

Business Support for Prohibition and Its Repeal

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My project examines the economic history of alcohol prohibition, focusing on the role of business interests in helping to enact and then repeal Prohibition. The project grew out of a hunch that business played a more important role in Prohibition than is commonly realized, with much of that support stemming from self-interest. While Prohibition may have had its roots in rural temperance movements and likely benefited from a perceived need for wartime efficiency and from anti-immigrant sentiment at the time, business interests and their considerable clout may still have been critical to passage of the Prohibition amendment. Industrialists, although relative latecomers in the crusade, seem to have viewed alcohol prohibition as a welcome complement to their own efforts to raise productivity and reduce labor strife. By the early 1930s, the rampant flouting of Prohibition and the apparent rise in crime seem to have convinced business leaders that enforcing Prohibition was futile and that keeping it on the books would be detrimental to their interests.

Historical research on the origins of Prohibition has come a long way since Richard Hofstadter derided it as a “rural-evangelical virus.” Later researchers have identified Prohibition as an important Progressive Era cause, supported by numerous social reformers and adherents of the liberal “social gospel” approach to Christianity. John J. Rumbarger’s *Profits, Power and Prohibition* (1989) emphatically argues that temperance, anti-saloonist, and prohibitionist movements were driven by profit-minded capitalists. John D. Rockefeller, Sr. and John D. Rockefeller, Jr. figure prominently in Rumbarger’s account. Rumbarger’s claim that

businessmen did not merely support but typically led or masterminded the anti-drink efforts is startling and begs for empirical scrutiny. How widespread was business support for Prohibition? How exactly did it manifest itself? And how important was it to the passage of the Eighteenth (and then the Twenty-First) Amendment?

The papers of John D. Rockefeller, Sr. and John D. Rockefeller, Jr. seemed a good place to look for answers. The elder Rockefeller (JDR) was known to be a longtime contributor to temperance and anti-saloonist efforts. The younger Rockefeller (JDR Jr.) openly supported temperance as well but made a splashy reversal in June 1932 with an open letter declaring constitutional prohibition to be a failure. Furthermore, the intense labor violence at the Rockefeller-owned Colorado Fuel & Iron Company in 1913-14, which are widely credited with spurring the Rockefeller companies into adopting various progressive reforms, may also have led them to step up their support for state-level prohibition efforts in Colorado (Rumbarger, 171). I spent four days at the Rockefeller Archive Center in 2004 going over most of the relevant correspondence, clippings, and reports in the papers of the two Rockefellers. In my research at the RAC I hoped to get more concrete information about the family's contributions to the Anti-Saloon League and similar organizations, the stated rationales for their support of Prohibition and for JDR Jr.'s later opposition, and clues about any possible ulterior motives (which business magnates on both sides of the Prohibition issue were routinely accused of having). I hoped to gain insight into how other business leaders approached the issue.

John D. Rockefeller, Sr.'s relation to national prohibition turned out to be surprisingly distant. Chernow (1998) notes that Rockefeller's efforts on behalf of the anti-drink crusade faded after 1900, largely because of strategic concerns. Rockefeller's "robber baron" reputation preceded him, to the extent that a key adviser warned him that mammoth contributions to

political lobbies like the Anti-Saloon League (ASL) could bring bad publicity for Rockefeller and the lobbies alike. Although Rockefeller continued to make regular and sizable contributions to the Anti-Saloon League's branches in New York and Colorado, he and his advisers took care to keep them modest in relation to the ASL's total funding, so as not to feed perceptions that he was bankrolling the ASL. (JDR Jr. adhered to that practice as well; see Fosdick 1956).

Moreover, July 1917 correspondence between Rockefeller advisers W.S. Richardson and Starr Murphy reveals that Rockefeller was pondering withdrawing his \$5,000 annual support of the New York ASL because he felt they were acting too dependently toward him (Rockefeller Family Archives, Record Group 2 Office of the Messrs Rockefeller, General Welfare Interests series, box 42, folder 462). Perhaps the most interesting item here was a letter from Murphy to Rockefeller dated January 8, 1918, as the campaign for state-level ratification of the Prohibition amendment was underway, urging a big donation to the ASL. Murphy concluded, "We feel the benefits to the country on the ground of morality and economic efficiency of securing the ratification of this amendment will justify a most generous contribution at your hands" (box 43, folder 463). JDR did indeed make an unusually large contribution that year, of roughly \$67,000 combined to the national ASL and two state branches, and an even larger combined contribution, \$91,000, in 1920, the first year of Prohibition (box 43, folder 465). Still, one would need to weigh those and other businessmen's contributions against the ASL's total funding to gauge their significance. The ASL's museum in Westerville, Ohio says that in general the organization raised most of its money from its rank and file membership, not from the Rockefellers and other business magnates (Westerville Public Library website, np).

