

# THE FALL AND RISE OF PURITANICAL POLICY IN AMERICA

Mark Thornton\*

---

“Prohibition, I venture to say, was the last thing in the world the American people expected to have come upon them. “It can never happen” might be our national slogan. Let us wake up, and face conditions as they are.”<sup>1</sup>

Like the Prohibition generation of the 1920s, Americans today seem unaware of their long history of experimentation with prohibition. From the sumptuary legislation of the Puritans, through the Whiskey Rebellion and Progressive Era, to the current war on drugs, America has experienced the cycle of prohibition and reform along an historical trend towards increased central government control. At the core of this puritanical crusade is the attempt to eliminate “sin” through government coercion and to shore up individual free will by eliminating difficult choices.<sup>2</sup> The American Revolution restored private and local control over goods such as alcohol and tobacco, but since the period of the Early Republic, the prohibitionist agenda has, with few deviations, continued on this trend of increasing central control.

Numerous studies have amply demonstrated that prohibition is a public policy failure and that prohibitions have consistently failed to achieve their public-interest goals.<sup>3</sup> This investigation of the ideological foundations and

---

\* Mark Thornton is Assistant Professor of Economics at Auburn University. The author would like to thank Murray Rothbard, William Shugart, Donald Boudreaux, Robert Ekelund, and Hans-Hermann Hoppe for helpful comments and suggestions. Different versions of this paper were presented at the Southern Economic Association (November 1994), the Independent Institute’s De-Taxing America Conference (July 1995), and the Ludwig von Mises Institute’s Austrian Scholars Conference (January 1996).

<sup>1</sup> Charles Hanson Towne, *The Rise and Fall of Prohibition* (New York, The Macmillan Company, 1923), pp. 3, 5, 7, 9.

<sup>2</sup> H.L. Mencken simplified this puritan-prohibitionist ideology as the haunting fear that someone, somewhere might be having a good time. H.L. Mencken, *A New Dictionary of Quotations* (New York: Alfred A. Knopf, 1991), p. 996. Earlier, C.F. Browne noted that, “Puritans nobly fled from a land of despotism to a land of freedom, where they could not only enjoy their own religion but prevent everybody else from enjoying his.” (*A New Dictionary*, p. 996.)

<sup>3</sup> Recent studies of prohibitions include Daniel K. Benjamin and Roger Leroy Miller, *Undoing Drugs: Beyond Legalization* (New York: Basic Books, 1991); Ronald Hamowy, ed., *Dealing with Drugs: Consequences of Government Control* (Lexington, MA: Lexington Books, 1987); Melvyn B. Krauss and Edward P. Lazear, eds., *Searching for Alternatives: Drug-Control Policy in the United States* (Stanford, CA: Hoover Institution Press, 1991); Kenneth J. Meier, *The Politics of Sin: Drugs, Alcohol, and Public Policy* (New York: M.E. Sharpe, Inc., 1994); Richard Lawrence Miller, *The Case for Legalizing Drugs* (New York: Praeger Publishers, 1991); David W. Rasmussen and Bruce L. Benson, *The Economic Anatomy of a Drug War* (Lanham, MD: Rowman & Littlefield, 1994); and Sam Staley *Drug Policy and the Decline of*

economic effects of prohibitionism provides an explanation for the continued strength of this irrational policy. The prohibitionist ideology in America dates back to the Colonial period and is based on “heretical” religious doctrines and unorthodox scientific views. The practical purpose of this ideology has been to secure a means of social control over the lower classes and immigrant groups. In politics, prohibitionists have formed alliances and have adopted coalition-building policies, such as sin taxes. These policies have only exacerbated the problems that prohibitionists seek to cure. These policy failures have, in turn, contributed to the long-run success of prohibitionist agenda, resulting in a historic shift from voluntary or private prohibition to one of nationalized prohibitionism that is coercive and extreme.<sup>4</sup>

## I. A Model of Sumptuary Laws: From Sin Taxes to Prohibition

The public goal of prohibition and sin taxes is to reduce the consumption of a good that is perceived to be spiritually, physically, and economically harmful for both the individual and society. Puritanical policies share an ideology that is necessary for the enactment of sumptuary legislation.<sup>5</sup> As Rothbard has argued, ideology is a crucial aspect of political change and historical development particularly with respect to prohibitionism and the puritanical ideology that spawned it.<sup>6</sup> His view that ideology is a necessary, if not sufficient, condition for political change and a crucial element for explaining historical change has been increasingly accepted by economists. Robert Higgs, for example, placed ideology as an important factor in

---

*American Cities* (New Brunswick, NJ: Transaction Publishers, 1992). All of these studies find prohibition generally lacking in any capability of fulfilling its policy goals or ability to pass a cost-benefit test. In Mark Thornton, *The Economics of Prohibition* (Salt Lake City, UT: University of Utah Press, 1991), this author found that prohibition cannot even pass a more lenient subjective cost-benefit test. Even the advocates of prohibition such as Kleiman concede that the potential for a successful prohibition is tenuous and that the policy should be strictly reserved for limited cases. See Mark A.R. Kleiman, *Against Excess: Drug Policy for Results* (New York: Basic Books, 1992).

<sup>4</sup> For an explanation of this process of progressive interventionism, see Thornton, *The Economics of Prohibition* (especially chapter four). For a discussion of progressive interventionism as applied to the regulation of public utilities, a phenomenon he labeled the “tar baby effect,” See James W. McKie, “Regulation and the Free Market: The Problem of Boundaries,” *The Bell Journal of Economics and Management Science* Vol. 1, No. 1 (Spring 1970), pp. 6-26. Not only does policy failure stimulate the demand for stricter control measures, it also provides the evidence that prohibitionists employ in their propaganda and policy advocacy.

<sup>5</sup> Extremists oppose sin taxes as an alliance between their government and the “forces of evil.” More pragmatic prohibitionists accept sin taxes as a penal measure for consumers of immoral goods when it is the only viable legislative alternative. There is also a distinction between excise taxes, which are assessed as a user fee, such as the gasoline tax, and excise taxes that are levied to discourage sin, such as the cigarette and freon taxes.

