

Prohibition and taxes

BACK in 1914, the Federal income from liquor taxes totalled 245 million dollars. A huge sum, indeed, to cut off lightly! State and local governments received another 80 million dollars yearly from the liquor trade.

Was adequate thought given to this phase of prohibition before the 18th Amendment was adopted? How has prohibition affected government income and taxes? What has been the effect on the individual tax payer?

Suppose that we first of all get down to fundamentals in answering these questions. Who paid those huge liquor taxes in the days before prohibition? True, the liquor interests wrote the checks. But who gave the money that made those checks good? . . . There can be only one answer. In the final analysis the individual drinker paid every penny of the liquor tax.

It is always that way with indirect taxation. Producer and distributor each gets a price that takes care of the taxes without cutting into profits. Nothing wrong about that. It is just good business. Now consider this:

The cost of running our government is nearly four times as great today as it was in 1914. There are three very good reasons for that. First, we have been through the greatest war of all time and are still paying the bill. Second, our population is

25 per cent larger than in 1914. Third, the dollar buys less in both wages and commodities, so that it takes more dollars to accomplish the same result.

And still our government continues to sail along on an even keel! The liquor taxes have been wiped out. But we hear no talk of Federal insolvency. Our financial condition, in fact, grows steadily better. Income tax rates have been reduced year after year. We have become the richest nation in the world!

Where is the tax money coming from? Ultimately it is coming, as always, from the individual tax payer. But he is paying it in different ways. He pays more in direct taxes. He pays taxes on his motor car on theater tickets—and on other things.

Motor vehicle taxes, which amounted to 929 million dollars in 1929, are in them-

selves an illuminating sign of the times! The beer pump has gone—the filling station takes its place! What a healthy situation for our country—indicative of our newer, finer standards of living!

Economic gains from prohibition have been estimated at 60 billions of dollars for the first ten years! Almost every family in America is sharing these gains. Higher wages, comfortable homes, motor cars, radios, electric conveniences, savings accounts, insurance policies, more hours of leisure—these are but some of the benefits.

But what about prohibition enforcement? Who pays for that? The answer is simple. Enforcement pays for itself. Here are figures for the first nine years of prohibition—as supplied by Dr. J. M. Doran while United States Commissioner of Prohibition: Total cost of enforcement, \$213,179,485; total collections from fines and penalties and revenue from taxes on lawful distilled spirits and fermented liquors, \$460,502,792.76. Net balance, \$247,323,307.76—a tidy sum indeed!

The individual who advocates liquor on the basis of the tax revenue it would bring does not understand even the fundamentals of taxation. The raising of needed revenue is no unsolved problem with our government; that matter was settled before the 18th Amendment became effective.

It would be too bad for America if she were forced to condone and encourage vices because of the tax money they would bring. Would you for a moment have our government legalize interstate white slavery or traffic in drugs on the grounds that they could be heavily taxed? With liquor, as with these other vices, America has taken a fearless stand on the side of rationality, reason and public benefit. Home-loving, nation-loving, far-thinking Americans would have it no other way!

An interesting booklet, "Let's Have the Truth About Prohibition," discusses the entire prohibition subject understandably and entertainingly. A copy may be had without charge by addressing American Business Men's Prohibition Foundation, 7 South Dearborn Street, Chicago, Illinois. Mail the coupon for it.

OTHER MESSAGES IN THIS SERIES ARE AS FOLLOWS:

- Let's Have the TRUTH About Prohibition. Are the Bootleggers Running the Country? Is Prohibition an Economic Success? College Drinking—Let's Have the Truth. Beer Pump or Filling Station? Drinking—Before and After the 18th Amendment. Crime and Prohibition. Is Prohibition Breeding Disrespect for the Law? What Has Prohibition Had to Do With Hard Times? Has Prohibition Helped or Hurt Business? Has Prohibition Made America Better or Worse? What Do Business Men Say About Prohibition? Why Do They Talk Wet and Vote Dry?*

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Let's Have the TRUTH About Prohibition