

'Please give this matter your immediate attention:' the complexity of brewing in Minnesota and Wisconsin - 1933 - 1952

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Introduction

When legal beer went on sale just after midnight on 7 April 1933, the stagnant American economy witnessed a welcome surge of commerce. Changing technology, proliferating laws and regulations, developing tastes and simple business concerns created challenges for each of the more than seven hundred breweries that emerged in the US after Prohibition. Because of the inconsistent availability of records, a study combining the neighboring states Minnesota and Wisconsin provides a more complete view of the challenges facing breweries of all sizes - challenges that any modern brewer would recognize. The period ending in 1952 provides a useful limit since it was when wartime shortages were ending but before national multi-plant expansion began in earnest and before television advertising began to shape public perceptions of leading brands.

The neighboring states of Minnesota and Wisconsin entered Prohibition in 1920 with mixed enthusiasm. Both were known for their politics of social reform in which temperance legislation played a leading role. Congressman Andrew Volstead, author of the National Prohibition Act, was a resident of Granite Falls, Minnesota. Wisconsin governor and US senator Robert M La Follette Sr is recognized as one of the most important reform politicians in history. On the other hand, the two states had been settled by immigrants with beer drinking traditions: Germans, Czechs, Irish and others. Milwaukee had become synonymous with lager beer decades before Prohibition, but both states had dozens of medium and large breweries in the cities and scores of small breweries dotting the countryside. The brewing industries of the two states followed parallel courses emerging from Prohibition, and most differences were circumstances encountered by individual breweries rather than statewide business or economic conditions.

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Both states had extensive brewing industries prior to Prohibition. Minnesota,

while not among the national leaders, had approximately sixty breweries prior to Prohibition, including regional powers Hamm and Schmidt of St Paul and Minneapolis Brewing Co. By contrast, Wisconsin, while not much bigger in population and smaller in area, had approximately 130 firms including Pabst and Schlitz - which were among the most famous in the world. The small and medium-sized breweries in the two states had similar rates of closure or conversion to other business.¹ The three biggest Milwaukee breweries, Pabst, Schlitz, and Blatz, had significantly greater resources to draw on in their conversion - Schlitz went so far as to build an all-new chocolate factory.²

While it is not within the scope of this article to discuss the weaknesses of the Volstead Act from 1920 - 1933, there were factors that created a more receptive climate for the return of family breweries in Wisconsin than in Minnesota. The Wisconsin legislature dragged its feet on passing state prohibition legislation, and the widely-shared German cultural heritage provided agents with a significant disincentive to enforce an unpopular law. Extensive surveys of local newspapers in both states suggest that Minnesotans tended to make and sell distilled spirits rather than beer, but Wisconsin residents continued to make beer despite the much lower percentage of alcohol than hard liquor. Dozens of

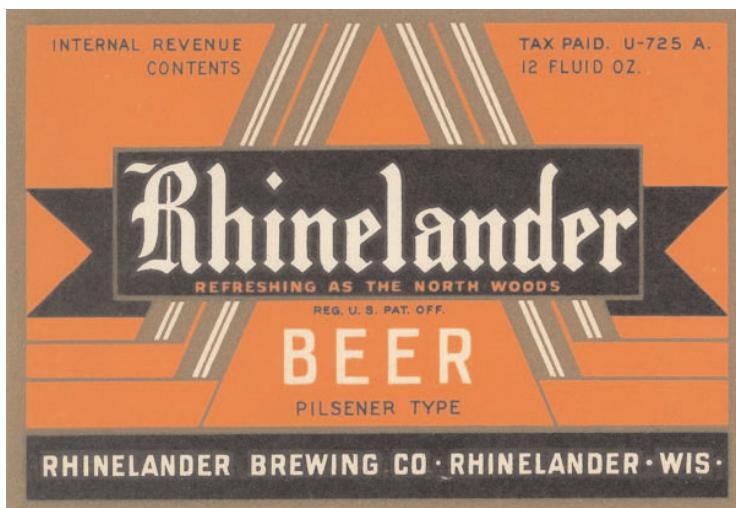


Figure 1. Many breweries in Wisconsin and Minnesota drew on images of the outdoor life to sell their beer. The U-Permit number on the label was used only in the first three years after Prohibition. After 1936, brewers were forbidden to use the permit wording because it might give the impression the government had approved the brewery or the beer.

breweries continued to make real beer during Prohibition, and while some were closed, other violators were given light penalties. JL Erickson of the Monitor Brewery in La Crosse, Wisconsin was given a fine instead of jail time for making strong beer, because the judge ruled that the strong beer was 'due more to carelessness than to any attempt to violate the law'.³ Even when breweries were closed, so-called 'wildcat' breweries sprang up both in cities and rural areas. One such brewery in La Crosse was located in an elaborate tunnel system under the house of 'an attractive 35-year old woman.' The brewery was not a small homebrewing operation, but a large plant with an ice machine, four fermentation vats of 450 gallons each and a bottle-capping machine.⁴

Preparing the way

After Franklin D Roosevelt won the presidential election in 1932 on a platform that included repeal of Prohibition, many brewers began to prepare for the day when beer would be legal. Those who had continued to make near beer during Prohibition were best able to convert quickly to regular beer. Some brewers appear to have underestimated the speed with which the necessary legislation would pass through Congress and the state legislatures. Otto's Brewery in Mantorville, Minnesota lamented:

Since the election last fall we have been making repairs, improvements and

generally preparing [sic] our brewery for the anticipated return of brewed beer. The return, however, was quicker than we expected, we were caught short, and are unable to supply the demand for the new malt drink.⁵

The George Walter Brewing Co. of Appleton, Wisconsin, published an ad which attempted to convert their delay into virtue:

With but a limited time elapsing between the passage of the beer bill and the time when beer may actually be sold, we decided not to rush production at the risk of disappointing our patrons.⁶

Minneapolis Brewing Co made similar claims:

We have not hurried: Time has been taken so that our beer will attain a quality of mellow taste satisfaction which every experienced user instantly recognizes.⁷

While those firms that had active near beer lines had minimal retooling to undertake, breweries that had been mothballed or converted to other uses became scenes of frantic activity. This flurry of building was most welcome to tradesmen unemployed during the depression. In Ripon, Wisconsin:

a large crew of men are employed ... , and many trades are represented in the work. Electricians are re-wiring the place, boilers and tanks are being reconditioned, and the bottling apparatus is being brought up to

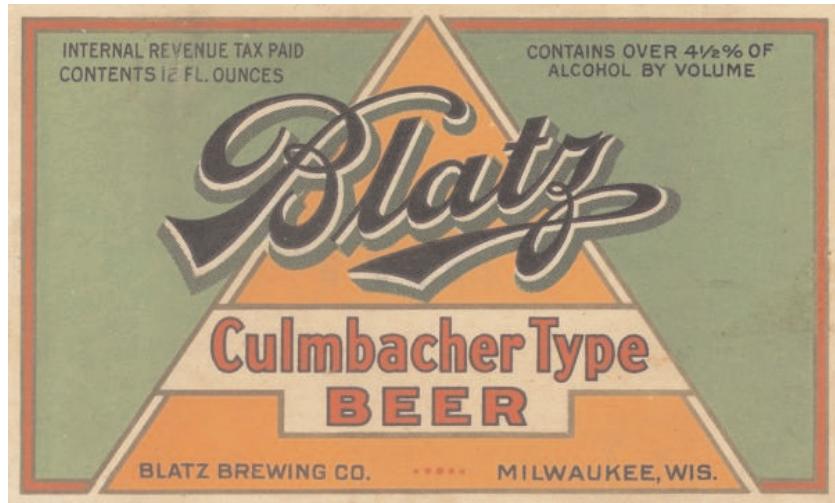


Figure 2. Blatz was one of several breweries that continued to make near beer throughout Prohibition, and was able to resume production of beer in short order. The pre-Prohibition practice of brewing lagers in the styles of particular German brewing capitals diminished considerably during the mid-20th century.

date. An addition to the present bottling plant is to be built later.⁸

A few miles to the northeast, in Chilton,

The ice house of the Calumet Brewing Co. here was in the process of being remodeled for the manufacture of legal beer. The upper story of the building was being removed and the lower part renovated for early use. The brewery proper was being overhauled and the interior whitewashed, painted and varnished. Five carpenters were busy on the job.⁹

In some cases, the improvements were even more fundamental. In the small village of Arcadia, Wisconsin, a crew was

employed connecting a power line to the brewery, which apparently did not have electricity prior to Prohibition.¹⁰ Other breweries needed to install all new equipment, or at least claimed they did in articles and advertisements.