<sup>6</sup> Cf. Murray N. Rothbard, “Mises and the Role of the Economist in Public Policy,” in *The Meaning of Ludwig von Mises*, J.M. Herbener, ed. (Kluwer Academic Press, 1993), pp. 209-246.

explaining the growth of government in America.<sup>7</sup> Robert Fogel has also found ideology to be an important explanatory factor in American history.<sup>8</sup>

In addition to a common ideological source, excise taxes and prohibitions have similar economic effects. They increase price and reduce quantity consumed. The exception to this is the possibility that policy might increase demand by creating additional information about the good. For example, enacting restrictions on the sale of glue to prevent people from using it as an intoxicant could increase the demand for glue if there was limited information about the intoxicating effects of glue prior to the prohibition. Of course the increase in demand would have to more than offset the decrease in supply in order to increase total consumption. There is also the often discussed “forbidden fruit” syndrome, where alienated and risk-loving individuals such as teenage males will demand anything that they are prohibited from consuming. As Michel de Montaigne wrote in 1580, “To forbid us anything is to make us have a mind for it.”<sup>9</sup>

Both policies produce incentives for a black market to emerge and create conditions that result in higher crime rates. Black marketeers do not have access to the legal system and must therefore resort to violence, or the threat thereof, to enforce contracts and defend sales territories. They also may resort to bribery of public officials in order to reduce the risk of black market business in a cost-effective manner. By destroying jobs in the private sector, these policies increase the relative wage rates of criminals, the number of criminals, and the crime rate.<sup>10</sup>

Black market production is inferior to legal market production, and remedies for inferior and dangerous products are significantly reduced. The lack of remedy is exacerbated by the fact that prohibition and excise taxes distort production and reduce quality of the product. These policies result in higher potency and more dangerous products than would be produced under free market conditions. Consumer sovereignty (“the consumer is king”) and *caveat emptor* (“let the buyer beware”), the great regulators of market activity, are often more attuned to avoiding arrest in a black market environment than on product quality.<sup>11</sup>

Sin taxes and prohibitions also create changes in consumption patterns by encouraging some consumers to switch to alternative goods, others to reduce their quantity consumed, and still others to switch to lower quality and higher potency substitutes. Ultimately, the modification of consumption patterns will

<sup>7</sup> On ideology as an analytical concept in the study of political economy, see Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York: Oxford University Press, 1987), especially pp. 35-56.

<sup>8</sup> See Robert W. Fogel, *Without Consent or Contract: The Rise and Fall of American Slavery* (New York: W.W. Norton, 1989). See also Donald N. McCloskey, who notes that Fogel originally doubted that religion was much of a force in the abolition of slavery, in “Robert William Fogel: An Appreciation by an Adopted Student,” in *Strategic Factors in Nineteenth Century American Economic History*, Claudia Goldin and Hugh Rockoff, eds. (Chicago: University of Chicago Press, 1992), pp. 14-25.

<sup>9</sup> Mencken, *A New Dictionary*, p. 979.

<sup>10</sup> See Richard O. Beil and Mark Thornton, “Experimenting with Prohibition: The Economics of Prohibition, Crime, and Respect for the Law,” Working Paper, Auburn University, 1993.

<sup>11</sup> See Thornton, *The Economics of Prohibition*, pp. 89-110. See also Mark Thornton, “From Marijuana to Heroin: The Potency of Illegal Drugs,” in *The Faces of Change* (Washington, DC: Drug Policy Foundation, 1993).

depend on a variety of factors including the level and type of sin tax, the enforcement of the prohibition, and the penalties imposed on violators.<sup>12</sup>

The most important political difference between sin taxes and prohibition is that prohibition, in effect, outlaws its natural opponents while sin taxes creates interest groups opposed to changes in excise tax rates. Another significant difference between sin taxes and prohibitions is in public finance. Sin taxes increase government revenues, while prohibition increases public and private expenditures while adding nothing to public revenue.<sup>13</sup>

The most striking similarity between these policies has been the almost universal judgement, both over time and a number of different goods, that such policies rarely if ever achieve substantive progress in either the ancillary goal of reducing consumption or in the primary goal of reducing “sinful” behavior. This failure is cited by opponents, impartial observers, and, importantly, by the proponents of prohibition themselves.<sup>14</sup> This model of sumptuary legislation therefore predicts that ideology can combine with the negative results of sumptuary laws to create a cycle of progressive interventionism that results in more extreme government power over time.

## II. The History of Sin in America

America was colonized by Europeans seeking economic and religious liberty, with many of the colonies founded explicitly along theocratic lines. The most notorious of these groups, the Puritans, founded the Massachusetts Bay Colony. They adopted wide-ranging sumptuary legislation including restrictions on alcohol and tobacco. Despite the natural advantages of a small homogeneous group based on voluntary association, many of the measures proved to be unworkable and ineffective and had to be modified or replaced by decrees to maintain moderation.<sup>15</sup> It is the Puritan impulse for social reform that drives the cycle of reform, prohibition, and repeal. Over time this cycle has produced Puritanical social control that has been secularized, centralized, and has achieved a kind of permanence within government bureaucracy.

The American Revolution was an expression of political and economic independence, primarily precipitated by the British domination over trade and taxes. Americans did not want to pay British excises on the products they consumed. But equally important was the desire to eliminate British control over international trade that enriched the English at American expense. “Sinful” goods like alcohol, tea, and tobacco were targets of British colonial policy. Tobacco farmers, for example, were forced to export their tobacco to England at extremely unfavorable terms.<sup>16</sup>

<sup>12</sup> For a description of these effects, see Thornton, *The Economics of Prohibition*, chapter 4. In a static sense, excise taxes are superior to prohibitions in terms of both unintended consequences and the impact on public finance.

<sup>13</sup> An important exception to this is the case of legalizing the confiscation of property of suspected prohibition violators.

<sup>14</sup> See especially Irving Fisher, *Prohibition Still at its Worst* (New York: Alcohol Information Committee, 1928). See also Thornton, *The Economics of Prohibition*, pp. 15-23.

<sup>15</sup> Gary North, *Puritan Economic Experiments* (Fort Worth, TX: Institute for Christian Economics, 1988).

<sup>16</sup> John S. Bassett, *A Short History of the United States: 1492-1929* (New York: The

The success of the radical American Revolution ushered in a multitude of reforms honoring individualism at the expense of traditional hegemony. Slavery was abolished in several Northern states and freedom to manumit slaves was established in several Southern states. After writing the *Declaration of Independence*, Thomas Jefferson set about abolishing entail, eliminating primogeniture, and establishing religious freedom in Virginia, the first time this had ever been done in so complete a form. Freedom of religion was established in several other states and many established churches lost their state monopoly.

The late eighteenth century produced not only the American Revolution but also the Industrial Revolution. The new republic grew in size and population and prospered economically. Manufacturing, agriculture, and trade thrived in the northeast. The plantation economy of the South prospered and expanded, while the Northwest Territory was explored and settled.

