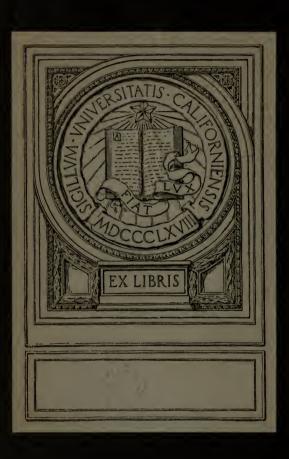
HV 5080 R955





()aylord Bros.
Makers
Syracuse, X. Y.
Par. Jan. 21, 1908

The Russian - - - Vodka Monopoly.



Ву

ARTHUR SHERWELL, M.P.

ablished for THE TEMPERANCE LEGISLATION LEAGUE. - - irliament Mansions, Victoria St., London, S. W., & 405 Produce Exclusion, M. nolice term

. S. KING & SON, Ltd., Orchard House, Westminster, S.W.

Also to be obtered of

J. JAMES, Central Temperance Book Roam 10, 11, 6, 12, 1-1, Lune, E.C.,
And al the Wholesal Agents:

/. H. SMITH & SON, 186 Strand, London

Digitized by the Internet Archive in 2007 with funding from Microsoft Corporation

The Russian - Vodka Monopoly.



By

ARTHUR SHERWELL, M.P.



Published for THE TEMPERANCE LEGISLATION LEAGUE, - - Parliament Mansions, Victoria St., London, S.W., & 405, Produce Exchange, Manchester, By

P. S. KING & SON, Ltd., Orchard House, Westminster, S.W.

Also to be obtained of

R. J. JAMES, Central Temperance Book Room, 10, 11, & 12, Ivy Lane, E.C.,
And of the Wholesale Agents:

W. H. SMITH & SON, 186, Strand, London.

HV5060

PREFATORY NOTE.

PORTIONS of this Pamphlet have already appeared in "THE CONTEMPORARY REVIEW," and they are here reprinted by kind permission of the Editors.

The Russian . . Vodka Monopoly.

THE TSAR OF RUSSIA'S dramatic announcement abolishing the State monopoly of the sale of vodka has moved the world as few Imperial Edicts have done. The press everywhere has hailed it as a social and economic revolution, and its moral effect upon public opinion throughout the world, and in Great Britain especially, has been considerably enhanced by a certain element of surprise felt by those who were unfamiliar with recent movements of thought and of social and economic development in Russia. As a matter of fact, dramatic and far-reaching as the Edict was, it was not entirely surprising for, apart from a notable quickening of concern in recent years for a more ordered development of the Russian Empire's almost illimitable economic resources—a concern which the late Count Witte stimulated and used-the Tsar himself in recent years has given several signal proofs of his keen personal interest in the temperance question.

HISTORY OF MONOPOLY.

The comments that have been made upon the Edict in this country have, however, in the main, shown so slight an acquaintance with the history and details of the monopoly that a brief review of its scope and character may be useful. Drunkenness in Russia, as elsewhere in Europe, is not a new social fact. It dates back to very early times, and exists as a tradition at least as early as the eleventh century. That it has continued in rampant and demoralising forms, and to an extent that is unparalleled in Western Europe in recent times, is due less to the average quantity of alcohol consumed—for it is a remarkable fact that the per capita consumption of absolute alcohol in Russia is relatively very

336532

small as compared with other countries*—than to the concentrated form of the drinking. The Russian peasant drinks less frequently than do the peoples of other nations, but he drinks in larger quantities and in more potent forms. He drinks heavily on special occasions (e.g., on holidays and during festivals), but at other times his drink expenditure is small. Further, the liquor which he consumes has a more disastrous effect upon his sobriety and health because of his low economic condition and lack of proper nourishment.

The authorship of the monopoly is usually assigned to M. Witte and it is, of course, the fact that it was he who, as Minister of Finance in 1894, established it. Moreover, the actual details of the scheme are, probably, to be attributed to his inspiration and guidance. The man strictly responsible for the re-establishment of a State monopoly in the sale of vodka was, however, the Emperor Alexander III., who in 1885, impressed with the failure of the Excise system, directed the then Minister of Finance (M. Bunge) to draw up a scheme for a State monopoly. Fears for the revenue, however, appear to have influenced the Minister in his report to the Tsar and the project was dropped, to be revived and executed some nine years later by M. Witte.

UNDERLYING MOTIVES.

The motives which led M. Witte to establish the monopoly have been variously construed, not always fairly by critics of the monopoly, and not always frankly by its supporters. Political considerations at all times greatly affect judgment of administrative action in Russia, and, in M. Witte's case, criticism was often inspired by deep distrust of his economic and industrial policy. That distrust, coupled with the hostility of the educated classes in Russia to the bureaucratic system of government, is undoubtedly reflected in much of the criticism directed against the vodka monopoly.

^{*} Judged statistically (i.e. by the per capita figures of consumption) Russia stands very low in the comparative tables of alcohol consumption. Belgium, France, Germany, Holland, Austria, Great Britain, and the United States all consume considerably more alcohol per head of the population than does Russia.

No one, however, disputes the gravity of the evils which prevailed in Russia when, in 1894, the State vodka monopoly was established. The then existing system of private licence -judged by its social results-was one of the worst imaginable. The public-houses were of a deplorable character, the drink sold was badly rectified and shamefully adulterated, while the methods of conducting the trade were scandalous. The peasants were greatly in the power of the publicans who, in many cases, when ready money was not forthcoming to pay for the drink purchased, took the clothes and property of their customers in pledge. Pawning, indeed, as a device for obtaining drink, was wellnigh universal. In many cases the fruits of the harvest were mortgaged to the spirit dealers. A report made in the 'eighties disclosed the astounding fact that during the previous twenty years more than two millions of people had drunk away the whole of their property.

Further, the establishment of a State monopoly did not introduce into Russia a new principle. The form and regulations of the monopoly were new, but the principle was practically as old as the history of the drink itself in Russia. From very early times the spirit trade (and before that the beer trade also) had been a more or less direct monopoly of the Crown or State in Russia. Indeed the method of private licensing under an Excise system was only introduced in 1863.

MAIN OBJECT OF MONOPOLY.

