

**POURQUOI LE CANADA A-T-IL NATIONALISÉ LE COMMERCE DES ALCOOLS  
DANS LES ANNÉES 20 ?:  
UNE HISTOIRE D'ÉCONOMIE POLITIQUE**

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## **1. Introduction**

«After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited».

Article XVIII, Section 1, Constitution of the United States.

The 18<sup>th</sup> Amendment launched the United States in one of the most curious, colourful and controversial episode of its history. In the land of individual freedom and minimalist government, this extreme form of government intervention into regulating people behavior has always been somehow a paradox. The 13-year US prohibition of alcohol (1920-1933) fascinated generations of historians who filled thousand of pages narrating the regional and local experiences, the temperance organizations and personalities.<sup>1</sup> There is also a substantial literature from sociology and political science. Studies and books keep coming out ever since the 1920s.

Meanwhile, Canada, U.S. Northern neighbour, chose a strikingly different path. One by one, its provinces, starting with Quebec and British Columbia in 1921 and ending with Ontario in 1927, set up state liquor sale systems still with us today. That the two nations of North America began simultaneously experiments as different as prohibition and nationalization to confront the social issue of alcohol produced quite an extraordinary legal situation, as one can easily imagine. For more than a decade, here was a country, the U.S., where production, sales and international trade were illegal side by side over 7 000 km of more or less open border with a country, Canada, where production and exports were legal while retail sales was illegal in some provinces and state monopolies in others, with no formal borders between them.

At the time, many commentators found this extremely interesting or even remarkable.<sup>2</sup> Since then, curiously, it has never been a popular topic among Canadian historians or

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<sup>1</sup> Witness the 13 pages of bibliography in the recent study by Szymanski (2003: 302-214) listing all the regional and local histories of prohibition in the US. Not a single American state, we think, is left unexplored.

<sup>2</sup> See for instance Hose (1928: 1, 99 passim) or the *Current History* set of articles on the Canadian liquor system in Cooke *et al* (1929).

economists.<sup>3</sup> It is within our larger research project of setting the U.S. prohibition experience in a comparative international perspective that we wish to explore here this crucial episode of the 1920s when Canada introduced state monopolies of liquor sales. The question of the title hides in fact three separate questions. The first is why Canada did not follow the U.S. example and transformed its wartime prohibition into a permanent one. The second is why did the provinces replace their sale bans by state monopolies instead of simply leaving the business to the private sector under regulation, taxing and licensing like in Britain or in Continental Europe. The third is why did the nationalization movement emerge simultaneously at both ends of Canada in two provinces as different as French Catholic traditionalist Quebec and English Protestant new frontier British Columbia.

Before tackling these questions, we first outline the main features of the story and provide some historical background in the next section. Then, in section 3, we identify the actors of the two camps: the pro and against state selling systems and discuss their motivations. Nationalization was generally adopted after people were asked to express their preferences<sup>3</sup> in a referendum. Thus in section 4, we present the various provincial referenda results. *[In a further version of the paper, there will be some econometric results of the multivariate analysis of at least three of them: Quebec in 1919 and Ontario in 1919 and in 1924.]*

## **2. From Prohibition to Government Control: Evil or Innovation ?**

By the 1920s, the temperance movement was almost a century old.<sup>4</sup> The crusade was part of a broad reform movement aimed at the promotion of a good society by removing from individuals and societies the evils of immoral behaviour such as drinking, smoking or gambling. Its beginnings can be traced back to the 1840s and its evolution can be divided into four waves: the 1840s-50s, the 1870s-80s, the 1890s-First World War and the 1920s. In Canada, the struggle for the total ban of alcohol culminated in the 1898 national referendum -the first of only three in Canadian history- asking people if they

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<sup>3</sup> What Campbell (1991) wrote in preface that his study of British Columbia liquor board system was the first of its kind, is still pretty much the case today. The exceptions are Lawlor unpublished thesis (1970) on Quebec, a chapter in the recent history of alcohol in Canada by Heron (2003) and some articles by Marquis (2001; 2004).

<sup>4</sup> For the history of the beginnings of the temperance movement in Canada, see Noel (1995) and Smart and Ogborne (1996).

wished total prohibition, that is of importation, manufacturing and sale of all types of alcoholic beverages.<sup>5</sup> The national results were extremely close: 51 % Yes / 49 % No. Regional disparities were wide: in Quebec, the Yes represented 19 % of the votes; in the Maritimes, more than 80 %; in Ontario, 57 %.

Afraid to split the country on this very sharp divide between Catholic French and Protestant English Canada and arguing that less than a ¼ of the electorate [51 % of the 44 % who voted] was not sufficient for such a drastic legislation to be legitimate and enforceable, the Prime Minister Laurier decided not to act upon those positive results. Defeated at the federal level, the prohibitionists turned to the provinces. The fiercest battle took place in Ontario. In 1902 the Ontario government proposed a provincial prohibition measure conditional on a referendum with a majority in favour at least equal to the majority voting at the last General Election. The results fell just slightly below the requirement.<sup>6</sup> Before First World War, prohibitionists in fact succeeded only in the smallest of the provinces, Prince Edward Island, in 1902.

