,500,000 or 68 per cent.

In Newfoundland the rates of duty on entry for consumption are considerably lower than in Canada.

| | |
|---|---|
| Whisky, per proof gallon | $4.10 |
| Rum, per proof gallon | 3.40 |
| Gin, per proof gallon | 3.60 |
| Brandy, per proof gallon | 4.50 |

and when u.p. strengths are charged at proof for brandy, rum, gin and whisky, o.p. strengths are charged at proportional rates.

The Commission points out that "profits have been derived mostly from the sale of expensive liquors and wines, and not from that of the low or cheap grades of spirits, but from the segregated schedules of sales which are classified as to the variety of liquor purchased it is disclosed that 70 per cent of the business is in rum, which no doubt is a natural condition resulting from the occupational work of the greater part of this island population.

A preference for Demarara rum is so marked that attention is drawn to it in the report, the Commission stating that "the laboring classes of this country as a rule demand Demerara rum. Jamaica's tariff favors the importation of Newfoundland fish products in return for this colony's favorable attitude to the entry of Jamaica goods. Accordingly Jamaica rum can be sold here more cheaply than can Demarara; but the efforts

of the Board to encourage the consumption of Jamaica rum have only proved the strong preference of our people for Demarara." (*Nfld.* 2.)

The geographical position of the country exposes it to all the difficulties incidental to combating the invasion of dry territories by the professional bootleg ring, and the Commission ventures the suggestion that as long as St. Pierre remains a French colony a certain amount of smuggling on the south-west coast must be submitted to, or at least until more efficient means of prevention have been instituted.

## *CHAPTER XI*

## CONCLUSION

IT IS remarkable that the two great nations of the North American continent should have commenced almost simultaneously experiments of such far-reaching importance as government control and prohibition.

A seven-year trial has so far elapsed: For government control a period of gradual growth: For prohibition a period of recurring and perplexing law enforcement problems.

Such is our proximity to the immediate events, and so short is the time since the inception of these experiments that judgment is necessarily hampered in attempting to view in their true perspective the events which have so far happened.

There is no parallel in the working out of these experiments, though both have as a common objective the control of the liquor traffic for the ultimate promotion of real temperance. In both cases the new authority to accomplish this purpose is a department of the State, clothed with disciplinary powers, to the extent which the exercise of such control demands.

If North America is to be the laboratory for testing a continent-wide opinion on the use of intoxicants, these experiments are geo-politically inseparable. The mere inequality of numbers (in population) will not detract from the value of the conclusions which may be drawn.

Roughly speaking, a forty-ninth parallel marks at the present time, a majority opinion on beverage alcohol as

9,000,000 "wet"
49°.....
110,000,000 "dry"

What would be the position with a corresponding displacement, or even equalization of numbers on either side? How quickly

would the economic and numerical influences of the greater overshadow the lesser if the positions were reversed? viz.:

110,000,000 "wet"
49°.....
9,000,000 "dry"

It is customary to envisage world events by their political, economic, and moral effect upon societies and states, and, though the false analogies of history often deceive the incautious student, it would in this case seem abundantly clear that devising any stable form of liquor administration may occupy the governments of this continent for at least a span of twenty-five years covering the growth to maturity of the population born in these initiatory years. At least this is the period already claimed as necessary by leading reformers.

Who indeed would be rash enough to predict the political map of 1950 in America, with any more certainty than that of continental Europe when aerial transportation, drying up the vast water spaces, has reduced the Atlantic and Pacific oceans to the dimensions of the Mediterranean and the North Sea? The world moves today in seven league boots. Within the State big City States may arise and spread the ideals of their own governments. In all, and whatever changes may take place, the restless topic of liquor control will play a part.

In the two present-day experiments there is this pronounced difference. The American system seeks to attain its object by compulsory control—a veritable constitutional strait jacket. The Canadian system rests its attempt upon self control, depending upon the traditional common sense of the people for success over intemperance.[1] Hence the American states, with far wider powers, have surrendered to federal authority the very rights which the Canadian provinces are exercising to the full in their self-determined liquor laws, which cause no friction with the federal authority.

Usurpation of provincial rights forms no controversial back-

[1] "The Old and the New Testament have no word of condemnation for the use of wine under self control, but they sternly condemn drunkenness. The Prohibitionists reverse this, denounce the man who drinks under self control, and coddle the drunkard as a poor unfortunate whose failing is due to others." "The Crisis in the Church," F. P. Powers, *The North American Review*, Vol. 224, No. 2, 1927.

ground as in the case of the states opposed to the National Prohibition law which, like the Fugitive Slave law in the early fifties, is viewed by some as a direct federal encroachment.

Our discussion has disclosed how, from its genesis in the coast regions—three thousand miles apart— the movement has closed the intervening spaces and though mirroring the separate identities of each territory invaded, become merged in a national conception of co-ordinate legislation. It has come as a sort of after swell to the great disturbance occasioned by the prohibitory agitations during 1914 to 1920.

In its present state it has a flexible well-defined motif, secured in the early stages by the instrument of referendum, and later by the more direct procedure of government initiative.

In fact it represents the nationalization of the liquor traffic on one half of the American Continent. Its full importance which we have endeavored to portray by maps, has been reached in a year marked by spectacular events in the history of Canada. Events which have followed in the wake of the important Imperial Conference of the Dominions in 1926.

The period of its development has coincided with the years which have witnessed a more prominent participation by Canada in the field of international politics, such as her representation at the League of Nations; her participation in the Disarmament Conference at Geneva; her creation of a Minister Plenipotentiary at the seat of government in the United States; and the reciprocal visits of the Prime Ministers of Canada and Great Britain. The full purport of this was voiced in a carillon message to the world from the towers of her new Parliament buildings, at the celebrations in 1927 which marked the Jubilee year of Confederation.

The transcontinental railways are now sharing their east to west traffic with the automobile. The frontier line of the forty-ninth parallel is threaded with a network of roads running north and south. Highways used not only by the border populations of the adjacent states and provinces, but by countless migratory holiday and business folk whose travels amongst all classes partake of gypsical itineraries wherever their fancy leads them.

In this way vast numbers of people, of whom the greater

number comprise the visiting population to Canada, have the opportunity of comparing at first hand the two experiments.

In her juxtaposition to the United States, Canada has always reacted to some extent to the ethical standards of her influential neighbor. So, today, the control movement has been halted on its eastern boundary at the door of those New England States where the first prohibitory laws were passed.

The State of Maine, through which the transcontinental railway (the C.P.R.) which originally linked up the Canadian provinces actually passes, was the scene of the first prohibitory movement one hundred years ago. Its fulfillment, the Maine law (1851) as it is now commonly designated, was described in the staid language of those times as "a serious undertaking by thoughtful, patriotic, and moral men." Future historians in another hundred years' time may concede a like tribute to the governments on both sides of the line for the serious undertakings which are now being attempted.

A correct estimation of the respective efforts of Canada and the United States toward the common goal of improved temperance or total abstinence, can only be arrived at by concentrating attention upon the fundamental problems rather than the passing events and the rise and fall of public opinion on the current topics which these events arouse.

Confining, therefore, our attention to government control we find that it is essentially a group movement, and though it subjects the rights of minorities to the majority decision it has been initiated by popular demand and as such represents the supremacy of the popular will. Wholeheartedly the State has been entrusted with the entire business: its merchandising and administration, as well as its responsibility for the maintenance of law and order directly arising from the establishment of the business. This trust has been imposed in the belief that the State can better restrain the incentive to private gain than when the business is left to private ownership and competition.

The questions actually submitted to the electorates for the most part were couched in simple language. (*Appendix.*) Usually they involved a direct choice "which do you prefer" or in its other form "are you in favor of" continuation of prohibition or the alternative of government control.

That the manner in which the business has been established by the Commission reflects the wishes of the people would seem to be a fair conclusion, and its success depends just as much upon the co-operation of the public in law observance as it does with the Commission in giving effect to the statutes.