That M. Witte, in deciding to re-establish a State monopoly, hoped, or intended, to abolish spirit drinking in Russia has never been suggested. No one having an intimate knowledge of Russia could, in 1894, have regarded prohibition of spirit drinking as practicable. On the other hand, no one (and certainly no one so alert to the need for industrial development as was the late Count Witte), could have failed to realise the menace to economic and industrial progress which the widespread abuse of spirits, fostered as it was by the existing system of private licensing, represented. What he plainly aimed at was to regulate the sale of vodka and

to prevent abuses. His statement to the Council of State on May 5th, 1893, and his circular to the excise officials on December 22nd, 1894, made it clear that he looked to a redistribution of consumption rather than to arbitrary restriction or suppression as the most effective means of preventing excess and of reforming the habits of the peasantry. The method of private licensing had, as he reminded the Council of State, signally failed. Between 1863 and 1893 more than ten "organic laws" had been issued "to regulate the spirit trade, and to protect the people from the unhappy consequences of a free trade by the publicans." None of these had produced the desired results. "The influence of the publicans remained the same. They continued to develop drunkenness among the people, to demoralise and to ruin them. All means appeared good to them. . . ." Under a system of private licensing he saw no possibility of reconciling the interests of the State and the interests of private profit. The trade, as then conducted, "has within itself contradictions which it is impossible to reconcile."

That M. Witte was also influenced in his decision by his predilection for State or centralised control of commercial and industrial enterprises is possible, and perhaps probable. Fiscal considerations, too, doubtless played their part. Certainly M. Witte does not appear to have shared the fears of his predecessor (M. Bunge) that the creation of a State monopoly would imperil the revenue. Past experience had given a certain colour to M. Bunge's fears, but M. Witte evidently calculated that with improved bureaucratic organisation and a more ordered development of the State's industrial and economic sources, the interests of the Imperial Treasury would not eventually suffer. The aim being to regulate and to re-distribute the consumption of spirits rather than to suppress it, it was not likely that, with increasing prosperity, the diminution in the total consumption would be large, and any prejudicial effect which such diminution might have upon the revenue from excise duties would be counterbalanced by annexing the distributor's profit. At the same time it is but fair to add that in his circular to the excise officials in 1894 M. Witte made it plain

that purely fiscal considerations were not to affect the administration of the monopoly. Anticipating the recent utterance of M. Bark, the present Minister of Finance in Russia, M. Witte reminded his subordinates that: "The revenues derived from other direct and indirect contributions will more than compensate the Treasury for any loss of duties, for in proportion as the consumption of spirits shall be diminished, the general well-being of the masses and the moral qualities of the population will be developed. Therefore, even should the reform in the spirit trade which we contemplate result in a decrease in the fiscal revenues, but cause an increase in the general well-being of the population, this result of the reform would be considered as most satisfactory, and we should look upon it as a full and thorough success of the reform, due to the efforts of Treasury employees, at the time when their services are to be rewarded." The same spirit was shown, in perhaps even plainer terms, in a subsequent circular to excise officials, issued by the head of the department responsible for the administration of the monopoly in 1901.*

COUNTER-ATTRACTIONS TO THE DRINK.

A further indication of a serious social purpose is to be found in the fact that, coincidently with the creation of the vodka monopoly, there was established in the monopoly districts an elaborate scheme of State-aided Kuratoria, or Temperance "Guardianships," whose function it was to wean the people from habits of intemperance by definite instruction, and by the provision of counter-attractions to the drink shops. The scheme of work originally designed for these so-called "Temperance Committees," and the results actually achieved in particular centres, such as Petrograd, Moscow, etc., represent by far the most important contribution which any

^{*}It is worth recalling also that, in 1892, M. Yermoloff, Director of the Department of Indirect Contributions, the department that subsequently became responsible for the administration of the vodka monopoly, said: "It is not the drunkards who benefit the treasury; drunkenness does not really bring in revenues. The Treasury can only expect revenues from a population who are rich and whose future is fully guaranteed, and this future of the people can only be guaranteed when they no longer give themselves up to the abuses of alcohol."

modern State has directly made to the constructive side of temperance reform. Unfortunately, lack of sufficient funds, and the over-representation of the official element in the constitution of the Committees, have restricted the scope and usefulness of the work outside of the chief cities, but enough has been achieved to prove the positive value of such constructive work. Altogether, some eight hundred of these "Temperance Committees" have been established in Russia. They are financed partly by annual State grants (taken from the profits of the vodka monopoly), and partly by voluntary subscriptions, and by the profits of some of the various agencies (e.g., tea-rooms, dining-rooms, theatres, night refuges, etc.) established by the Committees. This last-named source has in recent years become of predominant importance. In some cases the communes or municipalities aid the Committees by free grants of land or buildings; while in other cases the Ministry of Finance, in addition to the annual grants for maintenance, etc., has made a special grant to particular Committees for building purposes. In 1900, for example, a special grant of 1,000,000 roubles (£100,000) was made to the Petrograd Committee for the purpose of erecting a People's In the first year (1895), when the monopoly was confined to four governments, the annual State subsidy was no more than 203,400 roubles. It rose rapidly with the extension of the monopoly to an annual sum of between four and five million roubles (£400,000—£500,000). Unfortunately, in the economies which followed the conclusion of the war with Japan, the Duma reduced the grant to an annual sum of 2,500,000 roubles (£250,000). This sum, it will be obvious, is wholly insufficient to carry out in so vast an Empire the scheme of work which M. Witte intended the Committees or "Guardianships" to accomplish. The work has suffered, also, from the fact that the Committees are too largely composed of official persons. This applies both to the Governmental and Provincial Committees and to the District Committees.* Nevertheless, a very considerable number of

^{*}A 'Government' is an administrative part of the Russian Empire with a State appointed Governor at the head.

A 'Province' is an administrative part of the Empire where the majority of the inhabitants are Cossacks.

A 'District' is a sub-division of a 'Government' or 'Province.'

persons have been attracted to various forms of temperance work by means of the Committees.

TEMPERANCE LITERATURE.