First World War provided a strong impetus to the dries in North America: prohibition became synonymous with patriotism. It would save strategic resources such as grain; it would improve the efficiency and strength of the military and civil manpower; it would distance Canadians from the Germans very present in the brewery sector. Like in the U.S., drinking beer became «un-patriotic».<sup>7</sup> All provinces, except Quebec, adopted sales bans in 1916 and 1917. The federal Borden government announced at the end of 1917 a national prohibition as a war measure without any plebiscite. It came into effect in March 1918 and was to last until one year after the end of the war.

The US entered war in April 1917. Immediately, the dries used the national fervour and readiness for sacrifice to push for national prohibition. Congress first passed a war measure in August 1917 banning the diversion of foodstuff into distilled alcohol. By

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<sup>5</sup> We analyzed the results by county of this referendum in Dupré and Vencatachellum 2005 unpublished paper.

<sup>6</sup> The required number would have been 212 723. The results were 199 749 Yes against 103 548. Hayler (1913:255).

<sup>7</sup> Morone (2003:313-14) gives a good example with Dr. Kellogg's full page ad in the *New York Times* : «Grain sunk by submarines last year was EIGHT MILLION bushels. Grain used by American brewers last year was SIXTY EIGHT MILLION.» We find the same rhetoric in Canada. See Smart (1996:47), Kottman (1962:108), Decarie (1967:275-78). Smart (1996:47) and Marquis (2001:7) write that it is very doubtful that without the war, Canada would have had a national prohibition.

December, it moved to ban the manufacture, transportation or sale of intoxicating liquors. The 18<sup>th</sup> Amendment was proposed to the Congress, adopted with large majorities and declared ratified on January 19 1919.<sup>8</sup> . Enforcement was left to statute: the Volstead (National Prohibition Enforcement) Act was passed on October 28 1919 over the President Wilson's veto.

In January 1<sup>st</sup>, 1920, the two countries of North America split roads: the U.S. turned «bone dry».<sup>9</sup> In Canada, the federal government let prohibition expire and returned control to the provinces, *de facto* killing prohibition as a real instrument since provinces had no power over production, international and inter provincial trade. The only action the federal government took was to legislate a ban on inter provincial shipments into a dry province after it asked for it in a referendum. All dry provinces did.

Why did the federal government withdraw in 1919 ? And why did it resist until May 1930 legislating to ban exports to the U.S. where imports were illegal.<sup>10</sup> The story is complex enough to provide a separate topic for research. We still have to investigate it but three main factors can already be suggested. First, the strong anti-prohibition position of Quebec made a national prohibition legislation a practical impossibility.<sup>11</sup> Moreover – and perhaps the most crucial- there were economic interests at stake. The Canadian industry of distilleries and breweries saw the U.S. market, in the absence of domestic production, all for them for the taking. A rare opportunity and no doubt a business more lucrative than ever. They must have –behind the doors- put some significant pressure on the federal government.<sup>12</sup> The federal government had also an obvious financial

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<sup>8</sup> Ratification requires a minimum of  $\frac{3}{4}$  of the states, that is 36 on 48. The 18<sup>th</sup> Amendment was ratified by 45 states (Rhode Island, Connecticut never ratify it; New Jersey only in 1922).

<sup>9</sup> That is, as we saw at the beginning of the paper, manufacturing, transportation and sale but not consumption nor home-fabrication of any intoxicating beverages defined as containing more than 0.5 % alcohol were prohibited.

<sup>10</sup> After almost a decade (from 1923 to 1930) of negotiations and meetings between the governments of the two countries and after President Hoover threatened to put 10 000 armed men at the border. The situation was ludicrous : distilleries could and did export to the U.S.; the Canadian products turned illegal just once inside the U.S. See Jones (1929), Kottman (1962), Marquis (2004).

<sup>11</sup> This was what one of the most notorious leader of the movement in the U.S., Secretary-General of the Anti-Saloon League, Ernest Cherrington (1929:78) argued, adding that Quebec was «a Province unlike the rest of Canada in race, language, manners and customs».

<sup>12</sup> Prévost (1986:101) writes that the share prices of the four main liquor producers increased by 315 % between 1921 and 1923. Jones (1930:712) indicated that the annual value of whisky exports was between 19 and 24 millions \$ of which 16-18 went to the U.S. At this stage, it is impossible for us to be more precise. We do not even know what part of the U.S. market was supplied by the Canadian industry. Canadian contemporaries tended to argue that it was small; Americans argued the opposite.

interest at stake. Right from 1921, it doubled the level of excise and sales tax on spirits, raising up much income, seemingly up to a third of the provincial liquor board revenues.<sup>13</sup>

Therefore, in the 1920s the action in Canada took place almost exclusively at the provincial government level. The only ban the provinces could exercise was over retail sales: this was the essence of the so-called «Temperance Acts» adopted during the war. Everywhere, there was much dissatisfaction with enforcement because inevitably regional and partial bans leave numerous loopholes.