The freedom from British dominion and the economic growth that followed the war resulted in fundamental changes in the production and consumption of alcohol. New England lost its advantage in the production of rum while western grain farmers developed an advantage in the production of whiskey. With the rise of whiskey, the long term trend of lower prices for spirits continued. Lower prices combined with the new prosperity and freedom to generate increased consumption of alcohol.

Consumption of spirits continued to increase after the Revolution, peaking during the 1820s. Despite the fact that consumption was greater than ever before or since, America was not a nation of drunkards, and public drunkenness was not common. Alcohol consumption in America was comparable to European patterns.<sup>17</sup>

Not all Americans felt the same way about the progress and freedom generated by these revolutionary spirits. Many of these grumblers had benefited from English colonial rule as administrators, tax collectors, and bureaucrats. Others benefitted from playing key roles in the system of triangular trade which saw New Englanders sell their rum and other products, while African slaves were transported on the “middle passage” to the West Indian sugar islands where the slaves were sold in order to purchase molasses, the necessary ingredient for the burgeoning New England rum industry.<sup>18</sup>

The Revolution thus posed a threat to some members of the ruling upper classes who controlled colonial society. A primary symbol of this threat to their hegemony was alcohol consumption. In colonial America, politicians controlled the issuance of licenses to sell spirits, the wealthy owned the taverns,

---

Macmillan Company, 1932), p. 143.

<sup>17</sup> W.J. Rorabaugh suggests that problem drinking was rare. The two types of drinking most prominent were dietary drinking, which involved numerous small servings throughout the day as a substitute for food and water, and communal binge drinking in which the entire town might get intoxicated in celebrations, such as Independence Day, harvest, weddings, and public events such as elections, generally less than once per month. See W.J. Rorabaugh, *The Alcoholic Republic: An American Tradition* (New York: Oxford University Press, 1979), pp. 5-21.

<sup>18</sup> Many of the smaller towns of New England, especially Boston and the Rhode Island ports benefitted materially from the production of rum and the slave trade, see Bassett, *A Short History*, pp. 140-145.

and the clergy monitored consumption in the taverns. Spirits were expensive enough that only the wealthy could regularly afford these goods in large quantities. Public intoxication was viewed as a kind of status symbol.

The elite's first line of defense against alcohol consumption by the lower classes had been the licensing of taverns. However, this measure had already lost much of its clout by 1764 when Benjamin Franklin's *Pennsylvania Gazette* labeled the tavern a "Pest to Society." John Adams had led a crusade in 1760 to restrict or reduce the number of licenses in Massachusetts but was ridiculed by the public and defeated in his effort. As the "seedbed of the Revolution," the tavern was greatly strengthened (by victory over England) against the elites who sought to control alcohol consumption with policies of regulation and taxation.

The first anti-alcohol movement in the Republic turned to the British example of imposing excise taxes on spirits. After various anti-spirit measures failed at the state level, temperance advocates began calling for federal action, but no action was forthcoming until the overthrow of the Articles of Confederation. Alexander Hamilton had advocated the use of high excise taxes on spirits in the *Federalist Papers* and lobbied hard for such a tax as the Secretary of the Treasury.

The excise tax was eventually passed by Congress under the pressure of a budgetary shortfall, but was angrily opposed by citizens of the west and south. By 1794 hostilities erupted into open warfare known as the Whiskey Rebellion. This widespread revolt was concentrated in western Pennsylvania, but also effected parts of Maryland, Virginia, Kentucky, South Carolina and had support in parts of New York, the Northwest Territory, and in the Southwest.<sup>19</sup> The rebels called for secession, sacked the federal tax commissioners, made advances on Fort Pitt, and threatened the federal arsenals at Pittsburgh and Frederick Maryland.

To suppress the revolt and collect the tax, George Washington and Alexander Hamilton nationalized the militia and sent a massive army into western Pennsylvania to crush the nucleus of the rebellion. Larger than most armies of the Revolutionary war, the "Watermelon Army" had more soldiers than western Pennsylvania had men of military age and was probably more than ten times the number needed to suppress the revolt. Despite this massive demonstration of federal commitment to tyranny and union, the suppression of open revolt was anything but a decisive triumph for the "friends of order" over the "friends of liberty."

The excise tax remained difficult to collect, as western farmers continued to oppose the excise tax resulting in the costs of collection exceeding the revenue collected in the West. The Rebellion also solidified Jeffersonian opposition to the Hamiltonian nationalists. The majority of Americans now recognized that the Hamiltonians held a Tory ideology and were using the same methods and tactics as the British had used earlier. The friends of order had more in common with the enemies of the Revolution than with most Americans. Jefferson's Republican government abolished the whiskey excise and all other internal taxes, establishing libertarianism as the dominant

---

<sup>19</sup> See Mary K. Tachau, "The Whiskey Rebellion in Kentucky: A Forgotten Episode of Civil Disobedience," *Journal of the Early Republic*, Vol. 2 (Fall 1982), pp. 239-259.

ideology in national government for the period 1800-1860.<sup>20</sup>

The war was not, however, a total loss to George Washington and his supporters. The cost of the army was very large and much of the money was spent in the west. The visiting soldiers and newly cash-rich residents began a buying spree in western land. George Washington personally owned large holdings in the western lands, and decided to start selling his lands just prior to the Rebellion. Of course, the buying spree meant that Washington's own holdings dramatically increased in price. As Thomas Slaughter observed, "the coincidence was certainly a propitious one for his finances." Even Washington, who had gobbled up the largest and choicest parcels of land while in public service, noted that "this event having happened at the time it did was fortunate."<sup>21</sup>

The puritanical counterrevolution that would eventually undermine the libertarian structure of the Early Republic had its beginnings in the early temperance movement. One of the great contributors to the early temperance movement was Benjamin Rush, physician and signer of the Declaration of Independence. Rush published pamphlets that condemned the use of alcohol as both unhealthy for the individual and destructive to society. His views, while of questionable scientific validity, were used by temperance leaders to confirm their faith that both science and God were on their side. Rush's position as doctor and patriot rendered his message highly effective among the intellectual classes, culminating in the conversion of Jeremy Belknap, a minister from Boston who later became President of Harvard College. Rush also promoted the anti-alcohol crusade by requiring his doctrines be taught at his medical school.

Churches, however, were the principle players in the puritanical counterrevolution.<sup>22</sup> Traditional Christian churches held that sin was a voluntary act even when temptation was involved. In early 19th century America, reformed or "heretical" Christians began a mass movement to make a preemptive strike at sin. These Christians believed that sinful objects were the source of temptation and consequently the cause of sin and thus had to be removed from society.<sup>23</sup> They felt that alcohol hindered their ability to reorganize and purify society in their image. Quakers and Methodists were the first churches to declare their anti-alcohol beliefs and form the early temperance movement.