Murphy's appeal to "morality and economic efficiency" (note the ordering) appears

typical of both prohibitionist rhetoric and of JDR's personal outlook on this issue. Rockefeller's support of temperance and prohibition was deeply rooted in the evangelical Baptism in which he was raised (Chernow, 20). His wife, Laura Spelman, who came from evangelical Puritan stock and was a founding member of the Women's Christian Temperance Union (WCTU), likely intensified those instincts. Rockefeller's involvement with the WCTU and other temperance groups dates back to 1880, shortly after Laura helped found the WCTU.

Like many businessmen of the time, Rockefeller seems to have embraced some combination of the liberal "social gospel" and the conservative "gospel of wealth," believing that sober, industrious men of faith were the best businessmen, and the best businessmen were the best philanthropists. The Rockefellers always maintained that they supported alcohol prohibition for charitable rather than financial reasons; while one need not take those statements at face value, Rockefeller, Sr.'s background -- even his self-righteous yet heartfelt rationalization of his monopolization of the petroleum refining industry -- fits with a sincere belief that temperance (which really meant abstinence) was the best thing for everyone's spiritual health. And yet just as groups like the WCTU and ASL often incorporated economic arguments (increased worker productivity, lower public expenditures on problems caused by alcohol abuse), a hard-headed industrialist like JDR could not help but heed the many voices linking worker inefficiency to the saloon.

Anti-saloonism, according to Rumbarger, was principally a movement by industrialists to keep the saloons away from their workplaces and their workers. It began as a patchwork of local anti-saloon efforts and did not mount a serious effort for national prohibition until well into the twentieth century. JDR's contributions to the ASL and its branches in New York, Ohio, and Colorado are consistent with this claim. The Rockefellers and Standard Oil's headquarters had

moved to New York in 1883, and the bulk of JDR's ASL contributions during 1900-15, totaling \$95,926, were to the ASL of New York. Rockefeller still had substantial holdings in Ohio, however, and donated \$53,500 to the ASL of Ohio (box 43, folder 465). Rockefeller and his associates could also influence local liquor policy more directly; for example, in 1903 the Rockefeller-controlled Lake Shore and Michigan Southern Railroad said it would expand its repair shop in Collinwood, Ohio, only if the town remained dry (Rumbarger, 147). Rockefeller's contribution to the ASL of America was only \$24,000, or \$1,500 per year.

JDR also contributed to the ASL of Colorado, where he owned the Colorado Fuel & Iron Company, which had experienced violent labor strife in 1913-14. His contributions totaled just \$15,000 but included large checks at critical times: \$5,000 in May 1914, prior to a state prohibition referendum, and \$5,000 more in August-September 1916, when the state prohibition amendment seemed imperiled. The connection between the company and the contributions is unmistakable: JDR Jr. explained in a letter to Lewis Cass Ledyard, "You will of course understand that the contributions to the Anti-Saloon League of Colorado were the outgrowth of our large business interests in the state" (box 43, folder 464). Starr J. Murphy wrote to ASL director Howard Hyde Russell in June 1914 that he and the Rockefellers had come to believe that "with such a law conditions in mining districts would be greatly improved." His letter appears to echo one he had just received from La Mont M. Bowers, who reported that retraining men and maintaining order were no trouble at the Sunrise mining camp, "where there is not a saloon or a [brothel]." Russell, in a letter to JDR, Jr., spoke of "a strong belief among law abiding people there, that the recent lawlessness in that state resulting in very serious breaches of the peace, has been due to a considerable extent to the influence of drink, and to its accessibility to employees in the saloons." The referendum passed, prompting Russell to gush in a December

1914 letter to Rockefeller, Sr.: “For these satisfactory results of our League’s work for this year in Colorado, no one is more to be thanked than yourself. So I write to say: ‘Thank you for your generous help!’” In a letter to Murphy in July 1916, shortly before his father sent \$5,000 to the ASL of Colorado, JDR Jr. wrote, “I believe it to be of the utmost importance to the State of Colorado, as well as to father’s financial interests, that the Prohibitory law of the State should not be amended.” (box 42, folder 461).

