



THE MINUTES  
OF THE  
TENTH ANNUAL CONFERENCE  
OF  
LIQUOR COMMISSIONS OF THE STATE OF HAWAII, 1962

HONOLULU, HAWAII

JANUARY 18, 19, 20, 1962

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Liquor industry \* Liquor laws \* Hawaii

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REGISTRATION

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Joe H. Kamigaki, Member  
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## REGISTRATION

### Program Speakers and Guests

A. William Barlow	Licensed Beverage Industries of Hawaii
Neal S. Blaisdell	Mayor of Honolulu
Robert W. B. Chang	State Representative
Roger H. Coryell	Office of the Governor
Kenneth Cundiff	Honolulu Police Department
Yoshio Hasegawa	Honolulu Police Department
Frederick J. Lind	Joseph E. Seagram & Sons
Martin J. Lahart	Alcohol & Tobacco Tax Division
Major Angus B. MacLean	Hawaiian Armed Forces Police
Dr. Shelley M. Mark	Economic Research Center
William S. Mau	State Department of Labor
Charles G. Maybell	Alcohol & Tobacco Tax Division
Rev. John J. Morrett	Church of the Holy Nativity
William V. Pacheco	Oasis Cafe
Wesley Petrie	U. S. Marshal
William F. Quinn	Governor of Hawaii
Gary Weaver	Economic Research Center
Spencer F. Weaver, Jr.	Spencecliff Corporation

### Industry Members

Henry Buscher	Johnston & Buscher, Ltd.
Fred Croydon	Muller & Phipps, Ltd.
Herbert B. Granas	Beverage Bulletin
Ronald McGeary	Kotake Company, Ltd.
Frank Oda	Holo Holo Inn
James O'Shea	Spengler & Sons, Inc.
Philip O'Toole	Hawaii Beverage Guide
Helmuth Piersig	The Von Hamm-Young Company, Ltd.
Bert Strausbaugh	Better Brands, Ltd.
Takao Sugai	McKesson & Robbins
Francis P. Sylva	Better Brands, Ltd.
Ted Wong	Hawaiian Oke & Liquors, Ltd.

**TENTH ANNUAL CONFERENCE**  
**OF**  
**LIQUOR COMMISSIONS OF THE STATE OF HAWAII**  
**PRINCESS KAIULANI HOTEL**  
**HONOLULU**  
**January 18 - 20, 1962**

**THURSDAY, JANUARY 18** (Robert Louis Stevenson Room)

- |            |  |
|------------|--|
| 11:00 a.m. | Registration   |
| 12:00 Noon | Luncheon   |
| 1:30 p.m.  | Speech by the Hon. Neal S. Blaisdell,<br>Mayor, City & County of Honolulu  |
| 1:45 p.m.  | Speech by the Hon. William F. Quinn,<br>Governor of Hawaii   |
| 2:00 p.m.  | "The Philosophy of the Industry Toward Control"<br><br>Frederick J. Lind, Vice President and<br>General Counsel, Joseph E. Seagram &<br>Sons, Inc., New York, N.Y. |
| 2:30 p.m.  | BREAK  |
| 2:45 p.m.  | "Problems of the Wholesale Industry"<br><br>A. William Barlow, General Counsel,<br>Licensed Beverage Industries of Hawaii  |

**FRIDAY, JANUARY 19 (Robert Louis Stevenson Room)**

- 9:00 a.m. "An Analysis of Alcohol Consumption Patterns on Oahu"  
  
Economic Research Center, University of Hawaii  
  
Dr. Shelley M. Mark, Director  
Gary Weaver, Economist
- 10:00 a.m. "Alcoholic Beverages, Their Use and Abuse"  
  
The Reverend John J. Morrett, Rector,  
Church of the Holy Nativity, Honolulu
- 10:45 a.m. BREAK
- 11:00 a.m. "The Hawaiian Armed Services Police"  
  
Major Angus B. MacLean, USA,  
Asst. Commander, HASP
- 12:00 Noon Luncheon Recess
- 1:30 p.m. "Child Labor Laws and Regulations Affecting Minors Employed in Licensed Premises"  
  
William S. Mau, Acting Administrator,  
Enforcement Division, State Department  
of Labor and Industrial Relations
- 2:15 p.m. "The Hawaii Administrative Procedure Act"  
  
State Representative Robert W. B. Chang
- 3:15 p.m. BREAK
- 3:30 p.m. "Should Our Cabaret Law Be Repealed?"  
  
Spencer F. Weaver, Jr., President,  
Spencecliff Corporation, Ltd.  
  
Capt. Kenneth Cundiff, Juvenile Crime  
Prevention Division, Honolulu Police Dept.  
  
Paul Goo, Chief Inspector,  
Honolulu Liquor Commission  
  
William V. Pacheco, Manager, Oasis Cafe

SATURDAY, JANUARY 20 (Molokai & Lanai Rooms, Sheraton  
Meeting House)

9:30 a.m. Business session for Commissioners and  
Staff members only

Selection of date and site of next meeting

Discussion of topics presented by  
Commissioners

Closing remarks

Adjournment

## FIRST SESSION

Thursday Afternoon - January 18, 1962

The Tenth Annual Conference of the Liquor Commission of the State of Hawaii convened in the Robert Louis Stevenson Room of the Princess Kaiulani Hotel at 12:45 p.m., with Mr. Gordon S. May, Chairman of the Honolulu Commission, presiding. Mr. May extended a cordial welcome to the members of the various Commissions, industry members and guests who were present. He then reported that due to his recent illness and at his physician's orders, he will not continue to preside, but will turn the chairmanship over to Mr. Fred W. Schneider, Jr., member of the Honolulu Commission.

Acting Chairman Schneider then presented, in turn, the principal speakers for this afternoon, Mayor Neal S. Blaisdell, Governor William F. Quinn, and Mr. Frederick J. Lind. (The remarks of each are reported in full as attachments to these minutes.)

During the discussion period which followed Mr. Lind's talk, the Acting Chairman said that the Honolulu Commission has been asked from time to time to promulgate credit regulations. He inquired of Mr. Lind why industry hasn't regulated itself.

Mr. Lind replied that the distillers deal with wholesalers, and that is a retail problem. Thus, credit restriction must come from the wholesalers and the only way to have it work is by state regulation.

When asked by Mr. May how strict Mr. Lind's firm is with dealers, the reply was that they cannot lay down strict rules--they say 30 days, but allow dealers to go over that when they are trusted. Mr. Lind emphasized that credit is a matter of trust and confidence in those one is dealing with.

When asked by Mr. May if he did not think that the wholesalers should adopt the same idea and handle their own credit accounts, Mr. Lind replied, "That is true, but unfortunately, we have to be protected against ourselves." He added that the wholesaler may have lots of goods in stock which he is anxious to move and may sell to the retailer even though the latter's credit may be over-extended. Mr. Lind pointed out that the problem is one of uniformity--and the only way to have uniformity is by regulation. He emphasized that the only way to treat all wholesalers fairly is to have uniform credit regulations in the state. On the mainland the states that have such regulations find they work very well; states without such credit laws have most of the problems. He cited New York, where bills must be paid by the 10th day of the month following the month in which the purchase was made. If the bill is not paid by that date, the wholesaler must report him to the State Liquor Authority, which issues a pamphlet each month listing the delinquent accounts, and those accounts must then pay cash thereafter. The state did try a system under which bills are payable the first of the month, but the retailers objected to it.

The subject of uniformity in the age of minors was introduced by the Acting Chairman. Mr. Lind remarked that in New Jersey and Connecticut, the age is 21, against 18 in New York. The complaint is that the 20-, 19-, and 18-year-old persons go to New York from New Jersey and Connecticut to drink, then go back. New York has been asked to raise the age limit. However, there has been resistance to that because age does not mean a thing. He added that a study had been made at a university in Long Island and it was proved that age had nothing to do with it. Students would or would not drink depending on what they learned at home, and how parents reacted. Some young people were permitted to drink by parents, but in moderation; others were not permitted, but if they want to drink, they will drink. In New York, those youngsters who wanted to drink would get the older fellows to buy liquor for them. Mr. Lind declared that prohibition did not prohibit--that has to be done by education. Education starts in the home, and juvenile delinquents are the fault primarily of parents.

Mr. A. William Barlow was presented by the Acting Chairman to speak on the subject "Problems of the Wholesale Industry".

Mr. Barlow stated that he has been besieged by various fact gatherers on the mainland with requests for statistics relating to the industry here. He mentioned that Mr. Howard Jones, of the Distilled Spirits Institute, had indicated to the Honolulu Liquor Commission that some method should be devised for gathering gallonage figures and other information. However, nothing has been done along that line, although there has been an exchange of correspondence with Mr. Jones, the Honolulu Liquor Commission and the Governor's Office.

Without these statistics, no one knows what impact this industry has on the economy of the community. Mr. Barlow asserted that in a publication that lists statistics for the United States, only Hawaii is missing. He said the Commission owes it to itself to obtain those statistics so that it can evaluate each application. Right now, it is operating in the dark.

With reference to the question of a gallonage tax, Mr. Barlow said his group has appeared before the legislature on several occasions asking for such a tax, but one problem in the matter is that there are no statistics. The legislators may say that last year the state realized 20 million dollars from the liquor industry--that is on a percentage basis; when asked to convert it to gallonage, he must say that he cannot do so as he does not know what the consumption of whiskey, beer or wine is. He believes that several of the legislators in the past were convinced that the state would be better off with a gallonage tax rather than an ad valorem tax, but when it got down to setting the rate, the legislators were reluctant to do that because of their fear that the rate they may set may not produce the same revenue. Mr. Barlow reiterated that until such statistics are available, we will never get the legislature to change the method of taxation.

Another argument Mr. Barlow cited in favor of a gallonage tax is that the common man will be able to purchase good liquor--but if the tax remains on the ad valorem basis, good whiskey will just continue to be out of the reach of the working man.

Mr. Barlow stated that they would like all the Commissions, under the authority they now have, to gather those statistics from all the wholesalers so that Hawaii will be in step with the other 49 states. The industry and the Commissions can approach mutual problems better with statistics. Also, their problems could be better presented to the legislature.

The Acting Chairman expressed appreciation for the frankness and cooperation of the wholesalers' association, and he urged everyone present to think of these and other matters on the agenda so that some agreement can be reached as to how to pursue the problems in the coming year.

A general discussion followed, particularly with respect to the gathering of gallonage figures and making them available to legislators and other interested persons.

The session then recessed at 3:55 p.m.

## SECOND SESSION

Friday Morning - January 19, 1962

Acting Chairman Schneider called the Conference to order at 9:25 a.m. He then introduced Dr. Shelley M. Mark, Director, Economic Research Center, University of Hawaii, who in turn introduced Gary Weaver, Economist, for presentation of the topic "An Analysis of Alcohol Consumption Patterns on Oahu". (Mr. Weaver's remarks are reported separately as an attachment to these minutes.)

The next speaker was The Reverend John J. Morrett, Rector of the Church of the Holy Nativity, Honolulu, who spoke on "Alcoholic Beverages, Their Use and Abuse". (The text of Mr. Morrett's speech is attached.)

The next speaker was Major Angus B. MacLean, USA, Assistant Commander of HASP, who has been with the Military Police for 15 years. His subject was "The Hawaiian Armed Services Police".