This new religious perspective can be characterized as post-millennial evangelical pietistic protestantism. They were militantly zealous and emphasized preaching from the Bible. They were also pietistic in stressing Bible study, devotion, personal religious experience, and like the 17th century

---

<sup>20</sup> On this see Thomas P. Slaughter, *The Whiskey Rebellion: Frontier Epilogue to the American Revolution* (New York: Oxford University Press, 1986). It has been shown that the western farmers' economic rationale for fighting was more as consumers of whiskey than as producers. See David O. Whitten, "An Economic Inquiry into the Whiskey Rebellion of 1794," *Agricultural History* 49, No. 3 (July 1975), pp. 491-504.

<sup>21</sup> Slaughter, *The Whiskey Rebellion*, p. 224.

<sup>22</sup> This religious ideology is not necessarily inconsistent with the economic self-interest of the churches.

<sup>23</sup> This perspective on sin is analogous to an objective theory of value in economics. From the "objective" viewpoint, value and sin are innate aspects of the good, while from the subjectivist point of view, economic value and sin are matters of individual choice.

German religious movement, pietism, they opposed formalism and intellectualism. Most important to this counterrevolution was the doctrine of millennialism, a prophecy or belief in an ideal society that would be created by revolutionary action. Post-millennialists hold the “reformed” or “heretical” view that man himself must purge the world of sin and imperfection and establish the Kingdom of God on Earth as a prerequisite of Jesus’s second coming.<sup>24</sup> Obviously, post-millennialist belief provides a wide latitude in terms of policy prescriptions. Rothbard considered the spread of post-millennialism to be a crucial factor in ideological change in America because it was post-millennialism ideology that would become the driving force behind the drive for prohibition and other efforts to drive out sin and imperfection using the coercive arm of the state.<sup>25</sup>

Geographically, post-millennialist evangelical pietism emanated from New England where the Puritans first settled. The Puritans (who had already experimented with theocracy, witch hunts, and prohibitionism) and the Separatists evolved into the Congregational and Unitarian churches which were the state-established churches of New England. This Yankee influence spread into western New York, the Midwest, and Great Lakes region and eventually south and west as New Englanders, their clergy, and educators migrated with the nation’s expansion.<sup>26</sup>

The first anti-alcohol organization was the Massachusetts Society for the Suppression of Intemperance, which was formed in response to the intemperance associated with the War of 1812. The American Temperance Society was organized in 1826. By 1833, the temperance movement had over one million members, largely comprised of New England evangelicals from the Baptist, Congregationalist, Methodist, and Presbyterian churches.<sup>27</sup> This surge in prohibitionist sentiment is related to religious revivalism of the

---

<sup>24</sup> Orthodox Christians, such as Catholics, Calvinists, Lutherans, and mainstream Protestants, are typically a-millennialist in that they do not believe in a literal 1000-year Kingdom of God on Earth. Pre-millennialists hold that Jesus will come again, defeat the forces of evil, and establish a Kingdom of God on Earth. Pre-millennialists are notorious for their incorrect predictions about the end of the world.

<sup>25</sup> Rothbard writes about the earlier post-millennialist, Joachim of Fiore, a twelfth-century Calabrian monk who attempted to establish a heretical communist society and almost converted three popes to his beliefs. Post-millennialism continued to spring up in medieval Europe, especially in Germany and among the Anabaptists. This history is described in Norman R.C. Cohn, *The Pursuit of Millennium: Revolutionary Messianism in Medieval and Reformation Europe and its Bearing on Modern Totalitarian Movements* (London: Harper & Row, 1961). According to Rothbard post-millennialism is also an important component of secular movements such as Karl Marx’s communism. Adolph Hitler’s Nazism and Third (1000 year) Reich could also be interpreted as a secular derivation of Joachim’s millennialism and original thesis that history would be divided into three, rather than the traditional two periods of christian doctrine. See Murray N. Rothbard, “Karl Marx: Communist as Religious Eschatologist,” *Review of Austrian Economics* 4 (1990), pp. 123-79.

<sup>26</sup> Much of this migration was concentrated in areas claimed by Massachusetts and Connecticut in the Treaty of 1783. On the dispersion of the prohibitionists, see Whitney R. Cross, *The Burned-over District: The Social and Intellectual History of Enthusiastic Religion in Western New York, 1800-1850* (Ithaca, NY: Cornell University Press, 1950); Peter H. Odegard, [1928] *Pressure Politics: The Story of the Anti-Saloon League* (New York: Octagon Books, 1966).

<sup>27</sup> Ironically, both the anti-alcohol movement and anti-slavery movement were centered in Boston which dominated the early colonial triangular trade in rum and slaves.

Second Great Awakening. Religious revivalism was very strong in the 1820s and 1830s throughout New England. Revivalism had always meant reform of the individual and society, but Americans saw themselves as a special case. Americans had defeated the savage Indian, nature, and the British. America was the proverbial city on the hill, an example to the world, and the most likely place for God to establish His Kingdom on Earth.

Increased alcohol consumption may have also stimulated the temperance movement. Rorabaugh estimated that the consumption of alcohol increased from 3.5 pure gallons per capita in 1770 to almost 4 gallons in 1830. This increased consumption was the result of lower production costs, lower taxes, and higher incomes. Drinking was part of virtually every aspect of life for many in the early Republic and was a symbol of the American spirit.<sup>28</sup> While it is dubious that alcohol *causes* sin, “sinful” behavior is clearly *associated* with alcohol use. Given their superstitions, heretical religious views, and limited knowledge, it is not surprising that reformers would base their efforts on this association. Early success with private prohibitionism, such as the signing of pledges of moderation and abstinence also provided reinforcement for this association.

An added push for religious revivalism was provided by church privatization in New England. The Congregationalist Church was disestablished in 1818 in Connecticut and in 1824-1833 in Massachusetts. This period of church privatization and religious revivalism is described as follows:

During the first half of the nineteenth century, religion in New England was changing in dramatic fashion. On the one hand, the number of preachers demanded in Connecticut and Massachusetts with respect to the population increased by more than half even as real preaching salaries almost tripled. The increase in total pastors reflected a fivefold increase in dissenting preachers. From 1800 to 1840, the proportion of dissenting preachers in these two states increased from under 20 percent to over 50 percent.<sup>29</sup>

Despite the timing of privatization and religious revivalism, it is not possible to say definitively that privatization caused revivalism.<sup>30</sup>

However, this separation of church and state involved not only the disestablishment of churches but also a movement from tax-funded churches to the voluntary funding of churches. In 1800, 90 percent of churches in Massachusetts and Connecticut used taxation but only 30 percent did so by 1840 in Connecticut and by 1850 in Massachusetts.<sup>31</sup> Economic theory can therefore provide some support for a causal connection between privatization and religious revivalism. A monopoly church with taxing power would be expected to reduce output below competitive levels and charge monopoly

<sup>28</sup> Rorabaugh, *The Alcoholic Republic*, p. 9.

