

## Bottom of the barrel: The US brewing industry and saloon culture before and during National Prohibition, 1900–1933 [1]

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### Abstract:

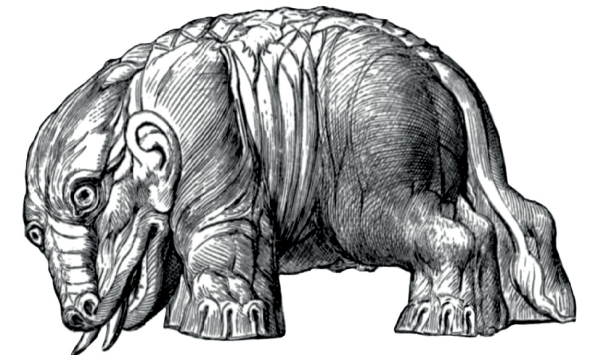
Although the deep structural crisis of the American “Old-Time Saloon” and the beer brewing industry was self-inflicted, National Prohibition hit them hard in 1920. Whereas the saloon completely vanished from the scene, giving way to the more or less clandestine “speakeasy”, the brewing companies which did not go out of business altogether or did not resort to the production of legal surrogates like “near beer”, strove desperately after strategies for survival. For lesser known breweries the alliance with organized crime allowed them to enter the illicit shadow economy. Larger corporations fiddled around until they discovered that they could produce the ingredient components of “real” beer and sell it wholesale to the bootleggers as long as their product was not yet fermented and contained no alcohol. In an absolutely legal way they thus provided the raw materials upon which the reconstruction of an (illegal) beer market could take place in the second half of the 1920s.

[1] For full documentation and a more elaborate, systematic analysis see Thomas Welskopp: *Amerikas große Ernüchterung. Eine Kulturgeschichte der Prohibition*, Paderborn 2010.

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## Misery and Crisis of the “Old-Time Saloon”

There is no reason for idealizing the age of the “Old-Time Saloon” which, with the introduction of National Prohibition in 1920, came to its end once and for all. Its “romantic days” as a “workingmen’s club” had been over even earlier (Ostrander 1968, 345). At least the critics in support of prohibition did not really exaggerate when denouncing the saloon as a place of excessive drinking, where in a few hours workers might spend their wages, on which otherwise their families had to live for a week. The reason for this was the traditional custom of round-spending, the ritual core of the camaraderie among men in the public house (Ade 1931, 117ff.).

Round-spending as such was no American particularity. The British immigrants had brought this custom with them across the Atlantic Ocean, for the Irish it had been common already in their home country, and also among immigrants of German, Scandinavian and East-European origin the various forms of this kind of fraternization among men had looked back to a long history. However, the saloon in the New World “Americanized” these rituals and pushed them towards the commercialized excess of the “general round”: “When a number of guests had come together, in most cases the owner but often also one or the other of the drinkers spent a round, a favour which then everyone had to return in the same way. Rounds followed each other in incredibly short time; newly entering guests were welcomed this way and, by paying another round, returned the honour. For reasons of politeness nobody present could evade his duty to drink and spend along; that was forbidden by the unwritten drinking custom of the saloon. Thus, depending on the number of drinkers sitting at the same table, usually the time at the saloon ended in more or less heavy drunkenness as well as with a purse which had considerably lost weight” (Schmölders 1931, 61). Responsible for this perversion of an old drinking culture were first of all the American political culture in the big cities and the brutal skills of business-minded saloon keepers who were under pressure of murderous competition (Kummer 1986).

The saloon served as a meeting place of workers after their shifts. For immigrants it was their first rallying point, a source of information, partly a job exchange, in any case a place for making social contacts which only gradually were extended to become social networks. Being a favoured place where the male inhabitants of the crowded big city tenement houses were spending their evenings and members of the ethnic youth gangs were killing time while playing pool, the saloon actually had

the function of a club (Powers 1998, 93ff., 119ff., 227ff.; Duis 1983; West 1979; Noel 1983). That made it a perfect recruiting ground for the “ward bosses” of the political parties. Also in this respect the saloon was part of a “gastronomico-political complex”: The radically democratic electoral laws in the USA, which granted citizenship and suffrage to most immigrants after a very short period of time, made the clientele of the saloons a courted target group for the “bosses”. In the context of a refined patronage system, they had much to offer to “buy” the immigrants’ votes: jobs, legal assistance, housing, financial help for those in need, membership with certain trade unions which again could be a precondition for being hired, e.g. at municipal services, and much more. To be able to distribute these good deeds, the politicians needed offices and mandates giving them appropriate sinecures or opening up the goldmines of corruption and insider trading (Riordon 1963).

The American “spoils system”, which allows the victorious candidate to newly distribute all administration posts among his supporters, as well as the sheer number of elective offices in the United States made these quid pro quo contexts a comprehensive system (Rudolf 1913, 31ff.). The American sociologist Robert K. Merton analyzed these well lubricated “political machines” by an example of the species which had been particularly powerful for a long time, the Democrats’ Tammany Hall in New York City, thus judging on omnipresent corruption and nepotism in the USA from a less moral point of view, as the latter all too easily prevents a sober look. What made this kind of party politics so “machine-like” was simply that political contents did not play any role at all for recruiting votes and for voting, thus that its “manifest function” – the democratic decision-making process – was eclipsed by much more powerful “latent functions” which actually rather worked like a mechanic interaction: jobs are traded for votes, votes result in offices and mandates, offices and mandates accumulate resources, resources buy votes, instead of according to ideal ways of political action: competing, convincing (Merton 1957).