The system follows a reasonably uniform plan in all the provinces, the detail only—apart from licencing—differing with the particular requirements of each province. There does not appear to have been any dislocation of trade or unfavorable economic conditions as the result of its introduction, and there is nothing to indicate that efficiency has been impaired or output retarded in the manufacturing world; a condition which "bone-dry" advocates claim to be an inevitable sequence to the sale of liquor.

In its development it illustrates a direct growth of British policy, tempered with moderation, and without infringement of the liberty of the subject. There is nothing magical about liquor laws, whether prohibitory or permissive, and the control system offers no panacea, any more than divorce legislation or other attempts to regulate moral behavior.

Perhaps the most noticeable result is that, from a provincial status, government control has expanded into a national movement with international commitments. It is now sufficiently advanced, though conducted under local self-government, to be surveyed as a national effort to exercise a state control of the use of intoxicants in a manner which meets the accepted standards of good government.

It cannot however remain detached from the experiment of total prohibition which in the contiguous country has already assumed the proportions of a world-wide crusade. For example, an international convention of the "World League against Alcoholism" was held in the City of Toronto in the year 1922.[1] The first article of the constitution of this league pledges it "to attain by the means of education and legislation the total suppression throughout the world of alcoholism."

More concrete evidence of the Americanization of the liquor problem is to be found in the new interpretation of

[1] Cf. aims of Committee of the Association against the Prohibition Amendment, appointed February 23, 1926, to study (*inter alia*) "the experience and benefits of the Canadian and Swedish Systems."

Treaties[1] and the anti-smuggling efforts of the respective countries. In the spring of 1924 a treaty between Great Britain and the United States was ratified providing for an extension of the distance from shore within which British vessels might be boarded and searched for alcoholic beverages, replacing the so-called three mile limit by one hour's sailing distance from the coast, to be measured by the speed of the suspect boat.

Later in the same year a treaty between Great Britain, the Dominion of Canada, and the United States, was ratified for the suppression of smuggling operations along the international boundary line between Canada and the United States. The treaty also made provision for the *in transitu* carriage of liquor under guard, by Canadian authorities through the territorial waters of the United States to Skagway, Alaska, for transshipment to the Yukon Territory, and for the movement of liquor under seal through the Panama Canal or on the Panama railroad.

The system of government control has also received considerable notice outside the confines of Canada. Without attempting to analyze the mass of publications—periodical, statistical and governmental—which flow in support or otherwise of the use of beverage liquor, much information is available in the record of the hearings by the sub-Committee of the Judiciary Committee of the Senate on the operation of the National Prohibition law (April, 1926). The findings cover the whole gamut of partisan and non-partisan opinions. When sifted of the extraneous matter—the bigoted statements—these records form an extraordinary compendium of mixed conclusions into which some particulars of the Canadian system were injected for comparative purposes. Our interest naturally centres in Senate Joint Resolution No. 85, and the arguments adduced in support of this resolution, which if successful would replace the federal authority over liquor in the United

[1] (a) Convention between the United Kingdom and the United States of America respecting the Regulation of the Liquor Traffic. Washington, D. C., January 23, 1924.

(b) Convention for the supression of Smuggling Operations along the International Boundary between the Dominion of Canada and the United States. Washington, D. C., June 6, 1924.

States by a system of state management the equivalent of government control in Canada.

In Great Britain—and for that matter in the wine manufacturing countries of Europe also—the principle of government control finds some support among legislative bodies, though repugnant to the majority opinion at present as a species of nationalization, for which it is condemned out of hand.

Thus, in the discussions in the House of Lords on the Popular Control Bill (1927) the Earl of Birkenhead with pompous gravity summarily dismisses the subject with the statement that "you would have substituted for the competitive licence system a system which is demonstrably nationalization, with all the officials appointed by a Minister. I would only say of this proposal that I believe it to be ill-conceived, confusedly thought out, financially unsound, and in absolute antagonism with the spirit and traditions of the British people."

Yet in the light of the last Imperial Conference what British Government can afford to forget that the Empire is a world state of which only a fragment belongs to Europe. Or that the wider application of state management, as practised under the new authorities created by the autonomous communities within the British Empire may in turn supersede the European standards, which have already witnessed, in the case of liquor control, the defection of the Scandinavian countries.

We have purposely refrained from any attempt at measuring the merits or defects of government control in terms of social or moral balancing.

There are in general three ties by which states are held together: community of race, community of religion, and community of interest,[1] and into each of these several ties some divergences of opinion on the right- or wrong-headedness of state socialization must enter.

The irreconcilables in their efforts to suppress forceably the opinions of their opponents, measure the beneficial or detrimental results by those effects which are immediately noticeable. The bootlegger and the chronic inebriate, though hailed as the *fons et origo* of the social disorders which they create are in reality but the demand, in the one case, of wealth upon

[1] "The Expansion of England," J. R. Seeley.

ethics, and in the other of the victimization which accompanies over-indulgence of any appetite. Because of their actions public opinion will not necessarily acquiesce in a reclamatory effort involving the whole community of law-abiding people.

Quixotic attempts to eradicate the age-old custom of wine drinking and the general use of intoxicants, spring possibly from the erroneous belief that the use of strong liquor is an evil either in the form of moral badness, or, from a narrower view, in the form of sin as understood in a religious sense.

Unfortunately in the pronouncements of the reforming forces which have been invoked, the real and deciding factor, *the verdict of the environment* appears to have been largely overlooked, as endemically, the habit will surely survive despite departures from its earlier forms.

That a radical departure from the European system has occurred is apparent in the method adopted for controlling the liquor traffic in the separate provinces of the Dominion. Yet it bears the unmistakable imprint of adherence to the political institutions of Great Britain, and if—like the fate which befell *Atlantis*—the British Isles were suddenly submerged, the traditional ideals would survive in the broad expanses of the Dominions overseas where the corner-stone would continue to be the liberty of the subject.

# APPENDICES

A. Tabulation of questions submitted to the electors on the question of government control. The results of the referenda and plebescites held. The statutes enacted to give effect to the proposals approved. The titles of the administrative Boards and Commissions appointed.

B. Excerpt from the Canadian tariff (Customs Act 1907, schedule A, and subsequent amendments). Excerpt from the Canadian excise tariff. Particulars of Sales tax. Synopsis of preferential tariffs.

C. Chart comparing the constitution of the Boards and Commissions. Appointment, membership, tenure of office, etc.

D. Excerpt from Regulation No. 28 of the Liquor Control Board of the Province of British Columbia, providing for the conditions, accommodations, and qualifications requisite for obtaining a beer licence, and the regulations for the sale of beer thereunder. (*British Columbia Gazette,* Vol. LXV, No. 6, 1925.)

E. Excerpt from the Regulations of the Liquor Control Board of Ontario providing for native wine regulations and restrictions. (*The Ontario Gazette,* Vol. LX, No. 22, 1927.)