Alcohol production was legal and distilling was concentrated in Ontario which counted at that time six large distilleries and 29 breweries. They shipped spirits to the U.S. directly or through false destinations.<sup>14</sup> They could also ship to *wet* Quebec in transit to return to Ontario consumers, at least until the federal government tried to close that loophole with its ban on shipments into a dry province. But in the absence of a border between provinces, one may be sceptical about the effectiveness of this legal obstacle.

Moreover, there were exceptions to the bans for sacramental, industrial and medicinal uses. If we are to believe the numerous anecdotes in the historiography, the later opened the door to large scale abuse. One can read of some 810 000 prescriptions issued in Ontario in 1923-24, of a doctor who had given 2000 in a single month; of another 487 in a single day. As the well-known humorist writer Stephen Leacock put it in 1919: «It is necessary to go to a drug store and lean up against the counter and make a gurgling sigh like apoplexy. One often sees these apoplexy cases lined up four deep».<sup>15</sup> Homemade alcohol was also exempted, here again opening a door to widespread bootlegging and illicit bars, taverns, *blind pigs* and the like.

The U.S. prohibition experiment did not help the cause of the Canadian drys. On the contrary, it might have helped the «moderates» who advocated government control and

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<sup>13</sup> Quoted in Hose (1928:88) about the Quebec Liquor Commission. We also found indications that the federal government was raising a lot of money from the spirits tax in many other sources: Stanley (1929:74); Heron (2003:183); Kottman 1962; Jones (1930:712).

<sup>14</sup>There is abundant anecdotal evidence: perhaps the funniest is this one reported in Smart (1996:51): the Mexico Export Company which had five docks in Windsor and one small motor boat was recorded in customs papers to have made four trips from Windsor to Cuba in a single day.

<sup>15</sup> In Smart (1996 :52).

sale as a viable alternative to prohibition. An important moderation movement developed in that decade. Searching for a compromise solution to balance citizens' rights and to re-establish law and order, they turned toward the state. This was a move far from evident at the time, even though there had been some precedents at the local level in Scandinavia, the *Gothenburg system* much talked about in the circles of the dries and of the wets since the 1870s.<sup>16</sup>

In North America, there were no precedents besides the short-lived government dispensaries experiments of South Carolina and Saskatchewan earlier in the century. The first to set up state liquor boards a few months apart in the Spring of 1921 were the two provinces where the prohibitionist fervour was historically the weakest, Quebec and British Columbia. All the others followed them -except tiny Prince Edward Island- in the relatively short period of seven years. Figures 1 to 3 show the three waves: Quebec and B.C. in the early 1920s, imitated by the three Prairie provinces in the mid 1920s, and reluctantly Ontario and the Atlantic provinces of New Brunswick and Nova Scotia in the late 1920s. We focus here on the two leaders, Quebec and BC, contrasting them to Ontario. We will pursue with the other provinces later on.

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<sup>16</sup> It was a system in which liquors were sold by a municipal non profit enterprise and profits were reinvested in the municipality for good works such as education, roads, welfare. Gothenburg was the first town to set it up in Sweden in the mid-19<sup>th</sup> century.