Major MacLean briefly outlined the history of HASP, which had its inception in 1948, and presently has a total staff of 163--8 officers, 152 men, and 3 civilians. HASP is responsible for all military police activities off the military reservations throughout the State of Hawaii. Its first objective, in broad terms, is to assist in the accomplishment of the mission of the armed forces. Some of their lesser duties include providing traffic escort for convoys, visiting dignitaries and officers of the U. S. Government and over-sized vehicles; occasionally provide returning servicemen to their commands, and enforcing military law on military persons. They have no police powers except over a person who is subject to the Military Code of Justice. However, they are citizens of the U. S. and can effect a citizen's arrest.

They also assist civilian personnel and their families, such as when a man may be temporarily overseas and his dependents left alone.

There is also a dispensary operated by HASP which treated over 1,000 patients last year. If the county's ambulance is committed, HASP's is available.

Major MacLean emphasized the aspect of crime prevention. The presence of HASP reduces the number of offenses committed by armed forces personnel. They try to be very obvious and do not believe in unmarked cars. They know that if they put a marked car in a trouble area with a man in uniform who looks neat and who knows his job, there is going to be a lot less trouble.

HASP operates throughout the entire state. For instance, on Maui when the marines held an exercise recently, 2 HASP men were sent over to coordinate police duties with the Maui Police Department.

Another important objective is to maintain liaison with civil agencies, generally enforcement agencies, such as the police courts, the FBI, etc., and to maintain a free flow of information.

When a military man comes up for trial, a HASP officer will be there also. When a military person is arrested by the civil authorities, HASP is notified immediately and they are permitted to be present when the interrogation takes place.

Another duty is to inform the Armed Forces Disciplinary Control Board of any undesirable practices or conditions that could eventually affect the welfare of the armed forces. That is one of the important areas of cooperation with the Liquor Commissions. Although there is a good number of bars here, the amount of trouble with them is minimal, which may be attributable to the able control of the Liquor Commissions and the Police Departments.

Upon receiving information on illegal or unethical activities in any establishment, they contact the Liquor Commission, or whichever civil authority has jurisdiction over the establishment or person involved, and ask that the information be checked out. HASP's authority is over military personnel only.

It is the same way with unsanitary conditions. Civilian agencies and HASP are invited to listen in at the Disciplinary Board's hearings. HASP usually makes recommendations to the Board, but the last thing to be recommended is "off-limits". That is seldom necessary because the local agency oftentimes takes action before the Board gets a case.

HASP also attempts to recover lost or stolen government property. Last year many small weapons disappeared--.45's and .38's. Some are lost in maneuvers, but many are just stolen.

HASP is permitted to enter bars, but they do not do so unless invited in or unless there is trouble. Many servicemen wear civilian clothes when coming to town, so HASP works closely with civilian officers and takes over when a serviceman is involved.

One of the greatest helps in the control of liquor is the ID card. Every man must have one; a green card encased in plastic. It gives the date of birth, picture, thumb print, and other information and is a good means of identification. If a minor obtains liquor, HASP will find out where the liquor was obtained and notify the Commission.

Servicemen cannot be employed as special police officers. The Liquor Commission has been most cooperative in this respect. The command must give permission to any person who wants outside employment.

In concluding his presentation, Major MacLean referred again to "off-limits" procedures, ID cards and drinking age. He explained that before an establishment is placed off-limits, there must be a continual pattern of incidents or offenses. One or two may be overlooked, but if there is a series of incidents and an uncooperative attitude on the part of management, the premises will be set off-limits. Each case is heard by the Board and is decided on its own merits; there is no yardstick. HASP is not trying to tell management how to run its business, but if there is any adverse effect on the servicemen, the establishment is warned that it will be placed off-limits. No "off-limit" signs are put on the establishment because the laws here do not provide for it, although some states have that provision. HASP posts notices on bulletin boards which are read daily by servicemen. There is no minimum time that a place will be kept off limits. Each incident is handled separately.

Major MacLean admitted that there is quite a bit of falsification of ID cards. Temporarily ID cards are issued only for 30 days, and are good only on pass.

Servicemen are permitted to drink at age 18 on the base, but are advised about the liquor laws of the State of Hawaii which must be adhered to off base.

The morning session was then concluded for the luncheon recess.

### THIRD SESSION

Friday Afternoon - January 19, 1962

The Conference reconvened at 1:35 p.m. in the Robert Louis Stevenson Room, with Mr. Fred W. Schneider, Jr., presiding.

#### Child Labor Laws and Regulations Affecting Minors Employed in Licensed Premises

Mr. William S. Mau, Acting Administrator, Enforcement Division, State Department of Labor and Industrial Relations, was introduced to speak on the above topic.

Mr. Mau told the Conference that the enforcement of child labor laws and regulations affecting minors employed in liquor licensed premises is a very small part of the Child Labor program. Out of 14,000 child labor certificates issued last year, only 200 were for minors to work in licensed premises. Yet, this is one phase of their work with which they are deeply concerned.

The Child Labor Law covers minors between the ages of 14 and 18 who are engaged in gainful occupations. It prohibits the employment of minors under 14, except those in the employ of their parents, news-boys, and domestic workers.

Mr. Mau indicated that until the Liquor Commission allowed children under 14 to work in liquor establishments, there was no problem, although prior to that they had been approached by parents and promoters who were importing child actors and child singers from the Orient and the Mainland.

In 1951, the Commission of Labor and Industrial Relations issued Rule 14, which permits youngsters under 14 to engage in theatrical employment. Administratively, they have also included fashion models and aquacade performers. "Theatrical employment" is defined as gainful occupations as dancers, singers, musicians, entertainers, or motion picture or theatrical performers. "Gainful occupation" is deemed as any activity which produces pecuniary gain for any person or persons connected with such activity. Under Rule 14, minors under 14 years of age may be employed or permitted to work in theatrical employment, except on premises where liquor is served or sold. It permits minors between 6 and 16 years of age to engage in theatrical employment after 6 p.m. It also establishes hours of employment. Youngsters between 6 and 16 may work up to 9 p.m. and those between 14 and 16, up to 10 p.m. on any night preceding a day when school is not in session (Friday, Saturday, and night before a holiday). During school vacations, these youngsters are permitted to work four nights a week. Rule 14 also restricts the number of hours of employment in any one day--minors under 6 years of age, not more than 2 hours; over 6 and under 14, not more than 4 hours; over 14 and under 16, not more than 8 hours. Time spent in learning, practicing, or rehearsing in connection with a public performance, as well as time spent in waiting to appear in a performance, is counted as time worked.

On Oahu, a procedure has been worked out whereby the Liquor Commission first reviews all minor applicants for employment in licensed premises. The Child Labor office, upon receipt of a letter of approval from the Liquor Commission, issues a certificate for employment. This procedure has worked out very satisfactorily, with only one technical violation so far.

In all instances where Child Labor has granted permission for minors under 14 to work in licensed premises, it has been with the understanding that the bar would be closed down and the drinks in the immediate vicinity in which the youngster is to perform are cleared off the tables. Child Labor grants variances only on hours to be worked. It has, however, granted variances in a few cases for a night before a school day as long as it has not been detrimental to the health, welfare and education of the minors.

Statistically, on Oahu, 94 minors (63 girls and 31 boys) were issued certificates to work on licensed premises (15 kitchen helpers and bus boys, a girl to work at a snack bar away from the bar area, 76 theatrical performers, and 2 office workers). Of this number, 51 were between the ages of 14 and 18, and 43 were under 14 years of age.

Mr. Mau concluded his talk by welcoming suggestions relative to this subject, which his department would be happy to consider, study, and employ, as long as they are not detrimental to the health, welfare and education of the youngsters.

The discussion following Mr. Mau's presentation brought out the following significant points:

1. Because of lack of staff, Child Labor is not able to do as good a job as might be expected in following through on work permits issued to minors to see that they comply with regulations. The Child Labor Inspector position is no longer in existence. Inspections are now conducted by persons in charge; for instance, last year they were done by the wage-hour inspectors. However, a drive made last summer during the day showed there was no problem.
2. The Child Labor has no coverage over minors performing in charitable benefits, as such is not considered gainful occupation.
3. There may be some conflict as to what is considered the area where liquor is served. Also, in enforcing this policy, whether the bar should be closed also. This should be further clarified to be consistent in both departments.
4. It might be well for the Child Labor Board to furnish clearance forms. Hawaii County has worked out a system whereby a minor is given a mimeographed application form to take to the Child Labor Office for approval and then brought back for consideration by the Liquor Commission.
5. Licensees should be helped to be better informed regarding the procedure to be followed relative to minor applicants--that unless first approved by the Liquor Commission, Child Labor will not approve.
6. As the Child Labor Law is a State statute, it should be uniform throughout the State. A study should be made by the Department of Labor and a uniform procedure worked out throughout the various counties. (Mr. Mau indicated that the Department of Labor would be happy to look into this and have representatives of each island take it up.)
7. Since the Child Labor Department is charged with the enforcement of the Law, perhaps clearance first should be obtained from the Child Labor Department, then referred to the Liquor Commission for approval.

According to Mr. Mau, this procedure then becomes very difficult for the Child Labor Department, as they have no way of passing on the premises itself. They do not have the staff or trained personnel, or any record of premises, to rule on the various premises. The Department has found the Commission's judgment to be very good so far.

It was agreed that the most expeditious way of handling this matter is through the procedure that is being followed at the present time; however, the question is whether the Commission should enforce the Child Labor Law.

It was noted that under the Commission's original policy, minors under 18 years were not permitted employment in licensed premises. However, because of the many complaints and protests, it was finally decided to allow 16-year-olds to be employed permanently. The Commission, of course, has allowed temporary one-day employment permits for minors under 16 years of age.

#### The Hawaii Administrative Procedure Act

State Representative Robert W. B. Chang was introduced by the Acting Chairman for presentation of his topic "The Hawaii Administrative Procedure Act".

Mr. Chang said that the APA basically sets forth the procedure to be followed in all matters coming before the government agencies to which it applies. It has to do primarily with two functions. One is the rule-making function, which concerns the Liquor Commissions of the various counties, as they do promulgate rules. The other is the adjudicative function, that is, decision-making. Whenever a decision is made, where rights are involved in a contested case, it falls within the APA.

The APA was introduced in the legislature several sessions ago and finally passed in the General Session of 1961. It deals with the quasi-legislative and quasi-judicial functions of the Executive Department. Under quasi-legislative is the rule-making function, which authority is delegated to the agencies. Quasi-judicial function involves all agency hearings, which are conducted like a court proceeding but held in the Executive Department.

Under the rule-making function, other aspects have been added to the existing requirements. For instance, now if a person does not like a particular rule on the books, he can submit a petition for a repeal of that rule. Also, citizens may petition the agency to promulgate a particular rule that they feel should be adopted and enforced by that agency.

Speaking as a legislator, Representative Chang pointed out some of the difficulties they experienced regarding certain sections of the Act. One difficulty was "Internal Management". Questions were

posed, such as what type of rule is considered a rule for the purposes of the Act and some of the questions eventually led to absurdity. It was the legislative intent not to include in the APA matters of purely internal management.

Another area which involved considerable discussion and opposition in the legislature was the section dealing with Declaratory Judgment on Validity of Rules. Under this section, whenever a rule is defective, it can be taken to court and declared defective.