F. Senate Joint Resolution 85, Sixty-ninth Congress, first session. United States.

# APPENDIX A

## PROVIDING FOR THE SALE OF LIQUOR FOR BEVERAGE PURPOSES

| Dominion of Canada | Date Submitted | Questions Submitted by Plebescite, Referendum, or Direct Bill | Result | Statutes Enacted | Date Effective | Title of Board or Commission |
|---|---|---|---|---|---|---|
| Quebec | Apr. 10, 1919 | Is it your opinion that the sale of light beer, cider, and wines, as defined by law, should be allowed? | Yes | Referendum Act (repealed 1921) | | |
| | Feb. 25, 1921 | An Act Respecting Alcoholic Liquor. (Bill) | Assented to | The Alcoholic Liquor Act<br>The Alcoholic Liquor Possession and Transportation Act | May 1, 1921 | Quebec Liquor Commission |
| British Columbia | Oct. 20, 1920 | Which do you prefer? (1) The present Prohibition Act; or (2) An Act to provide for Government sale and control in sealed packages of spirituous and malt liquors? | (2) Yes | Government Liquor Act | June 15, 1921 | Liquor Control Board |
| | June 20, 1924 | Do you approve of the sale of beer by the glass in licenced premises without a bar under Government control and regulation? (Liquor-control Plebiscites Act, 1923) | Yes | Government Liquor Act Amendment Act, 1923 | Jan. 14, 1925 | |
| Yukon Territory | July 11, 1921 | (1) Are you in favor of the sale of spirituous and malt liquors in licenced premises?<br>(2) Are you in favor of the sale of spirituous and malt liquors through Government agencies? | (2) Yes | The Government Liquor Ordinance | Sept. 15, 1921 | Gold Commissioner |
| | Aug. 25, 1925 | Are you in favor of the sale of beer in licenced premises as provided in the Ordinance passed at the last session of the Yukon Council? | Yes | An Ordinance to Regulate the sale of beer | Sept. 25, 1925 | |
| Manitoba | June 21, 1923 | Do you approve of the proposed law intituled "An Act to Provide for Government Control and Sale of Liquors," proposed by the Moderation League? | Yes | The Government Liquor Control Act (repealed 1928) | Aug. 7, 1923 | Government Liquor Control Commission |
| | July 11, 1923 | Do you approve of the proposed law intituled "An Act to Amend the Manitoba Temperance Act," proposed by the Beer and Wine League? | No | | | |
| | June 29, 1927 | (1) Do you favor any extensions of the present facilities for the sale of beer?<br>(2) Do you prefer the sale of beer by the glass under Government regulation in licenced premises without a bar for consumption in the premises, or the sale of beer by the bottle at Government stores for consumption in permanent or temporary residence, such sale to be under the cash and carry system and to provide for quantities as small as one bottle?<br>(3) Are you in favor of abolishing the right of the brewer to sell beer direct to permit-holders? | (2) Yes | The Government Liquor Control Act | Feb. 15, 1928 | |
| Alberta | Nov. 5, 1923 | (a) Prohibition—meaning thereby a continuance and development of the present liquor legislation; that is, meaning the abolition of the sale of all liquors excepting for strictly medicinal, sacramental, manufacturing and scientific purposes. | (a) No | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | (*b*) Licenced Sale of Beer—meaning thereby the sale of beer in licenced hotels and other premises, as provided in the proposed Temperance Act. | (*b*) No | | | |
| | | (*c*) Government Sale of Beer—meaning thereby the sale of beer by or through Government vendors for consumption in private residences under Government control and regulation; other liquors to be sold through doctor's prescriptions for medicinal purposes. | (*c*) No | | | |
| | | (*d*) Government Sale of All Liquors—meaning thereby the sale of all liquors by or through Government vendors; beer to be consumed on licenced premises and in private residences; wines and spirits to be purchased in limited quantities not to be consumed on premises under permit issued by the Government, under Government control and regulation. | (*d*) Yes | Government Liquor Control Act of Alberta | May 10, 1924 | Alberta Liquor Control Board |
| Saskatchewan..... | July 16, 1925 | (1) Are you in favor of Prohibition in Saskatchewan?<br>(2) If a Liquor System under Government control be established which of the following do you favor:<br>(*a*) Sale by Government vendors in sealed packages of all spirituous and malt liquors; or<br>(*b*) Sale by Government vendors in sealed packages of all spirituous and malt liquors and also sale of beer in licenced premises? | (2) (*a*) Yes | The Liquor Act, 1925 | Apr. 16, 1925 | Liquor Board |
| Ontario..... | Oct. 20, 1919 | (1) Are you in favor of the repeal of the Ontario Temperance Act?<br>(2) Are you in favor of the sale of light beer containing not more than 2.51% alcohol weight measure through Government agencies and Amendments to the Ontario Temperance Act to permit such sale?<br>(3) Are you in favor of the sale of light beer containing not more than 2.51% alcohol weight measure in standard hotels in local municipalities that by a majority vote favor such sale and Amendments to the Ontario Temperance Act to permit such sale?<br>(4) Are you in favor of the sale of spirituous and malt liquors through Government agencies and Amendments to the Ontario Temperance Act to permit such sale? | (1) (2) (3) (4) No | | | |
| | Oct. 23, 1924 | (1) Are you in favor of the continuance of the Ontario Temperance Act?<br>(2) Are you in favor of the sale as a beverage of beer and spirituous liquor in sealed packages under Government control? | Yes<br>No | | | |
| | Mar. 9, 1927 | An Act to Regulate and Control the Sale of Liquor in Ontario. (Bill) | Assented to | The Liquor Control Act (Ontario) | June 1, 1927 | Liquor Control Board |
| New Brunswick.... | Apr. 19, 1927 | An Act to Regulate and Control the Sale of Liquor. (Bill) | Assented to | The Intoxicating Liquor Act, 1927 | Sept. 6, 1927 | The New Brunswick Liquor Control Board |
| Dominion of Newfoundland..... | Aug. 12, 1924 | An Act Respecting Alcoholic Liquors. | Assented to | Alcoholic Liquor Act | Feb. 3, 1925 | Board of Liquor Control |

# APPENDIX B

## CUSTOMS, 1926

### SCHEDULE A—GROUP IV: SPIRITS, WINES, AND OTHER BEVERAGES

| Tariff Item | Excerpt | British Preferential Tariff | Intermediate Tariff | General Tariff | France and Italy | Date of Tariff Item |
|---|---|---|---|---|---|---|
| 146 | Ale beer, porter, and stout, when imported in casks or otherwise than in bottle, per gallon* | $0.30 | $0.30 | $0.30 | | 1914 |
| 147 | Ale, beer, porter, and stout, when imported in bottles, per gallon<br>Provided that six quart bottles or twelve pint bottles shall be held to contain one gallon. | $0.42 | $0.42 | $0.42 | | 1914 |
| 156 | Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; whisky and all spirituous and alcoholic liquors, n.o.p.; amyl alcohol or fusel-oil, or any substance known as potato spirit or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal, pulque, rumshrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p.; containing more than 40% of proof spirit, per gallon of the strength of proof | $10.00 | $10.00 | $10.00 | | 1921 |
| Ex.156 | *Schedule E—French and Italian Treaties* | | | | | |
| | Cognac brandy and Armanac brandy: When there is furnished with the bill of entry a certificate of analysis and purity as defined in Article XX of this Convention | | | | $10.00 less 10% | 1923 |
| 156a | Rum, per gallon of the strength of proof<br>Provided, as to all goods specified in items No. 156 and No. 156a when of less strength than the strength of proof, that no reduction or allowance shall be made in the management thereof for duty purposes, below the strength of 15% under proof.<br>Provided also, that when the goods specified in these two items are of greater strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased in proportion for any greater strength than the strength of proof. | $8.00 | $10.00 | $10.00 | | 1921 |
| | *West Indies Trade Agreement, 1921* | | | | | |
| | Rum per gallon of the strength of proof | $8.00 | | | | 1921 |
| 162 | Medicinal or medicated wines, including vermouth and ginger wine, containing not more than 40% of proof spirit | 80% | 80% | 80% | 70% | 1921 |

## EXCISE, 1926

### ALE, ETC., SPIRITS AND WINES

| Tariff Item | Excerpt | Canadian Tariff |
|---|---|---|
| Schedule 2 | Ale, beer, porter, and stout, per gallon | $0.125 |
| 19BB (*b*) | Spirits: When made from raw grain, per proof gallon† | $9.00 |
| | When made from malted barley in bond, per proof gallon | $9.02 |
| | When made from imported molasses or other saccharine matter in bond and on which no duty of customs has been paid, per proof gallon | $9.03 |
| 19BB (*c*) | Wines: Of all kinds, except sparkling wines, containing not more than 40% of proof spirits, per gallon | $0.075 |
| | Champagne and all other sparkling wines, per gallon | $1.50 |

