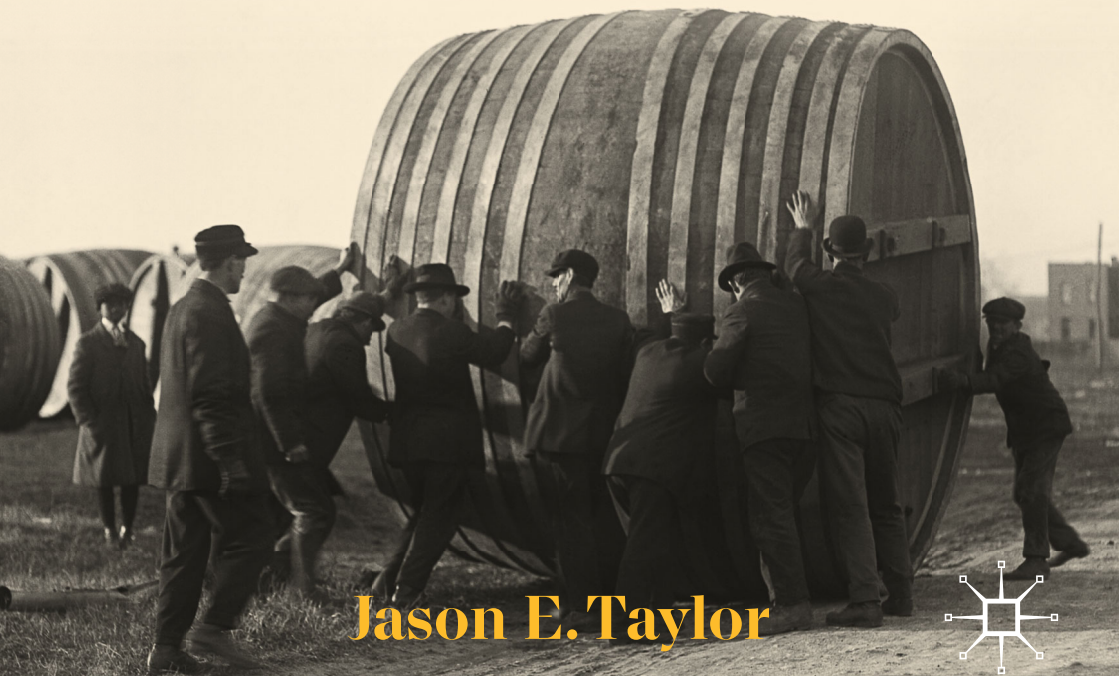


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**BREW
DEAL**

HOW BEER HELPED BATTLE
THE GREAT DEPRESSION



Jason E. Taylor



The Brew Deal

“Jason Taylor knows how to make economic history sing. At one level, *The Brew Deal* is a story about FDR and the beer industry. But it is more: The book tells a tale of American resilience in battling the Great Depression. If you’ve got the time, Taylor’s got the book.”

—Kenneth Elzinga, *Professor of Economics, University of Virginia*

“Jason Taylor provides a marvelous narrative about a happy change during the Great Depression, the return of legal beer. In an entertaining and informative fashion, he covers the beer industry’s decline under Prohibition, the politics of repeal, the celebrations that followed, the financing and impact of the rapid reopening of breweries, and the long after-life of 3.2 beer.”

—Price Fishback, *Professor of Economics, University of Arizona*

“In *The Brew Deal*, Jason Taylor turns an economist’s eye to beer economies in the U.S. during and after Prohibition. The result is a detailed and often eye-opening history of a seemingly familiar period in beer’s American history. Sheer delight for historians.”

—Maureen Ogle, *Author of Ambitious Brew*

“Jason Taylor’s writing pulls you in while both informing and entertaining. The book will be a delight to read whether you are a casual history buff or professional historian. Enjoy the journey while consuming a 3.2 beer.”

—Darrell Smith, *Executive Director of the American Breweriana Association*

“Taylor provides a richly detailed account of the wide range of steps breweries took in the months and years leading up to and following the return of legal beer in April 1933. Anyone interested in the history of beer and brewing in America and in the labyrinthinely (almost humorously) complex set of state and local laws that emerged in post-Prohibition America will want to buy this book.”

—Martin Stack, *Deputy Chief Executive Officer of The Beeronomics Society and Professor of Management at Rockhurst University*

“It’s rare that a book about events from a century ago feels so fresh and timely. This gripping scholarship is a joy for readers. It also provides important insights into the politics and regulation of alcoholic beverages today.”