<sup>29</sup> Kelly Olds, “Privatizing the Church: Disestablishment in Connecticut and Massachusetts,” *Journal of Political Economy* 102, No. 2 (April 1994) p. 291.

<sup>30</sup> In fact, many social and economic factors contributed to revivalism and the Second Great Awakening. For example, natural factors and natural disasters also contributed to revivalism. See Michael Barkun, *Crucible of the Millennium: The Burned-Over District of New York in the 1840s* (Syracuse, NY: Syracuse University Press, 1986), esp. chapters 6 and 7.

<sup>31</sup> Olds, “Privatizing the Church,” p. 291.

prices for its “services.” We would therefore expect an increase in output after the privatization-demonopolization. Theory also predicts that new firms would enter the industry and supply competing products.<sup>32</sup>

As temperance groups formed and grew, several important changes took place. Initially temperance efforts were voluntary efforts to promote moderation in alcohol consumption. Members of the temperance groups were expected to lead by example and provide education and assistance to others. Over time, however, alternative groups were established that advocated abstinence from spirits and moderation in beer, wine, and cider. Eventually, even these groups were replaced with total abstinence societies in which members were required to sign an abstinence pledge. As the work of reform became more difficult over time, reform leaders became frustrated and dissatisfied with voluntary efforts and began to advocate the use of government to enforce temperance throughout society.<sup>33</sup>

Temperance forces began to organize coalitions to pass restrictive legislation. Their first reform measure was typically to replace the license system with the more restrictive local option laws which gave communities the right to prohibit local liquor sales. Other restrictive policies included minimum-quantity purchase laws (which require the individual to buy at least 15 or 28 gallons of spirits at a time) and local prohibitions. These policies were difficult to enforce and had few if any beneficial effects. The failure of these policies to satisfy prohibitionists ultimately led to the call for state-wide prohibition.

State prohibitions were adopted in many northern states and territories between 1851 and 1855. These prohibitions were based on Maine’s law which was authored by the zealous prohibitionist, Neal Dow. The “Maine Laws” allowed for search and seizure, reduced the requirements for conviction, increased fines, created mandatory prison sentences, and called for the destruction of captured liquor.

The rapid success of the Maine Laws was shortlived as the rapidly growing immigrant populations opposed such laws. The Maine Laws also suffered several important setbacks in court. Enforcement was difficult because professional police forces existed in only a few large cities where the law was least popular. In the emerging Republican party, prohibition was considered a divisive issue and was not enthusiastically embraced at the national level.<sup>34</sup>

One event seemed to have sealed the fate of the Maine Laws. Neal Dow, who was mayor of Portland, Maine in 1855, was accused of personally profiting from the government-controlled sale of alcohol.

An angry mob assembled at the liquor agency on the night of June 2, 1855, after the existence of the liquor had become common

---

<sup>32</sup> Again see Olds, “Privatizing the Church,” for his evidence that the established churches did have state authority, practice price discrimination, and increase output after disestablishment (privatization), and that alternative churches expanded faster than the established churches after privatization.

<sup>33</sup> Thornton, *The Economics of Prohibition*, pp. 43-45.

<sup>34</sup> Interestingly, the decrease in alcohol consumption that resulted from temperance and prohibitionist efforts created a 500+ calorie deficit in the adult diet leading to declines in demographic-health measures during a period of high economic growth. See Mark Thornton, “Alcohol Consumption and the Standard of Living in Antebellum America,” *Atlantic Economic Journal* 23, No. 2 (June 1995).

knowledge. The mob demanded destruction of the liquor and threatened to break into the agency if the demands were not met and Neal Dow arrested for violation of his own law. Dow, who was always quick to look to force in defense of morality, assembled the local Rifle Guards. In the confrontation which followed with the stone-throwing mob, Dow ordered his troops to fire when several rioters broke into the liquor agency.<sup>35</sup>

Dow was labeled a murderer and a fanatic, and the prohibition movement which he was instrumental in crafting quickly diminished in political significance.<sup>36</sup>

The rise of the Republican party was the result of a long series of attempts to form a coalition strong enough to challenge the dominance of the Democratic party. Forged from the Whig and No-Nothing Parties, the Republicans naturally captured the prohibitionist-abolitionist radicals and thereby dominated “Yankeedom.” This coalition of mercantilist parties did not directly satisfy the prohibitionist faction, but they were able to institute taxes on alcohol and tobacco that appeased the reformers and helped the Republican party to dominate American politics for decades. After the Civil War, prohibitionists became increasingly political and better organized at the national level. Their progress included the formation of the Prohibition Party, the Women’s Christian Temperance Union, and the Anti-Saloon League.

During the period between the Civil War and the Progressive Era the post-millennial crusade became increasingly secular. According to Barkun, the “slow nineteenth-century separation of a secular from a religious vision of the perfect society” accelerated after (and possibly because of) the Civil War and that by “the end of the nineteenth century, millennialism was dominated by secularizing tendencies” so that “by the very time that it succumbed in religious circles its secular version triumphed in the society at large.”<sup>37</sup>

With respect to prohibitionism, this period is best classified as one of “modified” prohibition. State prohibition waned to such an extent that by 1875 only three states remained “dry.” Although there was a brief resurgence in state prohibitions in the 1880s, only three states remained dry by 1904. Modified prohibition consisted of local option, high license fees and restrictive regulations. These coalition-building and seemingly pragmatic policies ironically helped establish the conditions under which national prohibition would be promoted and enacted.

The scientific veneer of modified prohibition was provided, in part, by political economist Richard T. Ely.<sup>38</sup> In a report to the Maryland legislature, Ely argued for a modified prohibition that consisted of local option and an annual auction of licenses for large exclusive territories (retail monopolies) for the sale of alcoholic beverages. He argued this would greatly reduce the

<sup>35</sup> Ian R. Tyrrell, *Sobering Up: From Temperance to Prohibition in Antebellum America, 1800-1860* (Westport, CT: Greenwood Press, 1979), pp. 295-299.