Figure 1 - The Portrait in the early 1920s

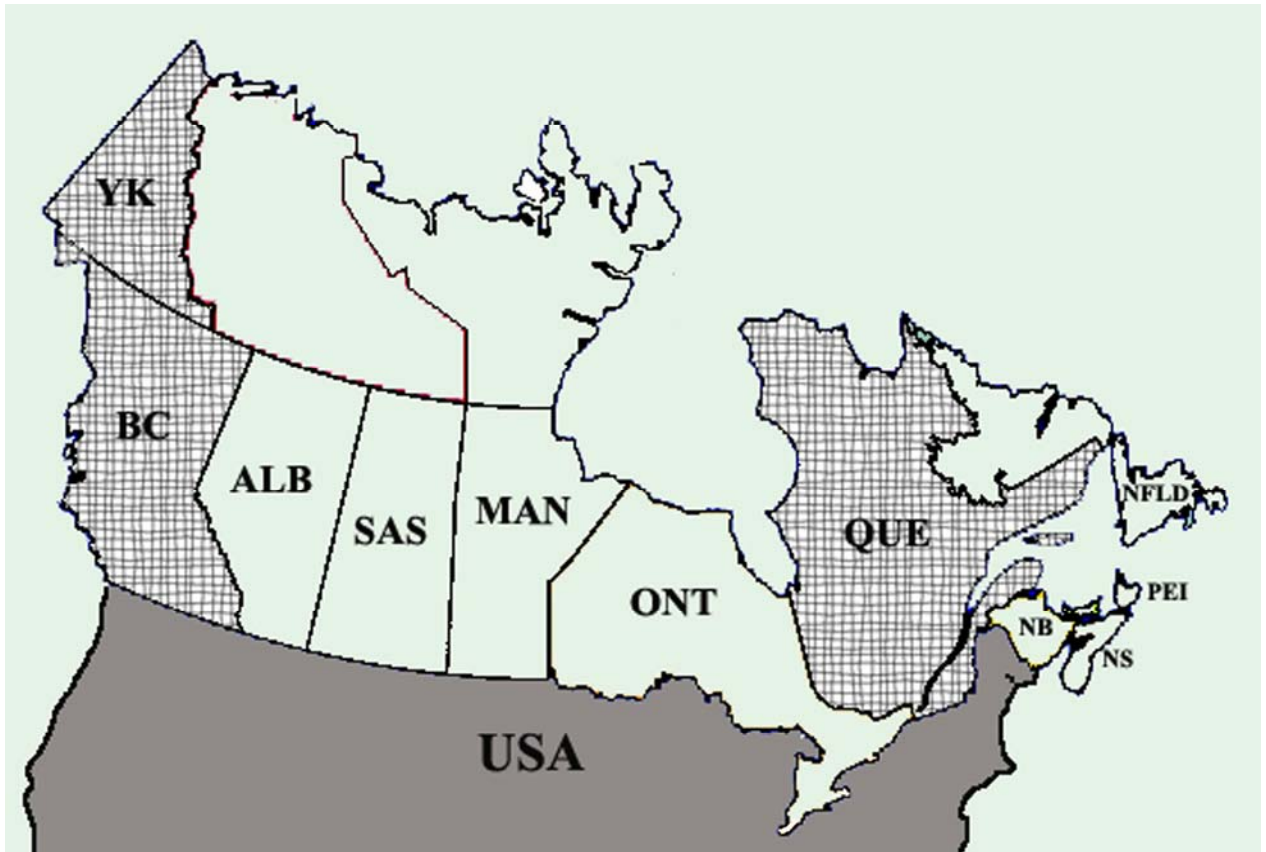




Figure 2 - The Portrait in the Mid-1920s

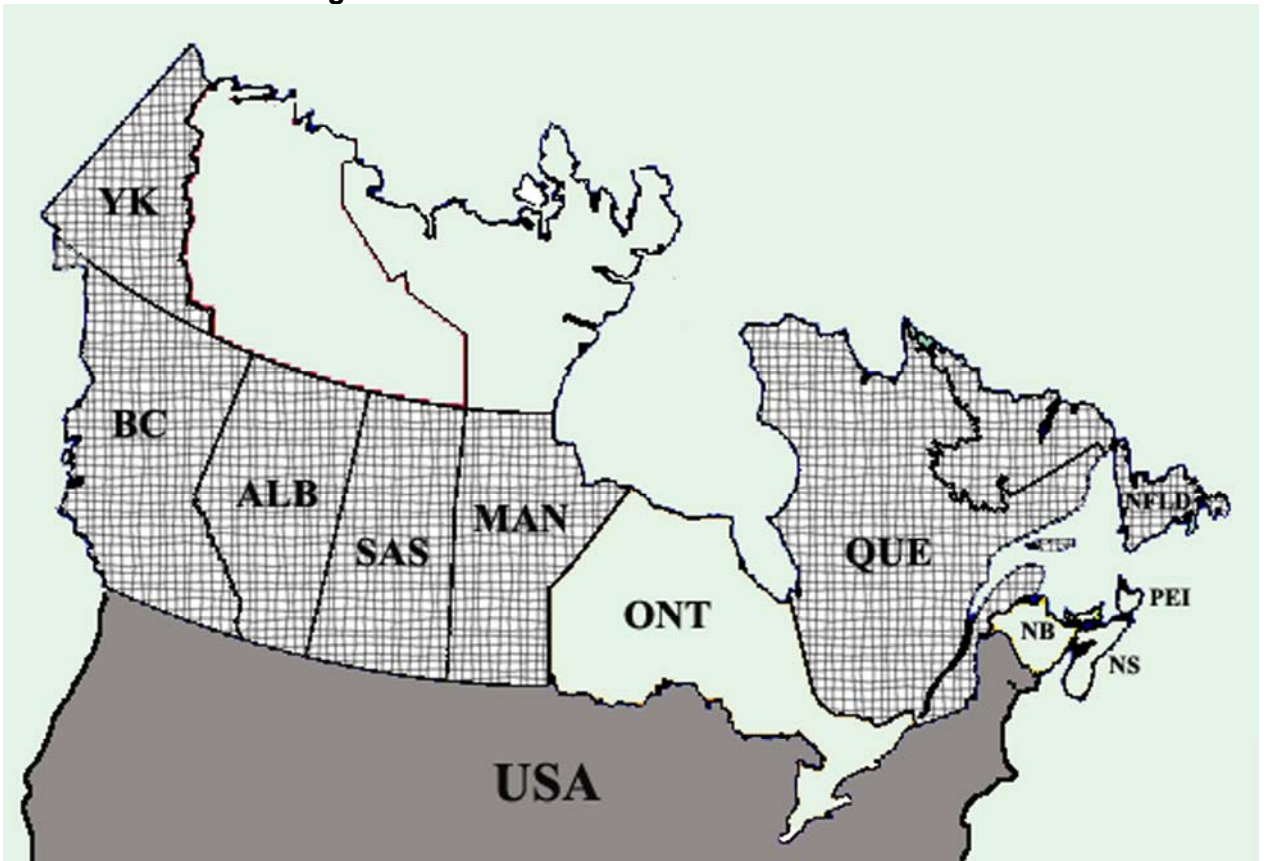
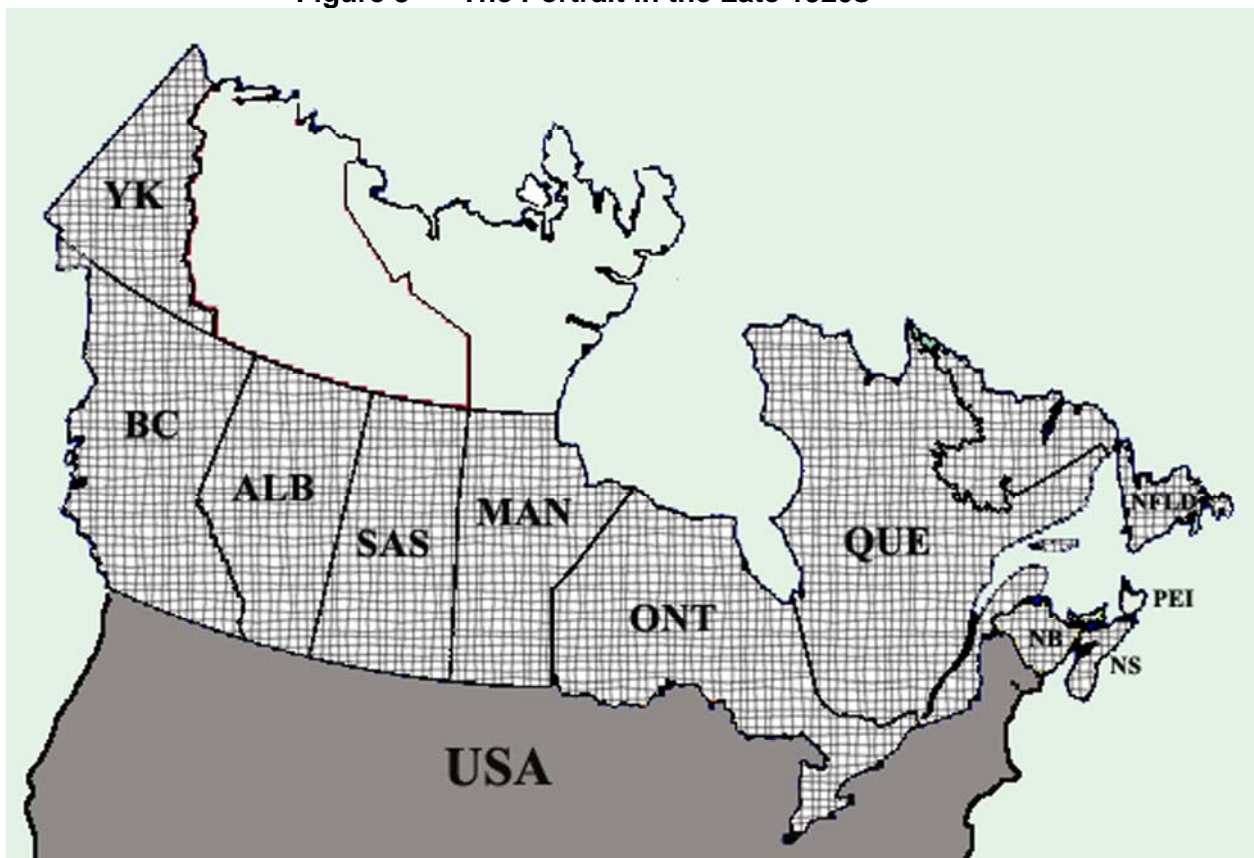





Figure 3 - The Portrait in the Late 1920s



**Legend :**

-  State sale system
-  Prohibition retail sales only; production and exports legal
-  Total prohibition

Quebec was very different from all other Canadian provinces: 80 % of its population was of French origin, 86 % was Roman Catholic. As we saw above, Quebec voted strongly against prohibition in the national referendum of 1898 (80 % no) and never had a full provincial sale ban even during the War. As early as April 1919, the provincial government asked the population by a referendum if the sale of light drinks (light beer, wine and cider) should be allowed, leaving only hard spirits banned. The answer of those who voted was an overwhelming yes (78 % of the votes). Two things to note here: women did not vote –contrarily to all the other provinces- and the turnout estimated at 43

% was rather low.<sup>17</sup> Interestingly enough, the government never asked by referendum the question of government sale but was the first to do it by setting up the Quebec Liquor Commission on May 1, 1921.