Still at about the turn of the century the saloon was the only base of these local “political machines”. Not coincidentally, the headquarters of the long years boss of Tammany Hall and ex-Senator George Washington Plunkitt was above one of those public houses (Riordon 1963, 78; Myers 1917). The public opinion considered “machine politics” – with all its excesses – and the saloon to be two sides of one medal: “Soon the saloon [became] the residence of ‘politicians’, of that class of people who, as a result of the far-reaching democratic and parliamentary system in the United States, have always been the candidates for all kinds of municipal and state offices and thus the real bearers of

political corruption. The accusation that a good deal of the political machinations of these ‘politicians’ was prepared and organized in the saloons contributed much to the constantly increasing rejection of these places by all parts of the population” (Schmölders 1931, 63). Imogen B. Oakley, a high functionary of the General Federation of Women’s Clubs, reported on her experiences in Philadelphia: “We have been slow as a people to realize that the man who drinks is a source of corruption in our political life, but at last we are fully awake to the fact that the saloon that caters to his tastes is a sinister power in politics. It provides him a social and political club house. The city and county committees of his political party meet in its back parlor. Candidates for office are nominated in its barroom. I knew a teacher in the public schools of my city who, when she wished to consult the most influential of her directors, had to seek him in his saloon. He was coarse and illiterate, but he was a school director by virtue of the votes of the men who frequented his bar” (Oakley 1923, 166).

One of the most frequent – and cheapest – returns for political support was round spending by bosses, their supporters or also by local candidates. Novices one liked to recruit where only attracted by free drinks, after all. The spending of rounds was also helpful with keeping the base voters in a good mood, and at election time the “ward bosses” assembled their base clientele, whose numbers were increased by randomly collected hobos and other travellers, at the saloon, to make sure by help of high-percentage drinks that they would indeed provide high-percentage results. The politicians again rewarded loyalty by spending rounds of beer as well as by other, higher powered expressions of thanks: “We paraded. Then the saloons were opened. Extra barkeepers had been engaged, and the drinkers jammed six deep before every drink-drenched and unwiped bar. There was no time to wipe the bar, nor wash glasses, nor do anything save fill glasses. [...] The drink was ours. The politicians had bought it for us” (London 1964, 100). That voting happened at schools and gymnasiums instead of “public polling houses” did not rule out stops at pubs, even more as a slogan which since then has become a common phrase of American folklore said: “Vote early and often”.

The politicization of the saloons contributed much to the high drinking frequency of its customers. Politicians and their helpers from the neighbourhoods made the custom of round spending spin ever faster. This was true even if successful bosses, as Plunkitt never became tired of emphasizing, did not drink themselves (Riordon 1963, 77ff.). Then it was drinking “on their health”, as a result of which there was inevitably another spin, or the bartender served them non-alcoholic drinks in a beer or whiskey glass or at least a smaller glass (called a “snit”), the use of which clearly incre-

ased their chances of making a stand. However, by the further extension of the “political machines” in the big cities after the turn of the century the significance of the saloon for “grassroots” politics gradually declined. Now political bosses tried to tie young supporters more closely to Tammany Hall by weaving a dense network of specialized organizations appealing directly to the various groups of immigrants. Apart from singing societies, Plunkitt founded e.g. baseball teams or rowing clubs, and in the Tammany Hall building there were leisure time places working like clubs and thus at least competing with the monopoly the saloons had on the market of political entertainment.[2]

However, the creeping decline of the saloons even before the national ban on alcohol became valid was mainly a result of the economic structures and balance of power of the branch, which again affected the field of politics. There the predominance of the breweries over the pubs had a fatal effect. On the eve of Prohibition, brewery interests owned or controlled more than 80 per cent of all saloons in the United States (Grant 1932, 4). Since the last third of the 19th century a murderous competition had begun in the strongly expanding brewery trade. In 1907, in Chicago alone more than forty brewery enterprises ran fifty production sites. A full third of the capital invested in this overcapitalized branch did not produce any dividend yields. In their struggle for their own survival the breweries accepted consequences which were fatal in the long run, if only their “short-sighted business policy” succeeded with increasing their sales. Falling prices had to be balanced by growing production. Under these circumstances the brewery owners accepted “every means to violently increase sales” (Schmölders 1931, 60).

The most important tool for this was the extension of the saloons network. In order of pumping ever more beer into a hopelessly saturated market the breweries, by taking over or newly founding pubs, attempted to sweep into additional territory. They were less interested in the survival of the establishments set up by them or on their initiative than in selling their beer, by forcing the innkeepers to do so. By way of adhesion contracts the saloon owners were tied to exclusively selling their product. “Tied houses” – how they became known – were an invention of Chicago. The large and highly capitalized breweries in the more agricultural Midwest, which were located in medium-sized cities such as Milwaukee, Wisconsin, or St. Louis, Missouri, well-known brands like Miller, Pabst and Schlitz or Anheuser-Busch, had long exceeded the capacity of their thirsty local immigrant clientele. To utilize economies of scale they were forced to attempt, by means of aggressive marketing strategies, to create and conquer a national market. For them this meant – aside from ventures such

[2] “For instance, here’s how I gather in the young men. I hear of a young feller that’s proud of his voice, thinks that he can sing fine. I ask him to come around to Washington Hall and join our Glee Club. He comes and sings, and he’s a follower of Plunkitt for life. Another young feller gains a reputation as a baseball player in a vacant lot. I bring him into our baseball club. That fixes him. You’ll find him working for my ticket at the polls next election day. Then there’s the feller that likes rowin’ on the river, the young feller that’s handy with his dukes – I rope them all in by givin’ them opportunities to show themselves off. I don’t trouble them with political arguments. I just study human nature and act accordin’.” (Riordon 1963, 25ff.)

as establishing folkloristic “resorts” and “beer gardens” in metropolises like New York City (Pabst) – lavishly outfitting saloons that sold their product with advertisements in a distinct corporate design and with fan paraphernalia. In most cases this established a dependency of the saloons to the breweries. Being only medium-sized in comparison, breweries in urban conglomerates such as Chicago or New York City retaliated by formally binding saloons to the exclusive sale of their product in order to shield them against the offensive of the Milwaukee and St. Louis spearheads. This was the cradle of the “tied house” which spread quickly all over the nation until about 80 percent of all saloons in the United States were brewery-owned or brewery-controlled (Mittelman 2008, 48ff.; Sismondo 2011, 103ff.).