N.B. When, however, any person is licenced by the Minister of Customs and Excise to manufacture patent and proprietary medicines, extracts, essences and pharmaceutical preparations by the use of spirits in bond, subject to the Inland Revenue Act and regulations thereunder, the following duties of excise are collected: When made from raw grain, $2.40 per proof gallon; when made from malted barley, $2.42 per proof gallon; when made from imported molasses or other sweetened matter, free of customs duty, $2.43 per proof gallon. Druggists licenced by the Minister of Customs and Excise to prepare prescriptions for medicines and pharmaceutical preparations, are also allowed to use limited quantities of spirits testing not less than 50% over proof on pay-

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | *French and Italian Treaties—Schedule D* | | | | | | |
| Ex.163 | Wines of the fresh grape of all kinds, not sparkling, imported in barrels or in bottles: | | | | | | |
| | (*a*) containing 20% or less proof spirit [1] per gallon | | | | $0.15 | | |
| | (*b*) Containing more than 20% and not more than 23% proof spirit,[2] per gallon | | | | $0.20 | 1923 | |
| | (*c*) Containing more than 23% and not more than 26% proof spirit,[3] per gallon | | | | $0.25 | | |
| | (*d*) Containing more than 26% proof spirit until the strength reaches 40% of proof spirit, per gallon | | | | $0.55 | | |
| | And in addition thereto for each degree of strength in excess of 26% of proof spirit until the strength reaches 40% of proof spirit | | | | $0.03 | | |
| | Provided that six [4] quart bottles, or twelve [5] pint bottles shall be held to contain a gallon for duty purposes under this item. | | | | | | |
| | [1] Or 11°4 by centesimal alcoholometer. | | | | | | |
| | [2] Or 13°2 by centesimal alcoholometer. | | | | | | |
| | [3] Or 14° by centesimal alcoholometer. | | | | | | |
| | [4] Equal to .946 of a litre. [5] Equal to .473 of a litre. | | | | | | |
| 164 | Wines of all kinds, except sparkling wines, containing not more than 40% of proof spirit, whether imported in wood or in bottles (six quart bottles or twelve pint bottles to be held to contain a gallon), when the produce or manufacture of any British Colony or territory in the South African Customs Union Convention, per gallon | $0.55 | | | | 1921 | |
| 165 | Champagne and all other sparkling wines: | | | | | | |
| | (*a*) In bottles containing each not more than a quart but more than a pint (old wine measure), per dozen bottles | $9.30 | $9.30 | $9.30 and 30% | | 1921 | |
| | (*b*) In bottles containing not more than a pint each, but more than one-half pint (old wine measure), per dozen bottles | $4.65 | $4.65 | $4.65 and 30% | | | |
| | (*c*) In bottles containing one-half pint each or less, per dozen bottles | $2.32 | $2.32 | $3.32 and 30% | | | |
| | (*d*) In bottles containing over one quart each (old wine measure), per gallon | $4.50 | $4.50 | $4.30 and 30% | | | |
| | *French and Italian Treaties* | | | | | | |
| Ex.165 | Champagne: When there is furnished with the bill of entry a certificate of analysis and purity as defined in Article XX of this Convention: | | | | | | |
| | (*a*) In bottles containing each not more than a quart but more than a pint (old wine measure), per dozen bottles | | | | $0.30 less 10% | 1923 | |
| | (*b*) In bottles containing not more than a pint each, but more than one-half pint (old wine measure), per dozen bottles | | | | $4.65 less 10% | | |
| | (*c*) In bottles containing one-half pint each or less, per dozen bottles | | | | $2.32 less 10% | | |
| | (*d*) In bottles containing over one quart each (old wine measure), per gallon | | | | $4.50 less 10% | | |

ment of the above lower manufacturers' rates of duty. A drawback of 99% of the duty may be granted when spirits testing not less than 50% over proof are delivered in limited quantities to universities, scientific or research laboratories or hospitals for medicinal purposes only.—*Canada Year Book*, 1926.

### Sales Tax

A sales tax is collected of 4% on the sale price of all goods produced or manufactured in Canada, including the amount of excise duties when the goods are sold in bond, the tax to be payable by the producer or manufacturer at the time of the sale thereof by him, and of a like tax imposed upon the duty paid value of imported goods, the tax to be payable by the importer or transferee who takes the goods out of bond at the time when the goods are imported or taken out of warehouse for consumption.

### Special Tariffs

British Preferential Tariff
West Indies Trade Agreement
French Convention, 1922
Italian Convention, 1923
Finland Trade Agreement Act, 1925
The Australian Trade Agreement, 1925
The Australian Trade Agreement extended to New Zealand, 1925
Netherlands Convention, 1924
Belgian Convention, 1924
The Intermediate Tariff extended to Spain

* The word "gallon" means British "Imperial Gallon" of 277.274 cu. in. The United States "standard gallon" or "wine gallon" is 231 cu. in. or 0.833 imperial gallon.

† A "proof gallon" is an imperial gallon of a mixture of alcohol and water containing 49.28% by weight or 57.10% by volume of alcohol.

## *APPENDIX C*

APPOINTMENT OF COMMISSIONS AND BOARDS

| | Lieutenant-Governor-in-Council | | | Term of Office | Commission May Appoint | 1927 Consisting of |
|---|---|---|---|---|---|---|
| | May Appoint | May Designate | | | | |
| Quebec | 5 Members | Chairman | Vice-Chairman | During pleasure | | 5 Members |
| New Brunswick | 3 Members | Chief Commissioner | Any Member or Officer as Deputy Chief Commissioner | Chief Commissioner, 10 years; remainder during pleasure | | 3 Members |
| Ontario | 1 to 3 Members | Chief Commissioner | | During pleasure | Any Member or Officer as Deputy Chief Commissioner | Chief Commissioner (sole) |
| Manitoba | 3 Members | Chairman | | During pleasure | | 3 Members |
| Saskatchewan | 1 to 3 Members | Chairman | An Acting-Chairman | During pleasure | | Chairman (sole) |
| Alberta | 1 to 3 Members | Chairman | An Officer as Acting-Chairman | During pleasure | | Chairman (sole) |
| British Columbia | 1 Member | Chairman | | 10 years | Assistant Commissioner | Chairman (sole) |

Lieutenant-Governor-in-Council may increase to 6 or reduce to 3. Removable by vote of two-thirds of the House of Assembly. Removable by Address of the Legislative Assembly.

# *APPENDIX D*

## PROVINCE OF BRITISH COLUMBIA

Excerpt from Regulation No. 28

of the

## LIQUOR CONTROL BOARD

2. The conditions, accommodations, and qualifications requisite for obtaining a beer licence, and the regulations regulating the sale of beer thereunder, shall be as follows:

(*a.*) In this regulation "licence premises" shall mean the premises in respect of which a beer licence has been granted.

(*b.*) No beer licence shall be granted or transferred, save to:

(1.) A person who is registered or entitled to be registered as a voter in some electoral district of the Province:

(2.) A copartnership, each of the members whereof is registered or entitled to be registered as a voter in some electoral district of the Province:

(3.) A corporation, a majority of the directors whereof are persons who are registered or entitled to be registered as voters in some electoral district of the Province, or who if resident within the Province would be so entitled, and the agent, or manager selected by the corporation to carry on the business of selling beer in the licensed premises is registered or entitled to be registered as a voter in some electoral district of the Province.

(*c.*) No beer licence shall be granted to any person unless the premises in respect of which the license is proposed to be granted, and the building of which such premises form a part, are so constructed and equipped as not to facilitate any violation of the "Government Liquor Act" or the regulations made thereunder.

(*d.*) No beer licence shall be granted to any person in respect of premises where the proposed beer sales-room is located in any part of a building other than on its main or ground floor, unless under special circumstances approved by the Board after inspection of the premises.

(*e.*) Any cellar or room forming part of licensed premises, and used for the keeping or storing of beer stocks in connection with the sale of beer by the licensee, shall be immediately below the beer sales-room, or immediately adjacent thereto; and such cellar or room shall be directly connected with the beer sales-room, but shall have no means of internal communication with any other room; and no person shall consume, nor shall the licensee permit any person to consume, any beer in such cellar or room.

