

Anthony Comegna ([00:22](#)):

Professor Alice Kassens teaches economics at Roanoke College in Virginia, and she is a senior analyst with the Institute for Policy and Opinion Research. She's former president of the Virginia Association of Economists, and if you'll forgive her for it, a member of the governor of Virginia's Joint Advisory Board of Economists, where I certainly hope she made some headway. She writes quarterly reports on consumption, inflation and real estate in Virginia and helped found and direct the Center for Economic Freedom.

If all that is not enough reason to have her on the show, she also recently gave a virtual Speak for a Sandwich lecture to all of us at IHS on her recent book *Intemperate Spirits: Economic Adaptation During Prohibition*. We take you now to my post Speak for a Sandwich interview with Dr. Kassens.

To start us off here, I want to say that one of my favorite books ... I'm a Jacksonian Americanist by trade here, by training, I guess, because I'm doing quite a different trade right now, but one of my favorite books in Jacksonian America is WJ Rorabaugh's classic, *The Alcoholic Republic*, where among other things, he shows that the absolute peak of American alcohol consumption was around about the 1830s, 1840s, right when the major prohibitionist movements were starting from the bottom up. This was not a phenomenon that was really created by government. It was created by a variety of women's societies and moral reform societies and the like. I'm wondering, can you just give us a brief overview here of American drinking patterns, say, from the revolution up through when prohibitionism became a serious social movement?

Alice Kassens ([02:16](#)):

Sure. Being a college professor, I always like to give a comparison to Blutarisky on *Animal House* as far as relative drinking. And the colonists up until the era you talked about, 1830s, 1840s would put Blutarisky and his crew to shame. We were drinking in the US from when the Mayflower landed. We drank a lot of beer back then, because it was easy to make. We weren't very good at it apparently because colonists put help wanted ads in some London newspapers looking for brewers because our stuff was quite nasty, but we had the inputs that we could grow them to make beer.

We drank from the minute we got up. Colonists would wake up and instead of having hair of the dog like you have after a football game to get yourself going, they would just need a little eye-opener and they called it an anti-fogmatic would be their first drink of the day. And they would drink all day long during work all the way down to dinner and then have a little nightcap in the evening. And if there was a liquor drink made with some molasses and sugar, they let their children lick it right out of the bottom of their cup. They all joined in. It was a family affair.

And so we drank a huge amount of alcohol, an average of four glasses of wine, four cans of beer or four one half ounce shots of alcohol a day. But of course, for say an adult male, it was much more than that because there were plenty of people who did not drink, such as Puritans. Slaves were not allowed to drink. And so white males in particular drank much more than that on a daily basis. And so this increased through the early mid 1800s when, as you said, we started having more movements from women, for example, saying they were concerned that their husbands would drink their whole paycheck away or they would come home after an evening at the bar, because these bars or saloons would cash paychecks. So husbands would go in cash, their checks, spend it all, and then come home drunk. And so there were a lot of people that thought a lot of domestic violence was caused by alcohol, and so there was a lot of women's interest groups that were really pushing for temperance and then eventually prohibition.

Anthony Comegna ([04:53](#)):

Now, that gets me perfectly to my followup question, which was going to be about whether you have any kind of sympathy with these sorts of, especially the women's reform societies and these other morally oriented groups who were really, at least it seems to me, and maybe I have the history wrong here because it's not exactly my specialty, but it seems like they were trying to use moral suasion first and then because that just was not as effective as they would like, they introduced state prohibition as a stop gap measure. Could you address a little bit more about the intentions behind the very, very early prohibition movement?

Alice Kassens ([05:35](#)):

Sure. Certainly women [inaudible 00:05:38] can have complete sympathy with a woman whose husband comes home, and back then, women weren't earning money. They were largely working at home. And so their husbands would come home drunk having spent all of their food money at the bar and then beat them and/or their children. Of course, it's almost impossible not to have sympathy for that plight. And so you had a lot of church groups and other women's groups trying to put a stop to this because they saw the abuse happening. Sometimes it would even lead to death on the part of the women. And so certainly, you can feel sympathy for it.

And we saw it wasn't as effective as, as you say, and just asking and hoping and guiltning people into stopping drinking, because that's what a lot of the religious groups tried to do, so eventually government did get involved, right? So you had these groups with this common interest coming together. And so you had Maine passed one of the first laws prohibiting alcohol. It's called the Maine Law. I think it was in the 1850s, and then several other states followed suit. And so that's where that term Maine Law came about in the mid 1800s. Now, it was very difficult to enforce and of course, you a lot of people didn't take it very seriously. And so as politics typically runs, those things fizzled out. It was the first stab at getting towards the 18th amendment were these Maine laws.