Already with the smallest amount of money – in Chicago at about 200 Dollars (in 1910) were sufficient for securities – a businessman-to-be could become an innkeeper. For a start the brewery granted quite favourable loans, supplied the saloon with a bar and the necessary furniture, paid the rent, organized the – ever more expensive – licence and supplied the beer. The saloon keeper again had to pay for these loans by additional charges added to the price for a barrel of beer, without having any guarantee that he would be able to get these payments back by his sales of beer. In many cases the breweries set such a high value on the furniture they had supplied that a repayment of the debt was impossible anyway and they had to economize permanently under the pressure of interest (Kobler 1993, 177). Basically, innkeepers were dependent sales agents of their beer suppliers. They acted as independent businessmen only insofar as the breweries passed on their pressure to sell to them (Schmölders 1931, 64).

The innkeepers were the bearers of the short-term risks of this violent policy of expansion. The breweries cared little about how innkeepers sold the amounts of beer they had enforced on them, as long as they were able to pay for the next delivery. Contemporary photographs from Detroit and Chicago show the typical batteries of beer barrels in front of the saloons or in the backyards and alleys, indicating the high turnover of the product. Despite being threatened by bad loans, for a long time the big suppliers did not care about at least the mid-term survival of the saloons, as there were sufficient numbers of candidates ready to take the risk and still believing that loads of money could be made on this kind of pubs (Taft 1919, 78). In Chicago, as journalists reported, the breweries employed agents who continuously investigated favourable locations for the opening up of further pubs. From thriving saloons serving competing brands they lured away their best bartenders and

established them next door as independent competitors. The strategy of expansion resulted not at last in the trade being strongly ethnically influenced: “If a new colony of foreigners appears, some compatriot is set up at once to selling them liquor. Italians, Greeks, Lithuanians, Poles, – all the rough and hairy tribes which have been drawn into Chicago, – have their trade exploited to the utmost” (Turner 1907, 578).

The result was an oversaturation of certain quarters and streets with precarious establishments: “Countless new pubs have been created, partly owned by the breweries, partly financed by them and, to increase their appeal to the drinking circles, selling all kinds of cheapest brandy apart from beer” (Schmölders 1931, 60f.). Chicago in 1907 had 7,300 licensed points of sale for alcohol, with more than one thousand illegal ones in addition. That was almost two thirds more than the 5,200 groceries in the city. That meant that numerically there was one legal pub for every 285 citizens of Chicago. In 1890, in American cities with a population of more than 50,000 there was one saloon for every 250 people (Hamm 2000, 167). Furthermore, the saloons were not equally distributed across the city. They were massed in the working class and immigrants quarters as well as in disreputable entertainment districts such as Chicago’s Levee (Asbury 1986, 281ff.). There not only every corner of a crossroad was occupied by a pub; they were also densely lined up along the streets and back-alleys. Massing in such neighbourhoods reduced the relation of saloons and number of inhabitants as far as to one in 150, and this only because these quarters were densely populated (Turner 1907, 576ff.). For a long time all American cities, if not trying to completely ban the serving of alcohol on their territories, had attempted to work against this development by employing political means. One measure, the establishment of “no licence” zones, that is zones where pubs were generally not allowed, had driven the saloons away from the middle class neighbourhoods but instead contributed to their massing in inner city quarters, where most of the first generation immigrants were living. This concentration in the cities’ disreputable quarters had the effect that establishments with a better reputation did not flourish at all, as there was no suitable environment (Nelli 1976, 144).

Even the license fees, constantly increased at short intervals, which at the beginning of the 20th century were between 500 and 1,000 Dollars a year for one single establishment, had partly perverse, at least definitely not the desired consequences: in theory, strict licensing was meant to enable only well-off businessmen to join this trade, thus reducing the total number. The idea was to reduce the number of saloons and most of all of those with a bad reputation. This again was supposed to make

alcohol prices rise and to reduce consumption. Finally there was the assumption that licence holders would cooperate with the authorities and keep the regulations, to protect their high investments. In reality, the prohibitive licence fees drove a considerable number of pubs towards illegality. Thus, the “Speakeasy” phenomenon was older than the forms by which it was to appear under the nationwide ban on alcohol. Originally, this name referred to pubs without a licence. Henry L. Mencken dates the appearance of the term “Speakeasy” to the year 1889 (Mencken 1963, 166). Other establishments employed any means to earn the high license fees. They sold alcohol in huge quantities for home consumption, to underage youths, at times when sales were not allowed and most of all on Sundays. The policy of high licence fees resulted in a further decline of business ethics: “It seems that the only saloons that were forced out of business were those that endeavored to obey the law” (Grant 1932, 3).

It was not at last the license regulations which had pushed the breweries towards investing in the furnishing of saloons. For this was a high obstacle for candidates precisely from those social groups the breweries intended to exploit as customers for the sake of their own expansion strategies. Consequently, the producers and suppliers of beer with their greater financial power came to the aid of the future pub owners. This way, the power to select was shifted from the license-granting authorities to the breweries which again behaved according to their own criteria instead of those desired by politics: “To sell his beer, he [the brewery owner] has opened up pubs where there is not a trace of a need for them. He did not care about the character of owners, if only they would sell his product. [Thus] often the owners of these pubs were an asset neither for the municipality nor for the neighborhood” (Schmölders 1931, 64). John Kobler condemns the typical saloonkeepers of those days as brutal characters with “a heart of stone”: “Semi-criminal types many of them, they would serve a customer liquor, no matter how drunk he was already, as long as he remained conscious and solvent, then, when his legs or his credit collapsed, have the bouncers throw him into the street” (Kobler 1993, 175).

In the course of the extortionate competition among breweries and saloons the common price for a glass (“Schooner”) beer in the United States went down to 5 cents. Since the turn of the century at the latest it became increasingly more difficult – if not impossible – to earn enough to pay for the loans from the breweries and the expenses for licenses by selling beer alone. Nevertheless the saloonkeepers employed every means to make their customers increase their consumption. “Round-spending” by the owner abused the custom among men, “treating”, for obvious business purposes.



