CHARLES HODDE ON THE STEELE ACT OF 1934

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Charles Hodde, who represented the Second District in the Legislature in 1937, 1943—52, the last two of those sessions as Speaker of the House, began his political career as a lobbyist for the State Grange. In that capacity, he witnessed the passage of the Steele Act in 1933-34 which created the Liquor Control Board after prohibition was repealed. He recounts that struggle here. His interviewer was Jack Rogers, also a former member of the Legislature.

Mr. Rogers: Now, the state of Washington embarked on another now program in 1933. Prohibition had been repealed—National Prohibition had been repealed—so what was the state's response to that?

Mr. Hodde: Well, the big argument that immediately came up when it was certain it was going to be repealed, "Would we let this go back to the old saloon era, where private business was in it to make money?" The general sentiment was that it should be a state controlled distribution, and resulted in the setting up of a State Liquor Board. This took place in the '33 Special Session and it wasn't an easy fight. There was a great deal of argument about it. E.N. Steele was a new senator, really, only elected in the '32 session, from Olympia. I'm not sure why he was chosen to introduce the bill, but he got his name put in history because it was the "Steele Bill," the Steele Liquor Act. So Steele—whether he liked the idea or not—and he was not a liquor man, really—he got his name attached to the system used in this state for merchandising liquor.

Mr. Rogers: Wasn't it unusual for the citizens to understand that the state was going to be the only source for selling them liquor?

Mr. Hodde: I think the public generally supported it because, even though they had voted to repeal Prohibition, they excused their act, if you want to put it that way; they weren't in favor of drunks excesses of that type. They said, "We can get rid of the bootleggers which are creating this problem and at the same time we can supply it in a manner that will not induce over-consumption.

Mr. Rogers: They wanted strict regulation.

Mr. Hodde: They wanted very strict regulation over this disposition, the sale of it, how they were going to put it out to the public. So they went along with this and the big argument which existed for years was gradually changed some—but it's not been changed remarkably yet—was whether there'd be sale by the drink or whether it had to be taken home in the bottle.

Mr. Rogers: By the package. Well, another big argument of the time was Sunday sales. Sunday sales were prohibited and that meant that bars that stayed open till 2 a.m. Sunday morning had to close off selling liquor at midnight.

Mr. Hodde: That's right. If you didn't have it bought, you couldn't drink it. There were other restrictions that came into the thing and I don't remember whether they came in immediately or not, but you couldn't have it within a certain distance of a school or church or something like that, or any kind of a social affair that used it. But anyhow, this is an ongoing problem, but I think they did rather a good job coming out of a period of Prohibition to get some kind of control over it.

Mr. Rogers: The governor appointed the members of the Liquor Control Board as I recall.

Mr. Hodde: And they made their terms long because they didn't want this to become an election issue, that a new governor might say, "When I get in there boys, you can have liquor until two o'clock." So, with nine-year overlapping terms, it takes two governors, almost, to get control of the Liquor Board.

Mr. Rogers: That was done later when they passed an initiative for liquor by the drink and included in that was the change in the nine-year terms for the Liquor Board members, which seems like a long time, but as you explained it, it had a good purpose.

One other purpose of the Liquor Control Act in this state, the Steele Liquor Act, was to divide the taxes and the profits between the state and the cities and the counties. They all participated, the counties and the cities had police authority and they had some additional police duties because of liquor. The theory as I understand it—and you can tell me if I'm right or wrong—was that liquor would be taxed and some of the money would go back to local governments.

Mr. Hodde: Jack, it was probably more of a successful lobbying effort than anything else. Actually, that was one of the inducements to get the act passed was that local government would share in the revenues. Now, I don't know if they were entitled to share in them on any other basis or not, but they got their share anyhow. They just had a good lobbying outfit.

Mr. Rogers: The cities at that time got forty percent, the state got fifty percent, and the counties got ten percent—I always thought the counties had a small share of the action.

Mr. Hodde: They maybe didn't have as good a lobbyist as they did in later years, Jack. One of the inducements to get a bill passed is to gather support, and it's not that you just sit down with some theoretically inclined group to figure out what's absolutely right. These pressures come on and they give a little here and there and they come up with a result that's reasonably satisfactory.

Mr. Rogers: Well, you were a successful young lobbyist in the 1933 session and that must have been one of your principles. I know, in lobbying, it's always said that you've got to have allies, you can't do things by yourself. You've got to have others who feel as you do. In other words, there's got to be a public opinion for a piece of legislation before the Legislature responds and passes it. They don't just pass some individual's idea, it has to have some force of public opinion behind it. The liquor act seemed to be passable in the Legislature if they shared the revenues and if they had strict regulation, is that correct?

Mr. Hodde: I sometimes question whether any act would have passed at all if it hadn't been that without it you would have had absolute chaos, free-sale liquor everywhere. So they had to get together on something. There wasn't general agreement that it ought to be state controlled, but there was more support for that than there was for no-state intervention. There was some thought only that that it should be strictly regulated by the state rather than operated as a merchandising effort. But they put this together and divided the money up with local government and a few other things got in there because this thing didn't pass easy. You know that session was called just to do this, principally, and they were in such a deadlock. The Senate, as I recall, went home about Christmas time. They said, "If you House members want to sit around and argue, well, we're going home." They came back right after the first of the year and it was somewhere around maybe the tenth of January before they got it done.

Mr. Rogers: It was passed early in January of 1934.

Mr. Hodde: Right.