<sup>18</sup> Clearly, the Liberal Taschereau Government was in an extremely comfortable position in Parliament, having won 74 of the 81 seats in the June 1919 election (43 of them without opposition). His party in fact reigned over the province for four decades without interruption (from 1896 to 1935 and Premier Taschereau from 1919 to 1935). The nationalization met some opposition from liquor retailers who accused the government of bolchevism. But the most severe opposition came from the Roman Catholic Church, very reluctant to let the state invade morality, welfare or any fields it felt were its own. The government was severely attacked in the Catholic press. A good example is Henri Bourassa, the sharp editor of *Le Devoir* who set up the dilemma in the January 29, 1923 issue on those terms :

«There are only two possibilities: either the wine and liquor trade is immoral and then why the **only Catholic government of the continent** throws itself into it headlong or this trade is totally legitimate; then why a government pretending to be liberal removes it from the private, regulated if we wish so, sphere of activity ?...» [our translation from French]

We may speculate that the Catholic Church opposition –an important actor in Quebec society at that time- made the government reluctant to set up a referendum on government control (like Ontario did in 1919 or BC in 1920). On one hand, the previous strong *wet* voices (in 1898 and in 1919) made it more likely that the population would have preferred government sale to no sale at all. On the other hand, one must not forget that the Catholic Church was then in the same camp, strongly against prohibition.