The official memorandum issued in 1897 for the guidance of the Committees lays particular stress upon their duty to combat the evils of intemperance by disseminating among the population accurate information as to the dangers of abuse. This was to be done especially by means of suitable literature. "It is not enough," as M. Witte in his circular to the excise officials in 1894, had previously said, "to diminish the seductions of the public-house . . . it is not enough by legal measures to exclude from the drink trade individuals whose private interests impel them to make the people drink; it is necessary also for the people to understand the meaning and aim of the reform undertaken by the Government." This part of the work seems to have been well carried out. Year after year a large distribution of leaflets and pamphlets illustrating the evil effects of intemperance and inculcating habits of sobriety has taken place. In this work the Principal Board of Indirect Taxation, which controlled the administration of the vodka monopoly, has actively assisted. In 1911, for example, (the latest year for which detailed official reports have been published), the Board circularised the Committees recommending that certain religious and other literature should be added to the local libraries and reading-rooms under the control of the Committees. Among the leaflets and pamphlets recommended were the following: "What every mother should know about spirits"; "Let us stop drinking and treating others"; Tolstoy's "What strong drink does to man"; "It is time to recover"; etc., etc. Many of the leaflets are specially recommended for pasting on cardboard and placing on the walls of the Committee's tea-rooms, reading-rooms, etc. Other publications of general interest, such as Hans Andersen's Tales; stories by Dickens, V. Hugo, Gogol, and many other writers, as well as numerous simple books on natural history, nature studies, etc., were also recommended. In connection with the celebration, in 1911, of the fiftieth anniversary of the liberation of the peasants, the Board of Indirect Taxation

also purchased 10,000 copies of Aksakoff's pamphlet on "The abolition of serfdom in Russia, 1861-1911," for distribution among the Temperance Committees. These are but a few of numerous instances which might be given to show the desire of the central authority to aid the local Committees in the carrying out of M. Witte's ideas.

CONSTRUCTIVE TEMPERANCE WORK.

The primary duty of the Temperance "Guardianships" was, however, to wage war against the immoderate use of spirits. It was not part of their duty to advocate complete abstinence. It is also clear that they were originally intended to supervise the operations of the vodka monopoly in their own districts, but this work, probably owing to the official composition of the Committees, does not seem to have been seriously attempted. The chief work of the Committees has consisted in the creation of agencies designed to counteract the attraction of drink. Among these agencies tea-houses or tea-rooms, cheap restaurants and dining-rooms, night refuges, reading-rooms, lectures, concerts, theatrical performances, public fairs, galas, etc., have taken a prominent place. This is not the place to describe in detail the work which the Committees have accomplished since 1895; that would require a separate pamphlet; but it may fairly be said that while the lack of adequate funds has greatly restricted the work of the Committees in a large number of the districts covered by the monopoly, the results in particular areas have fully justified a notable step in constructive statesmanship.

PETROGRAD'S SCHEME OF COUNTER-ATTRACTIONS.

In Petrograd, especially, remarkable results have been achieved. The scheme of work undertaken by the Committee has been of an exceedingly comprehensive character, and its institutions include (a) the People's Palace, a magnificent building for the erection of which a special grant of £100,000 was made by the Finance Minister, in which a widely varied scheme of recreational and educational agencies, to which we shall presently briefly refer, is carried out; (b) the Petrowski Park,

admission to which is free, where public fairs, open-air theatrical performances, concerts, acrobatic and conjuring entertainments, children's games and workshops, illustrated lectures, together with a reading-room and library, soup kitchen and tea-room, etc., are among the agencies provided; (c) the Old Glass Manufactory, a disused factory now converted into a popular social centre, where a great variety of agencies, including, in addition to those named above, classes for choral singing, dancing (in summer), free medical attendance, and a working men's cheap inn with accommodation for two hundred persons, are likewise carried on; and (d) the Taurischer, Wassiliostrowski, and Katharinenhofer Gardens, in each of which a very attractive scheme of activities, including open-air concerts, fairs, summer and winter theatres, dancing, lectures, children's games, etc., with skating and tobogganing in the winter, is carried In addition the Committee have established several Ambulatoria for drunkards under the charge of Dr. A. L. Mendelssohn, a specialist in nervous diseases and psychotherapeutics. Perhaps the clearest idea of the excellent work accomplished by the Petrograd Committee may be given in the form of a summary of the agencies connected with its principal centre, the People's Palace in Alexander Park. Admission to the Palace costs 10 kopeks (about 2½d.).*

THE PEOPLE'S PALACE TSAR NICHOLAS II.

THEATRE.—Daily performances of drama and opera; on work-days, from 8-11.30 p.m.; on holidays, one performance, from 1-5 p.m., and one performance from 8-11.30 p.m. Prices: on work-days, for the drama, from 30 kopeks to 2 roubles 15 kopeks;† on holidays, 10-50 kopeks, and 15 kopeks to 1 rouble 75 kopeks. Seating accommodation for 1,506, of which 1,182 are free.

ORCHESTRAL CONCERTS.—According to special programme.

Various Performances on Platforms.—Indoors in the winter, out of doors in the summer, on holidays, from 4-12 p.m., and work-days, from 8-11.30 p.m.

^{*} For soldiers the charge is 5 kopeks $(1\frac{1}{4}d.)$ The higher prices charged for seats in the theatre are intended for the non-labouring classes.

^{† 1} rouble (2s. 1d.) = 100 kopeks.

CHORAL SERVICES.—On Saturdays and the eve of holidays, from 5-7 p.m.; on Feast days, at II a.m.

RELIGIOUS LECTURES.—After the services.

LECTURES WITH LANTERN SLIDES.—On Sundays and holidays, from 6-7 p.m., according to special programme.

SACRED CONCERTS.—On specially selected holidays, from 5-7 p.m. Admission, 5-20 kopeks.

Various Lectures.—On the fight against Alcoholism, Hygiene, General Information, Nature, etc., at specially arranged times. Seats, from 5-50 kopeks.

READING ROOM AND LIBRARY.—Loan of books that may be taken home. Open daily, excepting Sundays and holidays, from II a.m. to 5 p.m. Admission free. Subscription for books to be taken home, 5 kopeks monthly.

SALE OF BOOKS.—Daily during the public fairs.

AMBULATORIA FOR DRUNKARDS.—Open to patients on Thursdays, from 8 p.m., and on Sundays, from 12 p.m. Free.

ANTI-ALCOHOLIC MUSEUM.—Open daily, from 6-8 p.m. Admission free.

MEDICAL ATTENDANCE is provided free for all those attending the Fairs.

SOUP KITCHEN AND TEA ROOM.—Open daily in the winter from 9 a.m. to 5 p.m.; open the whole night if a frost of over 10 degrees is registered. Prices from 3 kopeks.

Free Tuition in Choral Singing.—Wednesdays and Saturdays, from 5-7 p.m.

