

"Now I will show that there are three ways in which the liquor traffic affects the fund of commodities or things that can be consumed. I will prove, first, that it lessens the quantity of the fund; second, that it impairs the quality; and third, that it disturbs its just distribution.

"First, it lessens the quantity of the fund. Take as an example a farmer, who, if he is a good workman, adds to the fund, we will suppose five tons of grain. If he gives way to drunkenness, he neglects his farm, so that it does not yield so much, for neglect of work always means a lessening product; so instead of adding to the national fund of commodities of grain, he puts in, say, only one ton. Whatever he puts into the fund he estimates its value, and says to himself, 'I will take out from the fund an equal value.' But he takes it out in the form of clothes or boots or timber, and if he has not put so much in, he cannot take out so much value, and that he is the chief one to suffer is seen in his home; his wife will find that she cannot obtain enough supplies of food and clothing, and his home will be poorer. But he is not the only sufferer. The general community also suffers, and all trade is affected. For the good farmer who puts in the five tons can make a demand from the fund for an equivalent value of goods, and as thus more boots or more clothes are wanted, a stimulus is at once given to trade, and a greater demand is created in all the other industries. Illustrate this by a bootmaker: if he drinks, he does not produce so many boots, and there is a shortage of supply, and also there is a lessened demand for goods. Thus, shrinkage of production implies a lessened demand in all industries.

"So if we can abolish the effect of the liquor traffic on the producing power, trade will increase. In 1912, according to police records, there were from forty to fifty thousand people who had their capacity for producing impaired. Taking that there are about a quarter of a million producers in the Dominion, if forty to fifty thousand of them have their earning capacity reduced by one-third, then there is a decrease of 12 per cent. in the amount that is put into the national fund. The same effect is produced by shortage of crops, the fund is lessened, and there is therefore less to divide. Now, the liquor traffic has exactly the same effect as

the failure of crops. Look at what is being done in the United States. They will not employ men who drink, nor will they have them in the Army or Navy, because drink lessens their working power, and therefore their producing power.

"Second, the liquor traffic impairs the quality of the fund of commodities. All sorts of things go into the fund. What does the trade put into it? A certain quantity of beer, spirits, etc. Now the most fatal and injurious of the products put into the fund is alcohol. Whatever goes in its place must be better, therefore, if less alcohol is put in and more of other products, the quality of the whole must be improved. So far we have arrived at the point that prohibition must increase the quantity of the fund of wealth out of which wages can alone be paid, and that it must enrich the quality of that wealth. These results in themselves would be a great economic gain to the labourer, even if the distribution of that fund were unaffected by prohibition.

"I have now to show, however, that in the sphere of distribution the influence of the trade is peculiarly injurious to the working class. Nearly all the economic problems which press themselves upon the attention of politicians to-day centre in the great problem of how to secure a just distribution of a nation's wealth or income. It is easy to raise nominal wages, but such increases have a way of increasing the cost of living and lessening the purchasing power of the wages, so that the real wages remain where they were before. Prohibition does not offer a final solution of this distressing problem, but it will beyond all doubt redress somewhat the present inequality, and increase the proportionate share of labour in the National income. The proof is easy. The trade is a monopoly, and the uniform feature of all monopolies is that they draw out of the national income a share greater than their contribution to that income. They take out of the fund more than they give. This means that some producers must be working for the monopoly, and letting it consume what they have put in. That such is the case with the brewing trade is demonstrated in the following way:—First, the brewing trade receives a higher percentage of profit on capital invested than any other business. The Hon. Mr Fisher, who has access to all the information upon which a re-

liable estimate can be based, computes the annual profits of the breweries at £250,000. The subscribed capital of all the breweries is put down at £477,000, thus the rate of profit on capital invested is over 50 per cent. The average rate of profit on industrial and commercial undertakings in New Zealand is certainly not more than 10 per cent. This means that for every £100 of capital supplied to assist production, £10 worth of goods is taken out of the national income as remuneration for the service rendered. If capital takes more than 10 per cent. out of the income, it is certainly taking more than it has put in. Assuming the brewers by their capital of £477,000 increase the national fund by £47,000 being 10 per cent. of their capital, then they draw out of the national fund goods to the value of £203,000 in excess of their contribution. This means that the other classes of the community have £200,000 of commodity less to consume, because the brewers took that amount more than their share. If the brewing industry was not a monopoly there would be over £200,000 to distribute amongst the labourers and employers of the Dominion more than there is at present.

"The chief sufferer from the undue share of the national wealth obtained by the trade is the labouring man. This appears clearly from the fact that the brewing industry pays a less proportion of its takings in wages than any other business. On a turnover of £793,000, the wages paid per year are £109,000, being 13.8 per cent. of the turnover. In the woollen industry 36.3 per cent. of the turnover is paid in wages, the clothing industry 33.5 per cent., the furniture industry 35.7 per cent. This means that if the trade were abolished and the money spent upon it diverted to the purchase of other goods, nearly three times as much of the money expended would go in wages. The brewing trade employs 741 persons. The abolition of the trade will mean the employment of nearly three times this number at the existing rate of wages, or a general increase of wages throughout. Insistence should be put on the great truth that the motor-cars, splendid houses and furnishings enjoyed by the brewers, represent the consumption of wealth which under a just system of distribution would be consumed by the working man. It is literally true that the rich carpet