<sup>36</sup> Frank L. Byrne, *Prophet of Prohibition: Neal Dow and His Crusade* (Gloucester, MA: Peter Smith, 1969), pp. 60-69.

<sup>37</sup> Barkun, *Crucible of the Millenium*, pp 2, 151, 29.

<sup>38</sup> See Murray N. Rothbard, “World War I as Fulfillment: Power and the Intellectuals,” *Journal of Libertarian Studies* (Winter 1989), pp. 81-125, for more on Ely and other progressives academics.

number of establishments selling alcohol and maximize public revenue. He argued that such businesses would be easier to tax and regulate because of the greatly reduced number of establishments and the fear of losing expensive liquor licenses for violating regulations. He further argued that concentrating the liquor business via modified prohibition “drags it before the public where all its evils must be conspicuous.”<sup>39</sup>

Modified prohibition was promoted as the pragmatic alternative to prohibition because it resulted in fewer saloons, higher government revenues, and reduced public drunkenness. According to *The Nation*, “the same story that has been told of every State in which high-license or tax laws have gone into effect. That is, they provide ‘corroborative evidence of the practical wisdom of this method of fighting the liquor evil.’” *The Nation* also opposed the policy of prohibition because it was not “a proper or practical method of liquor regulation,” and that “no amount of amendment or addition can make the Prohibitory Law a success.” They concluded that when in the majority use local option, but when in the minority use high taxation to control drinking and make drinkers pay for their sins. “The lesson which has been taught over and over again (is) that prohibition laws cannot be enforced except where public sentiment in their favor predominates.”<sup>40</sup>

Despite testimonials of its success, modified prohibition caused a plethora of problems such as black market production, smuggling, monopoly pricing, reduced quality, corrupt retail practices, graft, and political corruption. While not as evident as the problems caused by prohibition, modified prohibition did indeed drag the evils before the public. Indeed, the problems of modified prohibition were already obvious when Pennsylvania enacted its modified prohibition. The law attempted to limit corrupt practices stemming from modified prohibition by including a restriction on brewers that prevented them from financing the high license fees charged to saloon operators.<sup>41</sup>

The political success of modified prohibition would suggest that true prohibitionist sentiment had all but died out in the late nineteenth century. The federal excise tax on distilled spirits had been increased by 120 percent between 1868 and 1894, most non-prohibition states had enacted local option laws by 1900, and most states and local jurisdictions had enacted high license fees.<sup>42</sup> However, instead of dying out, the prohibition movement was

---

<sup>39</sup> Richard T. Ely, *Taxation in American States and Cities* (New York: Thomas Y. Crowell & Co., 1888), pp. 280-288.

<sup>40</sup> *The Nation*, January 12, 1888, Vol. XLVI No. 1176, pp. 24-26; February 16, 1888, No. 1181, p.127; January 31, 1889, Vol. XLVIII, No. 1231, p. 83; March 14, 1889, No. 1237, pp. 214-5; April 25, 1889, No. 1243, p. 336; June 27, 1889, No. 1252, p. 515.

<sup>41</sup> *The Nation*, February 16, 1888, Vol. XLVI, No. 1181, p. 127. Also with respect to high taxes the *National Municipal Review* (January, 1935, p. 63) noted that “High taxation thus becomes the chief foundation of the illegitimate trade.” Tun Yuan Hu found this illegitimate trade to be “deeply disturbing” but he believed it could be “driven out” by reducing taxes. See *The Liquor Tax in the United States, 1791-1947: A History of the Internal Revenue Taxes Imposed on Distilled Spirits by the Federal Government* (New York: Columbia University Graduate School of Business, 1950), p. 86.

<sup>42</sup> Hu, *The Liquor Tax*, Appendix II, p. 3, shows that the federal excise tax on distilled spirits was fifty cents per tax gallon in 1868 and one dollar and ten cents in 1894. Elsewhere, Hu notes that 37 states had local option laws by 1900 (p. 49). *The Nation* (January 12, 1888, Vol. 46, No. 1176, p. 25) describes the high license fees in several states. Ely, *Taxation*, notes that in Savannah, Georgia a liquor dealer would pay a Federal license of \$25, a State

preparing to achieve the ultimate goal of national prohibition by organizing against the saloon, developing institutions and coalitions, and experimenting with new political techniques.

Women were an important source of support for prohibition. The leaders of the women's suffrage movement were prohibitionists and encouraged their members to swell the ranks of prohibition organizations. The alliance was clear; women would support prohibition (and vote for it when and where they could) while prohibitionists would in turn support the women's suffrage movement. Women would get the vote and sober husbands, while prohibitionists would reestablish social control and dry up society. In 1873, the Women's Christian Temperance Union was formed to institutionalize this alliance.

In 1869, the Prohibition Party was formed. Often characterized as ineffective, it played a key although often neglected role in the ultimate success of national prohibition. Its electoral success was indeed limited, but the Prohibition party provided a valuable training ground for prohibitionists in politics. The Party also introduced ideas, such as child-labor laws, direct election of senators, the income tax, woman suffrage, and national alcohol prohibition, that were absorbed into major party platforms and enacted into law. The Prohibition Party also was a major factor in the major party realignment that occurred during the 1890s in which the Democratic party embraced prohibition.

The Anti-Saloon League was formed in 1895 as a political arm of the post-millennial evangelical protestant churches. By 1904, the League had organizations in forty-two states or territories. When Prohibition was enacted, the Anti-Saloon League could claim affiliation with over 30,000 churches and 60,000 agencies. It is important to note that the League, which was the prime mover toward national prohibition, explicitly emblemized the most prominent institution of "sin," the government-licensed and heavily taxed saloon.<sup>43</sup>

The League completely split with the voluntary and educational efforts of past temperance movements. Coercion, propaganda, and intimidation of political candidates were the new tools. Professional reformers were paid to propagandize (often from the pulpit), in many instances making outrageous claims against blacks and Catholics. At its height, the League published over forty tons of propaganda literature each month. The League was able to shield its big contributors from public exposure by refusing to comply with the disclosure requirements of the Corrupt Practices Act.<sup>44</sup>

---

license of \$50, a County license of \$100 dollars, and a City license of \$200. The bar-keepers license in Charlotte, North Carolina was \$1000 (pp. 203-205).

<sup>43</sup> Cf. Jack S. Blocker, *Retreat from Reform: The Prohibition Movement in the United States, 1890-1913* (Westport, CT: Greenwood Press, 1976), p. 157; Odegard, *Pressure Politics*, pp. 20-21. The central forces of prohibitionism were the Congregationalist, Quaker, Methodist, Baptist, and Presbyterian churches. These churches, their ministers and their flocks had radiated out from New England into western New York, the mid-west, and by the turn of the century eventually throughout most of the western and southern states. It is this geographic and demographic dissemination that enhanced the potential for national alcohol prohibition.