Declaratory Rulings by Agencies was another "sticky" section, according to Representative Chang. This section provides for an interested person's right to inquire of the agency as to the applicability of any statutory provision or of any rule or order of the agency.

Before enactment of the APA, a citizen sometimes had difficulty determining the procedure he should follow before any agency. To establish a single source from which these procedures can be obtained, it is declared in the law that the Lt. Governor's Office shall be the depository for all rules and regulations. Each county agency will file its rules and regulations with the county clerk, and the clerk will file copies with the Lt. Governor's Office. Rules will not become effective until after filing in the Lt. Governor's Office or with the county clerk, as the case may be.

Representative Chang explained that the adjudicatory function, the decision-making aspect, of an agency involves hearings before matters are taken to court.

In answer to the question, "What is the legislative intent in a situation where a ruling of the Commission is by law final and not appealable?", he said that any time an earlier act conflicts with a later act, the later act repeals the earlier. APA will prevail unless an exception has been made in a particular area.

Referring to Section 14(a) of Act 103, "Judicial Review of Contested Cases", he said that so far as he knows, no agency is exempted from review. The APA does not take away the right of a person to appeal to the courts; it gives a person that right if he did not have this right prior to the APA becoming law.

Appeals to the courts are restricted to the record only, except in cases where a trial de novo, including trial by jury, is provided by law. Also in cases of alleged irregularities in procedure before the agency not shown in the record, testimony may be taken in court. In other words, unless the law before APA provided a new trial and a trial by jury, it would have to be a review on the record only.

Upon review of the record, the court may reverse or modify the decision of the agency if it is:

1. In violation of constitutional or statutory provisions.
2. In excess of the statutory authority or jurisdiction of the agency.

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3. Made upon unlawful procedure.
4. Affected by other error of law.
5. Clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record.
6. Arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

Representative Chang feels that agencies are protected under this law, even though avenues of appeal to the courts have been opened up.

#### Should Our Cabaret Law Be Repealed?

The Acting Chairman introduced the following panel members:

- Mr. Spencer F. Weaver, Jr., President, Spencecliff Corporation, Ltd.
- Mr. Yoshio Hasegawa, Inspector of Police, Honolulu Police Department, who replaced Capt. Kenneth Cundiff on the panel.
- Mr. Paul Goo, Chief Inspector, Honolulu Liquor Commission.
- Mr. William V. Pacheco, Manager, Oasis Cafe.

Mr. Weaver, taking the position that the cabaret law should not be repealed, pointed out certain aspects of the law and the inequities in comparison with the dispenser general license. He maintained that cabarets should be required to have food service, but the closing hour for such service should be amended from until "midnight" to "11 p.m.," as meals are generally consumed by 9 p.m. and the public does not seem to take advantage of the late hour. The other requirements, such as dance floor, professional entertainment, etc., must be provided. Mr. Weaver was not much concerned with the fee cabarets are charged; however, he felt strongly that there should be a ceiling on it, just as there is a ceiling on the dispenser general fee. He said there is, at present, an unreasonable burden on the cabarets that are competing with hotel operations under a dispenser general license which has a ceiling of \$1500. He recommended, therefore, that a \$2,000 ceiling be placed on the cabaret fee. If, however, a ceiling of \$2,000 cannot be put on the cabaret fee, he contended that there also should be no ceiling on the dispenser general fee. He believed also that dispenser general licenses should be permitted to operate until 2:00 a.m. throughout the week, as much of their business is with tourists and the difference in closing time between the cabaret and the dispenser general is quite confusing to tourists.

In summary, Mr. Weaver made the following recommendations:

1. Cabaret food service closing hour of 11:00 p.m.
2. Establishment of \$2,000 ceiling on cabaret fee or elimination of the ceiling on dispenser general fee.

3. Across-the-board closing hour of 2:00 a.m. for dispenser general premises.

According to Inspector Hasegawa, the Police Department is primarily concerned with the difference in the closing hours of a cabaret and a dispenser general. This difference is confusing to the police officers and it is believed that uniformity in the law in this respect would greatly help in their enforcement work. Inspector Hasegawa pointed out the problem in certain localities, especially in the Hotel Street area, where they are now utilizing unnecessary manpower to preserve the peace. He explained that it is now necessary to assign two officers to each cabaret to prevent the development of any incidents in the closing hours. This deprives other areas of police service. The Department would like to see the cabarets close at the same hour as the dispenser general premises.

Mr. Goo commented that most of the points he planned to cover in his presentation were already touched upon by Mr. Weaver. However, he wished to mention further the disadvantages of a cabaret operation. In addition to a higher license fee, the cabaret is required by law to provide food service, facilities for dancing, and professional entertainment, which means a greater capital outlay for the preparation of the establishment for business, as well as a much heavier operating cost. In summary, a cabaret pays more in license fee, is mandated by law to render specific services to its patrons, and is saddled with heavier fixed operating costs, except for the privilege of doing business until 3 a.m. throughout the entire week.

Mr. Goo indicated that food service, especially in certain cabarets, is gradually being neglected to a point where meals are now rarely served. He cited various such cases found in a recent investigation, especially in the downtown area.

In conclusion, he stated that the cabaret law was designed to afford the public, particularly tourists, attractions at a later hour during the night where they may go to dine, wine and enjoy wholesome entertainment. Of the 16 existing cabarets, 6 are fully living up to the spirit of this law while the others are not, particularly in the food end of their business. It is believed the food business is deliberately de-emphasized, but always carefully kept within the law. The food phase of the cabaret law is the weakest link in the law and is unenforceable.

Mr. Goo advocated repeal of the cabaret law and suggested that a compromise would be in order if, upon repeal of this law, a new rule is promulgated to extend the closing hours of dispensers commensurate to the needs of the public, as well as the tourists.

It was Mr. Pacheco's belief that the cabaret operation is a very important feature in Hawaii today, especially as a tourist attraction, and that they should continue to be permitted to be open until 3 a.m. throughout the week. As far as food service is concerned, he felt that the Liquor Commission, itself, should have established more stringent rules and regulations for enforcement.

At this time a letter from Donn Beach, dated January 12, 1962, was read by the Acting Chairman. His letter is reproduced in full as an attachment to these minutes.

It was brought out in the discussion that followed that the 9th Annual Conference of the State Liquor Commissions went on record in favor of lifting the ceiling on dispenser license fees. A bill subsequently was introduced in the legislature, but it died in committee. It was noted that Spencecliff Corporation at that time was the only one opposing the measure.

It was felt, generally, that a 2-hour closing time difference between a dispenser general and a cabaret is a reasonable difference.

There was also a suggestion that perhaps a cabaret license as such should be done away with and a single dispenser license established, with one type running up to 3 a.m. and another type closing earlier with a lower fee than the first type.

The meeting was then adjourned to reconvene on Saturday, January 20, 1962 at 9:30 a.m.

#### FOURTH SESSION

Saturday Morning - January 20, 1962

The final session of the Conference convened in the Molokai and Lanai Rooms of the Sheraton Meeting House at 9:50 a.m., with Mr. Fred W. Schneider, Jr., presiding.

#### Selection of Site of Next Meeting

Mr. Seichi Yatsushiro, Chairman of the Maui Commission, moved that Maui County be granted the great pleasure and privilege of serving as host to the next Conference of Liquor Commissions. Mr. Kazuo Kimura, Chairman of the Hawaii Commission, seconded Maui's generous offer, and the motion was carried by acclamation.

Mr. Richard St. Sure, Maui, said the exact date and site of the meeting will be announced later, but it will probably be on Molokai, Lanai or Kahoolawe.

#### Possession of Liquor by Minors

Mr. Yatsushiro brought up for discussion the need for a law prohibiting minors from possessing liquor. He referred to Section 25662 of California's ABC Act as a pattern for such a law. It was moved and carried that this subject be referred to the Executive Committee and that in the meantime the Honolulu Commission study the problem with juvenile and police authorities.

### Dispenser and Cabaret Licenses Within 500 Feet of a School or Church

After a discussion of problems created by the law which prohibits the issuance of a dispenser or cabaret license within 500 feet of a school or church building and possible solutions to the problems, the matter was referred to the Executive Committee.

### Special License for Hard Liquor

The Kauai delegation presented for discussion the matter of creating a special license for hard liquor, similar to the one-day beer licenses now authorized. This was also referred to the Executive Committee.

### Piano Bars

At Maui's suggestion, a short discussion was held on the subject of piano bars and similar entertainment in licensed premises. No action was taken in the matter by the Conference.

### Vessel Licenses

The Hawaii Commission reported that a group in Kona was interested in getting a license for the sale of liquor on board a boat while on pleasure or fishing cruises. The present law provides only for licensing vessels performing a regular transportation service between two or more ports in the State. The subject was referred to the Executive Committee.

### Elimination of Ceiling on Dispenser License Fees

After a short discussion on the topic of lifting the present ceiling on dispenser license fees, it was agreed that the Honolulu Commission should propose legislation to that effect in the coming budget session of the legislature.

### The Cabaret License Law

The question of whether the cabaret license law should be repealed or amended was then brought up. The problem was expanded into a general discussion of fees, privileges, and requirements under cabaret and dispenser licenses. It was brought out that liquor operations of a hotel vary considerably from those of a restaurant, straight bar, or cabaret and different enforcement problems apply to each. Enforcement is particularly difficult when food service is a requirement of the license.

The matter was referred to the Executive Committee for further study with the understanding that each Commission will review its licensing problems and present recommendations in this respect.

### Administrative Procedure Act

It was agreed that there should be uniformity in the formulation of rules of procedure by the Commissions and that this matter

should be taken up again by the Executive Committee to assure such uniformity.

#### Election of Executive Committee Chairman

On motion made by Mr. Gordon S. May, Honolulu, and carried unanimously, Mr. Seichi Yatsushiro, Maui, was elected Chairman of the Executive Committee.

#### Closing Remarks

Mr. Yatsushiro, on behalf of the Maui Commission, Mr. Contrades, on behalf of the Kauai Commission, and Mr. Kimura, on behalf of the Hawaii Commission, expressed sincere thanks to the Honolulu Commission for sponsoring this Conference and for the courtesies extended.

Mr. May commended Mr. Schneider on his excellent chairmanship.

Mr. Schneider then declared the Tenth Annual Conference adjourned.

The Speech of  
NEAL S. BLAISDELL, MAYOR OF HONOLULU  
before the  
TENTH ANNUAL CONFERENCE OF LIQUOR COMMISSIONS  
OF THE STATE OF HAWAII

Princess Kaiulani Hotel, Honolulu  
January 18, 1962

I am very happy to welcome you to Honolulu for your tenth annual conference. I wish I could attend the interesting meetings you have scheduled for today and tomorrow. The topics are of particular concern to government officials, business people and all residents of Oahu, because of the sensitive relationship between liquor licensing and population density. I know that all of you from the Neighbor Islands share these same concerns, to a proportionate degree.

As you know, the City and County of Honolulu has limited responsibility in liquor license administration. Our chief responsibility is the provision of quarters and of legal counsel. We are proud of the new quarters at our Pawaa Annex for the Honolulu Liquor Commission, and glad that the staff now has adequate space and a suitable environment for their hearings and confidential work. Our Corporation Counsel meets with the Board of Commissioners twice a week. I understand that the legal work load has increased substantially in the past few years, from 14 cases in 1955 to 41 in 1960 and 67 in 1961. This increased work load requires a considerable portion of our attorney's time, but it is in the City and County's interest to have such close contact with operations of the Liquor Commission.