There were similar reasons for selling cheap whiskey in addition to beer, which made the drinker lose control much faster. Finally the “free lunch” became notorious, a free snack by help of which the saloons struggled for additional customers (Schmölders 1931, 62f.). Sometimes it might be that “free lunch” meant a good, fresh and invitingly arranged buffet if owners calculated that the hoped-for additional sales of alcohol would earn the expense (Powers 1998, 207ff.). Other reports give evidence to “free lunch” being nothing else than an empty promise, exhausting itself by a stale roll being handed round again and again. This second form of “free lunch” had developed in places and districts where license regulations demanded that apart from alcohol also food had to be sold (Kummer 1986, 78ff.). In many cases it may be supposed to have been a – by far not always free but at least extremely cheap – cross which, like anything else, exclusively served the purpose of stimulating the consumption of alcohol: “The fare provided was designed primarily to stimulate thirst and consisted of heavily salted pretzels, salted peanuts, pickles, sauerkraut, overseasoned sausages, dried herring, sardel [...] and similar briny preparations” (Kobler 1993, 175).

With a beer being about 5 cents, nevertheless precisely the “free lunch” often spelled doom for an already precarious place. Thus, diversification of a different kind was more promising: extending the business to gambling and prostitution. The catastrophic conditions for regular saloon gastronomy, muckraker journalist George K. Turner wrote in 1907, placed “a premium on the irregular and criminal saloon-keeper. The patronage of a saloon is a very fickle and elusive thing. A place is popular, or it is nothing. [...] There are two general business methods of attracting it: By giving unusually large measures and big bonuses of free lunch; or by carrying illegitimate and illegal side lines. The first, generally speaking, does not leave large margins of profit; the second does. A year ago the license fee was raised in Chicago from five hundred to one thousand dollars. It was hoped that this would wipe out the criminal saloon. It did, of course, nothing of the sort. The poor, miserable little dives in the working-man’s ward, each snatching a starvation living from the lips of the dwellers of the dozen smoke-befouled frame tenements about it, staggered down – a few hundred of them – and died. The man with the side-line of prostitution and gambling naturally survived and had the benefit of the others’ failure” (Turner 1907, 579; Powers 1998, 137ff.).

Furthermore, the continuous struggle against licence regulations made it doubly important that the saloon was the “operating base” of local political grandees. For “this meant protection for a place. Protection meant a bribe for the cop doing his round, for the head of the police station, for the city

elders, for local politicians” (Grant 1932, 4). Under the shadow of this protection also elements of crime enjoyed a kind of indemnity. Thus, it was literally suggesting to make the pub not only an operational basis for “kidnapping, rape and murder” – apart from more frequent crimes such as burglary, theft and robbery – but to do illegal business right at the place, even more as for the owner this meant urgently needed intakes: „This corrupt protection of the saloon also invited the harlot to establish her brothel in the back room or upstairs” (Ibid.). It was this unholy trinity of excessive drinking, local politics and crime which dominated the image of the “gastronomico-political complex” in the American public. It discredited all kinds of “machine politics” and all kinds of lobbying by breweries and distillers as obvious bargaining (Barker 1905), meaning nothing else than protection from the law for the increased serving of alcohol in the saloons, the corrupt behaviour of politicians as well as crime in connection with pubs, all this simply for egotistic business purposes (Taft 1919, 78).

It seems as if in the course of this development the average standard of the American saloon went down continuously (Powers 1998). The reason for its existence was ever more exclusively to keep its visitors at the bar, to incite them to drinking and to make them drunk. Its “diversification” towards gambling and prostitution did not change this narrowed focus. It simply reminded to the fact that the saloonkeeper’s tunnel vision aimed at the customer’s purse and that the culture of serving for the sake of drunkenness – or drinking for the sake of intoxication – had an exclusively commercial background. Saloon drunkenness was a collective state, noisily extended to the outside at night, whose nature of being a disturbance of the peace was an issue of neighbourhood talks and contributed considerably to making Prohibition popular. In the notorious “Whisky Row”, located in the stockyard quarter of Chicago, “the open saloons were to the working man as candy and ice cream were to the child. It was the young man’s customary Sunday afternoon program to visit half a dozen saloons with his chums and treating was expected at each stop. Monday morning and days following pay days were outstanding for the large number of absentees from work in the yards. Regularly on Saturdays and Sundays the settlement had drunken men with bloody faces and sometimes bloody noses from fights applying for aid” (Bruère 1927, 144).

What was left of the traditional camaraderie of this purely male world of the saloon, was the drinking companionship – actively supported by the owners – of those whose social networks outside their homes were restricted to the pub. On the one hand, these were economic misfits most of all from the working class: “Men, worn out hunting jobs, hungry and cold, sought the saloon for its warmth,

sympathetic companionship, and chance of getting occasional free drinks” (Bruère 1927, 145). Apart from the negative social selection, on the other hand Catherine G. Murdock reports on increasing age selection. During the period of their decline, she says, the clientele of the saloons tended to being over-aged because a number of its former social functions had gradually been transformed to other institutions. As after the turn of the century gender relationships used to start at a much younger age, the stubbornly defended role of the pub as a bastion for males was taking its toll (Murdock 1998, 83f.; Powers 1998, 26ff.). Although the rituals of masculine communality which were common there kept on to exist, they were increasingly undermined by the commercial pressure to consume alcohol: “Always where men came together to exchange ideas, to laugh and boast and dare, to relax, to forget the dull toil of tiresome nights and days, always they came together over alcohol. The saloon was the place of congregation. Men gathered to it as primitive men gathered about the fire of the squatting place or the fire at the mouth of the cave” (London 1964, 33).

In retrospect, memories of those days give a dull, dreary image of the “Old Time Saloon” in its final stages. The saloon was said to have degenerated into joyless meeting points for males, where only that one thing counted (McLaughlin 1969, 113). This became manifest already by the furniture. The dignified public house with its magnificent, decorated bar furniture and artistically made mirrors behind the bar was a rarity. Although this type of pub was called an “open saloon” because it was open to the street and separated only by its swinging doors, in order to reduce the drinker’s inhibition threshold already at the entrance, only seldom these pubs looked inviting. It is more often that contemporary descriptions mention the shabby soberness and vulgar cheapness of their furniture: “The nature of the ‘saloons’ was characterized by the drinking stand, the bar, a long, high table with a brass rod running over its full length about 20–30 cm above the floor. This was where the drinker rested his feet, his elbow was on the bar-table. In most cases were there no tables or chairs at all; as it was about drinking the biggest possible measure of alcohol in the shortest possible span of time, which was done best while standing” (Schmölders 1931, 61). Serviceability was top priority: “The interior decor invariably included a deep carpet of sawdust to absorb the beer suds dripping from the bar and the tobacco juice that fell short of the spittoons. Behind the bar hung chromos of opulently proportioned, reclining nudes intermingled with colored photographs of bareknuckle prizefighters, their dukes up, their handlebar mustaches bristling” (Kobler 1993, 174).