GYMNASTIC EXERCISES, after the method of Lagrange, under the care of an experienced teacher, Sundays, Tuesdays, Thursdays, and Saturdays, from 5-7 p.m. Admission, 5 kopeks, free to those taking no part.

CHILDREN'S GAMES.—In the garden in the summer, from 1-5 p.m., under the care of a governess. Free.

OBSERVATORY.—Open on special days.

ARTIFICIAL ICE of distilled water, price 25 kopeks per piece of 30 lbs.

Ozone Department.—For ozonifying water.

NOTABLE RESULTS.

It will be seen that dramatic and similar entertainments play an important part in the programme of the Petrograd Committee. This has been the case from the beginning, and experience has certainly justified the Committee. In a period of thirteen years, no fewer than 56,672,689 persons visited the Committee's theatres. The choral classes, also, have been remarkably successful, while the children's play games have been highly popular. In the years 1899-1910, 386,783 children took part in the games on Petrowski Island; another 264,370 gathered at the People's Palace, where the games were instituted in 1902; and in the summer of 1910, 25,490 children attended the games in the Katharinenhofer Garden. The Workmen's Inn. also, has been a notable success. There, for the small sum of five kopeks (about $1\frac{1}{4}d$.) a labouring man can obtain a night's accommodation (including a bed, bath, and a separate drawer for his effects). Up to 1911 the inn had been patronised by 422,413 men. It is claimed that the many-sided work of the Committee has had an appreciable effect in diminishing the consumption of spirits in the districts concerned. In 1898, the year in which the Committee was established, the consumption of spirits in Petrograd, according to an official report, amounted to 2'25 vedros per head of the population. In 1908 it had fallen to 1'70 vedros; in 1909 to 1'60 vedros, and in 1910 to 1.55 vedros. The diminution, it is stated, was much greater in the districts in which the principal institutions of the Committee are situated. Thus, in the Old Petersburg quarter, owing, it is alleged, to the influence of the People's Palace, the consumption of spirits fell from 2'14 vedros per head in 1898, to 1.86 vedros in 1903, and to 1.43 vedros in 1908. In the Wassiliostrowski quarter, again, the decline in consumption from 2.05 vedros in 1898 to 1.74 vedros in 1903, and to 1.44 vedros in 1908, is attributed to the influence of the counteracting agencies in Petrowski Park. This claim may or may not be justified, but the figures are at least interesting and noteworthy.

The work of the Petrograd Committee must not, however, be taken as typical of the work accomplished by the eight

hundred Committees scattered throughout the Russian Empire. It is admittedly far in advance of what has been accomplished elsewhere, although in Moscow and in some other cities extremely valuable results have been achieved by similar efforts.* The history of the Petrograd Committee's work does, however, show the important results that lie within reach of wise constructive effort of this kind, and its substantial success, due in part at least to the initiative and material support of the late Count Witte, suggests a caution to those who have been tempted to regard the establishment of the vodka monopoly as a purely fiscal device.

CHARACTER AND SCOPE OF THE MONOPOLY.

Considerable misapprehension appears to exist in this country as to the scope and character of the Russian vodka monopoly. It is important, therefore, to state that the monopoly is not concerned with the manufacture (i.e., distilling) of spirits, although the distilling industry is controlled by rigid excise laws, but is solely concerned with the rectification and sale of vodka. Distilling in Russia has continued in private hands, subject to certain restrictions as to output. The State (through the Ministry of Finance) purchases from the distilling companies the raw spirit that is required in each province, and it is then rectified and purified under State supervision, partly in State rectifying establishments, and partly by private rectifiers at a fixed charge. Elaborate precautions are taken to secure strict purification. Each monopoly district has a chemical laboratory in which the purity of the spirit delivered is tested, and there are in addition two central laboratories (one at Petrograd and one at Moscow) to supervise and control the work of the provincial laboratories. Whatever defects in other directions the monopoly system

^{*} An important factor in the success of the Committees in the larger cities has been the relatively large financial aid they have received from State grants and subsidies. In Petrograd, for example, in addition to substantial grants for capital expenditure, the Committee received an annual subsidy of £50,000. The Moscow Committee, again, received an annual subsidy of £30,000. Many of the Provincial Committees, on the other hand, have received no more than £5,000 per annum.

may have possessed it is undeniable that it effected an enormous improvement in the quality and purity of the vodka sold to the peasants. The number of places of sale, which were severely simple and uninviting establishments, is, or rather was, fixed by the Minister of Finance, and the sites of the shops were chosen by the Department of Indirect Taxes in consultation with the Governor of the province. The salesmen were carefully chosen and had no financial interest in their sales. Vodka was sold in sealed bottles, at prices which were uniform throughout the country, for 'off' consumption only. The bottles were in five different sizes, ranging from one-fourth of a vedro (about two-thirds of a gallon) to 1-200th of a vedro (about one-ninth of a pint), the last-mentioned size being the one principally sold. The quality, contents, and price of the vodka (as well as the price of the empty bottle, which was returnable at the option of the purchaser) was in each case plainly labelled. Each shop was divided into two parts by a grating in which was a window through which the money and liquor were passed. The public part of the store contained no furniture, the rules requiring the customer to leave the premises immediately he had received his sealed bottle of vodka. It was forbidden to open the bottle on the premises.

While, however, the Russian Government possessed what was virtually a complete monopoly over the supply of vodka (but not other spirits, such as cognac, whisky, etc.) for consumption within the monopoly areas, it had not a monopoly of its sale and retail distribution. Apart from certain outlying districts of the Empire, in which the monopoly had not so far been introduced, the State spirit shops represented only a proportion of the shops in which vodka and other spirits were sold in the monopoly areas, while there were, in addition, quite outside the State monopoly, a large number of beer and wine shops.

STRIKING REDUCTION OF SPIRIT SHOPS.