As much interest as there was in job creation, brewers continued to remind the public of the amber nectar soon to arrive. The *Milwaukee Journal* reported on 26 March 1933 that Blatz Brewing Co had become the first in Milwaukee to start bottling its beer and was filling 600,000 bottles each day. On the same page, the *Journal* carried a press release thinly disguised as an interview with Gustave Pabst Jr touting the virtues of

steel beer kegs. Breweries needed to prepare citizens for this innovation because traditional coopers were so prevalent in Wisconsin. Indeed, an amendment was offered to the bill legalizing beer which would have outlawed metal kegs in Wisconsin (it was ultimately defeated). Though much less popular in Minnesota, wooden kegs were still used by Wisconsin breweries for several decades and the last traditional cooperage remained open until 1966.¹¹

New Beer's Day

The excitement surrounding the return of legal beer bordered on frenzy. *The Sheboygan (WI) Press* enthused: 'Independence day without the firecrackers! Armistice day with the return of beer instead of soldiers!' The brewers fed the media hype. Alvin Gluek, superintendent of his family's brewery in Minneapolis, dramatically announced that

police protection will be necessary if the lame and the halt are not to be trampled underfoot, and fenders and running boards of family cars are not to be squeezed and bumped.¹²

Radio stations, still experimenting with live journalism, offered a variety of programs. WTMJ of Milwaukee planned several hours of coverage, including interviews with brewery personnel, accounts of the entire delivery process, and the arrival of the first keg at Mader's restaurant. In Sheboygan, WHBL

planned to broadcast the arrival of a plane carrying Blatz beer from Milwaukee via a microphone placed outside the studio.¹³

Breathless promotion was hardly needed. Crowds numbering in the thousands gathered outside nine Minnesota and twenty-seven Wisconsin breweries. Brewery personnel were allowed to load brewery trucks and rail cars before midnight in anticipation of the great moment. At 12:01, factory whistles blew, bands played, and shouts arose from the assembled throngs. Traffic moved only through careful management of cars and trucks that had arrived many hours earlier from all points of the compass. In Sheboygan, an observer spotted vehicles from Wisconsin, Illinois, Iowa, Minnesota, Missouri, and Michigan. Except for the largest Milwaukee firms, the breweries themselves had few delivery vehicles. The Peter Bub Brewery in Winona, Minnesota, had planned to make deliveries, but decided that brewery personnel would be better employed loading private cars and trucks. To make up this deficit, every restaurant, tavern or household that could sent a vehicle to ensure they got some of the first available beer.¹⁴

The competition for the first keg or case was often heated. In Stevens Point, Wisconsin, the leading hotel sent a car to the local brewery five hours in advance, only to have a man from a country tavern escape with the first keg of Point Special. Two mixed cases of Milwaukee beer were taken to the airport, put on a waiting

plane and flown to the nation's capital, where they were presented to President Roosevelt. Deliveries in central Wisconsin were made more dramatic by a storm which coated roads with snow and ice. However, the snowbanks allowed those who had somehow purloined a bottle of beer from a passing case a chance to chill the beer quickly before welcoming its return.¹⁵

Some Wisconsin cities delayed their formal celebration, either because the local brewery wasn't ready yet or as in Oshkosh, where the event was scheduled for the day after Easter 'because of a desire not to interrupt the observance of the Lenten season'.¹⁶ Strangely, the city council of New Ulm, Minnesota, the cultural center of that state's Germans, failed to pass an ordinance in time so that city's taverns were not allowed to serve fresh beer until weeks later.

Jobs, revenue, and other benefits

Those whose jobs depended on brewing and related industries were even more enthusiastic about the return of beer than the consumers. In a special section of the *Milwaukee Journal*, a wide variety of businesses congratulated the city on the return of beer. Some ads celebrated traditional ties to beer: the Northern Pacific Railway welcomed back beer and the business it would bring the company, another ad offered customers Jack Sprat brand Pickled Pigs' Feet packed in beer steins (just in case they had disposed of

their drinking vessels in the previous fourteen years). However, other ads showed the changing world that the brewers were re-entering. An ad touting Phillips 66 gasoline signaled how much the automobile had changed transportation since 1920, and another offering home refrigerators by General Electric showed brewers that the importance of home consumption would increase in the years after Prohibition. Government officials joined in the celebration and the analysis. Wisconsin governor Albert G Schmedeman reassured those who feared the return of beer would decrease milk consumption and hurt dairy farmers:

... we are encouraged by the knowledge that cheese has always been the boon companion of beer and the demand for Wisconsin cheese ... will see a marked increase ...

Milwaukee officials estimated that the return of brewing would increase revenues from use of city water by more than \$50,000 per year.¹⁷

For the most part, the euphoria over economic stimulus was well founded. *Brewery Age* estimated that \$10 million in excise taxes had been collected in the first few days of legal sales.¹⁸ Over the next few years, more than 40,000 people found employment in the nation's breweries, and many thousands more were employed supplying the breweries or selling their products. Many of the suppliers represented the most important industries of Minnesota and Wisconsin. In Duluth, Minnesota, the *Herald* predicted that

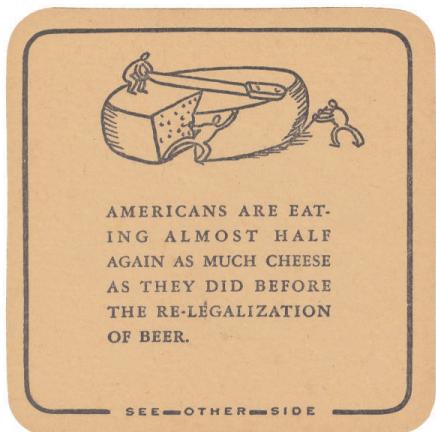


Figure 3. This Blatz coaster (pub mat) from 1935 rejoiced in the added prosperity that the brewing industry shared with other businesses. This coaster makes a distinction between the re-legalization of beer, which occurred on 7 April 1933, and the repeal of Prohibition, which covered all forms of alcohol and did not occur until 5 December 1933.

Demand for wooden boxes by the brewers will give work to more than eighty men at the [Zenith] box factory, ... and will afford revenue to some 1,000 other persons in the Arrowhead through the purchase of logs.¹⁹

Farmers, who in general had suffered from the Great Depression longer than industries, benefited as well. Newspaper articles and advertisements from malting companies advised farmers which varieties of barley to plant (Wisconsin No.38, Oderbrucker, and Velvet were recommended for both states).²⁰ Malting companies ramped up production and prepared to expand. In 1937, Rahr Malting

Co of Manitowoc, Wisconsin, built what was to become the largest single malting facility in the world at Shakopee, Minnesota.²¹

Products, places, people

The spectacle of the early days of legal beer, with its celebrations and seemingly unquenchable demand for any and all beer, masked the underlying difficulties facing businesses trying to earn a steady profit. Beer had been gone for thirteen years, and American society had changed, along with drinking tastes. Beer was returning during the worst economic crises in the nation's history - which affected everything from financing to labor to demand for the product itself.

The vast majority of breweries after Prohibition were companies that had been in business beforehand, and with a very few exceptions were family firms that still bore the founder's name and in which stock was still closely held by his descendants. They had survived Prohibition in part because they had little debt and were able to keep enough cash flowing to pay the bills. Most returning breweries had developed a following in their home region and were able, at least at first, to trade on this loyalty after reopening. Leinenkugel in Chippewa Falls, Wisconsin, Walter in nearby Eau Claire, and Minneapolis Brewing Company were able to recover most of their market despite not being ready on New Beer's Day.

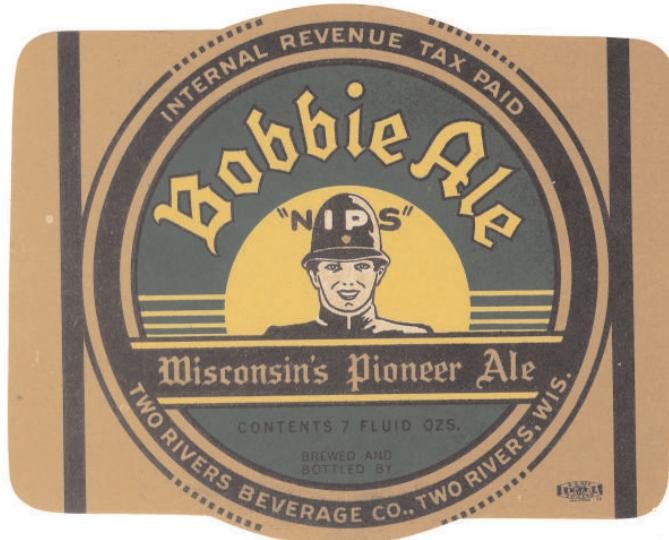


Figure 4. Two Rivers Beverage Co. is an example of a small brewery (less than 25,000 barrels) that produced an ale to reach a market not already saturated by local lager brews. This label was intended for the 7 oz. bottle.

Most returning breweries regained their loyal customers by bringing back favorite old brands, but deciding what type of beer to make was not always self-evident. Lager was the clear favorite in Minnesota and Wisconsin, but a few large breweries, notably Pabst and Minneapolis Brewing Co, also included an ale in their portfolios. A few smaller breweries experimented with ale styles as a way of filling a gap in the market, but demand was weak. The new Mayville, Wisconsin brewery hired a Swedish brewmaster from Chicago who proposed to make Swedish style porter and to market it in Chicago but this venture was unsuccessful.²²

The release of bock beer each spring was always a highlight of the beer year, and was frequently a cause for parades and other celebrations. With the loss of tied house saloons through post-Prohibition regulations, brewers raced each other to get their bock in the taverns and restaurants, most of whom were not willing to commit more than one draught line to a seasonal specialty. This was especially true in small cities with multiple breweries, such as New Ulm where the rivalry between August Schell Brewing Co and Hauenstein Brewing Co was jovial but intense. The American Brewers Association proposed a uniform date for bock release, often 17 March,

and encouraged its members to cooperate 'providing all other associations and members of the brewing industry will do likewise.' Despite these efforts, some brewers complained that their rivals were releasing bock early and getting an unfair advantage.²³

Many Wisconsin communities seemed to believe that a local brewery was an essential public service, rather than simply a traditional ethnic business. This went well beyond the cliché: 'every little town had a brewery.' In the village of

Mayville, a number of townsmen 'agreed that [the mill] should be converted into a brewery, because Mayville is entitled to a suds manufacturing plant'.²⁴ In some villages, like Arcadia and Fountain City, Wisconsin, the brewery had a public tap where the locals could draw themselves a foaming mug of fresh beer. Arcadia Brewing ran afoul of Wisconsin officials when it was found that 14% of their output was being dispensed free of taxation in this way. Even in the much larger city of Superior, the Northern Brewing Company had 'no bar but [we] let each