We have strengthened the link between State and local authorities now that the liquor inspectors carry pocket transistor receivers on their beats, keeping them in touch with police operations throughout the Island. Our Public Prosecutor occasionally handles a misdemeanor case, but usually such cases are heard before the Board of Liquor Commissioners.

Within the framework of the present statutes, we have achieved a satisfactory working relationship, I believe, although it has long been my opinion that local authorities should have a deciding voice in liquor licensing and control.

Our County Liquor Commission system under State control is unique, but upon examination of the systems used in all states, it is evident that there are almost as many systems as there are states. The whole subject of liquor licensing and control is highly complex and often controversial. I would not presume to discuss it here from a personal standpoint, or from the standpoint of enforcement.

However, from the standpoint of the economic and social welfare of the people of Honolulu, I do have a strong interest in the policies of the

Liquor Commission, particularly in regard to the ratio of licenses to population. We are at the approximate midpoint in population growth that may reach 800,000 persons on Oahu by 1970. This is a good time to review our liquor control program and anticipate changes in population which may affect future licensing.

As a matter of fact, the Honolulu Liquor Commission has made a fine start on this task with the study recently completed by the Economic Research Center at the University of Hawaii, entitled "An Analysis of Alcohol Consumption Patterns on Oahu." I have had a chance to look through this detailed, two-volume report and to study a digest of its major findings. From this brief preview, I have noted a few areas in which I should like to have more information about future policies. If I could attend tomorrow's session at which this report will be discussed, many of my questions might be answered. Meanwhile, I should like to make a few observations on the present situation as described in this report, and point out problems that could arise.

The survey indicates that the percentage of drinkers on Oahu is about the same as on the Mainland--61 per cent here, 62 per cent for the entire country. Aside from this basic similarity, there are many differences in national and local patterns, statistics and problems.

For example, we have a higher percentage of drinking in the home, as against drinking in public places, than in most states. Three-fourths of those surveyed drank chiefly at home. Thus the highest expenditure for alcoholic beverages on Oahu is in supermarkets and small grocery stores, and convenience to residential areas is a prime factor in liquor purchasing.

This suggests to me that as our City and County spreads out in suburban development, there could be a substantial increase in applications for liquor licenses to serve our at-home drinkers. At present, we have a low ratio of licenses to population in comparison to other states. Thirty states have higher ratios than Hawaii, whose ratio of 709:1 is lower than the national weighted average of 849:1.

A low ratio in our city districts may be justified by the fact that most of them include sizeable commercial zones and cater to purchasers from a wide area, as well as to customers who are just passing through. I ask, should this low ratio be used as a precedent or formula in the future and applied to new, suburban areas with concentrated shopping centers?

We anticipate new resort developments in several sections of the Island--in the Makaha-Waianae and other leeward areas, Oceanic Park, in the Ewa District, on the Windward Side, eventually over in Haleiwa, in the Waiialae-to-Koko Head stretch, and, of course, right here in Ala Moana with the Magic Island project. Will we have a concentration of liquor licenses in those areas similar to the concentration in Waikiki, with its extremely low ratio of one liquor establishment for every 150 residents?

The Waikiki ratio does not take into account 250,000 tourists who spend an average of \$40 a week per capita on liquor. However, we must remember that we envision a different type of resort development for the leeward and windward shores than we have in Waikiki. Liquor license policies will play a determining role in the type of developments we will have outside the city.

According to the Economic Research Center survey, we now have a low ratio for off-premises licenses, which reflects our pattern of home consumption. So far we have a higher ratio than most states for on-premises consumption. This reflects the fact that throughout Hawaii we do not as yet have the high percentage of drinking in bars, clubs and taverns that they have in Mainland states. Waikiki is the one exception. Researchers found that heavy drinkers tend to patronize the on-premises dispensers, and naturally they advocate more outlets. This has a definite relation to our police patrolling requirements, which I will discuss in a few minutes.

Sixty per cent of those surveyed thought the present number of outlets is adequate, and 20 per cent favored a reduction. They represent the moderate and light drinkers and the abstainers who comprise the large majority of our population.

I should just like to mention briefly the major social and economic problem associated with liquor control, which is discussed in the section on alcoholism in this report. At first glance, Hawaii has a remarkably good record in the national problem of five and one-half million alcoholics. Since 1940, our ratio of alcoholics to our population has gone down 19 per cent. Every other state but one has had a large increase in its alcoholism rate.

This is not to say that we have not had a substantial increase in the number of alcoholics in Hawaii since 1940. As you know, we do not have enough private and State agencies to handle our alcoholics, and this report recommends the establishment of a State Commission on Alcoholism.

I noted that 70 per cent of our alcoholics are Oahu residents, so we are particularly concerned about this problem in Honolulu. However, the highest alcoholism rates are on the Neighbor Islands. It so happens that the other islands have lower ratios of liquor outlets to population than we have--our ratio is 815 to one, and the Neighbor Islands have ratios around 350 to one. These statistics suggest the question: is there a connection between lower license ratios and higher alcoholism rates? This is a matter that might be determined by studies, rather than by costly experience and more alcoholics in Hawaii.

I also noted that the alcoholism rate for women in Hawaii has gone up 17 per cent, but since women comprise only a small proportion of our alcoholics this has not affected our over-all rate. Nevertheless, we have a higher alcoholism rate for women than in the nation as a whole.

This could be another reason for extreme caution in providing our suburban areas with a disproportionate number of liquor outlets.

We in the City and County are more immediately concerned with the relationship of crime and liquor, which is not discussed in the Economic Research Survey. Captain William Sheather, head of our Police patrol division, finds that areas with a low ratio of liquor outlets to population need more police supervision. In the low-income districts, there are more problems of disorderly conduct and misdemeanors associated with drinking, as you would expect.

You probably remember the headline "Drink Factor in Every Third Driver Death" in the Advertiser last month. This story brought out the fact that the records of Dr. Alvin V. Majoska, City and County Medical Examiner, show that six out of 16 drivers killed in traffic accidents were drunk by accepted legal standards. Of the 40 traffic accident victims over 18 years of age, 30 per cent had enough alcohol in their blood to have their driving ability impaired--and half of them were driving at the time of the accident.

Police officials say that many of these drivers do their drinking in outlying areas, such as Kaneohe, Pearl City or Wahiawa, and have their accidents on the highways into the city. They see a definite connection between liquor control in the suburban centers and the traffic accident rate. But in the absence of a study on this subject, we can only surmise that there is such a connection, and try to take it into account in our over-all planning for highways, traffic, protective services, liquor licensing, and the necessary personnel to provide adequate supervision.

I have gone into all these aspects of the subjects you will discuss in depth today and tomorrow because I want you to know that the City and County administration is vitally concerned about this whole area of metropolitan growth, especially since Oahu has about 80 per cent of the State's population.

The Economic Research Center survey statistics show that problems associated with the sale of alcoholic beverages have risen most sharply in the eastern seaboard urban belt. Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Delaware, Pennsylvania and Washington, D.C. are among the top ten in the nation's alcoholism rate. Those states also have low ratios of liquor licenses to population--their average ratio is about the same as Hawaii's ratio.

We may be a long way from metropolitan chaos on Oahu, but we must plan carefully so that in ten or 20 years we will not be going through the same problems they have in Boston, New York, Washington and Los Angeles. With good planning, cooperation and enforcement, Oahu's growing pains can be eased or prevented in conferences such as this one--not in the nearest liquor department or cocktail bar.

Thank you very much for the opportunity to speak to you today, and for keeping me informed of your efforts in this highly important service to our community.

The Speech of  
WILLIAM F. QUINN, GOVERNOR OF HAWAII  
before the  
TENTH ANNUAL CONFERENCE OF LIQUOR COMMISSIONS  
OF THE STATE OF HAWAII

Princess Kaiulani Hotel, Honolulu  
January 18, 1962

INTRODUCTION

I am deeply grateful for this opportunity today to speak to this 10th Annual Conference of Liquor Commissioners from the various counties of Hawaii. I see by your agenda that you will be examining many different aspects of the distribution, control, and use of alcoholic beverages. I am sure that a number of points of view will be expressed, and I feel confident that principles will evolve which will affect the administration of your commissions and the fulfillment of your difficult responsibilities. It is an honor to be able to add what I can to your deliberations.

THE WHOLE PICTURE

Mankind has been concerned with the use of alcoholic beverages for thousands of years--probably from the time that the first man discovered by accident that fruit juices would ferment, and that in this condition these juices were palatable and pleasant. This first vintner presented Mankind with problems that have increased over the years. Abuse of beverage alcohol is probably as old as the knowledge of how to make it. With abuse have come all varieties of controls aimed at forcing Man to submit to legal restraint when common sense failed him.

Today we have elaborate controls over distribution and sale of liquor, administered by sincere, dedicated men and women like yourselves, and at the same time we have widespread abuse of the use of liquor visible in every phase of our lives. ✓

Why is this so?

Because the abuse occurs in an area where the law, by tradition in this country, hesitates to enter--in the private lives of individual citizens.

Still, this whole conflict affects us all. The controls involve the setting up and maintenance of elaborate administrative structures. Laws must constantly be passed and revised. Questions of governmental responsibility must be settled and resettled. Knotty political questions and jurisdictional disputes become involved in the problem of controls.

The abuses affect us even more. Ask our social agencies, our police departments, our health departments, our youth organizations and our churches. They will paint a grim picture of the ways in which the misuse of liquor complicates and increases their work.

#### LIQUOR MISUSE IN COMMUNITY LIFE

For example, we know that excessive drinking is often a factor in dissolving marriages and shattering homes. We know that liquor is often involved in the commission of crimes like assault, robbery, rape, and murder. Traffic statistics reveal that about fifty percent of our traffic accidents involve drunken drivers. Our mental hospitals have many patients whose sickness is aggravated by the misuse of liquor, and our penologists tell us that alcoholism is a problem even behind the highest prison walls.

What pastor, priest or rabbi has not found that alcoholism is a constant source of discouragement and frustration to his ministry? What youth counselor is not appalled at the increasing use of liquor among our young people?

#### SEARCHING FOR AN ANSWER

The problems presented by the misuse of liquor, and indeed the degree to which those problems are growing, are very clear.

The answers are not clear. I doubt if anyone knows the answers. We all know that we must search for them.

The fact that widespread abuse exists in spite of widespread controls troubles us all. I know that it is a matter of special and grave concern to you Liquor commissioners. Your communications with agencies of the State government have revealed this time and again.

What then IS the answer?

Is it more controls? Is it total prohibition?

I doubt it. Prohibition, when it was tried before certainly cut down on the total consumption of liquor, but it failed to wipe out alcoholism, and at the same time it encouraged the criminal production, sale and use of liquor, and provided the atmosphere in which a gangster empire was spawned whose power is still felt across our nation.

Instead, I believe that we must marshal all appropriate forces in our health, social, crime prevention, and community organizations to find what individuals cannot use liquor in moderation and what compulsions drive them to their abuse. We must continue research into the causes of alcoholism and find a cure if that is possible. We must

improve our techniques for treatment and rehabilitation of those who are afflicted with this wasting disease. At the same time we must crack down with swift punishment on those who use liquor carelessly when their carelessness endangers the lives and safety of our people.