Anthony Comegna ([07:15](#)):

And now I can already hear a lot of my audience shouting at their phones or wherever they listen about how the cure was so much worse than the disease here. Prohibition causes so many other unexpected problems than alcoholism. How exactly would we know if that gut instinct were true?

Alice Kassens ([07:39](#)):

Well, if we're looking at what happened because of the laws, so if you're thinking we want to reduce abuse and other crime, because maybe people are committing crimes because they're drunk other than domestic violence, you can look and see what happened after we passed the 18th amendment. And the picture of it all is Al Capone. Al Capone would not have been what he was had it not been for the government. He can thank the government for passing the amendment for his riches. And of course, there was all kinds of great movies and stories about people like Al Capone, but there was a lot of murder, all kinds of crime that was committed because of the Volstead Act and the 18th amendment. You just look at the court cases, having people brought in for various issues and just stories of the Valentine's Day Massacre in Chicago and other things that that happened, certainly crime did not fall.

And another piece of evidence that women realized that it just wasn't a good thing was when we started moving towards the 21st amendment, you had women's groups calling for the 21st amendment. Some of the very same people that were pushing for prohibition realized it was a disaster,

and even teetotalers like JD Rockefeller, who was very much for the 18th amendment, realized the chair was worse, and so he also put his hat towards the 21st amendment.

Anthony Comegna ([09:19](#)):

If it only took them ... I mean, this takes us a little bit afield, but if it only took them a little over a decade to figure out what a disaster this policy was, why has it taken us so long to realize what a disaster the drug war is?

Alice Kassens ([09:35](#)):

That's a very good question. And one of the things that I kept thinking to myself as I was researching this book is leading up to prohibition, the 18th amendment, there were many times something of that type was tried with respect to alcohol. Going to the Colonial period, you had people like Sewell who was very much against drinking. He would roam the streets and just go after people who were drinking, and it just didn't work. And you had criminal activity that would pop up whenever you would put some legislation in there.

And so I don't know why we can't seem to learn from our mistakes, because certainly what happened with alcohol happens with drugs. But I think there must be some ... We're convinced that eventually, legislation, whether it's on drugs or alcohol, will be helpful. Maybe it hasn't yet, but hope springs eternal, I suppose. I certainly am not convinced that it is beneficial. Certainly by looking at the research that I did on alcohol, it tends to cause more problems than things it solves.

Anthony Comegna ([10:46](#)):

Part of me thinks this is very similar, perhaps. I'm not a 20th century person by any stretch. In fact, things like the prohibition movement are part of the reason I hate that the 20th century and its history because it's just gigantic government policies one after another, death and destruction and planned chaos and all of that. It's just a horrible century to me.

But it strikes me as very similar, the argument or potential argument that, well, the problem with prohibition is that we didn't come down on it hard enough. We didn't attack the demon liquor strongly enough, just like people say, "Well, the reason the war in Iraq failed was that we didn't surge early enough, that we didn't really commit to it enough, and if we'd done that, it would've been great."

Alice Kassens ([11:39](#)):

Yeah. I mean, people do say that and you can come right back and say, "Well, how much is too much?" It just hasn't worked period, even when you had women in the 1800s going into saloons with axes to break up the bars and people still drank. You can go to great extremes and if there is a demand for something, it's going to still be there and people will find a way, whether it's through violence or criminality, to get what they want.

Anthony Comegna ([12:09](#)):

Let's talk a bit about those ways that people found to carry on the liquor trade regardless, because part of your talk that really grabbed me earlier were your discussions of both how different alcohol producers converted their capital equipment to make other goods and to make it in the marketplace regardless of prohibition. And then the other part of it I really enjoyed was about how bootleggers creatively evaded the state. Can you tell us maybe some of your favorite anecdotes from each of those?

Alice Kassens ([12:40](#)):

Yes, that's what my book ended up focusing on is just the entrepreneurial spirit that was alive and well during prohibition. Thinking about beer industry, for example, in the late 1800s, early 1900s, you had of these national beer firms coming about, like Anheuser Busch and Coors, because we discovered things like pasteurization, we expanded our railway system and we had refrigerated rail cars, so we could now transport alcohol and keep it for long periods of time.

And so they became targets of the legislation, the 18th amendment. And so suddenly overnight, what they were producing and making their money, invested their capital equipment towards was now illegal. And so they weren't sure if this was going to be the lay of the land forever, because certainly an amendment had not been reversed before at that point. And so they were creative. Instead of throwing their hands up and saying, "Well, I'm just going to sell off what I can, my equipment to someone and then just find some other way to make a living," they adapted.

And so some of them adjusted their capital equipment and the production processes to make goods that were legal. Some examples are Yuengling, for example, obviously very famous for their beer that they make. I believe they are the oldest or one of the oldest beer companies in the United States. They realized that their capital equipment could be used, was very similar to what's used to make ice cream. And so they bought a dairy farm very close to their brewery in Pennsylvania and they started making ice cream. They had refrigerated trucks that would distribute it to local stores and it became quite popular. And in fact, it survived much longer than the 18th amendment and they were selling it into the 1980s. I believe it stopped, but it started again. That's one example.