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<sup>17</sup> There is no official participation rate information on the referendum. We estimate it to give us an idea, using on the denominator the number of enlisted voters by province from the 1921 federal general election and for Quebec, dividing it by 2 to obtain men.

<sup>18</sup> On Quebec, our sources are Lawlor (1970), Dupont (1973) Vigod (1986).

Reputed for its traditionalism,<sup>19</sup> Quebec move to nationalization of alcohol sale startled English Canada. Perhaps even more startling was that at the same time, at the other end of the country, British Columbia did the same. As Campbell (1991:preface) wrote, while Quebec could be dismissed by North Americans as a «quaint aberration», B.C. could not. The B.C. Liberal Oliver government asked its citizens in the referendum of October 20, 1920 if they preferred the present prohibition or an act to provide for government sale and control of liquors. 63 % of the votes were in favour of government (92 000 against 55 000). For the first time, women voted and we estimated the participation rate (see note 17) at 64 %. The government created the B.C. Liquor Control Board in June 15, 1921. One of the least prohibitionist province in the national referendum of 1898, the last English Canadian province to adopt prohibition in October 1917 and the first to abandon it, B.C. had always shown the weakest desire for prohibition outside Quebec. Two social features to note: its population was more Anglican than in the rest of Canada: 31 % (compared to a Canadian average of 16 %) and had the highest ratio male/female (130%) of the country, just above the two other new frontier provinces, Alberta and Saskatchewan.

At the other end of the «dry-wet» spectrum was Ontario where the struggle was fierce until 1927 with two hard-fought referendums. Demonstrations, petitions, political actions abounded on both sides from the WCTU (Women Christian Temperance Union), the Dominion Alliance (the Canadian version of the Anti-Saloon League) against brewers, retailers' associations, hotels and restaurants, and veterans.<sup>20</sup> In the October 1919 referendum -promised in the Ontario Temperance Act (OTA) of 1916- the government asked citizens to choose between prohibition under OTA or government sales in three degrees (see table 1). The dries scored a clear victory with 62 % in favour of OTA with a very high participation estimated at 73 % (see note 17). Citizens were asked again five years later in October 1924. This time, there was a choice between only two options: OTA or government sale and the results were much closer. In fact, there was quite a suspense because until midnight, the wets were winning (since the first votes to be

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<sup>19</sup> Stanley (1929:74), a McGill professor, described it for an American audience in those terms: «probably the most conservative district in North America: three million largely French, not merely devout but retaining a 17<sup>th</sup> century Catholicism; not merely agricultural, but rooted in the soil...». We did not find any reference to France in the works consulted but another question still to explore is the possibility that Quebec was influenced by France's model of tobacco state monopoly.

<sup>20</sup> Our sources for Ontario are Decarie (1967); Allen (1971), Heron (2003).

counted were the Toronto's). The morning after, the drys had caught up as «Old Ontario» rural votes got in and barely won at 51.5 % in favour of OTA with a participation rate estimated at 66 %. While still a slight majority, the tide has turned. Ontario was by then surrounded by five provinces with public liquor boards (see figure 2) and its government unsurprisingly allured by the lucrative revenues its neighbours raised out of alcohol sales.<sup>21</sup> In the general election of December 1926, Conservative Premier Ferguson campaigned on the promise to set up a liquor commission. After a clear victory of 75 seats to 37, the Ferguson government created the Ontario Liquor Board in June 1 1926.<sup>22</sup>

Table 1 summarizes the chronology of the referendums and the consequent liquor boards for the eight Canadian provinces concerned:

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<sup>21</sup>Even if the government's explicit objective was to control the trade and consumption of alcohol and if everything was devised to make the stores as stark and unattractive as possible, the trade was lucrative right from the beginning. It represented some 15 to 18 % of provincial government revenue in B.C. (Campbell 1991:7) and in Quebec (Dupré 1987 unpublished data).

<sup>22</sup>It is interesting here that Ferguson chose not to use a referendum but a general election to obtain the support of the population for the state liquor board. We did not find any in-depth analysis of this strategy.: another topic for further research.