## Cold Expropriation: The Direct Consequences of Prohibition for the Brewing Trade

There is no use speculating what might have become of the “Old Time Saloon” had not National Prohibition put a clear end to it. For many of its negative phenomena are already due to unintended consequences created by long-term effects of the temperance movement at the local level and the level of individual states (Powers 1991). It is possible that the ban on alcohol anticipated a gigantic wave of concentration of the brewing industry which might have solved the situation fundamentally. It is safe to say that Prohibition resulted in a strong drive towards concentration among the (legal) enterprises of the branch. But it is also safe to say that Prohibition failed with eliminating all the evils of the traditional saloon at one stroke. Indeed, it finally spelt doom to the “poor men’s club”. But on the other hand it gave some of the culturally most momentous and socially dubious tendencies of the institution of the saloon really the break.

In the field of legal alcohol producing industry and most of all of distribution at pubs and restaurants, the introduction of national Prohibition meant a considerable annihilation of capital. In the industrial sector, breweries were more affected than distilleries. Between 1916/1919 and 1925/1928 the capitalized value of the Pabst Brewery in Milwaukee, for example, was reduced from nine to two and a half million Dollars, that is less than one third. For this the losses from operational business between 1920 and 1925 are not even taken into account. Also the share value of Anheuser-Busch in St. Louis, then the biggest Lager producer in the world, was reduced from fifty million Dollars before the ban on alcohol (with three million Dollars net profit a year) to twenty million Dollars in the year 1930, “despite regained profitability and the meanwhile happened rise in real estate prices” (Schmolders 1931, 223f.). This money was actually lost. For, in contrast to claims by world-famous statistics professor Irving Fisher of Yale University and other Prohibition enthusiasts, these sums had not been directed into other, more productive channels. As Clark Warburton, economist at New York’s Columbia University, investigated in 1932, in the 1920s with a lower level of consumption Americans spent about the same total amount of money as if there had been no Prohibition. With a slight increase in 1929, the last year before the decline of the Great Depression started to have effect, he estimated these expenditures at four to five million Dollars a year (Warburton 1932, 93; Warburton 1934). However, it was not legal alcohol business which benefitted from this relatively stable level of

expenses. Rather, now the illegal black economy had swallowed the biggest piece of the cake – tax-free (Warburton 1932a, 167f.; Raushenbush 1933, 356; Miron/Zwiebel 1991, 242).[3] Nicholas Murray Butler, President of Columbia University and a declared opponent of Prohibition, during a conversation with Schmölders in 1929, could call “illegal alcohol supplies” the “third-biggest industry in the United States”, coming “just behind the steel and oil industries” (Schmölders 1931, 208, fn 78).

### Suppliers of Raw Material for “Bootleggers”: Strategies of Survival

The surviving brewery owners were far from being ready to leave the profitable market for illegal alcohol to the criminal black economy alone. After a short period of reorientation, quite quickly one employed a strategy of using the old production methods and facilities for testing the limitations set by the law as far as authorities and law courts would allow. This meant supplying bootleggers with legal intermediate products for their illegal activities and thus becoming tacit accomplices of the black economy. Thus, there was the “phenomenon that following the ban on alcohol industrial production, which was controlled by the public, was restricted to still legal production processes, to the production of most advanced intermediate products for the previous goods, while illegal fermentation and distillation are left to the consumer or to illegal trade; today malt syrup with or without hops, starch sugar and yeast are the finished products of that legal industry which in the past produced alcoholic beverages” (Schmölders 1931, 228).

Prohibition, with its predecessors of wartime restrictions and “Wartime Prohibition” after June 1st, 1919, hit the brewing industry in the midst of a process of rapid concentration. At the peak of its development, in 1914, almost 1,400 breweries with a loan capital of 800 million Dollars had directly employed 88,000 people and another 300,000 people in dependent branches. In 1918, 1,100 of these plants were still producing.[4] In 1917, the number of US states where a total of 60.8 million barrels of beer (118 l each) was brewed had already been reduced to 18, with 59 per cent of the population. This meant that only in the immediate vicinity of industrial centers the trade was a profitable business, as only there it was possible to sell those gigantic amounts a brewery had to produce to be profitable (Schmölders 1931, 215). It is no use speculating how far this process of concentration would have been driven by the expected collapse of the saloon system even without Prohibition. Under the given circumstances, already until 1920 almost one half of the 1,243 breweries existing in

[3] Starting out from two points: on the one hand from projecting the consumption of the various raw materials such as hops, malt, corn, dried yeast or starch sugar which could not be used for anything else than the production of alcohol, and on the other from a comparison of criminal and alcohol-pathologic data: arrests for drunkenness, alcoholism, deaths resulting from hepatic cirrhosis, and inmates of psychiatric wards with diagnosed alcohol psychosis, Warburton worked out complex estimations of illegal production and illegal consumption of drinking alcohol in the USA in the 1920s which he compared to other periods on which there existed official alcohol statistics. Already shortly after the publication of his figures, contemporary supporters of both camps did not doubt the exactness of his estimates, and critical reconstructions from the 1990s confirmed his figures as well as his methodical way of proceeding (Miron/Zwiebel 1991).

[4] Figures found in: Die Alkoholfrage 1 (1933, 48f.), Berliner Tageblatt, 18.11.1933, Mittagsausgabe, 1. Beiblatt.

1916 had completely withdrawn from the business: “Still today, vast building complexes are unused, their valuable coppers and tanks rot and corrode, the machines fall apart and the building structures fall into ruin” (Schmölders 1931, 218, 220). Until 1923, another 263 breweries were completely shut down. In the following, quite a number of their buildings became homes for the decentralized breweries of the black economy, which now, under harmless names and a misleading “fence” or behind a camouflage of scrap, dilapidated factory buildings and cobwebs, produced the real “stuff” in secrecy.