(*f.*) Any lavatory or toilet forming part of licensed premises shall be directly connected with the beer sales-room, but shall have no means of internal communication with any other room, and no person shall consume, nor shall the licensee permit any person to consume, any beer in such lavatory or toilet.

(*g.*) [*Repealed.*]

(*h.*) No structural alteration in or enlargement of any licensed premises shall be made without the written permission of the Board; but when altered or enlarged with such permission, the premises as altered or enlarged shall be deemed to be the licensed premises.

(*i.*) Every licensee shall install and maintain in his licensed premises such suitable fixtures and furniture for the convenience of the public as may be directed by the Board from time to time.

(*j.*) No licensee shall have or keep his licensed premises open for the sale of beer, or permit or suffer any beer to be drunk or consumed, in or upon his licensed premises:

(1.) At any time before 10 o'clock in the morning or after 11 o'clock at night upon any day of the week:
(2.) On any Sunday, Good Friday, or Christmas Day:
(3.) During the time the poll is open on any day on which polling takes place at any Dominion or Provincial election held in the electoral district in which the licensed premises are situate:
(4.) During the time the poll is open on any day on which polling takes place at any municipal election held in the municipality in which the licensed premises are situate:
(5.) During such other periods or on such other days as the Board may direct.
(6.) In that portion of the Province of British Columbia lying to the east of a line drawn between the City of Revelstoke on the main line of the Canadian Pacific Railway and Kootenay Landing in the District of West Kootenay, the opening and closing hours herein defined shall be governed by what is commonly known as Mountain Time, reckoned as seven hours behind Greenwich time.

(*k.*) Subject to clause (*y*) hereinafter contained, no person other than the licensee or the wife or employee of the licensee shall remain

or be permitted to be in any licensed premises during any of the hours, days, or times mentioned or referred to in clause (*j*) last preceding.

(*l.*) No window-blind, curtain, shutter, or similar obstruction shall be placed or maintained, during the open hours, on any window or opening of the sales-room of any licensed premises at a height greater than five feet above the sidewalk level, or which will not permit and allow a clear and uninterrupted view of the interior of the sales-room from the outside thereof. On the days and during the hours on and in which the licensed premises are required to be and remain closed to the public, all window-blinds, curtains, shutters, or other similar obstructions shall be kept open, and an uninterrupted view of the interior of the sales-room made and kept possible.

(*m.*) No female other than a licensee shall be employed in any service or act or be permitted to act in any way in connection with the sale, handling, or serving of beer in, on, or about any licensed premises.

(*n.*) No person under the age of twenty-one years shall be employed in any service or act or be permitted to act in any way in connection with the sale, handling, or serving of beer in, on, or about any licensed premises.

(*o.*) If any person being a minor is, for any purpose, in any licensed premises, the licensee shall forthwith remove or cause to be removed such minor from the licensed premises.

(*p.*) No soft drinks, lunches, meals, or foodstuffs of any description shall be sold by any person or given or served by the licensee or his employee to any person in any part of the licensed premises.

(*q.*) No advertisement, sign, circular, letter, poster, or handbill naming or referring to any liquor or to the quality or quantities thereof, or giving the name or address of any person manufacturing or dealing in liquors, or stating where liquor may be obtained shall be displayed in or on any licensed premises; but the licensee shall post and keep posted his beer licence and any transfer of such beer licence in a prominent position in the beer sales-room of the licensed premises.

(*r.*) No licensee shall permit any person to play any game or sport or to dance in or upon his licensed premises. No licensee shall keep or maintain any musical instrument in the sales-room of the licensed premises, nor shall any licensee permit any person to play any musical instrument therein. No licensee shall, under any pretext or device whatsoever, furnish or cause to be furnished any music in the sales-room of the licensed premises.

(*s.*) No licensee shall permit persons of a notoriously bad character, or disorderly persons, to be in or upon his licensed premises.

(*t.*) Every licensee shall purchase such beer as from time to time he may require from such Vendor as the Board may designate, and shall keep and maintain a complete register in the prescribed form of

all kegs and barrels containing beer so purchased and received by him and of all empty kegs and barrels returned, and such register shall be open for inspection at all reasonable times to any official designated by the Board; and no beer shall be delivered to any licensee, except in kegs or barrels containing draft-beer or in barrels containing bottled beer.

(*u.*) No person shall in any way adulterate any beer purchased from a Vendor and had or kept for sale under a beer licence, and no beer which contains more than four and one-half per centum of alcohol by weight or less than three and one-half per centum of alcohol by weight shall be sold or consumed in any licensed premises.

(*v.*) Every licensee shall from time to time make such returns as are required by the Board.

(*w.*) Every licensee shall furnish the Board with a complete list of the names of all employees who have any control over the beer in his possession or who are engaged in serving beer to purchasers, and when and so often as any change occurs in the names of such employees the licensee shall forthwith notify the Board.

(*x.*) In the event of any licensee dying or becoming bankrupt, his executor, administrator, or trustee in bankruptcy shall, in the discretion of the Board, be entitled to carry on business under the licence and on the licensed premises during the currency of the licence.

(*y.*) Every licensee shall at all times, upon the request of any Inspector or Constable, or of any person designated by the Board, admit the Inspector, Constable, or person to all parts of the licensed premises for the purpose of inspecting the same, and of making search therein for the detection of any violation of the provisions of the "Government Liquor Act" or the regulations made thereunder.

(*z.*) If, after the making of the application for a licence, or during the term of a licence, the building in which the licensed premises are situate, or any furniture or fixtures contained in the building, become subject to any lien, mortgage, or encumbrance, the licensee shall forthwith file with the Board a notice stating the date of the creation or making of the lien, mortgage, or encumbrance, and the name of the holder and the amount thereof.

(*aa.*) No person who is in or upon any licensed premises shall offer or give to any person employed or acting in any service in connection with the sale or serving of beer therein any tip or gratuity, nor shall any person so employed or acting take or receive any tip or gratuity so offered or given.

# *APPENDIX E*

## PROVINCE OF ONTARIO

### Excerpt from Regulations of the Liquor Control Board

### NATIVE WINE REGULATIONS AND RESTRICTIONS

80. No manufacturer of native wine in the Province of Ontario shall sell or offer for sale in the said Province any such wine until he shall have procured from the Board a Permit authorizing him to sell the same.

81. Every application for a Native Wine Permit shall be in such form and shall convey such information as the Board may require.

82. The Permit so granted shall remain in force until and inclusive of the 31st day of October of the year stated therein, unless sooner cancelled by order of the Board.

83. The fee to be charged for such Permit shall be for the year or part of year expiring on December 31st, 1927, the sum of One Hundred Dollars ($100) and for each year or part of year thereafter the sum of Two Hundred Dollars ($200).

84. Every such Permit shall be posted up or displayed in a conspicuous place in the premises with respect to which the Permit shall have been granted.

85. Native wine which contains any ingredient other than Ontario-grown grapes or cherries and sugar shall not be sold in the Province of Ontario.

86. Native wine shall not be sold by any manufacturer whose premises and plant have a manufacturing capacity of less than one thousand gallons of wine annually, or which are connected by a covered passage or way of internal communication, except by telephone, with any other place of business, or with a private dwelling-house, nor shall native wine be sold from such premises if the same are situated in a private dwelling-house or in other respects are not approved by the Board. This shall not prevent manufacture in or sale from the same plant of other grape or cherry products such as may be approved by the Board.

87. Native wine shall be manufactured from the grape or cherry to the finished product in, and shall be sold only upon and from the

premises in which it is manufactured, and no branch office, store, or agency shall be maintained elsewhere in Ontario for its sale.

88. A manufacturer of native wine mentioned in Section 94 of The Liquor Control Act shall not sell native wine or grape or cherry juice to any other manufacturer of such wine, nor shall he sell native wine or grape or cherry juice purchased from any other manufacturer of native wine, nor shall he sell any native wine manufactured from grape or cherry juice purchased from any other manufacturer of native wine; but this shall not prevent sale by a new owner who may with the Board's consent have acquired the plant, premises, stock, and undertaking of a Native Wine Permit-holder.