Another one of my favorites is Pabst ... everyone likes a little PBR ... got into making cheese, and they were so good at making what call Pabst-ett was their cheese, were so good at making it that Kraft got worried, because Kraft had the corner on the cheese market. After the 21st amendment came about and Pabst wanted to get out of the cheese-making business, Kraft bought Pabst-ett from them and continue to produce it for some time.

And I guess the last example would be making use of your natural resources. Coors got into ceramics. They used their natural resources that were around them to start making ceramics, create a massive company that would make dishes, all kinds of other wares. And it now is a one and a half billion dollar company called Coors Tech, so it's still alive and well. These are just examples of this entrepreneurial spirit looking at ways to, "Okay, the costs and benefits, the structure has changed, but I'm going to find a way to keep my business going."

Anthony Comegna ([15:49](#)):

And how about the bootleggers? What are some of the examples of how they managed to evade the Volstead Act?

Alice Kassens ([15:58](#)):

Some of the really fascinating ones. ... Of course, we've all heard stories about NASCAR got its go of people souping up their cars to outrun the law. But a story that I hadn't heard about that I found interesting was this creation of Rum Row. And so the 18th amendment and Volstead Act, which was the enforcement mechanism, said you couldn't manufacture, distribute, or sell alcohol in the United States.

But what some entrepreneurs quickly thought about was three miles out in the Atlantic Ocean or any body of water is international waters and therefore, the 18th amendment does not apply. And so some people making alcohol in the US but other places like Jamaica, France would send their alcohol

down to Jamaica, Bermuda. And in fact, Jamaica made so much money from transporting alcohol that essentially built them a new porch.

And so people would go down there with ships. They would get anything that could float and they'd bring it from the US, load it up with alcohol and then bring it up the Eastern seaboard, stay at places, largely populated places like Boston off the coast of New York, stay three miles out and they would set up what they called Rum Row. And it was one of the best examples of competition. There were so many boats selling alcohol to other people that say were vacationing and Cape Cod. They would take their boat out to Rum Row and they would go from boat to boat. These boats had their menu with their costs hanging from the bow of their ship so that you could see how much each cost and what they had and you'd go from boat to boat to see the best deal and then you'd ride up to the guy who you wanted to buy from, throw up a bundle of money, and they would toss down your alcohol and off you went.

One of the reasons why this was possible, because you have to come back to the United States and a lot of people came back with alcohol on their boats, it was very difficult to catch individuals doing this because one of the problems with the 18th amendment and Volstead Act was there wasn't much money spent on enforcement. And so the coast guard is the group that's tasked with watching out over our waters and they did not substantially increase the size of the coast guard, so the chances of you getting caught were very slim.

The thing that actually did in Rum Row was that the mob got involved. They saw it as a way of making money. Some of these ships got involved with the mob also because they had inland transportation networks, so they could sell not just to people running their boats out from Cape Cod and New York, but also to the mob who can then bring it in via truck and bring it in through the streets of Boston and New York, but they quickly took it over and the Tommy gun put an end to Rum Row.

Anthony Comegna ([18:57](#)):

That just makes me think, maybe the worst result of prohibition all told was really the rise of the Kennedy family.

Alice Kassens ([19:06](#)):

Yes. One could make that case. Another interesting family that made a lot of money on this was that the Bronfmans in Canada, and Seagram's came from that family. And so they were involved with Al Capone and other mobsters bringing alcohol in through Detroit and then eventually to Chicago. But if you do any Google searches or quick searches for Sam Bronfman, you find next to nothing on his criminal activity, so much like the Kennedys.

Anthony Comegna ([19:42](#)):

Well, so this leads me perfectly into what I at least take to be the main point of my interview here, which takes a little bit of exposition from me. And we were joking while doing our audio test about how I'm not a fan of econometrics at all, and you're of course, a professor of econometrics. I'm hoping that you take the spirit of this question well.

There's a historian, at least one historian, Austin Kerr, has argued that if you take prohibition's goals, the prohibition movement's goals on their own, prohibition was successful because broadly, what they were trying to do was number one, bring down alcohol consumption rates and bring down crimes associated with alcohol consumption, so exactly the kinds of things we were talking about before related to the different women's societies and moral reform societies.