The total number of spirit shops in Russia (in the last year for which official statistics are available) was 61,376, as compared with 114,963 in 1894, the year in which the

monopoly was authorised. The new system, whatever its defects, did undoubtedly effect a sweeping reduction in the number of spirit shops. In the provinces under the State monopoly, there were altogether 54,917 spirit shops, or one shop to 2,664 inhabitants. Only 26,971, or less than one-half of these, were State shops. The rest were privately managed establishments (i.e., restaurants, buffets, wine cellars, ordinary liquor stores, etc.), which bought the vodka from the Government stores at the ordinary prices and sold on commission. The commission paid was very small, amounting, outside of five cities, to only 20 kopeks (5d.) per vedro (2.70 imperial gallons). In Petrograd, where the highest commission was paid, it amounted to 40 kopeks (10d.) per vedro. A large proportion of these private establishments sold for consumption on the premises but, except in the case of certain first-class restaurants, which paid a high licence duty for the privilege of selling vodka by the glass, they could only sell the monopoly vodka in sealed bottles at the ordinary Government prices. Contrary to general belief in this country, it is the fact that the number of State vodka shops had in recent years steadily declined, until there were 2,000 fewer last year than in 1904. On the other hand, the number of private establishments selling vodka on commission had increased by over 7,000 in the same period. The sales of the monopoly vodka (as distinct from liqueurs, cognac, imported spirits, etc., which are not monopolised) in the private establishments were, however, relatively small, amounting to not more than about one-tenth of the whole. In addition to these spirit shops there were in Russia some thousands of privately managed wine cellars and other liquor stores where wine and fermented liquors only were sold.

It will be seen, therefore, that the so-called State "liquor monopoly" in Russia was decidedly limited in its scope.

RESULTS OF MONOPOLY.

So much for the character and scope of the monopoly. What of its working results? These are by no means easy to estimate. In the first place, the statistical information available, although voluminous, is in some important respects

imperfect, and invariably belated. Secondly, the Budget statements upon which popular judgment, especially in this and in some other foreign countries, is commonly founded. are more or less misleading as the liquor revenue estimates include items which are not part of the vodka monopoly proper. Lastly, as already stated, much of the admittedly widespread criticism of the monopoly in Russia is, or was, inspired by political and anti-bureaucratic considerations. The further fact that the institution of the monopoly robbed the rural communes of licence revenues, and, in some cases, of the profits of a 'municipalised' vodka traffic, did something also to add to its unpopularity. Taking the statistical and other evidence available, it is at least open to doubt if the view of the monopoly commonly taken in this country is a just one. The assumption underlying nearly all the references to the monopoly recently made in this country is that, by its operations and influence, it has greatly encouraged and increased the consumption of spirits in Russia, and has debased the peasantry in the interests of the Treasury. The justification for this assumption is certainly hard to find. That the establishment of the monopoly did not, in the long run, lead to a reduction in the amount of vodka previously consumed must be accepted as certain. At the same time. apart from the automatic aggregate increase due to the growth of population, there has not been the increased consumption that is often alleged and commonly assumed. Further, such relatively small increase in per capita consumption as has taken place has occurred chiefly within the last few years (i.e., since 1904), and much of it, by general admission, has been due to exceptional causes, especially social and industrial unrest. The revolution, among other things, admittedly led to increased spirit drinking. That the increased per capita consumption was due to the monopoly is, however, difficult to believe in view of the greater restrictions and lessened facilities which marked the history and administration of the monopoly. It is not easy, for instance, to see how a sweeping and progressive reduction in the number of spirit shops, and a drastic change in the character of the places of sale, to say nothing of increased sale prices and the abolition of sales on credit, could encourage and stimulate consumption.

Prior to the inauguration of the monopoly, the consumption of spirits, it is true, under the pressure of increased taxation, had been steadily declining (although the revenue from spirits constantly increased); but a comparison of the statistics of spirit consumption in the areas where the monopoly was not at first introduced, with those of the districts in which the monopoly was already established, shows very clearly that the downward tendency had been checked, and an upward curve had manifested itself quite apart from the monopoly.*

EFFECT UPON DRUNKENNESS.

The popular impression of greatly increased sales is due to two facts principally, namely, (1) more visible drunkenness, and (2) increased revenue receipts. So far as the alleged increase in drunkenness is concerned, we have to depend entirely upon broad impressions and popular testimony. The police statistics which, in other countries, offer a broad but often misleading test of the increase in drunkenness, are in Russia practically non-existent, or at least so fragmentary and imperfect as to be absolutely useless for comparative purposes. That street drunkenness greatly increased under the monopoly system is, however, generally admitted. This fact by itself does not necessarily imply an increase in insobriety, or in the amount of alcohol consumed. Indeed. the actual increase in the consumption of vodka, as ascertained by the statistics of per capita consumption, is quite insufficient to account for the alleged increase in visible drunkenness. A more probable explanation is to be found in a change in the form and methods of sale. The State spirit shops, as already explained, sell vodka in sealed bottles of different sizes for 'off' consumption only. The former 'kabaks,' or public-houses, sold largely by the dram for 'on' consumption. †

^{*}The difficulty of establishing a direct and intimate connection between a particular system of control and the per capita statistics of consumption is illustrated in the case of the United States where, side by side with a constant and considerable extension of prohibition territory, a marked increase in the per capita consumption of alcohol has taken place. To allege that the increase in consumption has been due to prohibition would be manifestly absurd.

[†] The substitution of 'off' sales for 'on' sales, although usually ascribed to the State monopoly system, had been ordered in parts of Russia nine years previously. The provisions of the law of 1885 were not, however, effectively enforced before the introduction of the State monopoly.

Whether the change to an exclusive 'off' sale (as far as the State shops were concerned), was a wise one, is a question which need not here be discussed, but experience in other countries goes to show that the substitution of 'off' sales for 'on' sales has a dangerous tendency to increase consumption on the part of habitués of the former public-houses. Certainly in Russia it seems to have been largely responsible for street drunkenness. The smallest bottle sold in the State shops contained approximately just over one-ninth of an imperial pint of spirit, of a strength of 40 per cent. quantity, consumed in the street outside in an undiluted form (as was the common custom), was obviously a much larger and more potent dram than the dram of whisky or other spirit sold in British public-houses. It has also to be remembered that, under the former system of sale, men who were intoxicated usually slept off the effects of their drink in the shelter of the 'kabak.'

THE GROWTH OF LIQUOR REVENUE.