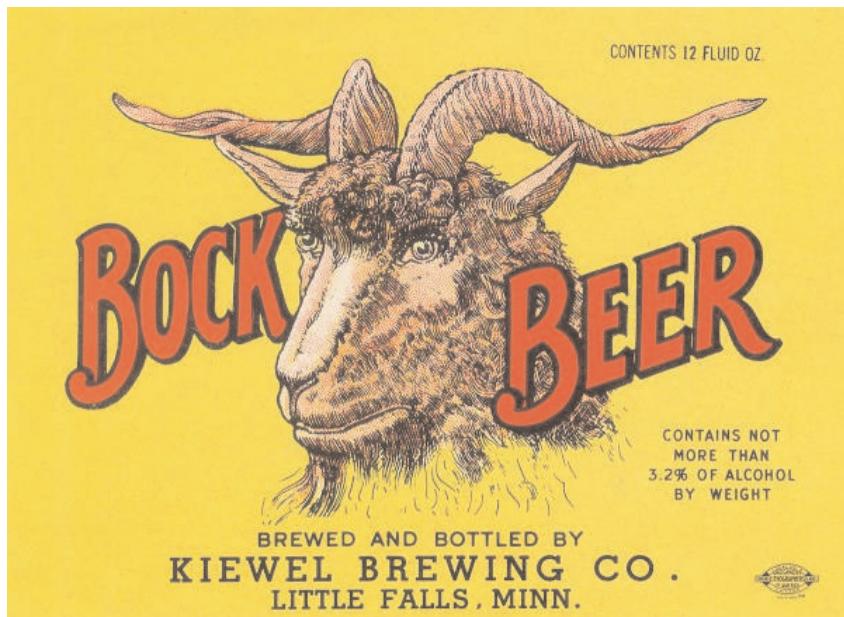


Figure 5. Nearly every brewery of any size produced a Bock beer, a stronger, dark lager. Many smaller breweries used a stock label - one that could be adapted to any brewery simply by overprinting their name on the label.

person help themselves to a reasonable quantity'.²⁵ While a few of the Minnesota breweries provided similar service, there does not seem to have been a similar sense of cultural need - breweries were more of a business transaction. When Minneapolis investors sought in 1938 to reopen the brewery in Mantorville, Minnesota, they noted that they could 'see no reason why the local brewery should not be a real asset to the community' and spoke of its economic potential.²⁶

This perception that every town could support a brewery - encouraged by the initial success of legal beer - led new investors to seek profits by reopening a defunct brewery or building all-new plants. Investors even sought to open new companies in three municipalities in Minnesota and four in Wisconsin that had never before hosted a brewery. Only those in Denmark and Westfield, Wisconsin went into production, and they only survived thirteen and nine years, respectively.²⁷ Locating a new brewing company in a neighborhood with several generations of brewing tradition was no guarantee of success. The small city of Durand, Wisconsin had supported breweries since 1863. However, when a group of Minneapolis businessmen sought to expand and reopen the brewery, they spent thousands of dollars upgrading the plant and increasing its capacity to 45,000 barrels but never started production.²⁸ In Melrose, Minnesota, where a brewery was established in 1882, investors built a completely new facility to

operate as the Schatz-Brau Brewery Co. The *Melrose Beacon* praised

the biggest building project in the state outside the big cities since President Roosevelt took command and opined: 'This Nation asks for action ... our primary task is to put people to work'.²⁹

However, when the plant finally opened, it was as a food processing business, not a brewery.

Even for some breweries that went into production, the debt incurred in building or remodeling was difficult to overcome and they encountered financial trouble almost immediately. Only seven months after opening, Otto's Brewery of Mantorville went into receivership, with 111 claims presented against the firm for a total of \$410,000. Prominent among the creditors were a number of building firms who had been contracted to upgrade the plant.³⁰

The newly reopened breweries faced immediate shortages, in particular of bottles and kegs. In the rush to obtain kegs, brewers incurred greater transportation expense. Some cooperages did not dry their wood thoroughly in the hurry to meet the demand, making the kegs heavier, and the German kegs imported to fill the gap were of heavier workmanship to begin with. The American Brewers' Association launched a program to have brewers report the lower actual weight of their cooperage in an attempt to forestall a freight rate increase in 1937.³¹

There was no shortage of labor for the breweries. Because the specter of Prohibition remained until after World War II, breweries were careful to stress their contributions to the community. The most important, given the catastrophic unemployment during the Great Depression, was the number of jobs created directly and indirectly by the resumption of business. The *Mantorville Express* reported with pleasure that Otto's Brewery 'now gives employment to 17 people but in a short while, direct employment will be given to about 50, all of whom will be required to live in the village'. Mankato Brewing Co, a larger concern with a capacity of around 100,000 barrels, required about 50 workers including office staff and driver/salesmen. Plans in late 1933 called for the brewery and packaging workers to be divided into four six-hour shifts, in accordance with the codes set for the industry by Roosevelt's National Recovery Administration.³² While the NRA codes generally favored large firms over small ones, even small brewing companies adopted the semi-voluntary codes, mostly to show their willingness to cooperate and to forestall moves to reinstate prohibition.³³

The major Twin Cities breweries employed several hundred men each and the biggest Milwaukee breweries had payrolls numbering in the thousands. A list of brewery job descriptions compiled in the late 1930s (using two St Paul breweries as the model) described more than three dozen distinct positions avail-

able at a large brewery. Most of these jobs did not require previous experience and so were eagerly sought as entry-level jobs. In a large brewery, most positions offered opportunities for promotion so the majority of year-round employees expected to make a career out of their work in the brewery. A union history published in 1968 listed almost 150 employees that had been with either Hamm or Schmidt for more than 30 years, and several dozen who had been hired prior to repeal.³⁴

Small breweries sometimes had trouble retaining brewmasters and other key personnel. The Wisconsin city columns in the *Winona (MN) Republican-Herald* chronicled the movements of Arcadia Brewing Company's brewers: Peter Kronschnabl left for Germantown, Wisconsin; Joseph Hartel came to Arcadia from Jackson, Michigan but soon left for Eulberg Brewing Company in Portage, Wisconsin. Ernest Maier arrived from Chicago and resigned a year later, Albin Bill went from Arcadia to Reedsburg, Wisconsin, and Harold Hoover went to an unnamed brewery in Milwaukee. Even bookkeeper Irene Brandt left to take a job in Milwaukee.³⁵

Working conditions in the breweries were considered 'as ideal as the work will allow.' The breweries were 'clean, well ventilated and well lighted.' Hazards were considered 'negligible,' in comparison to many other industries.³⁶ Working conditions for many were improved further by union membership. St Paul's bottlers

earned wages of \$25.50 per week in 1933 and received a raise to \$27 the next year - excellent wages during the depression. Wages rose steadily through the 1930s and bottlers earned \$35 per week on the eve of World War II. Brewers, whose positions required more skill and training, earned \$3 more per week than bottlers.³⁷ Driver/Salesmen were represented by a different union for many years and firemen (operating the boiler or malt kiln, not putting out fires) by yet another.

The brewery workforce was not diverse by modern standards. With the exception of a few office workers, the work force was exclusively male. While some women were employed in bottling prior to Prohibition, social norms during the Depression reserved most jobs for the male breadwinner of the family. In addition, brewery workers were usually of German descent or from other nations with a brewing heritage. Many employees were hired based on recommendation from friends or neighbors, creating a largely closed society. The breweries in the Twin Cities had no African-American employees, a situation which upset some members of that community. In 1935, Cecil Newman, editor of the *Minneapolis Spokesman*, led an eleven-month boycott of the Twin Cities breweries. In editorials and cartoons, he wondered how the companies could expect 'Negro porters and waiters' to recommend the local beer when the breweries hired no 'colored' help.³⁸

A large brewery with healthy cash flow and strong credit was also in a better position

**INSIST ON ORIGINAL
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- Protected Flavor
- Non-refillable
- Flat Top—it Stacks
- Saves Half the Space
- No Deposits to Pay
- No Bottles to Return
- Easy to Carry
- No Breakage

PABST *Export* **BEER**
BREWERY GOODNESS SEALED RIGHT IN
© 1936, Premier-Pabst Corp.

Figure 6. For more than a century, brewers have spent as much time advertising the packaging of the beer as the beer itself. The Keglined can promoted in this 1936 ad was the product of the American Can Co., It highlights the fact that the lining was the key development that made canned beer possible.

to take advantage of technological improvements, especially in packaging, than was a small brewery with limited access to capital. The single most impor-

tant advance in the years after legalization was the introduction of canned beer. First introduced by the G Krueger Brewing Co of Newark, New Jersey in 1935, the can was quickly adopted by large and mid-sized breweries in Minnesota and Wisconsin - Premier-Pabst was the second brewer to market beer in cans. Rival can manufacturers offered different styles of can: the flat top, which could be filled faster and saved space but required new equipment, and the so-called 'cone top,' which could be filled on existing bottling lines. In addition, cone tops could be opened with bottle openers that customers already owned, whereas flat tops required new tools (the so-called 'church key' opener) and instructions. Both varieties claimed advantages over bottled beer. Cans were more durable, chilled faster, weighed less and as a one-way container did not require storage and return of empties. While some breweries such as Schlitz chose the cone-top for its virtues, many others did so to avoid expensive upgrades to their plants. Pabst and Hamm were two of the very few breweries that started with flat tops and never used any form of cone top (even Krueger experimented with cone top varieties after starting with flat tops).³⁹

Please submit in triplicate

Brewing companies devoted countless hours to interpreting and complying with laws and regulations. Large and small breweries alike were affected by legisla-

tion proposed by politicians who did not understand the brewing industry or process. In addition to the attempted ban on steel kegs in Wisconsin, an assemblyman who was concerned that 'brewers' chemists might find a way to avoid use of barley and thereby take away the farmers' interest in beer' proposed a requirement that all beer have at least 66% barley malt. Luckily for those brewers catering to American tastes for beer with substantial amounts of corn or rice, the amendment was defeated by one vote. In 1937, a representative from Iowa proposed a bill in Congress that would have imposed an extra tax of 50 cents per gallon on any beer made with agricultural commodities not grown in the United States. Such a bill would have made it nearly impossible to maintain the consistency of brands made with imported hops, but the American Brewers' Association believed (rightly) that it was unlikely to become law.⁴⁰

The largest breweries, such as Pabst, Schlitz, and Miller, had their own legal departments that handled tax and compliance issues and were available to deal with problems encountered by their distributors and customers as well. Minneapolis Brewing Co hired a lawyer in Washington, DC to represent them before government bodies.⁴¹ Smaller brewers were able to depend on industry organizations like the American Brewers' Association for legal advice. The ABA services ranged from keeping brewers up to date on recent government actions to providing specific help to a brewery

seeking approval of a label or a process change.