89. The plant and premises from which native wine is sold under Permit obtained from the Board shall be open to inspection at any time by any officer whose duty it is to inspect the same, and such officer may at any time take for purposes of testing and analysis a sample or samples of any wine therein manufactured.

90. A holder of a Native Wine Permit shall not by window-display, except as approved by the Board, or in the public press, or by circular, handbill, poster, or other means solicit orders for native wine or advertise it for sale. This shall not, however, prevent the holder of a Permit from printing a price list in form approved by the Board, or from mailing in sealed envelopes or delivering the same to applicants therefor at the winery office.

91. The holder of a Native Wine permit may receive and execute unsolicited orders in the Province from a person residing in a residence defined by The Liquor Control Act, or from any other person authorized by The Liquor Control Act to purchase liquor.

92. Every case, carton, or cask of native wine sold in the Province of Ontario shall be labelled with the name and residential address of the purchaser, and when possible shall show street and number, or lot and concession when in a township. The said label shall also show the date of delivery to the purchaser if delivered to him personally at the place of manufacture, shall be made by a common carrier or by the manufacturer's own conveyance, or by a licenced carter, or to the purchaser's agent, duly authorized in writing to take delivery of such wine and the vendor shall retain and file such written authority with the order. The method of delivery shall be entered in the monthly sworn statement required by Regulation 94. It shall be the duty of every manufacturer of native wine to guard against fictitious or unauthorized names and addresses, and against sales and deliveries of native wine to persons who are ineligible under the Act to purchase liquor or whose residences are not places where under the Act liquor can lawfully be kept. (NOTE: It is requested that this Regulation be printed on all price lists which may be issued by holders of Permits.)

93. Every Permit-holder shall furnish to the Board an annual statement for statistical purposes in a form satisfactory to the Board showing the volume of his business, and he may be required by the Board to produce for examination his books of account, invoices, and all papers necessary to show the quantities of native wine sold for consumption in the Province of Ontario and the quantities sold for export and any other particulars which the Board may deem requisite.

94. Every Permit-holder shall, not later than the 10th day of every month, furnish to the Board and to any other officer whom the Board may designate, a sworn statement in a form approved by the Board, showing the quantities of native wine sold during the next preceding month, the names and residential addresses of the persons to whom such wine was sold and the dates of such sales, and showing also the quantities of Ontario-grown grapes and cherries used in the manufacture of native wine during the month respecting which the statement is made, and such other information as the Board may deem requisite.

95. The liquor seal of the Board shall not be placed upon packages of native wine.

96. All previous Native Wine Regulations and Restrictions are hereby repealed.

# *APPENDIX F*

Excerpt from The National Prohibition Law
Hearings before the Sub-committee of the Committee on the Judiciary United States Senate. (*Vol.* I, *page* 2.)
Bills to amend the National Prohibition Act

SENATE JOINT RESOLUTION 85

(Sixty-ninth Congress, first Session)

JOINT RESOLUTION proposing an amendment of the eighteenth amendment to the Federal Constitution relating to intoxicating liquors.
Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), THAT the following article is proposed as an amendment of the Eighteenth Amendment to the Federal Constitution, which shall be valid to all intents and purposes as part of said Constitution in *lieu* of said Eighteenth Amendment when ratified by the legislatures of three-fourths of the several States:

"Subject to present prohibitory provisions in the constitution of any State, and to laws heretofore or hereafter enacted in pursuance thereof, and to all existing local option laws in any State, so long as said provisions or laws shall respectively remain in force, the Congress shall have the exclusive power, with such enforcement aid as may be lent it by any State and be accepted by it, to regulate but not to prohibit or unreasonably restrict the manufacture, sale, transportation, importation, or exportation of intoxicating liquors, including the power to authorise any Federal agency that it may designate for the purpose, with the aid of such private business agencies as it may be authorised by the Congress to employ, exclusively to undertake and conduct, manage, and control the manufacture, sale, and distribution of such liquors; but, with the approval of a majority of the voters in any county, parish, or incorporated city or town in any State upon which this article shall at the time be operative, at a special election held for the purpose, the legislature of such State shall have the power to prohibit the manufacture, sale, or distribution of intoxicating liquors within the limits of such county, parish or incorporated city or town.

"The Congress shall be empowered to enforce this article by appropriate legislation."

# BIBLIOGRAPHY


Aktiebolaget Vin-Spritcentralen, Report for the year 1924, Stockholm, 1925.

Alliance Year Books, 1922, 1924, 1925, 1927, Headley Brothers, London.

Bosanquet, Bernard, "The Philosophical Theory of the State," Macmillan & Company, Ltd., London, 1920.

Bourinot, J. G., "A Manual of the Constitutional History of Canada," The Copp Clark Company, Ltd., Toronto, 1901.

Canada Year Book, 1926, Dominion Bureau of Statistics, King's Printer, Ottawa.

Craig, R. W. (ex-Attorney-General), "The Liquor Situation in Manitoba," an address delivered at Portage La Priarie, January 13, 1927.

Debates of the House of Commons of Canada, 11–17 Geo. 5, 1921 to 1926.

Debates of the House of Lords, 16 and 17 Geo. 5, 1926.

Debates of the Senate of Canada, 11–17 Geo. 5, 1921 to 1926.

Dever, W. E., "Get at the Facts," *The Atlantic Monthly.*

Ferguson, G. Howard (Premier of Ontario), Speech delivered at Kemptville, October 22, 1926.

Fisher, Irving, "Prohibition at Its Worst," The Macmillan Company, New York, 1926.

George, Henry, "The Science of Political Economy," G. N. Morang, Toronto, 1898.

*Harper's Wine & Spirit Gazette* (monthly), London.

Horsley, Sir Victor, and M. D. Sturge, "Alcohol and the Human Body," Macmillan & Company, Ltd., London, 1911.

Hose, R. E., "Control of the Liquor Traffic," *The North American Review,* Sept.–Nov., 1926.

House of Assembly of Vancouver Island, Minutes of, 1856–1858, King's Printer, Victoria, British Columbia.

Inter-Provincial Conferences, Minutes of the Proceedings in the years 1887, 1902, 1906, 1910, 1913, 1918, 1926.

Japan, "The Twenty-first Financial and Economic Annual" (1921), Department of Finance, Tokyo.

Licenses Reduction Board, Report for the year 1923, State of New South Wales, Australia.

Licensing Statistics 1924, Statistics as to the Operation and Adminis-

tration of the Laws relating to the sale of Intoxicating Liquor in England and Wales, His Majesty's Stationery Office, London, 1925.
Liquor (Popular Control) a Bill intituled "an Act to amend the Law relating to the manufacture, sale, and supply of intoxicating liquor, etc.," House of Lords, A.D. 1926, 16 and 17, Geo. 5, 1927.
Marcus, M., "The Swedish Alcohol System," Stockholm, 1925.
"Monopoly System in Japan," A Complete Account of the Direction General of State Monopolies, Tokyo, 1912.
National Prohibition Law, The, Hearings before the Sub-Committee of the Committee on the Judiciary, United States Senate, 69th Congress, 2 Vols., Washington, D. C., 1926.
Nickle, W. F. (ex-Attorney-General), In the Debate on the address in reply to the Speech from the Throne, Legislative Assembly, Ontario, 1925.
Pearl, Raymond, "Alcohol and Longevity," Alfred A. Knopf, New York, 1926.
Rabalac, "A Liquor Control Board in Being," *The Fortnightly Review,* May, 1923.
Royal Commission on Customs and Excise, King's Printer, Ottawa, 1928.
Royal Commission on Whiskey and other Potable Spirits, Minutes of Evidence, Interim and Final Report of, James Truscott & Son, Ltd., London, 1909.
Schooling, Sir W., "The Hudson's Bay Company 1670–1920," London.
Shadwell, A., "Drink in 1914–22, a Lesson in Control," Longmans, Green and Co., London, 1923.
Southborough, "Report of the Committee on the Disinterested Management of Public Houses," His Majesty's Stationery Office, London, May, 1927.
Temperance (Scotland) Act, 1913.
Vancouver, City of, Annual Report for the year 1926.
*Wine and Spirit Trade Record* (monthly), London.
Wines, Frederick H. and Koren, John, "The Liquor Problem in its Legislative Aspects," Houghton Mifflin Company, Cambridge, Mass., 1897.