—Bart Watson, *VP of Strategy & Chief Economist of the Brewers Association*

Jason E. Taylor

The Brew Deal

How Beer Helped Battle
the Great Depression

palgrave
macmillan

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Preface: What's On Tap?

In January of 1920, National Prohibition fell across the United States of America. By 1932, nearly 90 percent of US breweries had been wiped out.

In March of 1933, Franklin D. Roosevelt took office and asked Congress to reconsider Prohibition. He proposed amending the law to allow for the production and consumption of “non-intoxicating” beer. The goal was to reawaken the long slumbering brewing industry, and thus bring new job opportunities to the nation’s legion of unemployed. Not only would the brewer be put back to work, but so too the server, the delivery truck driver, the manufacturer of that truck and its tires, the makers of glass bottles, and the producers of all the various machinery used to manufacture, transport, and serve beer. The farmer would be given a new outlet for grains and government coffers would be refilled through the taxes and licensing fees associated with the now legal amber liquid. Did Roosevelt’s plan work?

This book stands at the intersection of several absorbing topics: beer, Prohibition, the Great Depression, Roosevelt’s New Deal, entrepreneurship, and the pursuit of the American Dream. In the following pages,

you will discover how breweries sprung back to life after lying in wait for more than a decade. You will also hear stories of specific brewery entrepreneurs—of both how they were ravaged by Prohibition and how they responded to the “noble experiment’s” relaxation to allow beer in 1933. And you will learn of the positive economic impact that beer’s return had on the depressed economy. In fact, the four months that followed legal beer’s return coincided with the sharpest economic surge in the nation’s venerable history. While beer legalization did not end the Great Depression—other factors got in the way—the employment opportunities that beer created played an important role in helping the nation turn the corner toward recovery in the spring of 1933. In short, beer made the Great Depression a lot less depressing.

Although federal Prohibition ended on December 5, 1933, the “non-intoxicating” 3.2 percent alcohol by weight beer (which is 4 percent by volume, right around the alcohol content of most “light” beers available today) that was created that spring to be a short-term fix has endured in various roles for more than nine decades. Several states, or municipalities by local option, continued to prohibit intoxicating beverages in the years that followed National Prohibition’s repeal, but they allowed sales of the 3.2 beer (and nothing stronger). These nine decades have also seen dozens of instances whereby 3.2 beer has coexisted in state or local legal codes alongside full-strength beer and liquor. For example, until the 1980s several states allowed the sale of 3.2 beer to 18-year-olds while maintaining 21 as the age to buy stronger alcohol. The allowance of nothing but 3.2 beer sales on Sundays was also quite common in the decades after Prohibition’s fall. Until very recently, five states allowed sales of only 3.2 beer at grocery and convenience stores, requiring the sale of full-strength beer, wine, and liquor to occur in stand-alone liquor stores. After 2018, four of these states amended their laws, which could be traced back to the 1930s, to allow the sale of full-strength beer at grocery stores.

As of this writing, Minnesota stands as the final state with a legal role for the 3.2 beer that was created in 1933. It is only a matter of time before Minnesota drops 3.2, and it appears unlikely that the so-called “Roosevelt beer” will reach its 100th birthday with an active legal role. Quite ironically, however, just as 3.2 beer is exiting the nation’s legal

scene, a trend toward moderation in drinking has spawned an explosion of new low-alcohol beers (as well as nonalcoholic ones) that today fall at or below the 3.2 ABW threshold.

* * *

Who am I and why should you read this book? Well, when I tell you this next part, I hope you won't hold it against me ... I am an economist.

Whenever I tell someone new what I do, I am met with a comment not dissimilar to "I hated my economics class" or "How do you stand yourself?" While I admit the latter response is less common, it has happened—true story! As writers, economists are known for being a pedantic bunch. (I mean, seriously. Who even uses the word "pedantic"?) That comes from years of training. We must please journal editors and referees, both of which I have been, and this often means staying carefully within a well-defined box. We tend to ask narrowly focused research questions in the hope of making a marginal contribution to the literature. It is not quite enough to know how many angels can fit on the head of a pin; we want to know what size shoes they wear.