The further matter alluded to above as being in large measure responsible for the popular impression that the monopoly system led to a great and ever-increasing debauchery of the Russian peasantry-namely, the increased exchequer receipts, requires more detailed investigation as it happens to be particularly misleading. In the first place, in considering the increase in the receipts of the monopoly, it is necessary to remember that the inauguration of the monopoly was experimental and its extension gradual. It was first established (in 1895) in the four eastern governments of Perm, Ufa, Orenburg, and Samara. In the following year (July 1st) it was introduced into nine other governments; in 1897, seven more governments were brought within its scope; a further fifteen in 1898; eight in 1900; and twenty in 1901. 1912 it was in operation in sixty-five governments, and ten provinces. Even at the last it did not cover the whole of the vast Russian Empire. As the area under the monopoly expanded, so necessarily did the receipts. This is a fact not usually remembered when the growth in the receipts of the monopoly is referred to.

Secondly, the figures of liquor revenue, commonly referred to as the proceeds of the monopoly (and so quoted in all references to the Tsar's edict in this country), include considerable excise revenues (i.e., duties on spirits, wines, malt liquors, and licences) which are quite independent of the monopoly system of sale, and do not accrue from the State monopoly. These revenues would have continued to flow into the Exchequer if the monopoly had never been established. Seventy-five per cent. of the so-called total profits (i.e., receipts less working expenses) must be deducted on this account. Thirdly, the figures of monopoly revenue quoted are almost invariably the gross receipts. To ascertain what are officially called the "net receipts" (which are not the same as the net profit, it is necessary to deduct the working expenses which, on an average of years, have amounted to nearly 30 per cent. of the gross receipts, but were (proportionately) somewhat less in the last few years. An official estimate of the actual net profit (allowing for the former spirit duties) in a recent year when the gross receipts were over 708,000,000 roubles (£70,000,000) was 130,000,000 roubles (£13,000,000); but even that estimate was excessive, for the official calculations of net profit do not by any means include the whole of the direct charges upon the State which are properly attributable to the monopoly. It will be seen, therefore, that the State monopoly proper, as distinct from the excise revenues available under the former licensing system, has been by no means the vastly lucrative experiment which British journals and speakers have mistakenly alleged it to have been. Indeed, but for substantial increases in the selling prices of vodka (two of which occurred after 1900), it is doubtful-startling as the statement may appear to many persons who have regarded the monopoly as a gigantic source of State revenue-if the monopoly proper would have yielded any actual net profit to the Imperial Treasury over and above that which it would have received under an ordinary excise system. Some competent Russian critics, indeed, hold that, allowing for all capital expenditure and for increased administrative and other charges properly attributable to, but not officially charged against, the monopoly system, it has resulted in actual loss.

This is possibly an exaggerated view, but the high cost of administration and the excessive prices paid (especially in the earlier years) for raw spirit have conspired with other factors to rob the monopoly of much of its potential profitableness.*

GENERAL CONCLUSION.

A final judgment on the monopoly must necessarily largely depend upon the ideals and aims of those who investigate its history and results. From the standpoint of the abstainer and of the prohibitionist, as also from the standpoint of the ordinary economist who is concerned to direct the fruits of increasing agricultural and industrial prosperity into economically remunerative and reproductive channels, it cannot be said that the results achieved by the monopoly are particularly encouraging. While there is little or no trustworthy evidence that it has been directly responsible for the relatively small increase in the average consumption of vodka which has occurred in the last few years (an increase properly attributable to social and economic causes), it has failed to any appreciable extent to arrest the drinking habit. That, however, was not its designed aim, which was to regulate sale and to encourage moderate, as against the then prevailing immoderate, habits of consumption. Even in this respect its success, for reasons already indicated, was not considerable.

AN OUTSTANDING MERIT OF THE MONOPOLY.

One thing, however, is undeniable. The State monopoly, with all its faults and defects, had this considerable merit, that it removed the vodka trade in Russia from the control of private interests and, by eliminating the element of personal

^{*}Another matter to which incidental reference may be made is the common assumption and allegation that Russia has depended to an overwhelming and increasing extent upon liquor revenues to finance the State. This is not the case. A comparison, in this respect, with the United Kingdom and some other countries is by no means unfavourable to Russia. As a matter of fact, thanks to an increasing development of her internal resources and to other forms of taxation the liquor revenues in recent years have formed a much smaller proportion of the budget estimates than was the case from 1863 to 1894.

profit, cleared the path for drastic changes. This in itself was an enormous service which far out-weighs in essential importance the system's unnecessary limitations and defects. It would, indeed, be easy for a defender of the monopoly to contrast, with crushing force, the ease with which prohibition was lately established in Russia, with the opposition which Mr. McKenna's exceedingly moderate 'Temporary Restriction' Act encountered in the British House of Commons. The explanation of the contrast is, of course, to be found in the fact that, in the former case, there were no private interests (i.e., traders trading for private gain) to range themselves against the proposal, and to bring political pressure to bear against it. In the latter case, the proposed restriction necessarily involved (as all similar or greater restrictions must always involve), the pecuniary interests of a large number of licensed traders who are able to make their pressure felt in political ways. That is a truth which British statesmen and reformers are now beginning to grasp, and substantial progress will date from the day of its full apprehension. So long as the trade in alcoholic liquors is left in the hands of those who sell for private profit, and whose pecuniary interests necessarily conflict with public interests, progress must be slow and opposition to reform be continuous. Eliminate private interest from the sale of alcohol and the path is cleared at once of a formidable obstacle against which public opinion and legislative effort have repeatedly advanced in vain. That is one outstanding lesson taught by the Russian vodka monopoly. The radical fault of the monopoly was overcentralisation and its bureaucratic character.

COMPARISON WITH 'GOTHENBURG' SYSTEM.

In these and other respects it was decidedly inferior to the Gothenburg system of disinterested local control which has achieved such excellent results (under considerable limitations) in Norway and in Sweden. To identify the Russian monopoly with the Scandinavian (or so-called 'Gothenburg') system of disinterested control, as is constantly done in this country, is to confound things that differ essentially. It is, for instance,

of the essence of the 'Gothenburg' system that, subject to central supervision and to the provisions of statutory law, the traffic should be locally controlled. The control of a monopoly trade by the State, whose revenue benefits by an increase and suffers by a reduction of sales, is far removed from the local control of a monopoly trade by a body of men who can have no interest in its expansion, and whose reason for association with it is that they may restrict sales. In the former case the inducement of the private trader to increase sales may be transferred to the State; in the latter case, if the necessary safeguards are provided, the element of interest in sales by those who control the trade is destroyed. This lack of effective local control was one of the inherent defects of the Russian monopoly. That it was more difficult of achievement in Russsia than it would be in Great Britain must, of course, be admitted.