Even these measures will leave many complicated problems unsolved, and we must continue to pursue the solutions. This will require the untiring efforts of dedicated men and women.

#### WHAT HAS BEEN DONE SO FAR

We are not just beginning this important work. In some areas the work has been going on for many years. Research, treatment, rehabilitation, and prevention of abuse are going on all the time and we are becoming more skilled in our techniques with every year. Private organizations like the Hawaii Committee on Alcoholism and the Hawaii Alcoholism Foundation have shown keen interest in the problems and have offered counseling service to thousands. Churches, labor organizations, the medical profession, and private citizens have offered tireless assistance without asking for compensation. The State's Departments of Social Services and of Health have provided expert treatment and programs for rehabilitation.

Last October 25, I gathered members from all these interested groups and asked them to participate in The Governor's Committee on Alcoholism. I charged this group to "coordinate and integrate the various community resources in the field of alcoholism, and recommend ways of meeting existing needs and providing the State with a more effective program to combat alcoholism." With staff support from the Department of Health, I expect this group to make important recommendations which will guide the state in its efforts to find an answer to the problems of alcoholism.

#### THE LIQUOR COMMISSIONS' ROLE

All of the work which these groups are trying to accomplish would be made infinitely more difficult if it were not for the administration and supervision of our liquor laws as carried out by the liquor commissions of our State. Enforcement and inspection are laborious, thankless jobs. They require a high level of integrity, and a conviction on your part that the job is worth doing, and that it must be done right. There is much debate about where the authority should lie to appoint the members of your commissions, and to exercise jurisdiction over you. I realize that it is the feeling of many commissioners that if this jurisdiction must go either to the state or to the county, that you would prefer to be administered under the state government. At the same time, the tradition of Home Rule is strong in Hawaii, and arguments in favor of placing the liquor commissions under county control must be given serious consideration. It is likely that recommendations in this regard will be received this year from the Public Administration

Service who are conducting a vast survey of State-County relationships.

Until these recommendations are received, I believe that the administration of the liquor commissions should remain pretty much as it is now.

However these organizational problems are resolved, it is important that your vital services are permitted to go ahead without interference.

#### CONCLUSION

This conference today, tomorrow, and Saturday will provide the best thinking of some of Hawaii's finest and most experienced people. All of us will benefit from your discussions. Perhaps you will be able to find ways in which to further integrate the solutions of your problems with the solutions that are being sought by all the other groups in the state who are interested in the sale and use of liquor. Certainly this is the concern of every citizen of Hawaii, and the problems that we have yet to solve will BE solved through a massive cooperative effort by us all.

The Speech of  
FREDERICK J. LIND, VICE PRESIDENT  
Joseph E. Seagram & Sons, Inc.  
before the  
TENTH ANNUAL CONFERENCE OF LIQUOR COMMISSIONS  
OF THE STATE OF HAWAII

Princess Kaiulani Hotel, Honolulu  
January 18, 1962

Gentlemen, I've had the unusual good fortune to visit Hawaii twice in a three-month period. I was last here in October when I signed an agreement with the Hawaiian Commercial and Sugar Company in connection with a rum distillery the Seagram company is building on Maui--and I hope I'll continue to get to Hawaii as frequently as I have recently. Eventually, perhaps, rums of Hawaii will achieve the status of your famous exports including, of course, the hula--which, I am told, is the twist with a grass skirt.

Seriously, we are excited and pleased with the prospect of producing rum in Hawaii. We hope it will be an important contribution to the state's economy and that it will help your cane industry as well.

The opening of new plants is a good sign of industry growth and progress. It is a sign of confidence in the future--yours, and ours. It is a tribute to the basic strength of the industry--the heritage of practical understanding that has guided the formulation of liquor controls and regulations.

My interest in the subjects of control and regulation does not reflect solely my official capacity and function with my company. It stems from a deep personal interest in a question which has concerned man since the dawn of history.

The question is: How to strike a balance in laws which safeguard the interests and growth of the individual and yet do not unnecessarily restrict his activities. I use the term "individual" in its broadest sense--applying it to groups of persons such as a business organization or a company.

I believe that all of us who are concerned with the practical aspects of liquor control, will agree that there has been substantial, definitive progress in liquor control. I'm sure all will agree that this progress has been beneficial not only to the industry but to the community at large.

The progress of recent years has its roots in the past--in the very substantial contributions of the men first charged with enacting and executing a workable system of liquor control, and with their early successors.

I think their achievement stands out as one of the outstanding instances of vision and foresight in the area of government-industry relationships.

The government and industry leaders who developed the first set of controls and regulations took a commendably mature, long view of a fledgling industry.

The significant thing about liquor regulations and controls is not that they have been repeatedly altered, modified and revised to meet changing conditions. It is, instead, that so much of the basic framework of this control system has withstood the test of changes in the social, political and economic conditions.

The liquor industry has proceeded as a mature and responsible member of the community along the main channels of control as they were marked out at the very beginning.

This reflects a remarkably enlightened attitude on the part of the men who wrote these basic regulations. They showed their confidence in the industry by entrusting to it much of the responsibility for policing itself, and for keeping its house in good order.

This vision and enlightened attitude stand out even more sharply when viewed against the background of the chaotic era preceding Repeal.

Paralleling the progress of the industry has been the development of better understanding of its needs and its problems on the part of legislators and liquor administrative executives.

In the earlier days, the prevailing attitude was that the industry must be rigidly controlled and restricted. This has yielded to a less restrictive attitude, which accords with the industry's position of respect in the community, which has grown from nothing to what it is today.

It reflects the clear and evident record of accomplishment of the past 27 years, in demonstrating a maturity of action and a spirit of cooperation.

The history of the industry during the past twenty-seven years can serve as an outstanding example to all others of the restraint, moderation and cooperation that are essential in serving the public interests.

I think this is due to the fact that every segment of the industry--distiller, wholesaler and retailer--not only accepts, but actively supports, the concept of regulation and control.

It is not only segments of our industry that support the twin concepts of regulation and control, but what is more important, it is individuals in the industry, in a very substantial majority, that do so.

Experience has shown that the proper application of control is not only socially desirable, but also basic to the establishment of prestige and good reputation in the community.

Now, there are some individuals who deride and seek to destroy these concepts for the competitive advantage they believe will accrue to them when chaos, rather than order, reigns. This minority thrives on confusion. They work best when you control least.

The desirability of orderly markets in our industry is well-founded and well-established and cannot seriously be argued by anyone. It is a prime factor in effective liquor control. One of the chief methods of achieving stability of markets is through the establishment of price posting regulations and the stringent enforcement of these regulations by state control authorities.

Responsible industry members recognize the need and the desirability of price-posting regulations and their strict enforcement--a view which also is apparent to many non-industry observers. The reason is that price posting regulations serve to prevent price wars and loss-leader selling which is a prime weakening influence on control.

There is a corollary to price posting and price maintenance. And that is establishment and enforcement of credit laws. Restricted credit, based on realistic schedules, is basic to good law enforcement and effective control.

Enforced credit regulations prevent a weakening of the retailer's financial condition. If he is driven to the wall by living up to an over-extension of his credit--loading up with goods he cannot sell--his measures to alleviate the pinch may be expeditious at best. At worst, they will make a travesty of regulation.

I submit that price posting, price maintenance, and good and sound credit laws are basic to the industry's activities and progress and are most in keeping with the best interests of the public.

I know there are some who will say that price maintenance conflicts with the concept of Free Enterprise. This argument overlooks a fundamental concern--the social aspects of liquor and liquor consumption.

The mandate that the public gave this industry 27 years ago carried with it an imperative moral responsibility that has a higher priority than any other factor. This moral responsibility is to see to it that alcoholic beverages are made, marketed, sold and consumed in an environment of dignity and good taste. That is what we always strove for. But all this goes out the window when price-cutting is used as a weapon of competition and alcoholic beverages are peddled like an overripe over-supply of tomatoes.

We cannot and must not abdicate our moral obligations for the sake of short-term gains.

Respect for control is considerably enhanced when it is applied impartially, decisively and promptly. The responsible people in this industry do not ask the administrators to make exceptions for them from existing regulations.

Where there is widespread agreement that a regulation can be improved for the enhancement of the industry good and the public welfare, then appeals should be made in behalf of the entire industry to the proper parties. Of course there will always be differences in the interpretations of regulations and laws. But, where laws have proven unworkable or unenforceable or ambiguous, it is certainly in the best interests of the public and industry to acknowledge this, and to seek modification or repeal.

There is a greater spirit of cooperation in this respect today than has existed heretofore. We in this industry believe there is a better understanding of the problems the industry faces in many areas. There is a wider understanding that the solution of these problems is not necessarily incompatible with the public interest.

In the past there was a tendency to regard industry requests for changes in regulations with some suspicion. This was true not only in the liquor industry but in all industries, because the aims of business in a free-enterprise system were not as clearly understood or appreciated as they are today.

Nowadays, business and industry is getting a better hearing. The public has greater insight into the complex problems with which industry contends. Industry's need to operate more efficiently is now becoming more apparent and appreciated by great numbers of people. I think the plight of the railroads has brought the problem home very vividly to the public.

I believe, therefore, that the public has been favorable to the recodification of Federal Laws in the interest of more modern and more efficient procedures. This is particularly pertinent as regards out-of-date and unworkable provisions.

In this, as in all aspects of liquor regulation, the big question is --"How much?" I think the answer can be found in the response of Abraham Lincoln to the question: "How long should a man's legs be?"--His reply was, "Long enough to reach the ground."

Control which is long enough to reach the ground neither constricts nor binds. It permits the industry to operate well and efficiently and thus better serve the public interest.

Of course, there are some in the industry who press for "pet" regulations or amendments, and thus tend to discredit the reasonable approach

to control. The changes they seek are those which they feel will provide them with a competitive advantage. In most cases, this does not further the industry's interests nor serve the general welfare.

Every responsible member of the industry is opposed to this type of self-seeking, self-serving attitude.

In some cases, requests for rulings on the interpretation of regulations are only thinly disguised requests for a virtual re-writing of regulations. With each succeeding looser interpretation of a regulation, the substance of the regulation is gradually destroyed. Control administrators are also frequently asked for their recommendations in regard to regulations. This, we believe, detracts from their primary responsibility --which we feel will always be one of enforcement.

The Federal Government, in the last several years, has undertaken the modification of the laws and regulations governing the operations of distilleries, rectifying plants and warehouses. The results have been very gratifying to the industry and to the Government.

A clear examination of the laws and the regulations can do nothing but help both Government and industry--and the public.

The enactment of regulations is properly the task of the legislators, and ultimately of the people. But no mandate is any stronger or clearer than in the secure authority and understanding of those charged with enforcing regulations.

I believe that if we approach the problems of today and tomorrow in a spirit of cooperation, there is nothing we cannot achieve in the way of better understanding of the aims and execution of the various controls and regulations.

I think it is very important to keep in mind that the liquor industry is a business and that no business can long survive without a reasonable profit. I don't believe it's fair, or that it makes any sense at all, for the liquor industry to be considered the whipping boy for taxes. I don't believe that any time a municipality, state or even the Federal Government finds a necessity for new revenue that it should automatically and unthinkingly slap an added tax on the liquor industry.