**Table 1**  
**List of Provincial Referendums on State Liquor Boards,**  
**1919-1925**

<b>Date</b>	<b>Province</b>	<b>Question [abbreviated form]</b>	<b>Outcome</b>	<b>Date Liquor Board</b>
1919, April 10	Quebec	Should sale of light beer, cider and wines be allowed?	yes	1921, May 1
1919, Oct 20	Ontario	Are you in favor of: 1) repeal of the Ontario Temperance Act? 2) sale of light beer...through government agencies? 3) sale of light beer...in hotels...? 4) sale of spirits through government agencies?	no no no no	
1920, Oct 20	B.Columbia	Which do you prefer: the present Prohibition Act or an Act to provide for government sale of spirits and beer?	state	1921, June 15
1921, Jul 11	Yukon Terr	Are you in favor of sale of spirits1) in licensed premises? 2) Through government agencies?	yes yes	1921, Sept 15
1923, Jun 21	Manitoba	Do you approve ... act to provide for government sale of liquors...?	yes	1923, Aug 7
1923, Nov 5	Alberta	a) prohibition.... b) licensed sale of beer c) government sale of beer... d) government sale of all liquors...	no no no yes	1924, May 10
1924, Oct 23	Ontario	Are you in favor of 1) the continuance of Ontario Temperance Act? 2) sale of beer and spirits under government control?	yes no	1927, June 1
1925, April16	Saskatchewan	Are you in favor of Prohibition in Sas? If a liquor system under government control be established which would you favor: a) sales of spirits... by government b)...and also sale of beer in licensed premises?	no yes no	1925, July 16

**Source: Hose (1928: 108-109)**

### **3. The Political Economy of Nationalization**

We plan to develop a formalized model of collective choice between the different policies a state could use to deal with alcohol: prohibition, state monopoly, licensing and taxing. At this stage of our research, this section is simply an explorative narration of the actors in the two camps, pro and against state sale and control, and of their motivations.

#### ***The Anti State Sale Control***

In the anti camp, the most aggressive were without doubt the hard line dries for whom nothing less than prohibition will do. They were outraged by the legitimization given to the evil trade of alcohol by state sale systems. Quebec was labelled as «the poison centre of North America». For them, as Ben Spence (191x:132), one of the leaders of the Canadian prohibitionist movement, wrote:

«The respectability and the fiscal importance given the liquor traffic by the system make the traffic greatly more dangerous to the moral sense of the community, and seriously interfere with moral reform. Canada... has nothing to gain by the adoption of the Gothenburg system; nothing to learn from it, except that no system of license by whatever name called or conducted under whatever auspices, interferes permanently with the liquor traffic or diminishes its inevitable evils».

At the core of the prohibitionist movement everywhere were the Evangelical Protestant denominations: Methodists, Presbyterians, Baptists and Congregationalists. In the U.S., they dominated Protestantism. In Canada, this was less the case with some 35 % of the population. There were important regional disparities: Ontario, Nova Scotia and P. Edward Island had close to 50 % of their population identified as evangelical, a proportion similar to the U.S. [see table 2]

**Table 2**  
**Religion and Origin by Province, Census 1921,**  
**Self-declared, in 000**

	Population	% Anglican	% Catholic	% Evangelical	% British	% French	% All others
<b>Ontario</b>	2934	22%	20%	50%	78%	8%	14%
<b>Quebec</b>	2361	5%	86%	5%	15%	80%	5%
<b>British Columbia</b>	524.6	31%	12%	40%	74%	2%	24%
<b>Alberta</b>	588.5	17%	17%	41%	60%	5%	35%
<b>Saskatchewan</b>	757.5	15%	19%	38%	53%	6%	42%
<b>Manitoba</b>	610.1	20%	17%	37%	58%	10%	32%
<b>New Brunswick</b>	387.9	12%	44%	42%	65%	31%	4%
<b>Nova Scotia</b>	523.8	16%	31%	49%	78%	11%	11%
<b>P. Edward Isl</b>	88.6	6%	44%	48%	85%	14%	1%
<b>Total Canada</b>	8788	16%	39%	34%	55%	28%	17%

**Source: Canada. Census 1921**

. They did put a fight but they were somehow pre-empted as nationalization, one must not forget, followed a ban in most provinces of five to ten years. In Quebec, the Liquor Commission bought the existing stocks, seemingly at a satisfying price. Moreover, they were numerous, small sized and isolated as there was no united front with producers like it was the case with prohibition.

The opposition of those two groups –prohibitionists and retailers- could be anticipated. What was more surprising in Quebec was the opposition of the Catholic Church hierarchy, for historical and sociological reasons outside the scope of this paper. As there was no referendum (or any other form of popular consultation) asking the question of government control, there is no way to test the influence of this on the population (86 % of which was Catholic).

Women had the right to vote on those postwar referendums –except in Quebec-. As they had been on the forefront of the temperance movement in the 19<sup>th</sup> century, women suffrage raised great hopes among the dries. Hence, the Attorney General could write to one of the Prohibitionist leader in B.C., Reverend Cooke just before the 1920 referendum: «Four years ago it [prohibition] carried by the men’s vote alone. Now, with



the whole weight of the women's vote thrown into the scale, what thing possible can make the issue even in doubt ?»