Precisely this move towards illegality was impossible for big, well-known enterprises such as Anheuser-Busch, Miller or Pabst. Smaller, unknown companies, which under ordinary circumstances would have been marginal suppliers, such as the Sieben Brewery in Chicago, were often bought by gangsters (Engelen 2012, 84f.; Helmer/Bilek 2004, 18, 24, 30, 261ff.; Reppetto 2004, 96, 100f.). Then, under cover of the legal production of “near beer”, at certain times the owners filled the barrels with fully brewed beer before the alcohol had been extracted from it (Schmeckebeer 1929, 72).

A second method consisted of re-adding the previously extracted alcohol to the finished product (the “shooting” of near beer) behind the backs of the supervising officials, after it had been declared and labeled alcohol-free (Willing 1926, 45). Or the customers were sold the previously extracted alcohol in separate vessels, together with near beer, to enrich the drink as it pleased: en gros, in barrels, or en detail, in glasses (“spiked beer” or “needle beer”). Not seldom, the ownership structures of such enterprises which actually belonged to the black economy were so complicated that the people who were really behind them could not be identified behind the cover of a “legally respectable group of strawmen” who had formally founded the enterprise, hired managers, issued shares and bought the respective brewery “on paper” (Willebrandt 1929, 78f.). If Prohibition agents levied such an enterprise, often after a short break it continued its activity under a new name and with different nominal owners. Such fiddling was a thorn in the side of the well-known market leaders which were particularly controlled by the Prohibition authorities. Accordingly, soon Anheuser-Busch complained publicly that it was punished once again just for its legal behavior (Anheuser-Busch 1921).

Until 1923, 662 American breweries had switched their plants to the production of a sham beer which legally contained up to 0.5 per cent alcohol, went under “cereal beverage” and was sold as “near beer”. This name was an insult for any beer lover. Near beer was produced by extracting the alcohol from conventionally brewed beer in the course of a boiling process of several hours, the alcohol

either being blown into the air (“wasted”) or being given to denaturation sites. The problem of this production method was that in the course of long heating “together with the alcohol and the carbon dioxide also all aromatic substances are lost and the beer is changed into an almost unportable kind of lemonade”. Since the late 1920s a thermodynamic method compensated for some of these disadvantages, because now it was possible to extract aromatic substances before the process was started and to re-add them later, together with the carbon dioxide. However, then the beer had to be stored for up to four months before it could be consumed (Schmölders 1931, 218f.). This advanced method did not change the depressing unpopularity of the drink. In 1923, of the 662 breweries which in 1921 had embarked on this adventure, only 593 were still producing, in 1928 the number was down to 274, and in 1931 it was 211, that is less than half (Schmölders 1931, 219; Gebhart 1932, 110). Until 1928 the production of near beer, which in 1920 had started with 9.2 million barrels – compared to 60.3 million barrels of conventional beer two years earlier – went down to only 4.2 million barrels. Only in the hot summer months it was possible to achieve sales figures which were worth mentioning (Schmölders 1931, 224f.).

Near beer as such was a loss-making business. In 1928 Anheuser-Busch, which had invested 11.3 million Dollars in switching to the production of non-alcoholic beer, made a turnover of only two million Dollars on it. At the same time Schlitz in Milwaukee produced only 75.000 barrels of this “ersatz”, instead of formerly 1.5 millions of barrels of “real” beer. On the whole, until the end of the 1920s the production of near beer in America had gone down to six per cent of the pre-war level of the production of real beer (Schmölders 1931, 221f., 224). This and not innovative pioneering spirit made American brewers use plants with over-capacity and unused lots for other purposes than the production of “ersatz” beer. After Prohibition had become valid, the authorities had closed down and sealed those parts of plants and sites which were neither used for the production of near beer, for which a license was needed, nor for any other expressive purpose. Thus, the renting out of plants and factory halls to other companies was a desperate attempt to compensate at least partly for the amounting losses. Particularly breweries, which were highly capitalized production sites with much technology and furthermore needed vast areas, proved to be much too specialized for reasonable attempts at conversion. Expeditions to the realms of ice cream and ice block production, for which the voluminous cooling machineries of the breweries could be used, to the production of soft drinks or milk products, indeed as far as to growing mushrooms in the dark cellars of some enterprises, soon

ended in the dead end of being non-profitable. Thus, apart from their devaluated sites, “honest” brewing enterprises could only exploit their vast lots to make at least some money – if one did not find a somewhat though not completely illegal way to evade the ban on alcohol (Gebhart 1932, 109f.).

Many less visible breweries – often owned by gangsters – stayed in the near beer business only because due to the appropriate licenses the production and owning of intermediate and semi-finished products containing the normal level of alcohol of about six per cent was legal. Only the finished product was not allowed to contain more than 0.5 per cent of alcohol. At any step of the previous production process, however, considerable amounts of beer could be withdrawn from the legal process and fed into illegal channels (Willing 1926, 45). The law courts tried to remedy the situation by banning the storage of real beer “in bottles and barrels” on the premises of a brewery without permission, with the exception of laboratory purposes. Thus, finding “high power” beer ready for delivery was the “smoking gun” for Prohibition authorities, providing evidence for a breach of the law. However, the smarter ones among the politically more influential “shooters” were seldom caught because usually their diverted and “shot” deliveries left the breweries immediately (McFadden 1925, 768).