Guidance from the ABA was critical for smaller brewers trying to negotiate the programs of Roosevelt's New Deal which marked the largest expansion of government activity in American history. All businesses with eight or more employees were required to participate in the new Social Security pension scheme and to file all the necessary paperwork with the relevant agencies to demonstrate compliance. In these and other similar cases, the ABA sent monthly circulars to its members explaining the new regulations.⁴²

The American federal system, with its web of concurrent powers shared by state and federal governments, created many of the greatest headaches for brewers of all sizes. Alexander Hamilton was concerned about the problems of allowing taxing and regulatory authority to be shared by multiple overlapping jurisdictions before the nation was even established. Even government officials ruefully admitted that 'a nation-wide business must constantly keep its lawyer on one side and its accountant on the other.' Prior to repeal, states had not imposed excise taxes on alcohol - leaving this revenue source to the federal government. But with the federal government, forty-eight states and more than 175,000 smaller government units all seeking to fund essential operations during a national crisis, alcohol taxes became tempting targets. Moreover,

politicians preferred raising such 'sin' taxes rather than politically unpopular income or sales taxes. Policymakers recognized the importance of the overlapping alcohol taxes to all governments as well as the entrenched nature of local interests and grudgingly conceded that these taxes could not be streamlined.⁴³

All units of government clung to their ability to tax alcohol because of the regulatory functions the tax and its administration served. States that sought to discourage alcohol often raised taxes to high levels - especially if there were no breweries in the state and the tax would be borne largely by parties who could not vote on the policy. States such as Minnesota and Wisconsin with both strong temperance traditions and vibrant brewing industries had to set a careful balance that would not regulate firms out of business and dry up their revenue stream.⁴⁴ State excise tax rates changed frequently and varied widely - in 1948 amounts ranged from 62 cents per barrel in Missouri to \$10 in Louisiana.

Even more problematic for producers was the variability in the each state's method of collection. At first, most states used a system of case and keg stamps, but within a few years about a dozen switched to a system of special crown caps and can lids to indicate the tax had been paid.⁴⁵ Because the states using tax paid crowns and lids were primarily in the southeastern part of the US, the burden of purchasing these items and



Figure 7. National brewers had to adapt their bottling procedures to satisfy taxation policies in different states. The simplest method was to include the state's name on the crown, as with the Schlitz crown from Oklahoma.

Breweries selling in Pennsylvania incorporated the keystone symbol into the design. Virginia required the use of the state outline and the amount of the tax. A few states like North Carolina required that their state seal be incorporated into the crown.

keeping them straight in the bottle house fell primarily on a few large brewers: Blatz, Miller, Pabst and Schlitz in Wisconsin and Hamm in Minnesota. A few smaller brewers made occasional

exports to distant territories - Duluth Brewing and Malting sent beer to the Commonwealth of Puerto Rico (which also had such a requirement). Even the sophisticated bottle houses of the giant brewers had all they could do to keep up with the changing requirements. Not only did the tax rate change every few years, rendering older crowns void, but several states, such as Kansas, required the package size to be indicated on the crowns. To make matters worse, Minnesota (as well as several other states) required crowns of different colors for 3.2% beer and 'strong' beer.⁴⁶ As a consequence, a brewery might need as many as 40 different crowns to ship a flagship brand like Schlitz throughout the country - not to mention a similar number for each premium and 'popular price' brand.⁴⁷

Both Minnesota and Wisconsin required stamps on all bulk beer packages and each brewer had to purchase stamps in advance from the appropriate state agency. For smaller or cash-strapped firms this requirement sometimes restricted their ability to do business at all. The Semrad-Pusch Brewing Co. of Highland, Wisconsin apparently could not afford to buy stamps more than a day in advance and was inconvenienced by the late arrival each day of the only train allowed to carry certified mail.⁴⁸ The Old Lager Brewing Company of Milwaukee, a small brewery in a city of giants, avoided this problem by buying stamps in lots large enough to avoid multiple shipments each week, but had to borrow from their bank

to do so. The brewery then placed the stamps at the bank as collateral for the note, and withdrew them as needed.⁴⁹ Even the smallest refund amount appeared to be important to the brewers (and the Beverage Tax Division). The Kurth Company of Columbus, Wisconsin sought a 50 cent refund from the BTD for redundant postal insurance. The Tax Division noted that simply writing ‘we have our own insurance’ on the form was not enough, and declined to give a refund since

the only way we can give you a refund is for the writer to pay this out of his own pocket. No doubt the Kurth company can better afford to stand this 50-cent charge than anyone working in this office.⁵⁰

A brewery that could not afford stamps was ultimately unable to conduct business. The Oconomowoc Brewing Company was reduced to begging the BTD to send them \$49.10 worth of stamps without payment so they could sell enough beer to make payments on previous stamp orders. Despite a corporate reorganization and other measures, the brewery was forced to close down at the end of 1936 (though it would reopen as the Binzel Brewing Co. and continue through 1942).⁵¹

Every single stamp had to be accounted for, or else the brewery was subject to charges of tax evasion. In 1934, the Calumet Brewing Co of Chilton, Wisconsin was discovered by state and federal inspectors to have sold 40 more

half barrels one day than the number of federal stamps used - ‘This led us to believe that there was juggling going on.’ Two months earlier, Calumet was found using federal stamps but not state stamps for some barrels. Since the company was shipping to Minnesota as well as selling in the local market, ‘it is evident that either state, Minnesota or Wisconsin, has been defrauded of its revenue.’ The brewery claimed that the confusion stemmed from shipments to Des Moines, Iowa, which had different requirements.⁵² Even a seemingly trivial mistake required submitting several forms. In 1939 the Whitewater Brewing Co of Whitewater, Wisconsin lost five stamps, apparently because they became stuck inside a wet envelope and were inadvertently discarded. The company had to submit forms to account for the loss and separate forms to get replacement stamps so the beer could be sold.⁵³ Breweries could not transfer stamps between themselves without prior approval and were reprimanded by the BTD for lending each other stamps to cover a temporary shortage.⁵⁴

The burden of placing the stamp on the keg or case fell to the brewer or contracted bottler. Penalties were severe for improper processing of stamps. The retailer was required to mutilate or ‘scratch’ the stamps after the beer was sold so the brewer could not reuse them and avoid taxation. In the event the retailer forgot, the delivery driver was obligated to do so, if the driver failed, the brewery needed to mutilate the stamps

as soon as the packages arrived on brewery property. Any party caught with empty kegs or cases with unscratched stamps was subject to a heavy fine - as much as \$100 per barrel or package - and possible imprisonment for up to a year. Payment of the federal fine had to be accompanied by Form 656 in triplicate.⁵⁵

As state and federal tax law evolved, breweries were allowed to seek refunds for beer that could not be sold due to spoilage, but this required another set of forms and procedures. Credit would be given for stamps pulled from leaky kegs, but only if the beer was dumped in the presence of a federal or state agent, and only if the appropriate stamp refund affidavit form for 'spoiled and unsaleable [sic] beer' was submitted.⁵⁶ The Internal Revenue Service considered large amounts of spoiled beer suspicious, and required a full explanation if more than a few barrels went bad each month. In March 1941, Stevens Point Beverage Company had to absorb the financial losses of multiple batches of beer that could not be sold because of an off flavor and faced the further indignity of having to explain what went wrong to the IRS.⁵⁷ Brewers coped with these regulations as well as possible - sometimes with creativity. Miller Brewing Co inquired of the BTD whether it was possible to dump the beer so it

goes back into our brewing premises for whatever treatment, blending or reconditioning we feel it may need to put it in shape for resale? ... We can perceive of no

reason for any objection to this practice on the part of your office, but we want to clearly know what sort of dumping will be required.⁵⁸

In some cases, the brewer faced the dilemma of being responsible for proper stamps, but not knowing where the beer would ultimately be sold. According to the BTD, beer sold to a distributor in Wisconsin was 'presumed to have *come to rest* in this state and is taxable'⁵⁹ However, there seemed to be no end of potential loopholes. La Crosse Breweries wished to ship beer to a bottler in Rice Lake, Wisconsin, and wondered if they could ship the beer with only the federal stamps on the kegs, since the bottler would be responsible for state case stamps. The same brewery had earlier enquired if they needed state beer stamps for beer sold at the US Army's Camp McCoy or at Civilian Conservation Corps camps in Wisconsin (they did). A trickier problem was posed by the Kurth Company of Columbus, Wisconsin, which was concerned because an inspector had informed them that they had to send separate trucks to a distributor who had warehouses in Beloit, Wisconsin and just across the border in South Beloit, Illinois. The BTD ruled they could send both shipments in one truck as long as certain safeguards were followed.⁶⁰

Interstate transportation raised additional questions of jurisdiction and taxation. While state enforcement agencies typically cooperated, lawmakers had no similar incentives and a greater desire to

exert their own power, so brewers faced new sets of rules and rates the moment they crossed state lines.⁶¹ Wisconsin was connected to Michigan by ferries across Lake Michigan, and breweries in port cities had questions about applicable laws. Riverview Brewing Company of Manitowoc questioned the BTD about beer sold on car ferries or other boats crossing the lake. The BTD responded that the jurisdiction of the state extended halfway out into the lake, and therefore Wisconsin stamps must be affixed within that range (as well as on any boats docked in the state or on the state's rivers or inlets).⁶² Interstate train travel posed similar problems. The Pullman Company did not sell beer on its trains in Wisconsin, partly because of the tax itself, but also because they did not want to stop just to load beer and finally because the trains were in the state very late at night and were unlikely to sell a lot of beer anyway.⁶³ However, some breweries were reluctant to lose the potentially lucrative railroad market. Kingsbury Breweries asked the BTD for advice on the question and was told to send stamped beer to Chicago to be loaded on the trains there - which could then be served when the train crossed the state line. The BTD later informed Miller Brewing Co. that it could not send stamps to their Chicago warehouse to be pasted on whatever beer was to be loaded on trains.⁶⁴