I exaggerate of course. Sometimes it's best to steer into your caricature. In fact, economists ask many fascinating and important questions that other disciplines largely ignore. And we really can be a fun bunch of people to hang out with if you would only give us a chance. If you don't believe me, come to the biannual "Beeronomics Society" conference—held in various locations around the world (Copenhagen, Pilsen, Dublin, and Milan have hosted the last four conferences)—and see for yourself. Trust me, a great time will be had by all.

I have spent the past 25 years carrying out scholarship on the Great Depression. However, I have increasingly focused my work on the many important events around 1933. In this year, Franklin D. Roosevelt began his presidency and implemented several policies that dramatically departed from those prior. FDR's program became quickly known as the "New Deal." For the last few years, I have zeroed in on one highly underappreciated New Deal policy: The legalization of 3.2 beer in the spring of 1933, while the country was still under Prohibition—what I am calling "The Brew Deal." This was one of FDR's earliest policies, and it was

the very first one to attack the nation's unemployment situation directly. Needless to say, the Brew Deal also provided a lifeline to the American brewing industry.

Much of my prior work is quantitative, gathering data and crunching numbers in search of “statistical significance.” This book allows me to break out of the academic confines and bring the key themes of my research to a much broader audience—and to do this in a descriptive and colorful way. It has been an intoxicating journey for me, and I hope that you will enjoy reading this book as much as I have enjoyed writing it. Cheers!

Mt. Pleasant, MI, USA

Jason E. Taylor



The End of a Thirteen-Year Thirst

April 6th, 1933, 11:59 p.m. A large crowd surrounded a hearse in New York City's Times Square. At the stroke of midnight, the procession began to advance through the theater district, as many onlookers respectfully removed their hats. Leading the convoy was an eight-piece band, clad in bright Bavarian uniforms, playing classic beer-drinking tunes. Their destination reached, the marchers stopped at the Brass Rail club on the corner of 7th Avenue and 49th Street. Under a hush of anticipation, the hearse's back door was carefully opened allowing the pallbearers to remove its content—a wooden keg of dealcoholized “near beer.” One man grabbed a sledgehammer, and the crowd playfully urged him to deliver the fatal blow. The hammer came down and the foamy liquid arrived at its final resting place in the New York gutter. It was “New Beer's Eve,” and the beer with no kick was being cast aside to make way for the arrival of the real stuff. It was great to be back on Broadway.¹

One hour later, midnight arrived in St. Joseph, Missouri, home of the historic Goetz brewery. A crowd of 5000 howled triumphantly as gunshots signaled loaded trucks and trains permission to make beer deliveries to drinking establishments filled with thirsty patrons. One Goetz truck headed south to the border town of Joplin where visitors

from Oklahoma and Kansas, which were still legally dry under their states' prohibition laws, waited deep into the morning for beer's arrival.²

When midnight finally reached the West Coast, thousands cheered as actress Jean Harlow christened—by breaking a beer bottle across it, of course—the first brewery truck in a parade of 500. The trucks, which had been legally impounded until the hour struck, then began their respective journeys from the Los Angeles Brewing Company toward distribution points around the So-Cal region. Unfortunately for the area's numerous consumers, LABC was the only brewery in the city ready for sales that night. While city ordinances permitted beer deliveries to begin at midnight, Los Angeles cafes and restaurants were not legally allowed to serve it until 11 a.m. In fact, the lunchtime party was quite short-lived as most establishments ran out of the new beer before noon. Fortunately, a cheekily named “lager limited” train carrying beer from San Francisco breweries arrived with some temporary reinforcements around 4 p.m.³

Arizona had no operating breweries, and thus midnight's arrival on April 7th was entirely uneventful. In Phoenix, the first shipment of beer did not arrive from California until midafternoon. Distributors then loaded the prized supply onto several smaller trucks, whereupon it went forth to dozens of local restaurants. In one downtown establishment, 11 cases of beer vanished within 15 minutes and scores of disappointed patrons went home thirsty. Citizens of Tucson found themselves even less fortunate as two trucks with scheduled deliveries from California made it only as far as Indio where an impassable road forced them to turn around. It was not until the afternoon of April 8th that the first train cars full of beer arrived in Tucson.⁴

For Bostonians, April 7th was quite a cliffhanger. Massachusetts lawmakers attempted to pass their state's beer bill in time for the midnight “beero hour,” but the legislature remained at an impasse. More than 14 hours had passed since beer of 3.2% alcohol by weight—often called “Roosevelt beer” in honor of President Franklin D. Roosevelt for his asking Congress to relax the nation's constitutional Prohibition of intoxicating beverages and allow it—had become legal at the federal level. Finally, Governor Joseph Ely's signature welcomed 3.2 beer to the Bay State on the afternoon of April 7. Massachusetts brewers still needed licenses to sell their products, and hence they rushed to the