The fact of the matter is that the liquor industry has reached a point where it cannot absorb new taxation without seriously affecting its competitive ability. Nor can it pass on tax increases to the consumer without suffering a decline in sales.

Gentlemen, we're in a business that doesn't set any records for profitability. The net rate of return for distillers, for example, is 2.1 percent. Compare this, if you will, with an average rate of return for all manufacturers, in all lines of business, of 4½ percent. The rate

of return for the liquor package store is 1.4 percent, and the rate of net return for wholesalers is only eight tenths of one percent. A recent study of tavern operations found that the tavern owner is working on a 9 percent gross--gross, mind you, not net. Ordinarily, to be profitable, he should be working on a 20 percent gross, at least.

The liquor industry in Hawaii cannot absorb new taxation. It is taxed now beyond its capacity. Taxes that have been levied against it in the past have forced the bottle price to the consumer to a record high. Bottle prices here in Hawaii, as a matter of fact, are so high that the brand that is in the popular price category in other states is in a deluxe price class in Hawaii. This is a situation that tends to destroy the marketing pattern that has served the industry and the public well during the past 27 years.

Because of ad valorem taxes in Hawaii, the better brands, the deluxe brands, are penalized and are priced practically out of the market. The tax on the higher priced brands is commensurately greater than the tax on the lower priced brands thus increasing the spread between them. This places an unfair burden on the brands that try to do a quality job--brands which are promoted and sold in a responsible and dignified manner.

Hawaii is, of course, a tourist paradise and tourism is one of your prime industries. Tourists find that prices for their favorite brands are considerably more than prices for the same brands back home. I believe that many come away with the impression that not only are liquor brands over priced, but that everything they buy here is over priced compared to what they pay back home. Obviously this is not in the best interests of any one of us--neither the industry, nor the economy of Hawaii. I think this is a situation that can well be looked into.

I spoke earlier of striking a balance in the laws. The balance is very important not only in the laws and regulations but also in the behavior of people. It is only when things go out of balance that harm results.

For example, it is acknowledged generally that drinking in moderation is beneficial as well as pleasurable. It is when those who should not drink indulge themselves that they hurt themselves and society.

Consider the problem of the under-age drinker. There are laws in each state setting the minimum drinking age. Generally, this is a 21 year minimum. In a few states, there is an 18 year minimum. By and large, licensees obey these regulations. The punishment for violators is quite severe, but most licensees obey the law because they accept the need for regulations, rather than through fear of the consequences.

The adolescent who should not drink, and does, evidences a short-coming. But I submit that in this, the problem of control is as much in the jurisdiction of the home, as in the actions of the underage drinker

and the one who serves him. Psychologists and educators are almost all of the opinion that liquor per se is not at fault in these situations. It is the abuse of liquor. The delinquent does not become delinquent as the result of his drinking. He is delinquent before he drinks. He drinks because he is a delinquent. This problem is said to exist with only a small percentage of the nation's youth. As small as this percentage may be, we do not discount its importance because every human life is important.

Good parental example in moderation and sound alcohol education can aid in alleviating this problem, but not the kind of education that implies that liquor is a poison.

Much the same can be said of the adult delinquent. Liquor is again not the cause. Nevertheless, we recognize a responsibility to promote the practice of moderation in the use of our products.

As a matter of fact, during the very first year it was in business following Repeal, the House of Seagram published a series of moderation messages which counselled moderation in the use of our products. And the moderation program has been conducted continually since then. These messages, published very widely, have had such themes as "Some men should not drink," "We who make whiskey say drink moderately," "Gasoline and whiskey do not mix," and "When it's one for the road, make it coffee."

We believe wholeheartedly in moderation, and we are equally wholeheartedly against the abuse of the product we make.

Gentlemen, all responsible members of the liquor industry recognize the necessity for regulation and accept it as an integral part of our way of life. A sound and healthy industry is the best evidence that the laws are being administered fairly, impartially and with the public interest as the first consideration.

Thank you.

AN ANALYSIS OF ALCOHOL  
CONSUMPTION PATTERNS ON OAHU

The Speech of  
GARY WEAVER, ECONOMIST,  
Economic Research Center,  
University of Hawaii

before the  
TENTH ANNUAL CONFERENCE OF LIQUOR COMMISSIONS  
OF THE STATE OF HAWAII

Princess Kaiulani Hotel, Honolulu  
January 19, 1962

Mr. Chairman, Ladies and Gentlemen:

We have been asked to discuss four major aspects of the report:  
"An Analysis of Alcohol Consumption Patterns on Oahu." These are:

1. Its content.
2. Methods and procedures used in compilation.
3. Value of the Report as a basis for determining policy in approving or denying applications for liquor licenses.
4. How the information may be applied to Neighbor Islands. If at all?

SOME BACKGROUND INFORMATION

By way of background we should note the events leading to writing this report.

The present Commission assumed its duties starting virtually from scratch. They needed something to start with in examining the pattern of alcohol consumption and licensing on this Island. Accordingly, this report was born of a contract between the Commission and the Economic Research Center.

The general idea was to establish some sense of direction by which the Commissioners can determine whether additional liquor licenses should be granted in Honolulu.

This type of broad study has never been attempted before except in Finland. Until now basic information concerning drinking patterns in the population of Hawaii was non-existent. In conducting such a study, Hawaii has pioneered. Basic data collected is impersonal, strictly confidential and not even available to the Commission.

We hope the Commission now has something to start with in considering license applications in Oahu.

## AIMS OF THE REPORT

The report contains basic information on:

1. The drinking habits of the people of Oahu by selected social characteristics and by market area. Ethnic differentials in drinking patterns are analyzed.
2. An evaluation of competitive inter-relationships of various types of retail outlets:
  - a. Cabaret
  - b. Dispenser General
  - c. Retail General
3. Other information which may provide guidance for the formulation and understanding of public policy in the granting of liquor licenses.

## CONTENTS OF REPORT

The report was finally organized by discussing:

1. Legal aspects of the Liquor Industry.
2. Social aspects of Liquor Consumption.
3. Economic aspects of Liquor Demand and Supply of Oahu.
4. Analysis of Liquor Demand and Supply by Oahu Market Areas.
5. It concluded a study of Alcoholism in Oahu.

## LEGAL ASPECTS OF THE LIQUOR INDUSTRY

This section discusses the doctrines of regulation of the liquor industry. Two approaches discussed:

1. "Impersonal regulation" i.e., free market forces controlling or regulating.
2. Regulation by an agency.

Usually in the United States desire is for impersonal market control of industry rather than by government agency.

However, arguments against free market control of alcoholic sales are such that 49 states have the personal control of a government agency. Mississippi is a dry state.

## REASONS FOR GOVERNMENT CONTROL

1. Moralists assume that government control somewhat lessens chronic alcoholism as a social problem (Tenuous.)
2. Economic Approach. Uncontrolled competition may take socially undesirable forms, e.g., minors or dope.

## RESULTS FROM RESTRICTIVE ENTRY

1. Sellers have mild guarantee they will realize an acceptable rate of profit. (No protection against declining demand.)
2. Since degree of competition is less, there is less temptation to increase revenues by making illegal sales.

ILLEGAL SALES: Controlled by:

- a. Financial ability
- b. Character of licensees

Licensing restricts participation to honest, able and qualified business people and to prevent the introduction of anti-social or otherwise unqualified persons. Only the Commission knows whether this has been achieved and whether this report can help achieve this in the future.

Limitation of licenses is difficult. Problems of control:

Too many--causes financial distress

Too few--artificial values created.

Thus the problem of buying and selling of licenses.

### THE STATES

Experience in the United States is that the problem of how many licenses to issue is largely unsolved.

- a. Laws of 17 jurisdictions with no statutory provisions enabling quotas for licenses.
- b. 15 set economic maxima.
- c. 13 delegate power to the Alcoholic Beverage Control agencies to establish quotas.
- d. 5 vest such discretionary powers in local authorities.
- e. Little has been done in determining the minimum number of licenses on the calculated ratio of the number of licenses per 100,000 of population.

And so the objectives of this section include putting determination of the number of licenses on a more definite and desirable basis.

### SOCIAL ASPECTS OF LIQUOR CONSUMPTION

The general aim of the project is to provide basic information on drinking patterns of the population.

For practical purposes it is useful to have a descriptive picture of drinking behaviour in the general population and in various segments.

Thus this study seeks greater understanding of the prevalence of drinking in socio-cultural categories.

### DRINKING AND SELECTED SOCIO-CULTURAL CHARACTERISTICS IN THE UNITED STATES

Current knowledge of the drinking habits in the adult population of the United States is also quite limited.

The main contribution of this report involves the provisions of factual data that describes the current pattern of drinking in Oahu.

Knowledge of the prevalence of drinking in the general population will be useful in formulating and evaluating programs of education, treatment and research concerning alcoholism and other problems associated with drinking as well as providing guide lines for the investigation of trends in drinking behaviour.

#### DRINKING BY SELECTED SOCIO-CULTURAL CHARACTERISTICS ON OAHU

This section covers sex in relation to: prevalence, drinking, Ethnic background, age, marital status, education, religion, income, and occupation.

#### EXTENT OF DRINKING IN SELECTED SOCIAL CATEGORIES

This section is concerned with the distribution of: light, moderate, heavy drinkers in Oahu. This is measured by the quota frequencies index.

#### SEX AND EXTENT OF DRINKING

This section relates sex with: Ethnic background, age, marital status, education, religion, income, occupation.

#### ATTITUDE TOWARDS DRINKING

Some attention was focused on attitudes and the legal control of liquor dispensaries. Subjects covers were: social acceptance of drinking, prevalence of drinking, teenage drinking, moderate social drinking, attitudes towards drinking, influences in drinking.

#### ATTITUDES TOWARDS LEGAL CONTROL

These are opinion items covering: present hours of retail general establishments, hours of Cabaret and Dispenser General establishments, retail sales on Sunday, Density of Liquor outlets, legal age.

We are not sure how useful this is to the Liquor Commissions but certainly politicians can probably make use of this in their political platforms with questions on control, distributions, etc.

#### ECONOMIC ASPECT OF THE LIQUOR DEMAND AND SUPPLY OF OAHU

This section analyzes:

- a. Economic future of Oahu
- b. Liquor outlets on Oahu

## ECONOMIC FUTURE OF OAHU

The implications to the Commission of knowing something about the economic health and potential of Oahu is obvious, in relation to issuing licenses. This section discusses the problem at some length and it is not necessary to elaborate further this morning.

## ANALYSIS OF LIQUOR OUTLETS ON OAHU

An attempt was made to correlate sales with rates of profitability, in order to get a quantitative measure which could be used for deciding when a new liquor license might be issued. The projected sales in an area divided by the average sales figure requisite for profitability would give the total number of licenses which might be issued. If less licenses were outstanding than this total, a new license could be issued, provided the applicant's estimated sales possibilities met the average sales figure.

Due to the low correlation found between sales and rates of profitability, ranges of sales for each type of license, rather than a single average, were developed. The low correlation may be attributed to the data reported on the questionnaires. The response was poor, and the respondents were unable or unwilling to present their liquor earnings and investments.

The ranges of sales required for profitability presented may be viewed as only rough guides, or first approximations, for the issuance of licenses. Other non-quantitative variables regarding the applicant must be evaluated before a final decision to issue or withhold a license is made.

## MARKET ANALYSIS

A unique feature of this report has been the organization of pertinent information by individual market areas of Oahu.