As the “honest” breweries, which were constantly supervised, could not go this easy way, they felt “that they [had] been discriminated against and they [had] at last found a champion” (Willing 1926, 45). The latter meant the reorientation of unused production facilities towards brewing “wort”, that is the production of intermediate products which were most readily prepared for the production of real beer. The main product was concentrated malt syrup which, produced at the breweries in the traditional manner, was made durable and filled into cans. Allegedly, this malt syrup was meant for baking purposes, because it gave a fine dark crust to cakes, bread and especially to bagels. However, malt syrup which had already been boiled with a certain percentage of hops had to be supposed to be completely unsuitable for a bakery, but when accompanying dried yeast and water were added, after a short period of fermentation it made a kind of beer (Schmölders 1931, 183ff.). Although the packages included “warnings” informing about the dangers of accidentally started fermentation processes – which of course could also be read as covered instructions – the marketing of these products left no doubts about their actual purpose: “In the course of time most breweries, as far as they had not been completely shut down, switched towards using their sites for the production of these raw materials for home brewing. Indeed, due to the good names of their companies and their protected



labels they were superior to the malt syrup factories flourishing everywhere, and they used them unhesitatingly for their products, to this way publicly document the actual purpose of their ‘malt syrup with hops flavour’.” (Schmölders 1930, 207f.) “This is the reason why these days one sees huge billboards and outdoor advertisements in the streets of American cities, advertising their malt essence with hops flavour under names such as ‘Old Heidelberg’, ‘Leistbräu’, ‘Old Würzburg’ and ‘Double Dutch’, without the Prohibition authority preventing them” (Ibid.).

The finished product of the highest value, however, was ready produced wort. No wonder, as wort was real beer in a pre-stage, which only needed a fermentation process to make it actual beer: “It is, in fact, unfermented beer or liquid malt that contains no alcohol and is used only in the process of manufacturing beer” (Willebrandt 1929, 85). Günther Schmölders reports on his own experiences: “In Chicago, the author had the opportunity to have a look at several such plants and to watch them in full activity. In a regular brewing process, the mash is processed into wort in huge coppers (in one case it was a 150 hl copper), cooled and filled into cans or (to be delivered to illegal breweries) into glass-enamelled tank trucks” (Schmölders 1930, 209). By producing wort the legal breweries had tested the limits of the law to the utmost, by dividing the production process into a part which was as legal as ever possible and a second, as restricted as possible, illegal part (adding yeast, fermentation, filtering, filling). The great emphasis they placed on cooling and isolation is explained by the fact that so to speak they sold *cervesa interrupta* which, by adding yeast and starting a fermentation process, had simply to be completed by their customers (Schmölders 1931, 185; Warburton 1932a, 30).

Although their marketing was completely orientated at the do-it-yourself needs of private households, the real significance of the production of corn sugar, malt syrup and wort was in its wholesale distribution to professional black economy breweries. This is non-mistakenly indicated by filling the intermediate products into five-gallon cans or tank trucks. Technically, only this legal supply of an illegal branch made large-scale illegal brewing possible at all. For it outsourced the complicated and difficult to hide processing of raw materials to the legal brewing trade (Wickersham Commission 1931, 31). The semi-finished products reached the black economy plants in compact, easily transportable form, and there they could be changed into the finished product without expensive machinery and technologically demanding piping systems, in the shortest period of time – which was important – and without any expert knowledge: “The manufacture of wort itself, in view of the fact that it has no alcoholic content, is not illegal, but there are scores of wildcat or alley

breweries that, supplied with wort by larger and old established breweries operating legally themselves, very quickly turn out beer of high alcoholic content” (Willebrandt 1929, 85). The fewer the number of production sites the illegal brewers had to hide and protect, the less amount of workforce was needed for the production process; the risk of being discovered was reduced, and the necessary bribes were lower. This way the price of beer could be held at a level which made sure that it could be sold even to less wealthy working class customers. Only on the basis of this share of labour the illegal breweries, which had found accommodation at “deserted slaughterhouses, factory buildings, barns, sheds or even residential buildings”, could achieve professional production capacities which came close “to medium-sized breweries of the pre-prohibition period” (Schmölders 1931, 184f.).

For the breweries, any production step which could somehow be legally incorporated into one’s own production meant a bigger piece of the cake produced by the criminal black economy. In the 1920s the production of corn sugar, dried yeast, malt syrup and wort became their actual economic basis. In 1922 Anheuser-Busch started their malt syrup business and, like all their big competitors, switched over to producing “hops-flavored malt essence” in 1926. In 1930 their plants processed the same amount of malt as for the production of beer before the ban on alcohol. With their own yeast production (from 1927 on) and a factory for corn sugar and glucose (from 1923 on) they became also active in the field of intermediate products for winemaking and illegal distilling. Already in 1930, when the lifting of the ban was still far in the future, the Pabst Brewery in Milwaukee invested one million Dollars in the modernization and extension of their brewing facilities which had been shut down for ten years (Lender/Martin 1982, 165; Schmölders 1931, 220).

The shifting of the activities of the big legal breweries towards the production of malt syrup and wort as well as their upswing after the mid-1920s correlated conspicuously with the speed and the size to which the black economy at least partly re-established the beer market which had completely collapsed at the beginning of the 1920s. Only after 1925 we may speak of a black economy beer market which is worth mentioning. Until its peak in 1929, according to different estimations beer sales on the black market were not higher, but also not smaller than one third of those from the pre-Prohibition era (Warburton 1932a, 33, 71f.; Schmölders 1931, 185ff.). This explains why the big legal breweries, which supported this upswing by their intermediate and semi-finished products ready made for the logic of the ban on alcohol, were able to survive the thirteen years of Prohibition but still did not really benefit. The process of concentration went on. In 1929 Anheuser-Busch, for

example, achieved a turnover of four million Dollars by producing malt essence and yeast, but the total turnover was only slightly more than nine million compared to fifteen in the years preceding Prohibition (Schmölders 1931, 224).

## **The Affinity between the Illegal Beer Business and Organized Crime**

With the development of a market for readymade wort, the production of illegal beer was literally child's play. The keyword of the criminal beer brewing business was speed. These days, brewing experts like to praise their beer for granting it fourteen days and more for a controlled, careful and complete fermentation process. Only when being confronted with persistent questions they admit that, if necessary, fermentation may also happen in two hours. That was the standard of the black industry. To speed up the fermentation process even more, the temperature in the coppers was raised, and also – according to the slogan “the more, the better” – yeast was added in generous quantities. Active yeast in ready beer, which at best had been scantily filtered, was no exception, just as wild yeast and other fermentation products affecting the taste and wholesomeness of this black market product. Time to mature was something one did not at all care about. Often the beer went straight from the copper, scantily filtered through a linen cloth, into the filling machine which itself might be very advanced and powerful, for of course all the speed of the production process aimed at making production faster. If ever possible, one wanted to minimize the period of time when the beer was in that sensitive, vulnerable and unproductive intermediate state of illegal brewing.