State House where they obtained them from the newly formed Liquor Control Commission.⁵ Despite the late start, the *Boston Globe* reported that “enough beer to coat a battleship [was] poured into the Boston market, and it was absorbed almost as quickly as a drop of water on a hot desert.”⁶

The April 7, 1933 festivities described above, even in those cities that had to wait a little longer than others, certainly topped those in Detroit. While beer legalization had broad public support, Governor William Comstock delayed Michigan’s “New Beer’s Eve” celebrations until May 11th. New Orleans, historically known as one of the nation’s hardest drinking cities, also saw an uneventful April 7th. Louisiana passed a bill repealing its statutory prohibition on March 24th, but the minutiae of its state law required 20 days between the signing of such a bill and its implementation. Thus, legal beer was not scheduled to hit Bourbon Street until April 13th—and authorities were unwilling to look the other way.

In fact, all across the American South April 7th was just another legally arid day. While Arkansas, Tennessee, North Carolina, South Carolina, Florida, and Virginia subsequently amended their state prohibitions to allow 3.2 beer, thus bringing New Beer’s Eve celebrations to those states later in 1933, Georgia, Alabama, and Mississippi remained legally dry throughout the year.

Laws dictating the where and how of beer sales and consumption also varied colorfully across the nation in 1933. In Phoenix, the new legal beer could be sold only alongside the purchase of a meal, which was explicitly defined as “food taken in sufficient quantities to sustain a human,” and the establishment had to be able to simultaneously serve such meals to at least 10 people.⁷ Fearing the return of the old-time saloon, several states (or municipalities within them) explicitly forbid the old “brass rail” standing bar and required patrons to be seated while imbibing. In the most restrictive legal locales, 3.2 beer could only be purchased for off-premises consumption. It could not be served in bars, restaurants, or hotels. The variety of drinking laws across the nation were colorfully placed into three categories of “stand up, sit down, or go home.” Still, wherever, whenever, and however ... at least there was legal

beer. And with the nation more than 13 years into its failing Prohibition experiment, this was something worth celebrating.

But we are getting well ahead of ourselves. To fully understand the social and economic importance of beer's return in the spring of 1933—and the reason that April 7th is now celebrated annually as “National Beer Day” across the United States—we need to step back to see the devastation that Prohibition wrought on the American brewing industry and the US economy as a whole.



The Brewery (Mostly) Vanishes

“I wish you wouldn’t keep ... vanishing so suddenly: you make one quite giddy. All right,” said the Cat; and this time it vanished quite slowly, beginning with the end of the tail, and ending with the grin, which remained some time after the rest of it had gone.”

— Lewis Carroll, *Alice’s Adventures in Wonderland* (1865)

George Ruhland was a true beer man. Born in Germany in 1843, he moved to Milwaukee with his parents while still a toddler. After coming of age, Ruhland went to work at the city’s thriving Phillip Best Company. In fact, he was reported to have drawn up the 1864 invoice whereby Captain Fredrick Pabst purchased half-interest in the Best brewery.¹ While Ruhland did not stick around, that enterprise changed its name to the Pabst Brewing Company in 1888 and went on to become the nation’s largest brewery.² Shortly after consummation of the Best-Pabst partnership, Ruhland moved to Chicago to work at Conrad Seipp, one of that city’s largest breweries.

After learning from these preeminent brewers, the 24-year-old Ruhland decided he was ready to make a go on his own. In 1867, he moved to Baraboo, Wisconsin, and founded the Ruhland Brewery. Over

the next 36 years, the business and its owner became key pillars of the Baraboo community. Ruhland was well known for his philanthropy, and he helped facilitate the construction of several of the city's prominent buildings. The Ruhland Brewery made a local splash in 1890 when it added a water motor—only the second in the city—whose first task was to grind 60 bushels of barley in just over an hour.³

As business expanded, Ruhland made several more improvements including the construction of a large horse barn and a new storage room. With his health failing, George passed along responsibility for the brewery's management to his son, Charles, who went on to inherit the family business after his father's death in 1903.⁴ The brewery remained economically strong behind the sales of its flagship "Ruhland's Export" beer, which its advertisements declared to be "The Best Beer in America" and "The Most Perfect Beer Brewed." In 1906, Charles led major expansions and renovations to Ruhland Brewing including the construction of a 3800 square foot warehouse.⁵

"The People may be Trusted."
They demand
**Ruhland's
Export**
The best beer in America

Chemically Pure -
Honestly made -
Carefully Bottled.