And now, I used to teach this Austin Kerr argument in graduate school. And of course I was a TA, so keep in mind, I did not choose the readings. They were assigned by the professor, but when it came to discussion sessions about the readings, I could add in whatever supplemental material I wanted, and so I did some hefty quoting from one of HL Mencken's great articles about prohibition, a notorious dodger of prohibition, along with President Warren Harding, that during prohibition, it was actually the police who became the lawless ones. His argument was basically that, "Well, look during prohibition, it's the police that are violating the natural law, if you will." And postmodernists out there, please forgive me because like you, presumably I also don't believe in any natural laws, but Mencken at least said that, "Look, the natural law says that individuals should be able to consume whatever kinds of substances they want and it's the police that violate the real and true law when they try to stop people from doing that."

And so I used to ask our students, okay, Kerr has all this data. He has a heavily data-driven point that prohibition was successful on its own terms and that the failures people point to are other things associated with prohibition, but their main goals were accomplished. And so it gives the conclusion to them that, well, then all we need is more powerful state enforcement and they could stamp down all these other related problems that you were talking about as well.

And so I cited this Mencken article to them because I wanted them to see that there are problems with the data here. Your cherished data might be totally corrupted and the perspective on it is what really matters. If the law enforcers in our society actually become some sort of systematic law breakers, how the hell do you interpret that data?

Alice Kassens ([22:43](#)):

Well, as Mark Thornton talks about is that as you pointed out that things like this are corruptible, right? You have power corrupts. And so prohibition gives law enforcement and politicians in various areas, whether it's a small town in Wyoming or if it's a big city like Chicago, it corrupts individuals. There's money to be had. And if you look back into the roaring 20s when we had prohibition, policemen didn't get paid very much, but if you looked at people ... and prohibition unit officers didn't get paid very much. But if you look at the people wanting these jobs, it was huge. And so you have to ask yourself why. Why do people want so desperately to have a job that they're not going to make very much money? And it's because yes, their salary wasn't very high, but they made a lot of money from racquets, skimming and other bribes and payoffs.

And so you're right that if we look at data and look at arrests or things like that it may not be telling the full story. I think that's one of the nice things about looking at qualitative data is you can look at, say, newspapers.com like I looked at for this book and you get stories of places out in, say, Wyoming, where you even had prohibition officers who were sitting there on the federal or the state level payroll and they were killing individuals because they wanted their money. They would stake out places, rob you and if you didn't have money, they killed people. And so these are individuals that are supposed to be enforcing these laws and in fact, they're breaking ... Drinking is one thing, but they're taking someone's life, which is the ultimate sin. And so I think that leads to or stems from, as I mentioned, Mark Thornton talks a lot about the corruption that happens when you have power of this sort.

Anthony Comegna ([24:54](#)):

And I think maybe to take us out here, I'm curious to know how you think the alcohol industry writ large has been affected or will continue to be affected by the ongoing COVID crisis here. For example, it seems like the whole concept of bars might never really be the same, at least until we have a viable vaccine.

Alice Kassens ([25:19](#)):

Yes. I think they'll return to normal, especially when we get a vaccine, but in the short-term, I know in Virginia where we have ABC laws, they are relaxing a lot of them in that bars can do curbside alcohol purchases. My husband bought a keg from one of the places for our kegerator. And there also, you can buy to go and even delivery of alcohol. It used to be you have to have all these licenses and had to go through all these hoops to do any of these things, if you were allowed at all, and they've relaxed a lot of these things.

What I think is going to be interesting in addition to your comment, are we going to go back to eventually having bars like before, but is the government regulation going to return to what it was? As I suspect, yes, and they'll try to make a case that we can't have alcohol delivery as we had before because people just drank too much during COVID and we have to reduce that back to numbers that it was before. But I think the bar owners and bars, they'll find a way just like prohibition businesses then that were impacted found ways to sell their wares. It may be in smaller numbers, but I think that the appetite for alcohol in America is strong and we'll find a way to get it.

Anthony Comegna ([26:49](#)):

Hats off all around here at Ideas in Progress to Professor Kassens for putting up with my brand of purist Austrianism. She was a delightfully good-natured guest and I strongly encourage everyone, both friends and enemies of the demon rum, to check out her book. It's chock full of interesting and fun anecdotes. And while you're at it, go ahead and check out that boo. I mentioned from your university library. It's a good one for sure, WJ Rorabaugh's *The Alcoholic Republic*.

It may not be true that alcohol is in America's DNA, at least not in too strong a dose, but resistance to tyranny over the body most certainly is. I'm sure you'd all agree that our ongoing drug war is an absolute and tragic failure. And it's high time we heed HL Mencken's words on prohibition. It seemed almost a geologic epic while it was going on and the human suffering that it entailed must have been a fair match for that of the black death or the 30 years war, a characteristic overstatement from a brilliant writer and one of our very best figures, but my God, did he have a point. Remember to celebrate repeal day with the Cato Institute and liberty lovers everywhere next December 5th and hoist a glass to the great Alice Kassens for her yeoman service to the cause. Until next time, all, keep the progress coming.