<sup>44</sup> As a result, Warburton found little evidence for determining the extent of commercial rent-seeking against alcohol. Clark Warburton, *The Economics of Prohibition* (New York: Columbia University Press, 1932), p. 263. See also Odegard, *Pressure Politics*, pp. 74, 181, 210; This absence of data should not be taken to infer a lack of commercial interest in

The League was able to refine, strengthen, and spread the prohibitionist ideology. The ideology that emerged during the Progressive Era was forged from the experience of “modified prohibition” and symbolized in the very name of its most powerful and effective political institution, the Anti-Saloon League. As Timberlake described, the saloon became the object of national opprobrium under modified prohibition:

The liquor industry became thoroughly involved in political corruption through its connection with the saloon. The root of the trouble here was that the ordinary saloonkeeper, confronted by overcompetition, was practically forced to disobey the liquor laws and to ally himself with vice and crime in order to survive. Unable to make a living honestly, he did so dishonestly.<sup>45</sup>

Modified prohibition forced many saloons to offer breweries exclusive selling rights in exchange for payment of their annual license fees. Saloons would also disobey blue laws, serve poor quality and watered-down liquor, and employ prostitutes, professional gamblers, and pickpockets in order to generate sufficient revenues under modified prohibition. Of course all of these practices often necessitated the bribery of police and public officials.

The success of Prohibition depended vitally on defining its goal as ridding America of the crime and vice-ridden saloon that was corrupting both the political leadership and the poor immigrants who relied on the saloon as a center of entertainment, politics, and much more. Indeed, destroying the saloon would achieve an underlying goal of prohibitionists — providing the old-stock protestants with a method of social control over the “drinking class” who were largely recent Catholic immigrants from countries such as Ireland, Italy, and Germany.

The only major remaining hurdle in the establishment of national alcohol prohibition was government revenue. The tax on alcohol products was the second largest source of revenue for the federal government prior to Prohibition. However, as Boudreaux and Pritchard have demonstrated:

The income tax proved a viable alternative to liquor taxation for raising revenue, thus making prohibition possible. To be sure, the ideology of voters and politicians mattered, but Congress could not afford the cost in foregone tax revenue (hence, foregone wealth redistribution) that an ideological vote for prohibition entailed until the income tax demonstrated its revenue-raising potential.<sup>46</sup>

They also argue that the shortfall of income tax revenue during the early years of the Great Depression led to the repeal of Prohibition and restoration of alcohol tax revenues.

In support of this tax substitution thesis, it should be recalled that it was the Prohibition party that first called for an income tax and that prohibitionists widely supported the income tax. It is also noteworthy that a tax revolt was gathering momentum in the early years of the Great Depression. The revolts began as a movement against property taxes in cities

---

promoting prohibition.

<sup>45</sup> James H. Timberlake, *Prohibition and the Progressive Movement: 1900-1920* (Cambridge, MA: Harvard University Press, 1963), p. 110.

<sup>46</sup> Donald J. Boudreaux and A.C. Pritchard, “The Price of Prohibition,” *Arizona Law Review* 36 No. 1 (Spring 1994), p 2.

such as Chicago. Prior to Prohibition, local governments raised a great deal of revenue from high license fees, revenue which was lost with Prohibition. The repeal of Prohibition would not only lower alcohol prices, but would also reestablish revenue from license fees, thus relieving cities' overreliance on property taxes. As Beito notes, "by the end of 1933, the effectiveness of the tax-resistance movement had started to wane."<sup>47</sup>

The Progressive era also saw the prohibitionists launch their "war" against narcotics, tobacco, marijuana, gambling, prostitution and other "imperfections" in society. In each of these wars, prohibitionists and progressives sought to stamp out "vice," establish means of social control (particularly over immigrants and inferior races), and to provide a path toward order and perfection of society.

During the Progressive Era the prohibitionist movement had become secularized, achieved the precedent of nationalized prohibition, and expanded its scope to cover marijuana and narcotics. The elitist, twentieth century Hamiltonians had established their control over American society.

### III. The Modern Millennialist Movement

The prohibition ideology is growing in popularity and strength as we advance toward the millennium. Spawned by heretical religious groups, this ideology has been secularized and now dominates public opinion. The prohibitionist notion that certain products cause sinful or socially detrimental behavior has largely replaced the traditional view that such actions are a matter of individual choice and responsibility. In terms of public policy, the millennialist perspective has become institutionalized in the bureaucracies of prohibition and regulatory agencies and in the criminal justice and public school systems.

The spread of legalized gambling and public discussion of legalizing drugs are viewed by some as signals of the decline of the prohibition movement. However, it is important to note that "legalized" gambling is a modified prohibition and almost all discussion of legalizing drugs is in terms of modified prohibition. The modern millennialist movement has actually greatly expanded its ideological and policy grip on American society with the recent and dramatic spread of its tenet of environmentalism. Other movements such as communitarianism, animal rights, "social responsibility," and various forms of egalitarianism are offshoots of, or allied to, the millennialist drive towards perfectionism.

The prohibition on drugs, which includes narcotics, cocaine, marijuana, peyote, and other products has expanded to the status of a "war" that has become international in scope. In America, prohibition budgets and bureaucracies continue to increase, penalties continue to increase, and enforcement powers continue to expand while traditional rights and the standard of living are eroded in the process.

---

<sup>47</sup> Beito provides an excellent history of tax revolts during the Great Depression. He finds that the tax revolts ultimately failed because of a failure to develop a coherent anti-tax ideology and an overreliance on a strategy that stressed "good government." David T. Beito, *Taxpayers in Revolt: Tax Resistance During the Great Depression* (Chapel Hill: University of North Carolina Press, 1989), p. 140.

In 1989, President Bush further expanded the scope of the war on drugs to alcohol and tobacco by declaring that such products are of the same nature as illegal drugs. This decree has been accompanied by an intensification of the modified prohibition on alcohol and tobacco. In recent years the excise taxes on both products have been raised substantially and new massive tax increases have been proposed. Although local option has not resurfaced, the use of tobacco has been restricted by public bans in airplanes, public buildings, and businesses. The Food and Drug Administration, spearheaded by Bush-appointed David Kessler, is attempting to gain regulatory control over tobacco and to then establish a prohibition on its use in much the same way that prohibitions on narcotics and marijuana were established. Alcohol use has been curtailed by restrictive drunk driving laws, higher age requirements, and tougher licensing regulations. Manufacturers have been required to place the government's warning labels on their products and have been forbidden to market new brands which "target" the young, minority groups, or women.