It "X-L's"
as a family beer.

What
everyone
wants.
YOU WANT.

RUHLAND
BREWING CO.,
BARABOO, WIS.

Ruhland's export beer advertisement in *The Baraboo Republic*, November 6, 1901, p. 5

Christoph Kusterer was born in Baden-Württemberg, Germany in 1823, and he went to work in a local brewery at the age of 13. After spending the next 9 years learning the trade, Kusterer took his brewing skills to the United States, eventually settling in Grand Rapids, Michigan. In 1849 Kusterer built the City Brewery on the southwest corner of Michigan Street and Ionia Avenue. This was an ideal brewery site as it sat upon a spring that was fed by the nearby Grand River.⁶ Tragedy struck in October 1880 when Kusterer perished on the steamship *Alpena*, which sank into Lake Michigan during an ill-fated voyage to Chicago.⁷ But Kusterer's brewery endured under the direction of his son, and later grandson. In 1893, the brewery's name was changed to the Grand Rapids Brewing Company and its Silver Foam beer was a top seller in the region.



The Grand Rapids Brewing Company circa 1910. Courtesy of the American Breweriana Database (entry 7659, "Grand Rapids Brewing")

There were over 1400 breweries scattered across the United States in 1910. Most of them were relatively small, like Ruhland's, but there were plenty of larger breweries along the lines of Kusterer's. But almost every

US brewery in this era was focused exclusively on its local or regional market. Only six breweries (Anheuser-Busch, Blatz, Christian Moerlein, Lemp, Pabst, and Schlitz) distributed beer nationally.⁸ The nation would not see this number of breweries again until the mid-1990s when the craft/micro-brewery movement accelerated. Incidentally, the number of breweries operating in the United States today is approaching 10,000.

The First World War, which began in Europe in the summer of 1914, delivered a major public relations hit to the US brewing sector. Many American breweries were owned by citizens of German ancestry and had German names. Former Wisconsin Lieutenant Governor John Strange provocatively suggested that not all of America's German enemies were located across the ocean: "Those who are the greatest menace to the peace and happiness of our people are Pabst, Schlitz, Blatz, and Miller."⁹ To that list, he could presumably have added Ruhland and Kusterer.

The United States formally entered the war in April 1917 and Congress sent the Prohibition Amendment to the states for ratification just 8 months later. To protect the nation's wartime food supplies, President Woodrow Wilson banned the production of spirits and limited the alcohol content of beer to 2.75% alcohol by weight. Then, on September 6, 1918, Wilson announced that all beer production would cease on December 1st, thus enacting what was effectively a full wartime prohibition on all alcohol production.¹⁰ In November 1918, Wilson signed the "Food Stimulation Bill," which also prohibited the *sale* of all intoxicating beverages as of July 1, 1919. This wartime prohibition was legally slated to continue until American troops were fully demobilized.¹¹

Although hostilities in Europe ceased in November 1918, the momentum that the Prohibition movement had built during the conflict was unstoppable. In January 1919, with the nation fast approaching the critical number of states needed for ratification, the Association Opposed to National Prohibition employed a full blitz of newspaper ads, pamphlets, and mailings encouraging states to rescind and abrogate their previous ratification votes on the grounds that they were "unduly influenced by war conditions and [the faulty argument] that the war could not be won without National Prohibition." The group claimed that 90% of returning American soldiers had expressed opposition to

Prohibition but they had been unable to participate in the debate on the 18th Amendment—“Is this the democracy for which he fought?”¹²

Despite these last-ditch efforts, Nebraska became the 36th state to ratify the Amendment, thus hitting the three-quarters required. A 1-year transition period was provided for brewers, distillers, and others connected to the alcohol-production industry. As a consequence, federal Prohibition was set to begin on January 17, 1920. When all was said and done, Connecticut and Rhode Island were the only two states that did not ratify the 18th Amendment.