A hint of JDR Jr.’s eventual disillusionment with Prohibition is evident in Murphy’s June 1914 letter to Russell. Prior to concluding that statewide prohibition would help conditions in the mines, Murphy issues some important caveats: “we have always entertained great doubts about whether State-wide prohibition was the best way to handle the evils of intemperance. We have, however, sought advice in other quarters with regard to the situation in the mining districts of Colorado, and are advised that the enforcement of a prohibitory law in such territory would be much more successful than in the cities, and with such a law conditions in mining districts would be greatly improved.” Several years later, before the nationwide prohibition became law, Rockefeller, Sr. expressed doubts that it would work (Chernow, 637), though his financial support of the ASL at the national and state levels continued, peaking at a combined \$91,000 in 1920. Likewise, JDR Jr.’s support of Prohibition was solid through at least 1925, when he warmly praised the pro-Eighteenth Amendment pamphlet “Our Duty in Regard to the Liquor Laws” and wrote to request a dozen copies (box 39, folder 427). But Murphy’s prediction that prohibition would be relatively unsuccessful in the cities appears to have been correct, and working at the Rockefeller headquarters in New York City, JDR Jr. and his advisers could hardly be oblivious to the failings of constitutional Prohibition in the big city, from the profusion of speakeasies to the police corruption. JDR Jr.’s second thoughts are evident in his December

1927 letter to an official of the J.C. Penney Foundation, which was seeking his signature for a declaration in support of Prohibition. "I do not think the practicability of its enforcement has been demonstrated in communities where public opinion is generally opposed to it," he wrote (box 39, folder 431).

JDR Jr.'s growing doubts about Prohibition were preceded by fading confidence in the ASL. Relations with the ASL of New York had been less than cordial after Rockefeller lawyer and top adviser Raymond B. Fosdick questioned William H. Anderson's leadership of that chapter, entwining himself in a controversy that many termed "an alleged 'wet conspiracy' against Anderson" (box 42, folder 465). Fosdick himself, as JDR Jr.'s official biographer, wrote that mounting news of the national ASL's ineffectiveness led JDR Jr. to stop contributing to it after 1926. His support of various pro-enforcement agencies, such as the Citizens Committee of One Thousand, continued, however, through 1928 (Fosdick, 254; box 39, folder 430). By this time JDR Jr. appears to have been frustrated by the conflicting verdicts on Prohibition from various "wet" and "dry" propagandists. Through Fosdick he made known his willingness to help finance "a scientific study of the operation and result of the Eighteenth Amendment," but nothing appears to have come of it (box 39, folder 426).

The financial panic and depression that begin in 1929 prompted many to rethink Prohibition. Politically speaking, Prohibition's days appeared numbered, as the deepening Depression made it appear increasingly likely that Democrats would control the White House and Congress after 1932. Leading Democratic presidential prospects such as Governors Albert Ritchie of Maryland and Franklin D. Roosevelt of New York were known advocates of repeal. The collapse of tax revenues and burgeoning budget deficits, as well as the income tax increase of 1932, underscored old arguments that repeal could help the nation's fiscal health, by reducing

inefficient enforcement expenditures and restoring the excise tax on alcoholic beverages. The unprecedented and deepening economic misery, and attendant episodes such as the Bonus Army debacle, threatened a breakdown of law and order. JDR Jr.'s public statements and private correspondence do not mention any of these concerns, but it is highly probable that he was influenced by them at least indirectly.