## ANNUAL REPORTS

(Printed by order of the Legislative Assemblies)

Alberta: Reports of the Alberta Liquor Control Board Nos. 1 to 3, covering a period from April 12, 1924 to December 31, 1926.
British Columbia: Reports of The Liquor Control Board Nos. 1 to 5, covering a period from June 1, 1921 to March 31, 1926.
Manitoba: Reports of the Government Liquor Control Commission Nos. 1 to 3, covering a period from August 7, 1923 to April 30, 1926.

Ontario: Reports of the Board of Licence Commissioners for Ontario (Ontario Temperance Act), covering a period from April 30, 1921 to October 31, 1925.
Quebec: Reports of the Quebec Liquor Commission Nos. 1 to 5, covering a period from May 1, 1921 to April 30, 1926.
Saskatchewan: Report of the Liquor Board No. 1, covering the period from April 16, 1925 to March 31, 1926.
Yukon Territory: Reports of the Territorial Treasurer, covering a period from April 1, 1921 to March 31, 1926.
Newfoundland: Reports of the Board of Liquor Control Nos. 1 and 2, covering a period from January 31, 1925 to February 1, 1927.

## STATUTES

### Dominion of Canada Statutes

(and amendments thereto)

British North America Act, 1867 (Imp.), cap. 3, 30 and 31, Victoria.
The Customs Tariff 1907, cap. 11, 1907.
Canada Temperance Act R.S.C., cap. 152
An Act in aid of Provincial Legislation prohibiting or restricting the sale or use of Intoxicating Liquors, cap. 19, 1916.

### Provincial Statutes

(and amendments thereto)

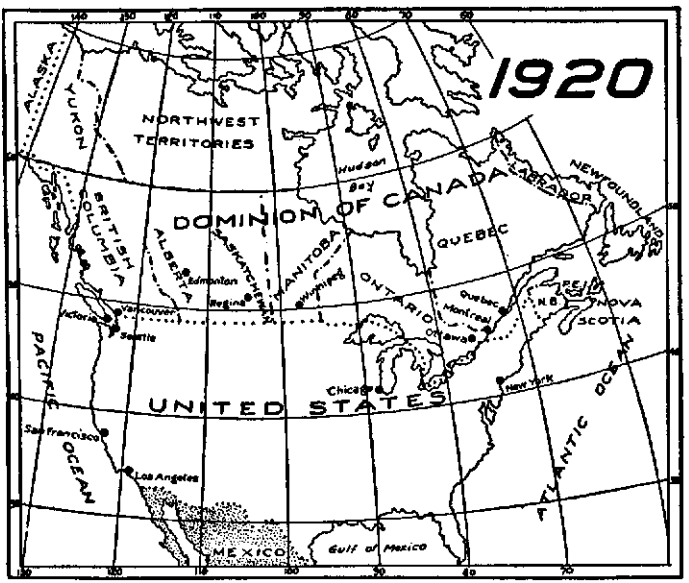
Alberta: Government Liquor Control Act of Alberta, cap. 14, 1924.
British Columbia: Government Liquor Act, cap. 146, R.S., 1924.
Liquor-control Plebiscites Act, cap. 147, R.S., 1924.
Manitoba: The Government Liquor Control Act, cap., 1928.
New Brunswick: The Intoxicating Liquor Act, 1927, cap. 3, 1927.
Ontario: The Liquor Control Act (Ontario), cap. 70, 1927.
Quebec: Alcoholic Liquor Act, cap. 37, R.S., 1925.
Alcoholic Liquor Possession and Transportation Act, cap. 38, R.S., 1925.
Saskatchewan: The Liquor Act, 1925, cap. 53, 1924–25.
Yukon Territory: An Ordinance to provide for the sale of liquor in Government Stores, cap. 1, 1921 (2nd Session).
An Ordinance regarding the regulation of the sale of liquor in the Yukon Territory, cap. 8, 1926.
An Ordinance to regulate the sale of beer, cap. 2, 1925.
An Ordinance to provide for a plebiscite on the question of bringing into force "The Ordinance to regulate the sale of beer," cap. 3, 1925.

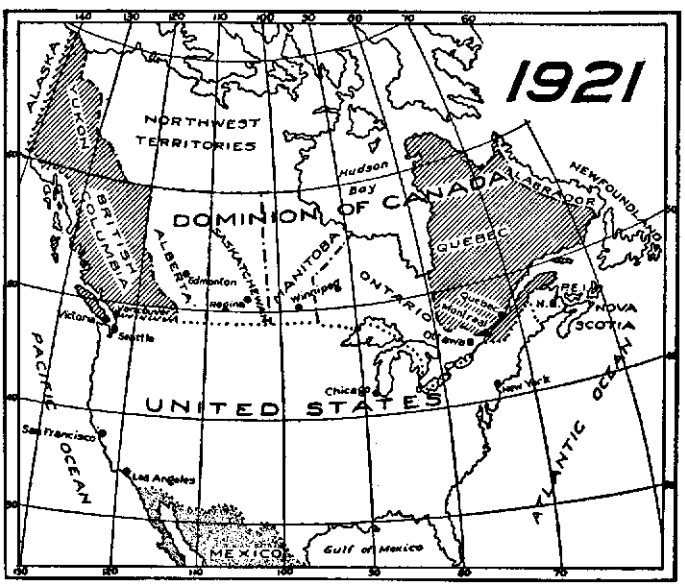
### Dominion of Newfoundland

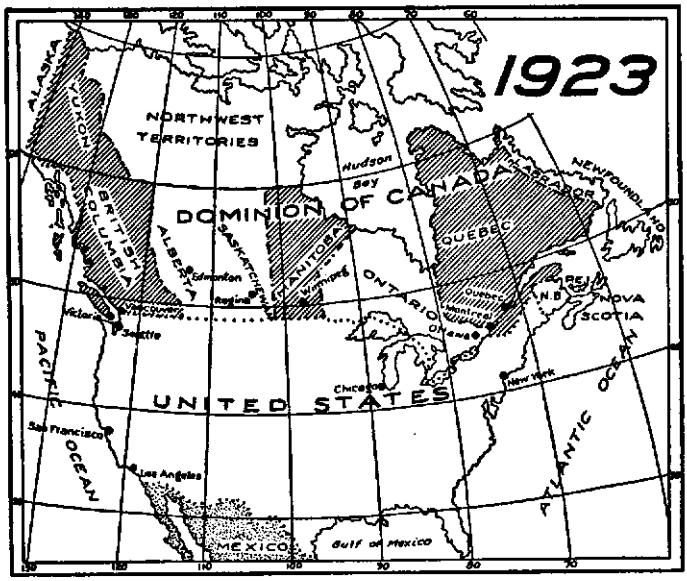
The Alcoholic Liquor Act, cap. 9, 1924.

