

PROHIBITION KEEPS HOTEL PRICES UP

Managers Deny Food Costs Will Be Reduced or Room Rates Increased.

1,000% ON A POT OF TEA

But Wages Have Been More Than Doubled and Sources of Income Cut, It Is Said.

New York hotel managers yesterday denied reports that they contemplated reducing food prices and increasing room rates. They declared, however, that if the cost of help, foods and materials increased next winter it might be necessary to eliminate certain dishes from the menus.

With few exceptions, it was said, hotels were experiencing difficulty in keeping pace with increasing expenses, and most of the managers attributed their troubles to prohibition. They said that before the Volstead act became effective much of the overhead expense was paid by the bars.

One admitted the profit on a pot of tea was about 1,000 per cent, and on a cup of coffee 500 and 600 per cent., but asserted it was through such profits that losses on more expensive foods were being met.

On an average, the managers said, the hotels and restaurants were forced to more than double wages since 1916. In some instances employes were receiving 200 per cent. more than they did before the United States entered the war.

They said they were much concerned about the hotel business as a whole next Winter because of the uncertainty of the coal supply and the threatened increase in labor, food, taxes and materials indicated by the rise of prices in September.

Many hotels, they asserted, have been able to weather conditions during the past Summer owing to the unprecedented patronage of the restaurants. That condition, they declared, obtained throughout the country, but is now on the wane.

Winter Rates in Effect.

Albert Keller, general manager of the Ritz-Carlton, said most of the hotels within the last few weeks had raised rates on rooms in accordance with a practice which has been in vogue for years. The Winter prices, he explained, were increased every Fall over those prevailing in the Summer months. In June they are lowered again, and Mr. Keller predicts this reduction next Summer.

"Within the last three months," he said, "most of the hotels in the city raised the rates on certain rooms. These were rooms for which the managers decided they were not receiving a proportionate return. I have heard of no other increases, and I do not expect any."

"There is little likelihood of further increase in the price of food. I believe the prices now set forth on the menus are as high as the patrons will stand. Our prices have been about the same for eight months."

"There has been a steady increase, however, in the cost of food, particularly meat. But though the butcher may continue to raise his prices we cannot do so. I believe there will be only one way out of the situation if the prices of meats, vegetables and other foodstuffs continue to rise. That will be by eliminating certain of the more luxurious dishes."

"Plain food always is more economical. It requires more expensive help for the cooking of luxurious dishes, in addition to the high prices demanded by the dealers for the articles cooked."

"We suffered a loss of from twelve to fifteen per cent. through the enactment of the prohibition law, and on top of that we have had to increase the wages of our help. Therefore, somebody has to meet the increase, and, of course, the patrons must stand their share of it."

"Another thing which makes us uncertain about the coming Winter is the shortage of coal. Formerly hotels were able to contract with dealers for the Winter's supply, but no coal dealer would engage in such a contract this year, because he cannot be certain he can live up to it."

"The Fitz-Carlton uses thirty-five tons of coal a day, and because of that fact we are unable to keep on hand more than a fortnight's supply. We are trying to economize, but there is one thing a hotel has to do in the Winter, and that is to keep its rooms comfortably warm."

No Increase at Astor.

At the Astor it was said the management had no intention of raising the price of food or the rates on rooms. It was admitted that rates on certain of the smaller rooms had been raised, but for this increased cost of help, foods, and materials, as well as the increase in taxation and the loss of liquor revenue, were given as the reason.

E. M. Statler, general manager of the Statler chain of hotels, which includes the Pennsylvania, declared there was not the slightest likelihood of a decrease in room rates, and much less in food prices.

"During the last year or two," he said, "the number of persons served by the hotels was out of proportion to the patronage of previous years. Indications now are that the peak has been passed, and signs of a decline in the restaurant patronage are in evidence. New York is beginning to feel this tendency, and Detroit and Cleveland are experiencing it."

"As a matter of fact, this extremely high patronage has been responsible for keeping prices as low as they are and enabled us to make even a moderate profit. With this on the decline it is hardly possible to reduce prices, even if food in some places is beginning to show a downward trend."

Speaking of operating costs and profits Mr. Statler said:

"As a matter of fact the cost of a substantial meal in a high-class restaurant has not gone up to any great extent. Everybody knows that there is 1,000 per cent. profit in a pot of tea and 400 to 600 per cent. in a cup of coffee, but this is offset by a much smaller margin on the more expensive foods, like meats."

Asked about the effect of prohibition on the hotel business Mr. Statler said:

"The average hotel, I believe, derived about fifty per cent. of its income from the drinks it sold. Some restaurants, where people go simply because of high prices, and I think that New York alone has a few such restaurants, may be able to absorb this loss, but the hotels must depend more and more on their rooms."

Manager Feurer of Delmonico's said he believed New York would see a reduction in food prices within six months.

"The chief causes of present high prices in our restaurant," he said, "are prohibition and labor. For the first there is no relief unless the Volstead act is drastically amended. As to labor, during the month of April alone our salary list increased from \$16,000 to \$21,000. We hope this problem will be solved by immigration. This, in fact, is the only way in which it can be solved. But, even if we are able to obtain labor from this new group, the results will not be felt for half a year. With this in mind, we are planning reductions in the future, but not at present."

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