There were many articles in B.C. newspapers the days after the referendum showing much surprise and shock that women suffrage did not produce a dry result. Some prohibitionists changed their discourse and blamed the loss on the «immaturity of girl voters without sufficient age and experience to judge the problems of life ...»<sup>23</sup> We do not know how many women voted and whether they voted in favour or against the legalization of liquor sale. The global results however suggest that times had changed in the post-war and that women were more divided on this issue than in the 19<sup>th</sup> century.

### ***The Pro State Sale Control***

The Canadian provincial liquor board was, as Hose (1928:2) put it, «a child of the Moderation Party». Moderation Leagues appeared in the Western provinces; Liberty Leagues in the East. Prohibitionists accused them to be Wets in disguise. They yearned for social order and they wished to defend a «commonsense view of drinking».<sup>24</sup> Many of their leaders were prominent businessmen and their wives, former army officers, members of the elite. In the U.S., there was the notorious *Committee of 1 000*; Canada had its *Committee of 100*. They lobbied for the referendums to end the provincial prohibitions.

Contrarily to the Evangelical Protestant denominations, Anglicans and Catholics were historically against prohibition and in favour of moderation. In the 1920s, the Anglican Church and the Catholic Church (outside Quebec) saw merit in government control. The Quebec Anglican Committee of social service reported to its provincial synode in 1922:

«This measure was evidently prepared with much care and its drastic character seems to show that the Government realized the situation created by the law now being superseded, and is determined to

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<sup>23</sup> First citation of the Attorney General from Campbell (1991:29); the second from W.G. Fortune, financial secretary of the prohibitionists from Campbell (1991:31). There is a large literature on the relation between women suffrage and prohibition. A rigorous international comparison can be found in Paulson (1973).

<sup>24</sup> From the title of C. Stanley's article in the roundtable published by *Current History* in October 1929 on the Canadian Liquor System. Stanley's last words were borrowed from Molière: *C'est une folie, à nulle autre seconde, Vouloir se mêler de corriger le monde* (It is supreme folly to try to reform the world).

support its legislation to the limit. /.../Your committee feels that the Government is honestly endeavouring to deal with a traffic of moral bearing and of old standing in the commercial world; in this it should have the support of all right-minded citizens». <sup>25</sup>

In the 1921 Census, Catholics represented 39 % of the Canadian population and Anglicans another 16 %. They were especially important respectively in Quebec (86 % Catholic) and in B.C. (31 % Anglican).

Based on the economic interest rationale, we would expect that the producers (brewers and distillers) would be pragmatic and be in favour of government sale monopoly if the only alternative offered were the existing bans. They most certainly pressured the government into legitimizing the trade. They supplied money, advertising and other resources to back the moderation movement but remained low profile. As in the U.S., brewers seem to have distanced themselves from distillers. <sup>26</sup>

In Canada as in the U.S., prohibition had always had much less appeal to cities than to rural areas. For a long time following Hofstadter (1955), the temperance movement was seen as the ultimate rural grassroots America's attack upon the big cities full of sin and foreigners. Ontario provides a very good example of this urban/rural split as we saw above with the 1924 referendum suspense story. We try to capture this factor by a population density variable.

#### **4. The Referenda Results**

#### **5. Conclusion**

There is obviously much work still to be done. As we wrote above, we have to build a theoretical model of collective choice. On the empirical side, we need a better

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<sup>25</sup> J. Castell Hopkins, *The Canadian Annual Review of Public Affairs*, Toronto 1922, pp 665 quoted in Dupont (1973: 44). We found similar evidence for the rest of Canada in Heron (2003:194-96) and Allen (1971:274) and more specifically for B.C. in Campbell (1991:17) and Marquis (2001:9-10).

<sup>26</sup>According to Heron (2003: 188-89 passim). Surprisingly, there does not seem to be any historical study of the alcohol industry in Canada, besides individual biographies and companies' stories. This makes it very difficult to trace back the lobbying strategies of the different branches.

knowledge of the alcohol industry in Canada. We also plan to incorporate in our model other socio-economic data such as the proportion of foreign-born (to test for the importance of heterogeneity of the population), the proportion of houses built in stone and brick (as a proxy for wealth), the literacy rate (as proxy for education). When the econometric analysis will be performed, this paper will be a first shot at trying to test the literature on that very important issue of the choice between different modes of regulating alcohol. As far as we know, we are the first to study this issue using an economic methodology. And as we have referendum data for quite a few other countries (such as New Zealand, Australia, Norway, Sweden), we eventually will pursue this type of work in an international perspective.

To the question of why Canada nationalized liquor sale instead of following the U.S. example of prohibition, we offered here an exploration of some explanatory factors and trails to follow to answer it. It is more difficult to answer why the Canadian provinces chose state monopoly as the mode of alcohol regulation. At the time, the choice was not evident in North America, not even in Europe. We can feel the paradox in Hose (1928: 103, 105) who concluded first his study of the Canadian system by saying that «the government control system illustrates a direct growth of British policy, tempered with moderation and without infringement of the liberty of the subject» to quote two pages later Earl Birkenhead at the House of Lords on a similar proposition for Britain in 1927 that is was «... in absolute antagonism with the spirit and traditions of the British people».

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