While the Great War tipped the scales toward ratification, national Prohibition was the culmination of decades of effort by dry forces.¹³ Prior to the mid-nineteenth century, the US temperance movement primarily worked to secure pledges from individuals to moderate or forswear their consumption of alcohol, and distilled liquor in particular. But during the 1850s, several state governments—Maine being the first—passed alcohol prohibitions. As these generally proved both unpopular and unworkable, most were rescinded within a few years of their passage. While some municipalities imposed prohibitions under “local option,” only three states (Maine, Kansas, and North Dakota) were under full-blown Prohibition in 1900, and there was little reason to believe that the brewing industry would soon face an existential threat.

With the turn of the new century, dry forces changed tactics and went all-in on pushing for state-level prohibitions. A small handful of states, mostly in the South, enacted prohibitions between 1907 and 1912. Then, during the War, 27 more states went dry.¹⁴ By the time federal Prohibition arrived in January of 1920, all but 15 states were already under their own prohibitions. And, with the exception of Pennsylvania, even the remaining wet states had some dry municipalities within them under local option.

Prohibition, whether at the local, state, or federal level, did more than just limit opportunities to purchase alcohol. It also eliminated the economic opportunities associated with the beer, wine, and spirits industries. Focusing on beer, the 1910 US *Census of Manufactures* reported 1414 breweries directly employing around 55,000. Another 170,000 people were working as bartenders or saloon keepers and a quarter of a million more were employed as servers in restaurants, many of which

served beer.¹⁵ By 1919, after the flood of state and local prohibitions—as well as the wartime one—took hold, the number of breweries had fallen by half to 729 and they directly employed around 34,000 workers.¹⁶

The Census did not collect any data on the brewing industry again until beer was relegalized in 1933 making it challenging to know just how many breweries were in operation at any given point in time during Prohibition. Still, we can glean hints from the American Breweriana Association (ABA) database, which lists the years of operation and the location of every brewery in the United States from the seventeenth century to the present.¹⁷ It suggests that around 250 breweries operated at some point during Prohibition, but it cannot tell us whether these breweries operated for just 1 year during the episode, or for the entirety of Prohibition. In mid-March 1933, *Brewery Age* editor Joseph Dubin noted that 146 breweries were producing dealcoholized beer. This seems the best estimate for the number of breweries that survived the Prohibition episode largely intact before the return of beer that spring.¹⁸

In terms of the number of Americans employed by Prohibition-era breweries, the 1933 *Census of Manufactures* suggests that there were around 8000 brewery workers in the first 2 months of 1933. Still, many breweries had ramped up their activities in late 1932 in anticipation of beer legalization, and hence this number certainly overstates how many had been employed in breweries just a few months earlier. A reasonable estimate for the average number employed by breweries during the heart of Prohibition is perhaps around 6000, down by a factor of nearly 10 from its pre-War number.

Closing Time for US Breweries

Just 10 days after the nation ratified the 18th Amendment, the Ruhland Brewing Company declared bankruptcy. After more than a half century of success, George Ruhland's family legacy was toppled. The public sale of the brewery's assets brought a multitude of bidders wanting to employ them in different ways. Beer kegs were purchased by farmers to be used as vessels for pickling vegetables. Bar fixtures were sold to area businesses to be used as store fixtures or as mementos of the landmark. The brewery's

enormous safe was sold to the Ott Hardware Company. Prices were low and many walked away with excellent bargains.¹⁹ Ruhland's creditors ended up receiving only 10 cents on the dollar. The only consolation was that George Ruhland, an immigrant whose parents came to the United States with nothing but an entrepreneurial spirit, did not live to see the destruction of his life's work.

Prohibition arrived in Michigan a bit earlier, as the state went dry in 1917. The Kusterer family brewery tried to make things work with a dealcoholized "near beer" version of Silver Foam, but sales were at. Christoph's grandson, G.A. Kusterer, noted that, "The near beer stuff didn't go, so we decided to quit." The plant had cost \$400,000 to build, and it was reportedly sold for \$10,000—the value of its recoupable raw materials after demolition—in February 1922. "Prohibition has come to stay in my opinion," Kusterer said, "We've called the undertaker."²⁰ Incidentally, Christoph's legacy is celebrated today at the Kusterer Brauhaus, which has been operated by the Cedar Springs Brewing Company in downtown Grand Rapids since 2022.