These areas were separated, based on:

1. The Census Tract of the Bureau of Census which apparently was complicated by the fact that it was changed in 1960.
2. This was related to the data elicited by the questionnaires.
3. Use of the Census tract was predicated on convenience, although some consultation with the Commission took place as to problem market areas.

## ANALYSIS WAS DIVIDED INTO:

Market areas  
Consumers  
Interpretation

## MARKET AREA ANALYSIS

This analysis included:

### Location

Geographic Location was discussed.

### Traffic

Vehicular, etc.

Frequency and volume

### Population

Racial breakdown

Temporary Ownership

Occupation

### Income

Annual Family Income.

## COMMERCIAL ACTIVITY

Planned Development

Number of existing Licensees

## OUTLOOK

This discussed the potential for liquor in this particular area.

## CONSUMER ANALYSIS

Average Annual Expenditure

Sex

Ethnic Background

Income

## TYPE OF STORE

## CHOICE OF STORE

## DISTANCE

## INTERPRETATION

This section gives a general market interpretation based on the data available for this particular market area. This data was derived from Questionnaire and the Liquor Survey.

## TABLES

Tables are provided relating to the Market Data developed.

## ALCOHOLISM IN HAWAII

This was a review of the problems of alcoholism in Hawaii, compared with those on the Mainland, reviewing the effectiveness of current, remedial problems.

The report makes suggestions for future implementation of a program of Prevention, Rehabilitation and Research.

There is a lack of basic information on Alcoholism. In Hawaii, the need for penetrating insights for this program is acute because of the growing and yet youthful population, the interchange among the diverse ethnic groups, and the transient nature of much of the population.

#### VALUE OF THE REPORT

#### VALUE OF THE REPORT AS A BASIS FOR DETERMINING POLICY IN APPROVING OR DENYING APPLICATIONS FOR LIQUOR LICENSEES.

The measure of success of any report is the use it has been put to by the people it has been written for.

Therefore, any answer to the question proposed concerning usefulness of this report rests almost entirely with the Honolulu Liquor Commission. Presumably, the Commission has referred to its contents.

There are limitations to any research project, particularly of a pioneering kind. This report no doubt covers areas which may be omitted, amended, or elaborated. Its maximum usefulness existed at the time it was written.

In evaluating the usefulness of this report, it is proper to emphasize the role of research in relation to the decision maker.

In many ways, this report embodies both applied and basic research in the field of liquor.

Applied research refers to the study of economic and technical aspects of particular problems which may involve new problems, services, processes, and methods of production and distribution.

It is differentiated from basic research where the final application is unknown.

Applied research includes studies of specific problems peculiar to a particular business or government operation and, also, broad economic or technicological problems to be faced.

Applied research is an important link between the mass of underlying economic data and principles and the solution of a specific problem of industry or government. In this report the data is only a link.

Research can never replace the decision maker. It can and does supply facts and analysis for the decision maker and thereby narrows the range within which judgment has to be used.

We can collect facts, organize, collate and analyze them to help decision makers, but if we were ourselves to make the decisions we should thereupon cease to be researchers.

Perhaps it would help to know there are many important and well defined problems on which research cannot give any direct help.

Perhaps, liquor, and, particularly, this report has been one of them. I believe the Honolulu Liquor Commission is in a better position to discuss its usefulness in issuing licenses.

#### METHODS EMPLOYED

1. Personal interviewing with Questionnaire.

Sample:

2106 Oahu residents (needed for acceptable standards of statistical accuracy). Based on division into Census tracts (Bureau of Census).

Two stages earlier sample.

Pre-Test

Submitted to experts for opinions.

Depth Interviewing (Judgment)

STRUCTURAL SCHEDULE

Interviewer--Letter of Introduction. Great sincerity and cooperation compared with the Liquor Industry who were uncooperative.

2. Mailed Questionnaire to the Liquor Industry.

a. Original plan was for operational analysis of liquor outlets

b. Questionnaires mailed relating to financial statements for:

1. Liquor operations annually

2. Total operations.

Total response was entirely inadequate. It was impossible to determine profitably of liquor operations. Therefore, decided to discard this operational analysis.

#### NEW APPROACH

Goal: To arrive at a quantitative guide which would aid the Liquor Commission in deciding how many licenses to issue in a given area.

This task was to find the average level of sales which the licensee must make in order to earn a satisfactory rate of return on his investment.

This figure could be used as a guide by the Commission re new licenses. By dividing the total projection sales for an area by the average sales requisite for a satisfactory profit you could get an approximate idea concerning the number of licenses which might be issued in the area. This would only be a rough guide.

New Questionnaire mailed by results were bad. It appears, many licensees do not know how much profit they are earning or are unwilling to reveal their profits.

Thus the bad questionnaire results gives statistically limited basis for general conclusions.

From the data collected was derived:

- a. Sociological analysis
- b. Market survey
  1. Demand for liquor
  2. Supply of liquor
- c. Contribution to the Economic Analysis

#### MEASURES USED

1. Quantity Frequency index of drinking based on:
  - a. Reported number of drinks at an ordinary sitting
  - b. Reported frequency of such sittings.
  - c. The number of internal checks for internal consistency
2. Measures of trouble due to drinking self-conception and reference  
Group drinking behaviour (Parties)
3. Tests for consistency in Questionnaire were made.

#### IBM TABULATION

1. Data was coded and added for key punching
2. Tabulation run off the entire State of cards
3. Detailed tabulation condensed for analysis  
Bureau of Census data--Population and Housing units were used.

THE RELIGIOUS AND MORAL ASPECTS  
OF THE USE OF ALCOHOL

The Speech of  
THE REV. JOHN J. MORRETT, RECTOR,  
Church of the Holy Nativity

before the  
TENTH ANNUAL CONFERENCE OF LIQUOR COMMISSIONS  
OF THE STATE OF HAWAII

Princess Kaiulani Hotel, Honolulu  
January 19, 1962

I wish to introduce this talk with a somewhat lengthy and often used quotation from the well known Harvard psychologist, William James, from his classic book: The Varieties of Religious Experience.

"The sway of alcohol over mankind is unquestionably due to its power to stimulate the mystical faculties in human nature usually crushed to earth by the cold facts and dry criticisms of the sober hour. Sobriety diminishes, discriminates and says no. Drunkenness expands, unites and says yes. It is in fact the great exciter of the Yes function in man. It brings its votary from the chill periphery of things into the radiant core. It makes him for the moment one with truth. Not through mere perversity do men run after it. To the poor and the unlettered it stands in the place of symphony concerts and literature; and it is part of the deeper mystery and tragedy of life that whiffs and gleams of something that we immediately recognize as excellent should be vouchsafed to so many of us only through the fleeting earlier phases of what, in its totality, is so degrading a poison. The drunken consciousness is one bit of the mystic consciousness, and our total opinion of it must find its place in our opinion of that larger whole."

With this introductory statement, which I believe from the psychodynamic standpoint is sound, it is quite appropriate that a clergyman speak on the vast and complex subject--the drinking of alcohol in one form or another and intoxication.

Alcohol answers two basic problems we all have:

1. The problem of the negatives of life:
  - a. a feeling of separation from our fellowman,
  - b. anxiety about ourselves and the circumstances we live under,
  - c. weariness,
  - d. inferiority, and
  - e. loneliness--to mention a few of them.

2. Since, from the point of view of a Christian theologian, we are created in the image of God, we also have a profound need of self-transcendence.

In summary--to put the two fields together, alcohol and religion are both used to escape or to help reduce the real pain of life, and secondly, in their use there is evidence of a genuine struggle to find The Reality (and in the case of the alcoholic, The Unreality.) To state the alcoholic's problem bluntly, he or she wants to solve the basic problems in life down the neck of a bottle and would like to find God inside it.

Now let us turn to a sincere concern which you have about the moral involvement of the act of drinking alcoholic beverages.

Because of its terrible destructive effects on some people, the tremendous costs to American industry, involvement with law enforcement agencies, the threat to life on the highways in traffic accidents, it is important that this body consider the whole subject of responsibility when it comes to the use of alcohol. In dealing with this subject of the moral aspects at the outset, I wish to point out briefly that clergy men tend to fall into two categories: a. those who believe that total abstinence is the only way to save the nation from the destructive effects, and, b. those who accept the permissive use of it.

The basic criticism of the first group is built on three sound considerations:

1. Moderate drinking makes men careless of their social responsibilities and engenders hazards in our complex culture. The machine age is obviously a factor here since anytime a drunken man or woman drives an automobile, the safety of others is in question.
2. Popular consumption of alcoholic beverages is a factor in producing the disease of alcoholism. My statistics are a bit out of date but helpful here. They come from the Preface to the sixth edition of Alcohol, Science and Society, Journal of Studies on Alcohol. They were collected together by Dr. Max Keller, member of the staff of the Yale School of Alcohol Studies, 1954.

There are approximately 115,000,000 persons of "drinking age" (age 15 years and older) in the U. S. Of these, about 60% are drinkers, the rest abstainers. Rough estimate total, states Dr. Keller, are 67½ million drinkers. He breaks this (big) figure down to 68% men, 47% women. Of the total drinkers he estimates 3,852,000 are alcoholics, or for every 1,000 drinkers 62 are alcoholics.

3. Moderate drinking increases the social pressure toward drink upon youth and has a detrimental influence on spiritual development and religious achievement. Again and again our young people before going away to college on the mainland are bothered about the decision--shall I drink or not? This is a tough one as they are taken to beer parties when being rushed for a fraternity, visiting families of friends over the holidays who give cocktail parties, coming into close association with often a majority of their college contemporaries who drink and accept the use of alcohol as a part of their way of life.

Now, there are Churches such as our own (Episcopal), Roman Catholics, and bodies of the Lutheran Church who have not taken a stand for total abstinence. These Churches have not relaxed their concerned attitudes toward the use of alcohol but do place their emphasis on legislative control, educational methods of counteracting the destructive effects of alcohol beverages and the training (of) its clergy to help in the rehabilitation of alcoholics.

To present the other side of the coin, the permissive use of alcohol, I wish to now state the theological orientation to drinking as set forth by our own Church in its short manual for clergy titled "Resources of the Christian Faith in Dealing with Alcohol Problems."

From(our) point of view, drinking is not of itself a sin because of at least two considerations:

1. There is no divine prohibition of it. A study of Biblical ethics discloses not a legalistic set of rules to govern drinking habits for all time, but an expression of guiding principles and a religious perspective. On the first point there is some inconsistency and contradiction in the interpretation and application of these Biblical principles but (these) facts are clear:

In the Bible a moderate use of wine as a beverage and as a medicine is recognized as an acceptable practice.

Old Testament: Psalm 104:15--"wine maketh glad the heart of man."

New Testament: I Tim 5:23--"Be no longer a drinker of water, but use a little wine for thy stomach's sake and thine own infirmities."

In the Old Testament world the drinking of wine was a generally accepted practice in Jewish culture. The same is true of the social order in the New Testament. Jesus Christ refers to the vineyards in his parables, was severely criticized for drinking (Matt 11:19), changed water into wine during a wedding feast in Cana of Galilee and used wine at the Last Supper when He introduced the great sacrament of Holy Communion.

This being said, however, we read stern warnings in the Bible about indulgence in the use of alcoholic beverages and an unqualified condemnation of drunkenness.