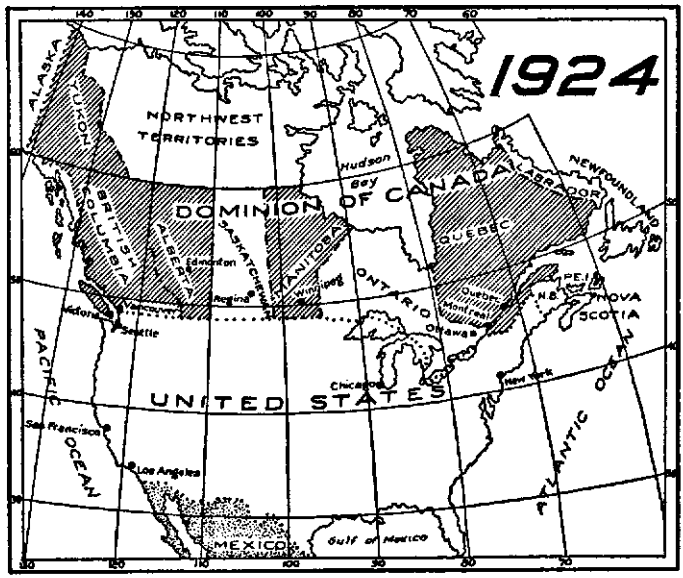
## CONTINENT POSITION OF PROHIBITION & GOVERNMENT CONTROL 1920-1927

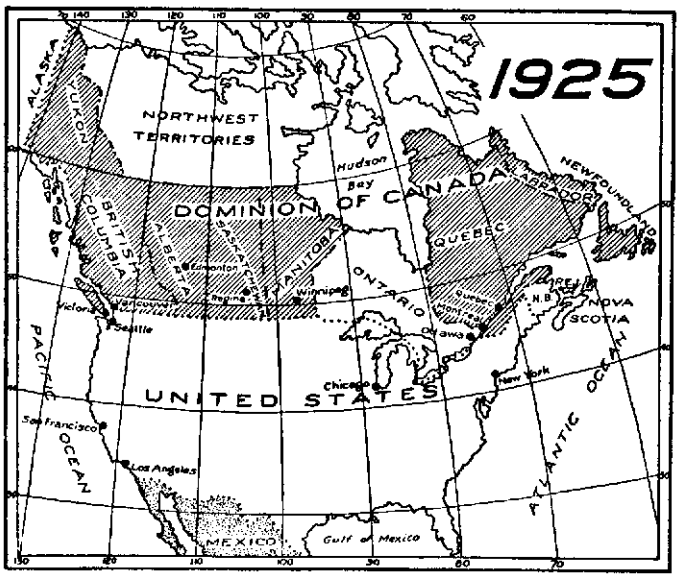
PROHIBITION ☐ GOVERNMENT CONTROL ■

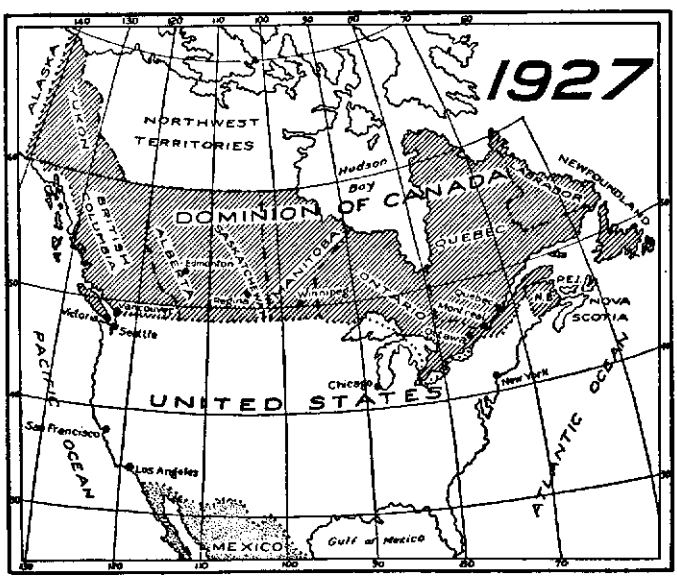


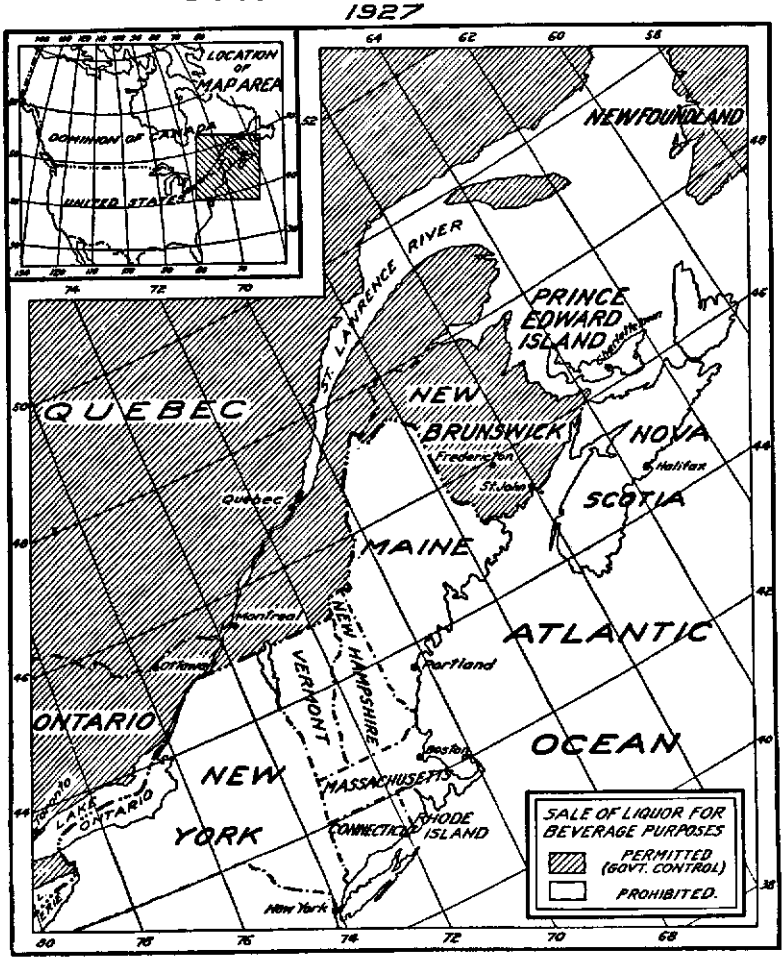

1923
NORTHWEST TERRITORIES
DOMINION OF CANADA
ALASKA
YUKON
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
LABRADOR
NEWFOUNDLAND
P.E.I.
N.B.
NOVA SCOTIA
Hudson Bay
Edmonton
Regina
Winnipeg
Victoria
Seattle
Ottawa
Chicago
New York
UNITED STATES
PACIFIC OCEAN
ATLANTIC OCEAN
San Francisco
Los Angeles
MEXICO
Gulf of Mexico


1924
NORTHWEST TERRITORIES
DOMINION OF CANADA
ALASKA
YUKON
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
LABRADOR
NEWFOUNDLAND
P.E.I.
N.B.
NOVA SCOTIA
Hudson Bay
Edmonton
Regina
Winnipeg
Victoria
Seattle
Ottawa
Chicago
New York
UNITED STATES
PACIFIC OCEAN
ATLANTIC OCEAN
San Francisco
Los Angeles
MEXICO
Gulf of Mexico


1925
NORTHWEST TERRITORIES
DOMINION OF CANADA
Hudson Bay
ALASKA
YUKON
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
NEWFOUNDLAND
LABRADOR
P.E.I.
N.B.
NOVA SCOTIA
Edmonton
Winnipeg
Victoria
Seattle
Ottawa
Montreal
Quebec
Chicago
New York
UNITED STATES
San Francisco
Los Angeles
MEXICO
Gulf of Mexico
PACIFIC OCEAN
ATLANTIC OCEAN


1927
NORTHWEST TERRITORIES
DOMINION OF CANADA
Hudson Bay
ALASKA
YUKON
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
NEWFOUNDLAND
LABRADOR
P.E.I.
N.B.
NOVA SCOTIA
Edmonton
Winnipeg
Victoria
Seattle
Ottawa
Montreal
Quebec
Chicago
New York
UNITED STATES
San Francisco
Los Angeles
MEXICO
Gulf of Mexico
PACIFIC OCEAN
ATLANTIC OCEAN

## THE EASTERN BOUNDARIES OF GOVERNMENT CONTROL 1927



# INDEX