At the same time it is but fair to say that in particular areas, such as Petrograd, where the constructive part of the scheme has been put into good operation by the provision of efficient counter-attractions to the drink shops, a large measure of success has been achieved. Unfortunately, the constructive part of the scheme in the Empire generally has been heavily handicapped by the lack of funds, and by the official character of the Committees. But for this the results might have been very different. In any case, the work of the "Temperance Guardianships" in Petrograd, Moscow, and elsewhere, furnishes a striking object-lesson for British statesmen and reformers.

POSTSCRIPT.

(See page 24 et seq.)

POSTSCRIPT.

EFFECT OF THE TSAR'S EDICT.

It is too soon to attempt an accurate survey and estimate of the broad and permanent effects which the abolition of the monopoly, and the consequent suppression of the sale of vodka, has produced in Russia. That the edict was enthusiastically welcomed and acclaimed by the vast body of Russian opinion—and not least by the wives of the peasants—is not open to doubt. That it has had widespread beneficial effects in repressing disorder; in stimulating thrift; and in improving the industrial efficiency of the people is apparently equally unquestionable. On this point both official and unofficial testimony is emphatic.

At the same time it would certainly be premature, and in advance of responsible opinion in Russia, to suggest that the State prohibition of vodka, and the action of certain communes in prohibiting or restricting the local sale of other alcoholic liquors, has entirely solved the drink problem in Russia.

The difficulties which are presenting themselves are, however, neither new nor unexpected and they not unnaturally tend to increase as the months pass. Imperial edicts, however warmly greeted in the early fervour of patriotic enthusiasm kindled by the war, do not destroy appetites that have been long indulged, nor have they the power suddenly and permanently to transform popular habits. Attempts at evasion and resort to pernicious substitutes are

almost inevitable in the course of time, and success in controlling them depends less upon repressive measures—although these are essential—than upon an intelligent provision of educative and counter-active agencies which, while appealing to all, aim chiefly at those who are not confirmed and demoralised victims of the alcohol habit.

ILLICIT DISTILLATION AND SALE.

Since the promulgation of the Tsar's edict illicit distillation and sale of spirituous liquors (an old evil in the remoter parts of Russia), and a growing resort to the use of methylated spirit for beverage purposes, have developed proportions which have aroused considerable concern and have led the Minister of Finance to draft stringent new regulations. The Novoye Vremya in a recent article (July 3rd) dealing with the discovery of five illicit distilleries (three of which were of large size and fully equipped) in the South-Western region, pointed out that the profitableness of the illicit trade made its existence easy of explanation. Inquiry showed that the distilleries were selling 40 degrees vodka to illicit dealers at a price which was from six to seven times greater than its cost with the former excise duty. The penalty for the offence—three to four months' imprisonment—was curiously enough not increased when the legal sale of vodka was prohibited, and as the risk was consequently very small in comparison with the large profits made, the need for more drastic penalties was urgent.

CONSUMPTION OF METHYLATED SPIRIT.

Resort to the use of methylated spirit has also greatly developed since the legal sale of vodka was abolished. In its latest Russian Supplement *The Times* (June 28th, 1915) published a striking article by its Petrograd correspondent on the subject. Comparative figures published by Dr. Novoselsky in *Russky Wrach* ("Russian Physician") showing the mortality from alcohol during a period of eight months (July—February)

in each of the three last years, were quoted by *The Times* correspondent, together with Dr. Novoselsky's comments. Two of these comments are of interest: "Till the liquor prohibition," says Dr. Novoselsky, "the mortality statistics showed sharp fluctuations devoid of regularity, whereas since the prohibition they have betrayed a steady upward tendency. Prohibitive measures in Petrograd have been continually strengthened. At first the sale of vodka was forbidden everywhere save in first-class restaurants; then the prohibition was extended to the latter, but they were permitted to trade in wine and beer; but finally there ensued a complete and universal prohibition of the free sale of all spirituous or malt liquors. Yet mortality from drunkenness in Petrograd has developed in inverse proportion to the intensity of prohibitive measures."

And again: "The steady growth of the figures testifying to the ever-expanding circle of consumers of substitutes shows that the latter are utilised not only by confirmed drunkards unfit for work, but generally by all those elements which before the prohibition drank vodka and were accustomed to drink. At first, after the prohibition of vodka, this portion of the population feared the poisonous effects of methylated spirits, but later, being satisfied that this spirit was not at all poisonous and that its objectionable taste could be more or less removed, began to apply it upon an ever-increasing scale. From an interesting article by Dr. N. V. Kuznetsov concerning poisoning by methylated spirit and varnish, according to data of the Petrograd Obukhovsky Hospital, it is seen that among confirmed drinkers of methylated spirit received in the hospital were persons of all ages (principally between 20 and 30) and professions, a fact which also contradicts the assertion as to the use of methylated spirits only by habitual drinkers."

"Thus," says The Times correspondent, "it is evident that per se the prohibition is not attaining the desired end." The words "per se" are a very important qualification. A negative and restrictive policy per se is never a completely successful policy, as Russia, more than any other modern nation, has plainly recognised by State activity in constructive directions.

OTHER DIFFICULTIES.

But evasion by resort to the use of methylated spirit is not the only difficulty which at present hinders the new reform movement. The unreadiness of certain towns and cities to use their powers of complete prohibition of the sale of alcoholic liquors, including beer and wine, is leading to conditions which go far to neutralise in particular centres the advantages of the imperial edict concerning the sale of vodka. In a copy of the Petrograd Novoye Vremya, of June 6th (19th), now before us a depressing account is given of a new outbreak of disorder and intemperance in the city of Kursk (pop. 57,000) and surrounding villages and district. The State vodka shops in the city are closed, as are also what are known as "third-class" restaurants; but first-class restaurants, clubs, and wine cellars are allowed to remain open by the city authorities, apparently for revenue purposes. and since the prohibition of vodka, they have done an enormously increased trade. Prior to the war, the assessment (i.e., licence duty) paid to the town by seventeen restaurants and three clubs amounted to 22,000 roubles (£2,200). To-day the same sum is being readily paid by two first-class restaurants and three clubs. One of the so-called first-class restaurants has since become so "democratic" that, like the clubs, it opens its doors to all classes, "including cabmen." Numerous arrests for drunkenness were at first made, but this policy is said to have been interrupted lately because the prisons were full! The evil is spreading outside the city into the surrounding villages where the former sellers are pushing the sale of a so-called "grape" wine—a poisonous liquid—and beer.

