

Jobs Open - for Bootleggers

By Edward Bell

One axiom about consumption taxes which the statesmen in Washington ought to learn is that the higher you tax, the less revenue you get, and vice versa. Nevertheless they are now attempting to raise these taxes to obtain more revenue. This, of course, is quite in character.

Take the liquor industry, a good case, since few of us, in view of its product, can be accused of having any special fondness for it. The Federal tax rate on liquor was changed six times between 1863 and 1917. Each time the rate was raised there was a decrease of consumption of taxpaid liquor. Not a decrease in consumption of liquor, bootleggers being the enterprising gentlemen they are, but in consumption of tax paid liquor. Each time it was lowered there was an increase in taxpaid liquor consumed.

In 1863, when the tax rate was 31 cents a gallon, the per capita consumption of tax paid liquor was 1.61 gallons. In 1864 the rate was raised to \$1.22 a gallon to pay off the Civil War's mounting costs by producing \$40,000,000 in revenue. Receipts were only \$16,000,000 and by the following year consumption dropped to .42 gallons. In 1866 the rate was advanced to \$2 and consumption dropped still further to .35 gallons, so that by 1869 the tax was producing only \$14,000,000 a year.

But in 1869 the tax was cut 50 cents a gallon. Consumption of tax paid liquor rose to 1.86 gallons and receipts spurted to \$33,000,000. In 1873 a small rate increase to 66 cents caused consumption to drop to 1.72

gallons. A boost to 90 cents in 1876 sent consumption down to 1.36 gallons. In 1895 the tax was fixed at \$1.10 and the average consumption until 1917 held at 1.35 gallons.

So much for liquor, which to habitual drinkers is a seeming necessity. The bootlegging of which these figures are an index may be expected to be carried on for bread and the other desirable necessities of life when the taxes on them are raised just a little more to cover the risk. The man who has respect for law and who believes laws should be respected should not welcome that prospect.