Proverbs 20:1--"wine is a mocker, strong drink a brawler."

Matthew 24:49--"drunken stewards are reprov'd."

Ephesians 5:18--"all who desire to be known as the followers of Jesus Christ are instructed to be 'not drunken with wine, wherein is riot, but be filled with the Spirit.'"

Finally, there are anticipations of the doctrine in the Bible. In the O.T. there was a group called the Nazarites who abstained for a limited period from cutting their hair and from drinking wine. Numbers 6:3-4, Amos 2:12. Also, in the New Testament St. Paul applies a well known principle of giving consideration to the weaker brethren and writes, "It is good not to eat flesh, nor to drink wine, nor to do anything whereby thy brother stumbleth." Romans 14:21.

References then to the Bible in terms of total abstinence for everyone is not helpful as far as a basis for total abstinence is concerned and only leads to confusion and argument among church leaders as to the right interpretation of the Bible.

2. We also say in our Church that drinking is not per se an evil because in the doctrine of creation there is nothing that treats any part of the physical order as inherently evil. As expressed in the book of Genesis, all things in the world as God created it are seen to be good. Evil comes when man's harmonious relationship to things in creation is distorted by his disobedience to God. Certainly man's misuse of alcohol is one of the age old signs of this distortion.

Let us consider now the right use of alcohol from our point of view which involves responsible obedience to God in the exercise of our freedom and self-control. This I think you need to know if you are either selling and dispensing liquor or controlling the traffic as in the case of the Liquor Commission.

There are five considerations here as to the right use of alcohol:

- a. Responsibility
- b. Enjoyment
- c. Thanksgiving
- d. Enhancement of social intercourse, and
- e. Relaxation of tension.

The primary consideration is the right and mature use of God's gifts which in this case happens to be alcoholic spirits. We know in life we are surrounded by many spheres of responsibility; job, family, community are the broad groupings; and we ought not to jeopardize any of them by our use of alcohol. Timing and appropriateness are at stake

as well as the exact amount an individual can take. One beer or highball for a particularly light, tightly strung, sensitive person may make him more relaxed and even giddy, while three or four beers or highballs may have little or no effect on a large, easy going, relaxed individual. Financial responsibility is also an important consideration for some who not only haven't the physical structure to drink very much, but also haven't got the money to waste on this luxury item.

The second consideration is the enjoyment derived from the use of alcohol. A cold beer after a hot tennis game or round of 18 holes of golf is pure enjoyment for certain people. Many men we know return home after a hard, tense-ridden day at the office. A highball with the wife and maybe a friend or two, again falls into this area of enjoyment. A maximum of two drinks and then a good dinner which is made more delicious by the fact that the alcohol has stimulated the appetite does a lot to make life happier.

A third condition or consideration is the use of alcohol in the spirit of thanksgiving. In the Passover Meal for the Jews, the Cup of Blessing represents the thankful remembrance of God's Chosen People escaping from the land of Egypt and being delivered from slavery. Certainly, too, in the Christian rite of the Last Supper, we as Christians remember with thankfulness our Lord's salvation through His self-offering life. Also, out of the religious context, I think we can add the toast at a wedding reception or similar occasion when a drink is offered out of sincere appreciation for somebody or something. This is a healthy gesture of thanksgiving.

Another very important consideration is the social benefit derived from the use of alcohol when used moderately. It eases interior tensions, makes people more relaxed to talk and to relate comfortably to one another. In our type of society, many, if not most people, live in a structure of casual and almost accidental relationship. Under these circumstances, it is difficult to entertain people who are strangers to each other. Here lies the rationale of the cocktail party where a large number of people can be entertained without a great deal of planning for interpersonal relationships.

A final condition already alluded to is the alleviation of tension built up in many people by our fast moving, competitive, business world and, in many cases, the artificial urban environment we live in. There is, undoubtedly, too much drinking among some businessmen at noontime or in the late afternoon in the bars on the way home from work. But, on the other hand, if tension is not released through some drinking, it will have to find an outlet somewhere else and this could conceivably be a far more drastic release than through a martini, strong as it is. The built up tension may conceivably be released in temper over the behavior of the children or the dissatisfaction over a statement from the wife.

Let us now turn to the matter of indulgent drinking. This category is not easy to describe since it lies between the area of responsible drinking and pathological drinking. We can describe it as drinking to excess without permanently disregarding responsibility. The big night out with the boys, the dinner party that began at 8:00, the cocktail hours were prolonged until 11:00, the party didn't break up until 2:00 a.m., are several examples. Those who stayed on and on had hangovers the next morning, eyes were bleary, plenty of alkali seltzer and bufferin for the weak stomachs and headaches. People who have so abused themselves will take medication, get some extra hours of sleep, they will have some guilt feeling over their productivity which goes way down, but they sober up on their own efforts. Individuals in this category are accessible to self-discipline and the advice of other people who say "take it easy". Moral encouragement here is effective and some people decide after a night or two of overindulgence that the discomfort is too much to bear and they go on the wagon for awhile. Their ability to stop drinking puts them outside the category of the alcoholic.

We come finally to the person we are most concerned about as far as the use of alcohol today--the alcoholic who separates himself from the other two types because once in the drinking cycle, he or she cannot seem to stop. The compulsion involved in their use is generally not understandable to the non-alcoholic. The alcoholic, from my point of view, is really bothered at his or her basic level of life. There must be conflicts down deep in the sub-conscious areas which are not being adequately resolved on the conscious levels. To meet the need or yearning for an answer or answers, the alcoholic in an inebriated state achieves a self-transcendence either resolving the problem or being relieved of it and thereby finds an escape from an intolerable burden that seems to forever plague him or her. The baffling thing to the non-alcoholic is that moral encouragement and admonition do not help and can even worsen the situation. Appeals to common sense, will-power, and reason are useless and even the removal of alcohol itself only delays imbibing. Punishment or forms of coercion will not help either.

Oddly enough, the awful extremity of many an alcoholic, and the sheer impossibility of their way of life bent on personal destruction offers actually the ground of hope. One cannot fool themselves forever by their dreams of personal autonomy, and the ability to control and shape the future to one's own particular design. The attempt to be independent of God as well as man is destined to tragic failure. Such people are found in every walk of life, men, women, young, old, educated and ignorant, sophisticated and coarse. People who fall into this category are pathetic at best and run against every principle of good living, morality and religious sanctity.

What about them, who is responsible and who can help?

I want to quote from a paper written by The Rev. Howard Clinebell "The Ethics of Alcoholism" to sum up the matter of responsibility in the use of alcohol: "Whatever one's view of the personal responsibility involved on the part of the alcoholic, one can certainly accept the fact that society greases the slope down which he slides. The chaos and psychological insecurity of our world, the confusion and conflict of values regarding drinking and drunkenness, the traumatic circumstances to which many children are subjected--these are a part of the sickness of our Society of which the sickness of alcoholism is one manifestation." As long as drinking is permitted in our society, we have a responsibility to help the alcoholic--for his treatment and prevention, if possible.

How can we help the 3-4 million alcoholics and save our youngsters from falling into the dreadful pit of it?

Here are some suggestions:

1. A happy home life: with love, acceptance, discipline which meet basic needs at the grass roots level.
2. Alcohol education for youth.
3. Support the existing agencies such as the Alcohol Clinic, Hawaii Committee on Alcoholism, Half-way houses, etc.
4. Improvement in counseling techniques by doctors, ministers, social workers, etc.
5. Back the Alcoholics Anonymous program.
6. Promote awareness of alcoholism through press, radio, TV, publications, speakers, etc.
7. Support financially, when possible, agencies designed to rehabilitate the alcoholics.

DON THE BEACHCOMBER  
International Market Place  
On The Beach At Waikiki

January 12, 1962

Liquor Commission  
City and County of Honolulu  
1455 South Beretania Street  
Honolulu 14, Hawaii

Attn: Mr. William H. Lucas, Secretary

Gentlemen:

I appreciate your invitation to attend the Tenth Annual Conference of the Liquor Commission of the State of Hawaii. However, I will not be in the city at that time as I am leaving for Hong Kong on the 18th.

I would like to take this opportunity to jot down my views and sincerest suggestions regarding the matter to be discussed and to request that you read this letter to the conferees.

PURPOSE OF ESTABLISHING DEFINITIONS

1. The Commission and the public must be able to distinguish clearly between the general dispenser and the cabaret licensee.
2. The Commission should exercise the spirit of the cabaret law by assuring the public that the granting of a cabaret license in effect provides additional entertainment and recreational hours and does not merely extend the hours for the service of liquor.

FOOD SERVICE REQUIREMENT

Definition: Hot meal service should be available to patrons for a period of not less than four hours during the evening. The cabaret must be a bona fide restaurant with a fully equipped kitchen and a regularly employed chef and staff.

Explanation: Such a requirement would avoid the possibility of a cabaret licensee resorting to the subterfuge of providing food service merely by using a steam table or hot dog cooker and would force the cabaret licensee to actually serve regular meals during the evening hours, when a cabaret normally is open for business.

#### ENTERTAINMENT AND DANCING REQUIREMENTS

Definition: Professional entertainment should consist of a minimum of two shows during the evening hours of not less than thirty minutes' duration, and an orchestra consisting of three or more musicians. It should also be required that no licensee be permitted to serve alcoholic beverages later than one hour after dancing or entertainment has ceased.

Explanation: Such a requirement would prevent licensees from employing amateur entertainers and musicians to perform for the sole purpose of compliance with the wording of the law in order to keep their bars open until 3:00 A.M. A minimum requirement of four hours of entertainment or dancing would insure compliance with the spirit of the law and the public would be provided with additional recreational time over and above that provided by the general dispenser. It should also be provided that cabaret licensees who desire to close earlier than 3:00 A.M. may do so at their own discretion.

The Commission should require that the licensees submit a schedule of dancing and floor shows and the licensees should be required to strictly adhere to such schedule, changing only with the permission of the Commission.

#### DANCING FACILITIES

During the four-hour period of entertainment and dancing, a dance floor of not less than 150 square feet should be available to dancers and should be located not more than 40 feet from the dance orchestra or stage.

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Explanation: Such a provision would prevent cabaret licensees from having no dance floor available until after 1:00 A.M., or from having a dance floor that would accommodate only one or two couples, in order to comply with the law. This would also prevent licensees from using remote areas for dancing that can't be used by patrons to view the entertainment. Some of the present cabaret licensees have been using areas for dancing that are located practically out of the room where dancing and entertainment are supposed to be presented.

In summary, I would like to suggest that the Commission require all present licensees and all new applicants to submit the following:

- (a) A blueprint of their premises, outlining the area where dancing and entertainment takes place.
- (b) A schedule of dancing hours and a full description of their entertainment policies.
- (c) A menu and a description of their hot meal service, a statement of the number of employees and type and kind of employees used in connection with the preparation and service of food, a description of the kitchen equipment (which, in my opinion, should be substantial and sufficient to prepare table d'hote as well as a la carte dishes.)

In other words, the law should be enforceable to the extent that there is no question in anyone's mind that the licensee is operating a legitimate cabaret. The Liquor Commission inspectors should be provided with copies of the above schedules and descriptions and make weekly checks to determine whether any licensee is resorting to any subterfuge.

Thank you very much for all past and present courtesies and cooperation.

Sincerely,

/S/ Donn Beach  
Donn Beach

DB:lg