To be fair to the government agencies, they were at least efficient and responded to questions or problems quickly. Of

the hundreds of questions put to either the BTD or the IRS surveyed for this article, most were answered by the next business day. This does not mean the answer was always what the brewery wanted to hear. In 1937, the Stevens Point Beverage Company was installing new bottling equipment and needed someplace to store bottled beer. They asked permission to use a nearby brewery garage for temporary storage, but the IRS informed 'Point' they could only do this if they had the property replatted so the garage was part of the bottling house property instead of the brewery proper. Since the beer was perishable the company had no time to spare for real estate technicalities.⁶⁵

In general, state agencies seemed more willing to work with the brewers than the federal government. It may have been because of the shorter chain of command, or because the state government had more incentive to keep breweries operating profitably and maintain their local revenue source. When the Walter Bros. Brewing Company of Menasha, Wisconsin wanted to know if one of their drivers could park his truck of beer overnight in a locked garage without the company having to designate it as a warehouse and get a specific permit, they were allowed to do so without any hesitation.⁶⁶ In another situation, the tiny Hillsboro Brewing Company was allowed to establish a warehouse in La Crosse and store beer there with no state stamps until they knew whether it was to be sold in Minnesota or Wisconsin.⁶⁷

The laws passed by federal and state governments to prevent breweries from gaining undue influence over individual retail establishments proved particularly tricky for brewers to negotiate. Most of these strictly regulated the dollar value of merchandise or service that a brewery could provide to a retail store, restaurant or tavern--in some cases prohibiting it completely. These were partially intended to protect impoverished local breweries from national breweries which had more money to lavish on their customers. While the BTD was powerless to act in some cases they referred brewers who felt themselves the victims of unfair competition to the local district attorney or to

federal agents. In other cases they were able to make a ruling themselves. The Premier-Pabst Company posed a hypothetical case (so they claimed) in which a driver provided the extra service of tapping a keg for the tavern keeper's wife who was alone in the establishment. AJ Palmer, director of the BTD replied:

To assist as a matter of accommodation to tap a keg of beer was not in our opinion to be covered. ... We certainly would expect such service from your driver to be extended to a tavern keeper's wife. We trust that chivalry has not become extinct to such an extent that the laws of our state would prohibit services of that kind to the female sex.⁶⁸



Figure 8. For a few years, brewers made numerous health claims for their products. These were hailed on a variety of different advertising pieces as well as on the label itself. Such claims were gradually banned over several years in the late 1930s.

Sometimes the agencies would provide additional services to the brewers beyond law enforcement. Premier-Pabst sought to market their Pabstonic malt extract in Peru, but needed a letter from a state authority to the Peruvian government certifying the safety of the product. AJ Palmer, was happy to oblige the company.⁶⁹

Being labeled

While many states, including Wisconsin, adopted the federal label standards contained in Regulation 7 for local use, many others, including Minnesota, did not. Among other things, Regulation 7 specifically prohibited any strength claims on beer labels. While the list changed throughout the period, the forbidden words and phrases included 'strong,' 'full strength,' 'extra strength,' 'full old-time alcoholic strength,' 'tonic,' 'healthy,' 'vitamins,' 'non-fattening,' 'stimulating,' and many others, but with the proviso 'except where required by law'.⁷⁰ One of those places was Minnesota, which required the word 'strong' on any beer of 5% or greater alcohol by volume. Nebraska and North Dakota required the alcohol content printed on their labels, but Nebraska required alcohol by weight and North Dakota alcohol by volume. In addition, North Dakota did not accept the commonly used 'does not exceed [a given percent]' wording, and required a precise measurement - which could not vary by more than .2%.⁷¹

Breweries such as Minneapolis Brewing Company that serviced the entire Midwest had their work cut out keeping up with the maze of conflicting regulations. Minneapolis Brewing had to change the name of its Golden Grain Belt brand because some states prohibited the use of the word 'Golden.' A chart drawn in 1938 showed sixty different labels used in 14 states from Illinois to Idaho. Both Kansas City, Missouri and Kansas City, Kansas had different regulations from the states in which they lay. Breweries sometimes lost sales when distributors requested beer and the company did not have appropriate labels on hand.

Large shipping breweries typically ordered labels in lots of hundreds of millions at a time and had to hope that no rules were changed before they ran out. At one point in 1935, Minneapolis Brewing Co had 160 million labels on hand that needed to be exhausted by the end of the year. A letter on behalf of all state brewers by the Minnesota Brewers Association to the state of South Dakota regarding a proposed change captured the frustration:

It is sincerely hoped that these legends were held out merely as suggested forms ... because expression in such form would make South Dakota another state requiring alcoholic content to be expressed in a form different from that used in any other state.

The confusion and the expense in a brewery bottle house is [sic] indescribable where so

many different varieties of labels must be used for the different states. Some of the breweries are now obliged to use 32 different labels and it is almost impossible to prevent mistakes and errors in the bottle houses of breweries which supply a number of states.

Since the federal government regulations normally took precedence over any conflicting state regulations, the situation with beer labels was most unusual. A single national standard would have been much

easier for brewers to follow, but the states jealously guarded their prerogatives to regulate and tax alcohol. A number of brewers tried to streamline the process by using different neck labels in different states, but that only solved the problems of the accountants - not of the bottle house employees responsible for operating the label machines.⁷²

Meeting federal requirements meant following some seemingly arbitrary, if not



above are shown some of the breweries now furnishing beer in Kooler-KEGs. Additional names are being added to this list weekly.

Figure 9. Small tab knobs such as these were the standard for two decades after Prohibition. The KoolerKeg versions were designed for use on a special type of keg which was used mostly in the northeastern states.

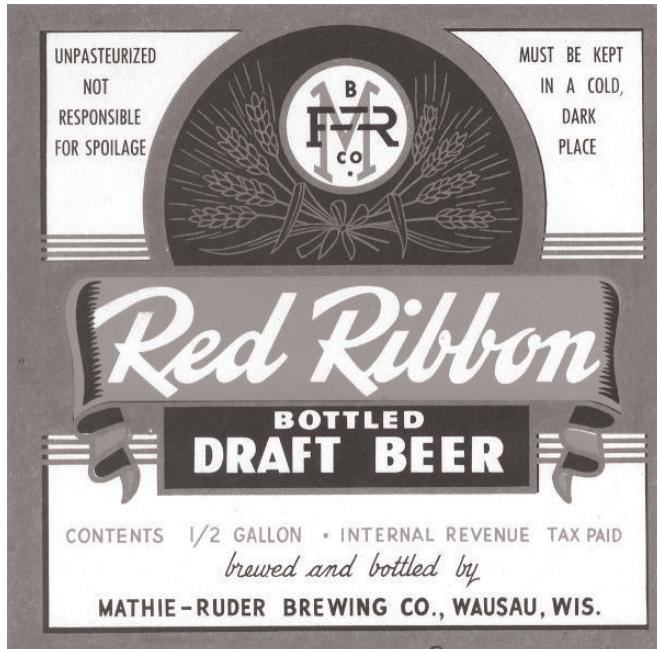


Figure 10. Most brewers offered their beer in 1/2 gallon 'picnic' bottles. This beer was not pasteurized and was intended to be consumed in one session. Picnic bottles were especially popular during World War II because they afforded savings both on bottles and crowns.

silly, standards. Minneapolis Brewing had to change a proposed label because at that time Section 8 of the labeling regulations required that a 24 oz. package must be labeled as $\frac{1}{4}$ quart. Alcohol content could not appear in print larger than 6 pt. face capitals, unless local regulations required otherwise. Even the color of a label could fall afoul of federal regulators. Minneapolis Brewing had its label for Minnehaha Ale rejected because there was not enough contrast between the lettering and the background.⁷³

Protecting all parties

While seemingly absurd, the various requirements were intended to protect the brewers from unfair competition as well as to protect public from fraud. During the 1930s the states adopted their own requirements for labeling tap handles in retail establishments. In Wisconsin, each tap needed to have a sign on or near the tap indicating the manufacturer and type of beer that was visible for a distance of ten feet.

Riverview Brewing Company complained that the requirement was causing them considerable trouble and expense. Many tavern keepers objected to the signs because they apparently got in the way of business, and 'the customers take them off the bar as souvenirs, and, in some places we have had to replace them a half dozen times.' If only one beer was served at an establishment, it was acceptable to have a sign behind the bar declaring that beer was sold exclusively, but it was not legal to have a sign, as the Storck Brewing Company of Slinger discovered, to have a sign that read 'Storck Beer, taps 1, 2, and 3.' Riverview also sought an amnesty for their tavern owners who would be operating without signs, but the BTD could not guarantee that state or local officials would not assess fines.⁷⁴ The Division held that the law did reduce substitution of cheaper beers for more expensive brands, which apparently occurred with some frequency.⁷⁵ In one case, the Oshkosh Brewing Co. appealed to the BTD for assistance because local taverns were pulling other, supposedly inferior beers under Oshkosh tap signs. The company was reluctant to take the matter to the local district attorney 'because if we did, we probably would be black-listed by the tavern-keepers' association'.⁷⁶

In addition to helping with local questions, the state agencies also gave the breweries leverage against out-of-state breweries (often called 'foreign' even if located in the US) that were using unfair or deceptive trade practices. The Mathie-

Ruder Brewing Co of Wausau, Wisconsin appealed to the BTD for protection against a 'foreign' brewery that was coercing their distributors into dropping Mathie-Ruder beer and handling the foreign beer exclusively.⁷⁷ The biggest problems were with breweries from Illinois. Chicago was the headquarters for several of the most prominent bootlegging gangs during Prohibition and it was alleged that many breweries in Illinois and several in Wisconsin were under direct or indirect mob control. The end of Prohibition did not end mob involvement with beer - on the second day of legal beer a truck carrying 400 cases of Pabst was hijacked en route to Chicago.⁷⁸ The BTD sent numerous reprimands to the Prima Brewing Co and Manhattan Brewing Co, both of Chicago. In addition to frequent mishandling of stamps, Prima was charged with using labels without sufficient identification of the brewery name and location for several brands, including the ironically named Pride of Wisconsin.⁷⁹ The Wisconsin Brewing Co of Kenosha, located near the Illinois border, was investigated for illegally transferring Wisconsin tax stamps to the Manhattan Brewing Co, which then laundered them to other Chicago breweries. The element of danger present in working for the BTD in this era is suggested by the considerable correspondence with Smith & Wesson about maintenance of the Division's firearms.⁸⁰

Problems with regulations affected all breweries more or less equally. The giant shipping breweries had more rules to

follow, but had more resources and personnel to insure compliance. Apart from cash flow concerns, there is no evidence that excise payments or regulations were the decisive factor in the failure of any brewery during the 1930s.