In response to the ratification of the Prohibition amendment, hundreds of brewery owners followed the actions of Ruhland and Kusterer by selling off their assets and leaving the industry altogether. The Bellevue Brewing Company, which had operated since 1869, became the first of many Cincinnati, Ohio, breweries to close its doors for good in March 1919. Bellevue's manager, George Osterfeld, said that it would be unprofitable to make nonalcoholic beer and thus he laid off his 36 workers and liquidated the brewery's assets.²¹ By June, ninety of Ohio's breweries and five of the state's distilleries had called it quits.²²

The Anton Reck Brewery, which had been operating since 1890 in Alton, Illinois, closed on July 16, 1919. The brewery initially responded to President Wilson's wartime ban on beer production by focusing on the manufacture and sale of ice, but Reck noted that ice revenues alone could not cover operating costs.²³ Even large breweries opted to close many of their regional facilities and distribution centers. For example, Anheuser-Busch shut down its Belleville, Illinois, plant in October 1919. The facility had distributed Budweiser since 1893. It finished its beer run distributing Bevo, AB's nonalcoholic brew, but its sales were too disappointing to justify the cost of the plant's operation.²⁴

A brewery's peculiar attributes make it largely unsuitable for uses other than beer production. Breweries typically featured tall buildings—commonly four to five stories high—with large open areas that could accommodate enormous tanks. They had relatively small windows to help keep the light out. Early twentieth-century breweries were multi-building compounds, sometimes occupying whole city blocks. In addition to having administrative and sales offices, they would typically have a brew house, cold-storage cellars, and a garage to house delivery trucks, or stables if they used horses for deliveries. Many breweries also had a malt house (where cereal grains were converted into malt), a bottling works facility, a boiler or engine room, a wash house, and a machine shop. Some breweries, like Kusterer's, had artesian wells or springs on premises, from where they obtained their water. Thus, the physical structure of the brewery and the capital equipment within it were highly specialized toward one thing—making beer.

Breweries at the dawn of the Prohibition era also boasted an odd mixture of sophistication and antiquity. A disproportionate number of them were constructed during a brewery boom in the immediate post-Civil War era and breweries were often among their city's largest landmarks. While there were some very small ones that produced a couple thousand barrels per year, more typical, even in small towns, were breweries whose annual capacity was 10,000, 20,000, or even 50,000 barrels. Big city breweries often had capacities of 100,000 or more. Kusterer's Grand Rapids Brewing Company could produce up to 250,000 barrels per year before it was dismantled. The small handful of mega breweries, which boasted capacities of half a million barrels or more, were cities unto themselves. Anheuser-Busch's St. Louis brewery occupied 142 acres of land.

When asked what would become of the breweries after ratification of the 18th Amendment, an official from Bavarian Brewing Company in Wilmington, Delaware, noted that, "A brewery is not adapted for other uses. National prohibition and the closing of breweries would mean that the plant would have to be entirely remodeled and its present equipment dismantled before it could be used in any other business."²⁵ The president of Philadelphia's Bergner and Engle Brewing Company concurred, noting: "The conversion of a brewery to other uses is a joke. It is more

costly to convert and alter [a brewery] for other purposes than it is to take a vacant lot and build a new plant suitable for the purpose desired.”²⁶ These were the inconvenient truths facing breweries as Prohibition fell across the nation.

In the months after ratification, breweries held out hope that they would be allowed to produce low-alcohol beer—perhaps something between 3 and 4% alcohol by volume (ABV)—during Prohibition. The 18th Amendment outlawed “intoxicating beverages,” but it did not specify just what beverages were to be deemed intoxicating, leaving the door potentially cracked open for legal beer. Such hopes were crushed in October 1919, when Congress passed the Volstead Act with a 0.5% ABV intoxication threshold. Two days later, stockholders of the Fayette Brewing Company of Uniontown, Pennsylvania, voted to liquidate the 20-year-old company’s assets and dispose of its property.²⁷ While it took more than a year to sell, the W.J. Reilly Sales Company eventually bought Fayette’s plant, machinery, and real estate holdings for the bargain-basement price of \$100,000. Thus, Fayette’s creditors and shareholders could at least recoup some small part of their investment.²⁸

The Muhlenberg Brewery of Reading, Pennsylvania, quickly followed Fayette’s lead. Under the belief that there would be no viable market for beer that was restricted to only 0.5% alcohol, the company, which had been in operation since 1895, ceased operations and sold its equipment to a brewing facility in Jamaica.²⁹