JDR Jr. had been in contact with, but never joined, the Association Against the Prohibition Amendment (AAPA), a business-heavy group and apparently the most influential group working for repeal. Identified so strongly with the duPont family that many called the AAPA "the duPont group," the organization made several economic arguments. (See, for example, Pierre S. duPont's AAPA pamphlet and radio address "A Businessman's View of Prohibition") Aside from the tax-revenues argument (which critics saw as a way for wealthy businessmen to avoid income tax increases by shifting the tax burden onto working-class consumers of alcohol), the duPonts and others in the AAPA opposed Prohibition on libertarian grounds. With slippery-slope logic, they asked: if the government persisted in enforcing a law that was unenforceable because it interfered with long-established private activity and custom, what was to stop it from further interfering with people's civil and economic liberties? Others took a more positive, albeit limited, view of government, and worried that keeping an unenforceable law on the books would erode support for basic law and order, i.e., the government's most important function from the point of view of business and its owners.

John D. Rockefeller, Jr.'s bombshell letter was published June 7, 1932, as an open letter to Columbia University President Nicholas Murray Butler, a Rockefeller associate who was actively trying to get the Republicans to include a pro-repeal plank in their 1932 convention platform. Butler is also seen as the main impetus behind the letter itself. In the letter JDR, JR.

touches on some of those economic arguments but only in the most general terms. He invokes the law-and-order argument (“respect for all law has been greatly lessened,” and “repeal is a prerequisite” for restoring respect for the law) but does not connect it to commercial or property interests. Likewise, he speaks also of “the normal liberty of action of the individual” without reference to freedom of contract or enterprise. Still, JDR Jr.’s letter was received warmly by numerous commercial organizations, from the New York Stock Exchange to the *Wall Street Journal* editorial page (box 40, folders 432 and 437).

JDR Jr.’s letter was clearly calculated to have a major impact. It was sent to numerous media outlets, under the correct expectation that it would receive ample coverage. His advisors and assistants carefully tabulated 4,509 ensuing editorials and found them to run nine to one in favor of the letter. Some even said, both then and later, that the letter had singlehandedly turned the tide of public opinion (Fosdick, 257-58). While that tide had likely turned already, given Prohibition’s perilous state at that point, this particular public reversal was still stunning. Other onetime Prohibition advocates had defected, but none were so prominent, respected, and connected to the cause of Prohibition. Prohibitionist critics grumbled that JDR Jr. was simply seeking to lower his tax bill. Others said he had been taken in by the cosmopolitan cultural elites in his New York City circle. But JDR Jr. had remained one of the country’s most famous teetotalers and was credible in his claim that “I have always stood for whatever measure seemed at the time to give promise of best promoting temperance.” Although recent research estimates that alcohol consumption did decline significantly during Prohibition (Miron and Zwiebel, 1991), Rockefeller echoed widespread public perception in lamenting that “drinking generally has increased” and “the speakeasy has replaced the saloon, not only unit for unit, but probably two-fold if not three-fold.” The benefits of Prohibition, including the “great blessing” of the

abolition of the saloon, were simply outweighed by “evils that have developed and flourished” since the Prohibition amendment went into effect. He presented repeal not as a positive good but as a clean slate on which “practical measures for the promotion of genuine temperance” could begin.

Prohibition has traditionally been seen as a social phenomenon -- a great social experiment that failed -- in which economic considerations played little if any part. Upon closer examination we see that economic motivations were never completely absent from the scene and sometimes were very important, as in the Rockefellers’ support for the Colorado prohibition amendment in 1914. But a stronger lesson to be drawn from the Rockefellers’ decades of support for prohibition and temperance is that wealthy people’s involvement in political lobbying often follows from personal or religious conviction, rather than from narrow economic self-interest. (An analogy might be current actors and musicians who prominently back, or oppose, certain politicians or policies.) One *can* argue that the Rockefellers’ consistent support of temperance efforts was primarily intended to produce a docile, dependable, and productive workforce, but other than that brief episode in Colorado, which occurred after Rockefeller, Sr. had already been contributing to temperance organizations for decades, evidence of such intentions is scant. By contrast, the Rockefellers’ moral motivations, as expressed in their public statements, are entirely in keeping with their personal histories and day-to-day lives. To be sure, their experience was not necessarily typical of businessmen; indeed, the Rockefellers’ wealth and philanthropy were such that they may have been long past the point of worrying about how government policies would affect them economically. For more definitive insights into how businessmen viewed Prohibition, we may be best advised to shift our focus from individuals to groups like the United States Chamber of Commerce and the National Association of

Manufacturers, whose involvement would necessarily be more pecuniary in nature.

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