A world at war

It is possible that breweries were in better shape for the rigors of wartime regulation than many other businesses since they were already used to documenting every purchase, sale, and action. Nonetheless, many new restrictions were placed on breweries (and all other businesses) in the name of the war effort. Nearly everything from grain to labels to space in rail cars was in short supply. As millions of men were mobilized into the armed forces, labor became scarce as well. Imported hops from Germany were no longer available, so brewers had to adjust their recipes or, in the case of Pabst's recently-launched Andeker, to discontinue brands altogether.⁸¹ Tinplate was reserved for military uses, so offering canned beer for civilian use was discontinued for the duration of the war. Of course, one of the military uses was to provide 3.2% beer for armed services personnel - each brewery was required to supply 15% of its output to the government. Cans which were to be shipped into combat zones were painted olive drab instead of their usual bright colors so they would not glint in the light and give away the location of troops or their bases.

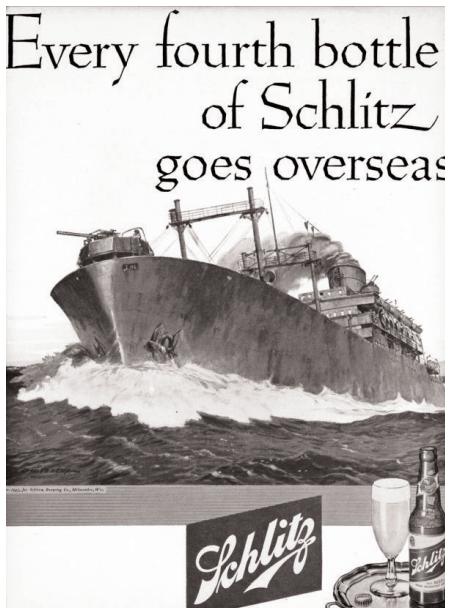


Figure 11. The distribution of national brands to America's armed forces during the war is credited with increasing their popularity at the expense of local brands.

Brewers were concerned about the return of Prohibition in the name of the war effort, and dry forces did indeed seize the moment and attempt to limit sales on and around military posts. However, most military leaders were against this move and claimed that 3.2% beer was critical for morale. Dry advocates ended up on the wrong side of public opinion when they inaccurately blamed drunken sailors for the disaster at Pearl Harbor and sounded too much like the Axis leaders who blamed American decadence for the war.⁸² The

breweries reinforced their position as good citizens by contributing to scrap metal drives, providing beer for fundraising events, and supporting the war effort through contributions and tax payments. The Minnesota breweries sponsored a series of newspaper advertisements declaring that the revenue from each day's excise taxes was enough to purchase either ten fighter planes, four B-17 bombers, nineteen tanks, or four PT boats. The ads also encouraged the civilian population to maintain a stable home life, invite friends over, and to sustain their morale in difficult times.⁸³

While they did not have to give up production, the brewers and their employees made numerous sacrifices in all aspects of business. Vehicles and fuel were diverted to the war effort, and business were informed of the latest changes in rationing and other measures by monthly bulletins from the Office of Price Administration. When the Stevens Point Beverage Company sought to replace a worn out 1933 delivery truck (that had been driven 313,000 miles already), they were denied on the grounds that

it has not been shown ... that the service for which the new vehicle is requested is necessary to the war effort or to the maintenance of essential civilian economy.

Workers were encouraged to carpool, and each business was required to submit a monthly 'car occupancy report' to the Office of Price Administration.⁸⁴

While some brewery employees were considered essential to the war effort and exempt from service, many others were called into active duty. One of the few who was able to follow his civilian career in the Army was Frank E Mathes of Minneapolis Brewing Co, who was part of a special unit that reconditioned damaged breweries in liberated territories and prepared them to produce beer for the occupation forces.⁸⁵ Breweries of all sizes pointed with pride to their former employees serving on the front lines and joined in the sorrow when an employee made the ultimate sacrifice. Many vacancies were filled by women. Instead of being relegated to the bottle



Figure 12. America's brewers incorporated the V symbol in their advertisements to help support morale on the home front. The reverse design was a more traditional advertising image - an attractive young woman, though dressed here in a military uniform.

house as they were before Prohibition, some held highly skilled positions and often took their husbands' places. Nationally, more than 7,000 members of the brewery workers union were in the armed forces, and more than 200 were killed in action.⁸⁶

The essential raw materials for beer were limited as well. In order to divert more malt to the production of industrial alcohol, small brewers could not exceed their 1942 malt usage in 1943 and large brewers had to make a 7% cut. At the same time, brewers were expected to increase production in order to meet the government contracts and to relieve the nationwide beer shortage. The War Production Board made clear the government position in early 1942, by declaring 'Experience in other countries has indicated that [beer and wine] have a value in sustaining morale both to civilians and to the armed forces,' and established that about two-thirds of the 1941 barrelage should be produced for civilian consumption (in addition to the government purchases) despite the shortages.⁸⁷

The restrictions on malt forced brewers to experiment with other grains in an attempt to keep production up while still creating a palatable beer. The substitute brewing materials included the common adjuncts yellow corn, unmalted barley and wheat, but also ranged as far as oats, rye, mandioca (cassava) and even potatoes. All of these 'filled the gap between the demand for beer and the

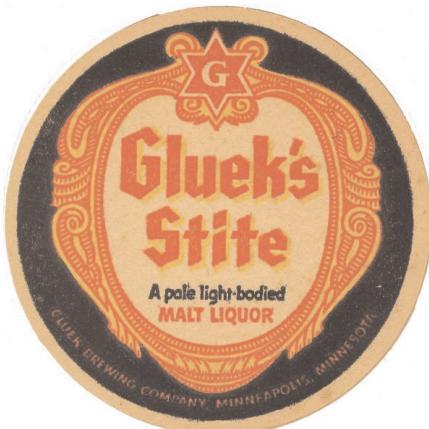


Figure 13. Stite was the first of many so-called 'malt liquors' which were notable mostly for their strength rather than for their taste. In the current market they are seldom available on draft and typically packaged in 16 oz. cans or 40 oz. bottles.

curtailment of malt'.⁸⁸ Some of the new formulas were unmemorable, but Gluek Brewing Company of Minneapolis developed a more successful brew that the company patented and marketed as Stite - considered the first-ever malt liquor. Stite's higher alcohol content helped mask the taste of the adjuncts, but also created greater intoxication. After the war Stite became known as Green Lightning or Green Death, named for its signature green can and its ability to cause a hangover.⁸⁹

Equally frustrating to shipping brewers were the transportation restrictions. In the spring of 1943, rail shipments of beer were limited to less than the previous

year's amount, yet in the same announcement brewers were urged to try to gain transport savings without depriving any region of the country of beer. A few months later, brewers were urged to make additional conservation plans, and at the same time to find ways to meet the nationwide beer shortage. As the WFA noted, 'Many brewers have already withdrawn from distant markets and are pushing sales in areas nearer their plants in order to save transportation'.⁹⁰ Twin City brewers such as Schmidt, Hamm and Grain Belt, G Heileman of La Crosse, and the Milwaukee giants were hit especially hard since they were among the major suppliers of some of the most sparsely populated areas of the country.

At the end of the war, the brewing industry took several years to return to normal. Material restrictions were lifted only gradually: canned beer was not available for civilian purchase until the spring of 1947; grain restrictions were lifted just in time to be re-imposed for the Korean War. Just over a year after being idled by a strike, the three St Paul breweries were again forced to shut down, this time for three weeks because of a coal shortage.⁹¹ Many of the wartime changes became permanent parts of the American beer scene: cardboard cases replaced wood, cans and one-way bottles continued to push out returnable bottles and draught beer, and the lighter, thinner beers of wartime remained even after malt restrictions were lifted.

While some of the larger breweries in Minnesota emerged from the war ready

to expand in the post-war world, many of the smaller breweries either closed during the war because of shortages or were mortally wounded and would be forced to shut down within a few years after the war ended. During the war, government purchasing agents found it easier to deal with large companies in all industries wherever possible, and despite some efforts to spread the orders around, small firms were often left out.⁹² While Schmidt and Hamm had contracts for hundreds of thousands of cases per month, their much smaller neighbor Yoerg Brewing Co had no contract. The Alexandria Brewing Co was forced to close in 1943 because of wartime shortages, especially of bottle caps. The Schutz & Hilgers Jordan Brewery was purchased in 1946 by the Arizona Brewing Co, not for its brewery but for its grain allocation and other inputs.⁹³ When the US went to war again in Korea, grain, metal, fuel and transportation restrictions were re-imposed, the excise tax was raised to \$9 per barrel and struggling breweries were again forced to the wall. The Fergus Falls Brewing Co and the Goodhue County Brewing Co (which was on its third name in four years) both ceased to exist during the Korean War. More than one third of Minnesota's 25 breweries that opened in the years after Prohibition closed within twenty years: four closed before the start of World War II, two closed during it, and three more before the armistice in Korea.