With hundreds of US breweries engaged in simultaneous fire sales of their equipment at extreme discount prices, many brewery entrepreneurs opted against a full liquidation. Instead, they shut down their operations and waited to see what the future might bring. Perhaps the nation’s dry experiment would end quickly, or at least be modified to allow beer. For example, in the fall of 1919 the Globe Brewery of Monongahela, Pennsylvania boarded up its windows and said that “no work will be done other than the necessary labor to keep the machinery from deteriorating.”³⁰ In a similar manner, the Reisch Brewing Co., which had operated under the direction of the Reisch family in Springfield, Illinois since 1849, shuttered its facility on June 27, 1919, and waited.³¹ In other cases, breweries tried to sell, but no buyer could be found even at ridiculously low prices. One St. Louis brewer placed four of its idle

plants on the market saying, “If we can salvage 10 per cent of the physical value as carried on our books in 1919, we will feel satisfied.” But no such offers were forthcoming.³²

There can be no doubt that Prohibition dramatically devalued the financial positions of US breweries. On January 22, 1919, less than a week after the 18th Amendment was ratified, the oldest brewery in Wilkes-Barre, Pennsylvania—with a facility dating back to 1834—asked the city to reduce its taxable assessment value. It argued that the coming of Prohibition had put the city’s valuation well above what could be raised in a fair market sale. The Wilkes-Barre city council denied the Pennsylvania Central Brewing Company’s request, however, as it feared setting a precedent toward the city’s other breweries, saloons, and places otherwise connected to the alcohol industry. In fact, a Wilkes-Barre city councilman noted that the value of a brewery during Prohibition depends entirely “on what the brewery becomes. If it becomes a ‘near beer’ or soft drink beverage factory, then no reduction” in the city’s assessed value may be necessary.³³ But this logic seemed awed even then. If the production of an alternative product was just as, or more, profitable than making legal beer, breweries would have gladly abandoned beer prior to Prohibition. Instead, countless breweries suffered massive financial losses when the law prevented them from doing what they were created to do—making beer.

Swords to Plowshares?

In the run up to Prohibition’s passage, dry forces asserted that all brewery capital would simply be redeployed toward less objectionable pursuits, and they delighted in highlighting examples of former breweries that were manufacturing something other than beer. Throughout 1919, the 1-year interregnum between Prohibition’s passage and its official institution, newspapers published several iterations of articles along the lines of February’s “Uses Breweries are Put to,” March’s “How the Breweries Here and Elsewhere are Being Turned into Food Producing Plants,” May’s “Loss to Breweries Only Imaginary,” and August’s “Uses to Which Breweries are Now Being Put.”³⁴ These were excellent public relations

pieces for the Anti-Saloon League, the leading dry special interest group in the United States. The ASL had been documenting such instances of “brewery rebirth” for many years as it pushed toward its ultimate goal of eradicating alcohol from the face of the earth.

According to these articles, a brewery in Flint, Michigan became a church while another in Chicago had turned into a hospital that “eased the sick and suffering.” An Aberdeen, Washington brewery became a clam cannery while a former brewery in Rhode Island was now used to make moving pictures. In Portland, Oregon, a brewery that formerly employed 100, was reportedly converted into a furniture business with 600 employees. The former Star Brewery of Washington, Pennsylvania had now become the Capital Paint, Oil, and Varnish Company.

Still, some of the highlighted cases were a bit disingenuous. According to the ABA brewery database, Star Brewery operated from 1902 to 1911, and thus its ceasing operations and becoming a paint company was entirely independent of Prohibition. This was an instance where the facility’s owners found an alternative use was indeed more profitable than the production of beer, which was why they voluntarily made the switch. In other cases where specific brewery names were mentioned (they generally were not), and where these breweries are identifiable in the ABA database, it is clear that many had ceased operations several years prior to the arrival of their state’s (or federal) prohibition. This implies that their decisions to close were made independently of the outlawing of beer. These articles were cherry-picking those examples that helped make the case that “the country is not going to the dogs just because breweries are being compelled to shut down” now that beer has been outlawed.

But, yes, such “sword to plowshare” metamorphoses certainly did occur. For example, in May 1919 Kansas City’s Imperial Brewery—a towering structure built in the Victorian Romanesque Revival style—was sold to the Seaboard Milling Company of Boston, which converted the former brewing facility into a flour mill. The so-called Boulevard Mill had a long run in producing flour, which it did until the building was abandoned in 1985 (it was razed in 2023).³⁵ The Kalamazoo Brewing Company’s facility was sold shortly after the state of Michigan’s prohibition in 1917 and was then operated as a creamery.³⁶ The Pabst Brewing Company of Milwaukee employed some of its cold storage facilities to

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