Accompanying the real war has been a propaganda war of gigantic proportions. The "just say no" campaign is the most visible, but certainly not the most important, facet of this effort. The federal government spends billions of dollars and employs thousands of bureaucrats to enhance the war effort. This effort includes "information" campaigns, "scientific" research, and indirect funding techniques that finance a plethora of state and local community groups that promote the war at the local level and promote the budgetary interests of the federal "mother" agencies at the national level. Among the most visible is the Coalition for a Drug-Free America, which has produced numerous "public service" advertisements for the propaganda war.

The millennialist bureaucracy, fed by taxpayers' money rather than voluntary contributions, has wide-ranging regulatory control, taxing authority, and police powers. In addition, the millennialists control scientific research in government and the private sector. With the power to undermine science and to produce favorable scientific findings, the federal bureaucracy is able to shape and regulate public opinion. Grants from the federal government to local welfare, school, and criminal justice agencies provides an additional means of directing resources and molding public opinion. Richard Karp provides an insightful image of this behind-the-scene bureaucratic network:

Imagine the old Anti-Saloon League as a vast Government-sponsored, Government-financed national cottage industry. Imagine the 19th-century Women's Christian Temperance Union as a quasi-official organization, similar to a Great Society poverty program, operating in every state, county, and town social agency, clamoring for ever tougher crackdowns on alcohol abuse. Imagine 10,000 Carry Nations armed not with hatchets but with Federal matching funds and foundation grants; preaching not spiritual perfection but highway safety, child-abuse prevention, economic productivity, fetus health, physical fitness, feminism, minority rights; not smashing whiskey bottles but disseminating Government anti-alcohol pamphlets, lobbying for more police action against drunkenness, scaring pregnant mothers with visions of birth defects, frightening small children in schools with prospects of alcohol addiction, pressuring the liquor industry to pay for "responsible drinking" ads and the broadcast industry

to air gratis their own more strident messages, threatening everyone, but especially young adults, with certain pain and imprisonment if they dare let liquor touch their lips.<sup>48</sup>

Government has become the primary purveyor of prohibitionism, the new secular leadership of the prohibitionist crusade. Philip Jenkins, reflecting on recent public policy towards personal behavior and our now “thoroughly secularized puritanism” speculates that:

Future historians will certainly regard Neo-Puritanism as a hallmark of the times in which we are presently living. However, they will also be struck by the paradox of this particular outbreak in public righteousness, which differs from its predecessors in its conspicuous lack of overtly moral or religious foundation — which is not to say that the underlying agendas may not reflect religious assumptions.<sup>49</sup>

Indeed, he draws an explicit connection between recent public policy trends and puritan religious beliefs stating that:

The recent wave of puritanism can be more plausibly be seen as a revival of deeply entrenched attitudes within American culture, ideas that are ultimately religious in their origins but that survive vigorously after the decay of the overtly religious and moral contexts that would earlier have been used to justify them.<sup>50</sup>

The new puritans have been highly successful. All of the preconditions for new prohibitions on alcohol and tobacco are in place. Restrictive legislation has been enacted (including age, sex, and location prohibitions) that has reduced the number of consumers and producers of these products. Propaganda, posing as the results of scientific research, has been disseminated and accepted by the general public.

Indeed, the future agenda of the federal government has already been established to outlaw alcohol and tobacco in the near future. The “Healthy People 2000” program was established to accomplish, among other things, abstinence from alcohol consumption by the year 2000. The policy of a “Smoke-Free America 2000” was also recently established in order to ensure the end of tobacco smoking by the year 2000. President Clinton’s health care reform plan made a priority of eliminating health risks in the population and called for the establishment of bureaucracies to assess those risks. While the overall plan was not enacted into law, the priorities of risk assessment and the further nationalization of health care costs will certainly make taxpayers less tolerant of the risky behavior and bad habits of their fellow citizens.

One need not concoct grand conspiracies or read between the lines in order to understand conditions as they are. If current trends persist, America will be moving toward stricter prohibitions, greater restrictions, and more centralized control over consumption. This represents an erosion of liberty at its most fundamental level. It is also a blow to reason. The historical

---

<sup>48</sup> Richard Karp, “Prohibition Redux? The Way the Government spends money on “the alcohol problem,” you just might think it’s got a hidden agenda,” *Across the Board*, July/August 1992, pp. 26–27.

<sup>49</sup> Philip Jenkins, “The Puritanism That Dare Not Speak Its Name,” *Chronicles*, Vol. 18 No. 7 (July 1994), p. 20.

<sup>50</sup> Jenkins, “The Puritanism,” p. 22.

perspective of this paper supports Rothbard's contention that ideology plays a key role in the process of historical change.<sup>51</sup> It also provides a more comprehensive framework from which to analyze the political economy of excise taxes, prohibitions, and other restrictive measures on consumption.

The alternative policy to prohibitionism is an unrestricted free market. Here individuals are only punished for criminal acts, and goods are not discriminated for, or against, in terms of public policy. This policy would eliminate all prohibitions, excises, and discriminatory restrictions on the use of products and therefore would prevent social harm from public policy in the future. In contrast to its detractors, the free market has the mechanisms of individual responsibility that address the concerns of reformers. The market can solve social problems and prevent them from occurring in the first place via the role of consumer sovereignty, *caveat emptor*, economic growth, economic stability, and peace. Private prohibitions and regulations, whether they be individual, social, or commercial are powerful and effective constraints on behavior. Therefore, the market does provide realistic and effective solutions to social problems.<sup>52</sup>

As Rothbard contends, the ideology of prohibitionism, millennialism, and perfectionism is a powerful social force. It played a leading role in changing American society from libertarianism to statism and continues to be a dominant force in social policy. Even though it is an irrational ideology, it should be considered armed and dangerous. Science can thwart its illogical doctrines and economic and budgetary crisis may threaten individual prohibitions, but only a return to the principles of individual liberty can restore the American way of life.

---

<sup>51</sup> Rothbard, "Mises and the Role of the Economist." Also see Robert W. Fogel, "The Fourth Great Awakening," *The Wall Street Journal*, January 9, 1996, p. A14.

<sup>52</sup> Mark Thornton, "The Repeal of Prohibition," in Tibor R. Machan and Douglas B. Rasmussen, eds., *Liberty for the 21st Century: Contemporary Libertarian Thought* (rowman & Littlefield, Inc., 1995), pp. 187-204.