The story was much the same in Wisconsin, though there were many more breweries to begin with. From a

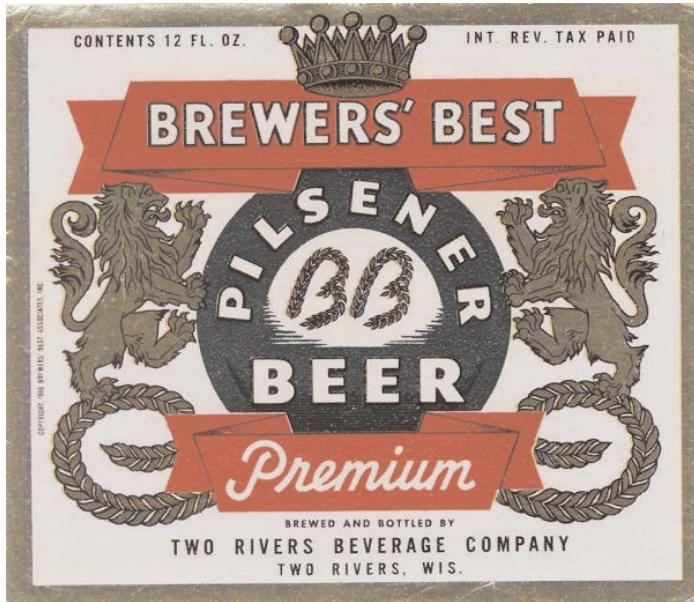


Figure 14. Mankato Brewing Co of Minnesota and Two Rivers Beverage Co were two of several breweries around the country that participated in the Brewers' Best program. This was an attempt to create a nationally-recognized brand for small brewers that would allow them to take advantage of cheaper, mass-produced advertising pieces. The brand was available for about a decade after World War II, but never met the expectations of its proponents.

high water mark of 88 in March 1936, 22 closed by the end of 1941 - six of which had been founded after Prohibition. However, of the ten breweries that closed for good during World War II, the youngest was the Binzel Brewing Company of Oconomowoc, which had been founded in 1868. Another fifteen closed prior to 1953, leaving the state with roughly forty brewing companies, half of which were producing less than 25,000 barrels.

National figures show a rapid decline in the number of breweries from a high over 750 in the mid-1930s to less than 500 by 1943. Many of these were businesses conceived with more optimism than resources. But if a brewery made it past the early business shocks of World War II it was likely to survive until the 1950s. However, in the 1950s a substantial consolidation of the industry occurred, which nearly halved the number of firms to 240 by 1958. In the ten

years to that point average net profits dropped from 7% to 1%. Brewers could no longer rely on loyal taverns to guarantee the home market and an adequate cash flow. The battle would have to be won by territorial expansion.⁹⁴

By 1952, restrictions caused by wartime shortages were at an end. The Korean War era marked two significant changes in the industry. The first was the widespread adoption of the multiple brewery model by industry leaders. Tested by Falstaff Brewing Company of St Louis and Pabst in the 1930s and 1940s, the floodgates were opened in 1953 when Anheuser-Busch, Falstaff, Hamm, Pabst, and Schlitz all bought or built breweries in California. Advances in brewing chemistry made it possible to brew the same beer in multiple plants without detectable variation (and the loss of consumer acceptance due to inconsistency).⁹⁵

The second factor in consolidation was the increasing importance of television advertising. Television ads had the potential to combine the strong visual effects of a large newspaper ad with radio's spoken text or jingles. TV also added attractive moving pictures to the mix - views of the brewing process, scenes of swiftly flowing streams of brewing water, or the irresistible image of a glass being filled from a tap, bottle or can. Early television ads were not an art form, but beer commercials would help to change that. Some industry analysts saw TV ads as a moving, talking point-of-sale promotion - just the thing to convince the bar

patron watching the ball game to order another beer. Other observers believed that television advertising fit well with the general advertising approach of the breweries and with the shift of beer consumption to the home.⁹⁶ Spending on television spots by brewers was non-existent at the end of World War II, but by 1951 it had exceeded \$5.2 million and its rate of expansion would only increase. In less than a decade the percentage of money spent on print advertising shrunk dramatically and television (and to a lesser extent, radio) spots came to dominate the overall industry expenditures. However, this change was not spread evenly through-out the industry. Network television and radio were expensive, and only worthwhile for a handful of the largest national shipping brewers. Regional brewers continued to advertise more heavily in newspapers and other local sources.

Local pride provided small family breweries with a living for decades after similar firms had gone out of business elsewhere in the country. The tavern culture allowed small brewers, including some like Fred Beyer of Chaska, Minnesota, who never bottled or canned his beer, to retain a market where efficiency and advertising were less important. The battle for distant markets waged by the five largest brewers to gain market share generally did little direct harm in this era to these small breweries that filled a cultural niche.⁹⁷ The enthusiasm of Wisconsin and Minnesota residents for local beer lasted well past New Beer's Day.

Note

The author would like to thank two anonymous referees for constructive comments on this article, and Richard T Thomson of Lapp, Libra, Thomson, Stoebner & Pusch for guidance and research assistance on legal topics. Portions of this article have been adapted from Hoverson, D. (2007) *Land of Amber Waters: The History of Brewing in Minnesota*. Minneapolis: University of Minnesota Press.

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14. *Sheboygan Press*. 7 April 1933, p.1; *Winona Republican-Herald*. 6 April 1933, p.1. Regarding the number of breweries open on New Beers' Day, the nine Minnesota breweries is a definite number, but the Wisconsin number is unclear. 27 breweries had permits in time, and the *West Bend News* of 12 April 1933 claimed that 'Twenty-seven breweries are busy at the present time turning out their product,' but your author has

- not been able to confirm six of the breweries at this date due to lack of coverage in local newspapers. In his definitive study *Brewed in America*, Stanley Baron stated that 'some 31 brewers' were back in operation by June 1933, but this number was reached on the first day in Minnesota and Wisconsin alone.
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 25. L.E. McKinnon to Robert K. Henry (State Treasurer) 14 March 1935, BTD: Box 3, Folder 17, WHS.
 26. *Mantorville (MN) Express*. 10 November 1938, p.1.
 27. Van Wieren, D. (1995) op. cit. pp.163-178, 388-423 for listings of breweries in each state, including those that acquired permits after 1932 but did not produce.
 28. *Winona (MN) Republican-Herald*. 31 August 1933, p.1.
 29. *Melrose (MN) Beacon*. 5 October 1934, p.1; 19 October 1933, p.1; *Minneapolis Star*. 2 April 1972, p.13B.
 30. *Mantorville (MN) Express*. 1 November 1934, no page given, in Mantorville Brewery folder at Dodge County Historical Society, Mantorville.
 31. American Brewers' Association circular (5 April 1937) SPB Records, Box 1, Folder-American Brewers' Association 1935-1936, UWSP.
 32. *Mankato Free Press*. 22 September 1933, p.9.
 33. Blackford, M. (1991) *A History of Small Business in America*. New York: Twayne Publishers, p.69.
 34. Anon (1968) 'History of Local 343 of the International Union of United Brewery, Flour, Cereal, Soft Drink and Distillery Workers of America.' St. Paul: Privately published, pp.31-42.
 35. *Winona Republican-Herald*. 23 June 1935, p.14; 6 May 1936, p.11; 3 April 1937, p.12; 26 June 1937, p.10; 29 October 1938, p.12; 24 January 1941, p.12; 16 April 1939, p.14; 21 March 1941, p.14.
 36. Anon (1939) *Local Job Descriptions for Two Establishments in the Malt Liquor Manufacturing Industry*. Preliminary Job Study No. 5-113, Works Progress Administration and Minnesota Department of Education. St. Paul: United States Employment Center, pp.2-6.
 37. Anon (1968) 'Historical Facts of Interest

- About our Union.' St. Paul: Local 343, privately published, pp.1-4.
38. Holmquist, J.D. (ed.) (1981) *They Choose Minnesota: A Survey of the State's Ethnic Groups*. St. Paul: Minnesota Historical Society Press, p.84; *Minneapolis Spokesman*. various issues of April, May & June 1935.
39. Anon (2001) *Beer Can Collectors of America, United States Beer Cans: the Standard Reference of Flat Tops and Cone Tops*. Fenton, MO: BCCA, pp.8-13.
40. *Stevens Point Daily Journal*. 8 April 1933, p.1; SPB Records, Box 1, Folder 'ABA 1936-37,' UWSP.
41. Minneapolis Brewing Co. to Department of Treasury (no date available). Grain Belt Breweries. Inc. Records (Box 14, Folder 3) Minnesota Historical Society.
42. American Brewers' Association bulletin, 23 December 1936, SPB records, Box 1, Folder-American Brewers' Association 1935-1936; 'Code of Fair Competition for the Bottled Soft Drink Industry' Washington, DC: U.S. Government Printing Office, 1934 in SPB records, Box 5.
43. *The Federalist*. 31 & 34 (Hamilton); Kassell, M.M. (1954) 'Interstate Tax Conflicts from an Administrative Viewpoint,' *Federal-State-Local Tax Correlation*. Princeton, NJ: Tax Institute, Inc., p.147; Anon (1938) 'Foreword,' *Tax Relations Among Governmental Units*. New York: Tax Policy League, Inc., p.v; Newcomer, M. (1944) 'The Federal, State and Local Tax Structure After the War,' *Symposium on Taxation and the Social Structure*. Philadelphia: American Philosophical Society, pp.50 and 54.
44. Newcomer, M. (1944) op. cit. p.54; Anon (1947) *Postwar State Taxation and Finance: Report and Recommendations*. Chicago: Council of State Governments, p.2; Elliot Brownlee, W. (1996) *Federal Taxation in America*. Cambridge: University of Cambridge Press, pp.32-33.
45. *Brewers Almanac* 1949, New York: United States Brewers Foundation, 1949, pp.85-87.
46. Vetter, J. (2009) 'United States Tax Crowns,' *CrownCappers' Exchange*. v. 60 June, pp.20-21; CCSI Online CrownCap Database <www.bottlecapclub.org>. Some variations were granted: Schlitz was allowed to simply reverse their usual maroon and white color scheme rather than use blue.
47. Anon (1954) *The Schlitz Rhomboid*. Fall, pp.8-9. The Schlitz Rhomboid was the in-house magazine during the 1950s. While slightly after the time period of this article, the crown system was largely unchanged.
48. A.J. Palmer to J.E. Semrad (27 July 1934) in Wisconsin: Division of Beverage and Cigarette Taxes General Correspondence (hereafter BTD), Box 4, Folder 14, Wisconsin Historical Society (WHS). The division changed its name in 1939 from the Beverage Tax Division to the above title when Wisconsin added a tax on cigarettes.
49. Emil W. Zinser to Robert K. Henry (7 September 1935), BTD, Box 3, Folder 18, WHS.
50. A. Kurth to State Treasurer (25 May 1934); W.L. Wollin to Kurth Company, both in BTD, Box 2, Folder 19, WHS.
51. Oconomowoc Brewing Co. to BTD (4 November 1936), BTD, Box 3, Folder 19, WHS. The folder contains several letters from and to the Oconomowoc Brewing Co. about its financial difficulties.
52. W.M. Schneller to Art Palmer, 7 July 1934; BTD Audit, 13 July 1934; BTD Audit, 18