Attempts have been made by representatives of the artisan class and others to induce the city authorities to suppress the sale of these liquors, but so far without success. Considerations of local revenue—a potent obstacle to temperance in the pre-monopoly days—apparently outweigh the social and economic interests of the community.

SUGGESTED EXTENDED SCHEME OF COUNTER-ATTRACTIONS.

Happily, there is evidence that enlightened opinion in Russia—non-official as well as official—is alive to the larger needs of the situation. A well-known Russian publicist (quoted recently by The Times correspondent) has lately summed up the position in the following words: "The discontinuation of the sale of liquor has undoubtedly produced a tremendous revolution in the psychology of the people. Liquor played an enormous rôle in the life of our peasantry; the disappearance of vodka from daily life has created more or less of a void which somehow or other must be filled. It is therefore not surprising that the further we get from the commencement of the war the oftener we hear about illicit stills and the dissemination among townfolk of all sorts of substitutes deleterious not only to health but to life. Concurrently comes the news that the villagers are beginning to contract a passion for cards, and that gambling is taking hold of the peasantry. Everything points to the fact that the sobering of the people cannot be permanently achieved by mere suspension of the sale of liquor. It is essential to fill the peasant's leisure with something rational; otherwise a reform so grandiose, and one opening up such a vista of splendid possibilities will yield disappointing results."

A well-considered attempt to meet this need has eventuated in a proposal to establish all over Russia narodny doms, (i.e., "people's palaces" or "houses of assembly"), where the peasantry and labouring classes could find recreation and wholesome opportunities for social intercourse. The suggestion, which is plainly founded upon the work achieved under the monopoly system by the Kuratoria (i.e., Temperance Guardianships), has been actively supported by the Poltava Provincial Zemstvo and the Petrograd municipal council, and has been adopted by the new Minister of the Interior who, by a recent redistribution of administrative work, is now responsible for the work of the "Temperance Guardianships" instead of the Minister of Finance. His scheme, which has

not yet been sanctioned by the Council of Ministers, contemplates the establishment in every province and district of "houses of assembly," which would have as their special features a reading-room, tea-room, accommodation for travellers, employment bureaux, etc. The premises used as reading-rooms should, in the view of the Minister of the Interior, be large enough to permit the organization of cinematograph and lantern shows, concerts, etc. That an enormous number of these "houses of assembly" would be required in so vast an empire as Russia is obvious. Poltava Provincial Zemstvo has approved a proposal for the establishment in that province of no fewer than 300 such centres. The "people's palaces" are to be of a very simple type, and the cost is not to exceed £500 each. The Petrograd municipal council has adopted the same idea, and contemplates establishing twenty similar institutions in the city. These would of course be additional to the large and highly successful "people's palaces" which the Petrograd "Temperance Guardianship" has established and conducted in recent years, to which full reference is made in preceding pages.

THE QUESTION OF FINANCE.

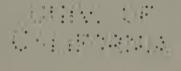
Obviously, to establish and maintain such centres on an adequate scale would be beyond the resources of local and private funds. Rich communities, like those of Petrograd or Moscow, would doubtless be able, as the former is apparently willing, to undertake the responsibility; but in the remoter provinces and communes where the need for such institutions is urgent imperial help would certainly be required. It was precisely the lack of adequate funds-as already explained on an earlier page—that hindered the extension of the great scheme of counter-attractions which the late Count Witte designed as an integral part of his temperance policy. Where, as in Petrograd, Moscow, and a few other cities, large grants were available for the support of the "people's palaces," the success achieved by the "Guardianships" was remarkable. Elsewhere the lack of funds obstructed and crippled the work and left the "Guardianships" powerless to achieve substantial success. The Minister of the Interior is alive to this important fact and in his draft proposals has recommended the supplementing of local funds by State grants.

He further recommends that, in view of the novelty and magnitude of the proposals, the scheme should be submitted to a special conference of local authorities and other qualified persons for careful examination; and that the recommendations of the conference should be made the basis of a Bill. It is satisfactory to learn from private advices that the prospects of the scheme maturing are excellent.

PROHIBITION AND THRIFT.

Meantime, despite the difficulties and evasions to which we have referred, it seems to be unquestionable that one broad effect of the prohibition of vodka has been to stimulate thrift. The growth in the savings of the Russian people is prodigious, and the remarkable improvement in the industrial worth and taxable capacity of the people as a whole has greatly simplified the task of the Minister of Finance. In estimating the published statistical increase in the savings of the people, however, it is necessary to allow for the fact that, prior to the war, the maximum amount which could be deposited per head in the people's savings banks in Russia was only 1,000 roubles (£200); since the war the maximum limit has been abolished, and any amount may now be deposited. One consequence has been that many capitalists who formerly kept their money in private banks, now deposit it in the people's savings banks. Further, the stoppage of certain small enterprises by the war has also tended to swell the funds deposited in the people's banks. Nevertheless, when full allowance for these and other facts is made, the increase in savings has been considerable. Equally incontestable, also, is the effect upon the efficiency of the people. A well-informed private estimate furnished to the present writer places the improvement in the efficiency of the industrial workers at from 12 % to 19 %. Among the agricultural workers, who represent by far the greater proportion of the working classes in Russia, it is certainly much higher, as experience has shown that it is the agricultural districts that benefit most directly from prohibition. Russia, indeed, since August, 1914, has furnished the world with an extraordinary proof of the far-sightedness of Mr. Gladstone when he replied to the fears of a deputation of brewers concerning the effect of his malt tax proposals upon the national revenue, with the statement: "Gentlemen, you need not give yourselves any trouble about the revenue. The question of revenue must never stand in the way of needed reforms. Besides, with a sober population, not wasting their earnings, I shall know where to obtain the revenue."

August, 1915.



COLE & CO.,
WESTMINSTER PRINTING WORKS,
92-96, VAUXHALL BRIDGE ROAD,
LONDON, S.W.



UNIVERSITY OF CALIFORNIA LIBRARY, BERKELEY

THIS BOOK IS DUE ON THE LAST DATE STAMPED BELOW

Books not returned on time-are subject to a fine of 50c per volume after the third day overdue, increasing to \$1.00 per volume after the sixth day. Books not in demand may be renewed if application is made before expiration of loan period.

11 1321

| APR 11 1321
| APR 6 1984