- May 1934; Calumet Brewing Co. to W.L. Wollin, 21 July 1934, all in BTD, Box 1, Folder 14, WHS.
53. Robert Schuster to BTD, 23 May 1939, in BTD, Box 17, Folder 28, WHS.
54. John W. Roach to Wausau Brewing Co., 28 May 1940, BTD, Box 17, Folder 24, WHS.
55. Correspondence, various dates in 1936, between BTD and Marshfield Brewing Co., BTD, Box 3, Folder 4, WHS; E.C. Yellowley to Stevens Point Beverage Co., 2 June 1937, in SPB Records, Box 5, Folder 2 (Internal Revenue Service 1935-1947), UWSP.
56. Correspondence between BTD and Leinenkugel Brewing Co., various dates in 1934, BTD, Box 2, Folder 21, WHS.
57. During February and March the wastage was due to repeated filtering to remove off flavors, in August the loss was due to the deterioration of a rubber hose in the bottling house which gave the beer a rubbery taste. Affidavit, 29 March 1941; Yellowley to Stevens Point Beverage Company, 27 March 1941; Stevens Point Beverage Company to Yellowley, 20 August 1941, all in SPBC Records, Box 5, Folder 2, UWSP.
58. Miller Brewing Co. to BTD, 10 July 1935: BTD, Box 3, Folder 11, WHS. (The answer to this query was not in the files. While the BTD may not have had reason to object, consumers may have.)
59. W.L. Wollin to La Crosse Brewing Co. 2 July 1934: BTD, Box 2, Folder 20, WHS.
Underlining is in original.
60. Correspondence between BTD and La Crosse Breweries, various dates in 1935 and 1936; A. Kurth to A.J. Palmer, 9 August 1934: in BTD, Box 2, folders 20 and 19, WHS. Camp McCoy was renamed Fort McCoy in 1974.
61. Gemmill, K.W. 'The Importance of Intergovernmental Tax Relations,' *Federal-State-Local Tax Correlation*, p.9; Pierce, D.L. 'Federal-State Tax Conflicts Can be Minimized, *ibid.* p.150.
62. Riverview Brewing Company to Robert K. Henry, 21 November 1935: BTD, Box 4, Folder 7, WHS.
63. Pullman Company correspondence with BTD, various dates: BTD, Box 4, Folder 3, WHS.
64. O.H. Senglaub to Robert K. Henry, 11 April 1934; BTD, Box 2, Folder 17, WHS; Miller Brewing Co. to BTD, 15 February 1936, BTD Correspondence, Box 3, Folder 11, WHS.
65. Correspondence between Yellowley and C.L. Korfman, various dates in November and December 1937: SPBC Records, Box 5, Folder 2, UWSP.
66. W. H. Pierce to Robert K. Henry, 6 September 1935, BTD, Box 5, Folder 4, WHS.
67. Correspondence between E.E. Machovec and Robert K. Henry, 30 October 1936 and 4 November 1936: Box 2, Folder 13, WHS.
68. C.H. Pfeiffer to Robert K. Henry, 7 April 1936; Henry to Pfeiffer, 15 April 1936, BTD, Box 3, Folder 4, WHS; A.J. Palmer to R.C. Zimmerman, 3 March 1936, BTD, Box 4, Folder 3, WHS. The company better known simply as Pabst Brewing Co. was called Premier-Pabst from 1933-1938 as a result of a merger with Premier Malt Products Company of Peoria, Illinois.
69. S.A. Zweibel to R.C. Zimmerman, 24 September 1936, A.J. Palmer to Zweibel, 25 September 1936, BTD, Box 4, Folder 3, WHS.

70. John W. Roach to Arcadia Brewing Company, 3 February 1941, BTD, Box 17, Folder 56; American Brewers' Association Circular, 15 June 1937, SPBC Records, Box 1, Folder ABA 1936-37, UWSP. In the revisions of 11 June 1937, the Federal Alcohol Administration dropped its objections to the use of 'refreshing,' 'digestible,' and 'wholesome.'
71. Grain Belt Breweries, Inc. Records (hereafter Grain Belt Records), Box 14, Folder 3, various documents from 1935-1939, Minnesota Historical Society. Minneapolis Brewing Company changed its name to Grain Belt Breweries, Inc. in 1967.
72. Grain Belt Records, Box 14, Folders 3 & 5, MHS. Bottle house employees at a number of Minnesota and Wisconsin breweries have claimed that very few if any mistakes were made so that beer with incorrect labels or crowns was being packaged and sent to the wrong state.
73. Grain Belt Records, Box 14, Folders 3 & 6, MHS.
74. A.J. Palmer to Menominee-Marinette (Michigan) Brewing Co., 7 October 1935, BTD Correspondence, Box 3, Folder 7, WHS; Correspondence between Riverview Brewing Company and BTD, 21 November and 22 November 1935, BTD, Box 4, Folder 7, WHS; BTD correspondence with Storck Brewing Company, various dates in 1935, BTD, Box 4, Folder 20, WHS.
75. BTD Correspondence with Modern Brewery, 27 November 1936 and 2 December 1936: BTD, Box 3, Folder 12, WHS.
76. E.S. Horn to Robert K. Henry, 14 March 1936, BTD, Box 3, Folder 20, WHS.
77. C.H. Pfeiffer to Robert K. Henry, 7 April 1936, BTD, Box 3, Folder 4, WHS.
78. Skilnik, B. (1999) *The History of Beer and Brewing in Chicago: 1833-1978*. St. Paul, MN: Pogo Press, pp.121-201, *passim*; *Milwaukee Journal*. 9 April 1933, p.1.
79. BTD Correspondence with Prima Brewing Company, many dates, BTD, Box 4, Folder 3, WHS.
80. BTD to Wisconsin Brewing Co., various dates, BTD, Box 5, Folder 14, WHS; BTD correspondence with Smith & Wesson, various dates, BTD, Box 4, folder 14, WHS.
81. Cochran, T.D. (1948) *The Pabst Brewing Company: The History of an American Business*. New York: New York University Press, p.390.
82. Baron, S. (1962) *Brewed in America*. Boston: Little, Brown and Company, reprinted by BeerBooks.com, Cleveland, OH, (2006), pp.332-34; Barr, A. (1999) *Drink: A Social History of America*. New York: Carroll & Graf, p.335.
83. *Alexandria (MN) Citizen News*. 12 March 1942, p.3; 21 May 1942, pp.1 & 3; 19 November 1942, p.7; 14 January 1943, p.8; 25 March 1943, p.8.
84. Application (12 June 1945); Office of Defense Transportation to Stevens Point Beverage Company (20 June 1945); Car Occupancy Report (9 February 1945), in SPBC Records, Box 5, Folder 'Office of Price Administration, 1943; 1944-47,' UWSP. A replacement vehicle was eventually approved a week after V-J Day.
85. *Brewers Digest*. March 1945, p.59; April 1945, p.33; July 1945, p.60.
86. *Brewers Digest*. August 1945, p.33 and 41.
87. 'Notes on Estimates of Minimum Civilian Consumer Requirements,' *New York Times*.

- 21 February 1942, p.24.
88. *Brewers Digest*. October 1946, p.29.
89. Winship, K. (2000) 'Three Millennia of Beer Styles,' *All About Beer*. 21:1 March, p.31; Amundson, R.C. (1988-89) op. cit. p.7; Index to Patents and Trademarks (Washington, DC: U.S. Patent and Trademark Office, 1943 & 1944). American brewers generally define Malt Liquor as a high alcohol, low quality lager beer. Confusingly, some states, including Minnesota, applied the term to any strong beer, and the term was also used by governments to apply to any fermented malt beverage.
90. *New York Times*. 5 May 1943, p.33; 12 September 1943, p.S11.
91. *Brewers' Digest*. June 1946, p.32.
92. Blackford, M. (1991) *A History of Small Business in America*. New York: Twanye Publishers, p.74.
93. Busse, K. (2002) 'The "Missing Years" of Jordan Beer,' *American Breweriana Journal*. July-August, pp.21-23.
94. These numbers are drawn from a variety of sources, including Baron, Van Wieren, Waterstreet, circulars of the American Brewers' Association found in Stevens Point Beverage Company records, *Brewers Almanac*, and the author's research in primary sources. Unfortunately, due to the methods and timing of data collection, the records do not always agree. The author is in the process of finding precise opening and closing dates for each Wisconsin brewery. The closing years for Minnesota companies have been verified in local and national sources.
95. Baron, S. (1962) op. cit. pp.339-343.
96. *Vintage TV Beer Commercials: 100 Beer Commercials of the 1950s & 60s*. Schnitzelbank Press, 1995 (video / dvd).
97. Baldwin, W.O. (1966) *Historical Geography of the Brewing Industry: Focus on Wisconsin*. Champaign, IL: University of Illinois Ph.D. dissertation, pp.168-183;
- McGahan, A.M. (1991) 'The Emergence of the National Brewing Oligopoly: Competition in the American Market, 1933-1958, *Business History Review*. 65 Summer, pp.229-284 passim, especially pp.267-281. The author agrees with McGahan's conclusion and much of the analysis concerning the top five brewers, but claims that the analysis does not hold for the industry as a whole, and respectfully disagrees with a number of the premises and interpretations of data.