Although the production of beer was easy and a lot of freelancers were active in the closer environment of production (each of them with his own recipe), the distribution of beer required a huge and refined organisation. That is why it was unattractive and logistically too difficult for the many somewhat independent bootleggers. To be profitable at all, organized beer business needed a completely controlled, broad local market. Like previously for the big breweries, this meant a monopoly-like control of a thirsty big city territory. The syndicates of organized crime – other than the independent bootleggers – controlled such territorial units, as control of territory was their primary constitutional principle. Their further organisation was meant to complete and consolidate these spheres of influence. Under the conditions of Prohibition this offered a concrete economic advantage: being a violent regulatory force, they set the rules of the market and supervised their keeping

while at the same time appearing as suppliers interested in the biggest possible sales. Thus the syndicates were able to establish territorial monopolies and to achieve monopoly prices which put an end to the trend of falling prices. Quite according to the pattern of protection rackets or control of prostitution, the gigantic profits of organized crime from alcohol business were, economically seen, based on revenues coming from illegal taxes and protection fees for their rule over their territories (Miron/Zwiebel 1991, 242).

Most of all the establishment of illegal beer supplies was profitable only on the basis of territorial monopolies, and accordingly only in the “wet” big city zones where the gangs had established their strongest structures there was a supply of “real” beer. Beer was most unsuitable for smuggling; per unit it contained too little of the demanded illegal substance to balance the risks, and it was too voluminous for effective camouflage; the production process was sophisticated and conspicuous, and sales were profitable only in huge amounts because the profit margin per sales unit – despite beer prices having risen tenfold compared to 1911 – was low. On the other hand, the beer business required enormous corruption efforts, as with the best will in the world it could not be hidden. Thus it caused considerable overhead expenses which could only be paid up for by mass distribution. Accordingly, the syndicates used their territorial power to really ram their beer barrels into the cellars of speakeasy owners, just as the breweries had done with those of the saloons before Prohibition.

This connection between the degree of organisation of organized crime and the particular laws of illegal beer business did not stay hidden from the experts of the Wickersham Commission, which President Herbert C. Hoover had installed after his election, in their report from January 1931: “When conspiracies are discovered from time to time, they disclose combinations of illicit distributors, illicit producers, local politicians, corrupt police and other enforcement agencies, making lavish payments for protection and conducting an elaborate system of individual producers and distributors. How extensive such systems may be is illustrated by some of the conspiracies recently unearthed in which 219 [persons] in one case, 156 in another, and 102 in another were indicted and prosecuted”(Wickersham Commission 1931, 37). “These things”, the commission noted, “have been particularly evident in the distribution of beer”. The commission concluded: “Organized distribution has outstripped organized enforcement” (Ibid.).

Thus, at the local level the effective control of one’s own territory and securing sales by violently enforcing the territorial monopoly were the same. The competition for distribution moved to the

fringes of the spheres of influence which, in the case of a shaken or debated superior authority, made conflicts particularly bloody, such as the Chicago “beer wars” raging between 1925 and 1929. Although the big New York syndicate was more successful than Al Capone with establishing a territorial superiority over its city, the metropolis proved to be too vast for the monopoly of one single organisation. In the course of the New York gang wars of the 1920s more than 1,000 gangsters were killed (Nelli 1976, 173).

The distribution organisation of the gangsters counted fully on securing customer loyalty by threatening with brutal violence, in the context of which the typical connection of territorial rule and sales monopoly took full effect: “There were guys going around selling beer, and you [as the speakeasy patron] had to buy it. You just couldn’t switch outfits. They may blow you away. Owney Madden’s beer would come and the guy would say, ‘You take this beer’, and you didn’t have much choice” (Kisseloff 1989, 585). About Joey Noe and Arthur Flegenheimer alias Dutch Schulz, two gangsters from the Bronx who then were in their mid-twenties, it was said: “It was just like the movies of the time. Somebody came in [into the speakeasy], tilted his fedora back on his head, ordered a beer, licked his lips, made a face, said something about the brew being unfit for human consumption, asked where the slop was coming from, and then said, ‘Well, from now on ya gonna buy it from us.’ After that, you bought it from ‘us’ or ‘us’ came back with some helpers and wrecked your joint, never failing to open up all the taps in the process. Joey and Arthur, enormously persuasive, had to do nothing more than dispose of some competing beer-runners to set up what amounted to a monopoly in the central portion of the borough [the Bronx], fanning out from their own flagship operations in the Mott Haven section” (Sann 1971, 111f.).

Finally Günter Schmölders on his study tour through the USA in 1928 made his own experiences with these ways of doing business: “The author had the opportunity to personally experience the effects of the bomb war of the beer gangs in Chicago, when one morning at four o’clock a pub located near the hotel, hardly 200 meters away from the City Hall, was blown up. For some time this pub had bought its beer from a competing gang which supplied cheaper because other people paid the bribes; the ‘pineapple’ (dynamite bomb) which was exploded at the entrance door was already the second ‘lesson’ of this kind within six weeks and at the same time an act of revenge for the destruction of a pub in the same block 14 days before which had been owned by the opposing party” (Schmölders 1931, 206).

However, the gangsters were not the men to do the routine jobs of managing their alcohol trusts. Anyway, only very seldom they became engaged personally in production. They delegated these tasks to employees who often were no gang members but had the function of strawmen in the complicated structure of investments, thus hiding those being really behind things from the view of persecutors. Usually these employees knew only one or two contacts from the syndicate and had no insight into its organization. More often the gangsters appeared in the context of supplying individual customers – as the owners of nightclubs and speakeasies or as the “patron saints” of independent companies, into which they had “muscle in” themselves, usually with an interest of 60 per cent of net gain. However, their appearance was rather that of drinking guests than that of supervising owners. If this branch was basically organized like a chain of stores, among the patrons there were many freelancers, and usually the heads of syndicates gave the supervision of such establishments to merited gangsters like in a franchise enterprise. Despite this decentralized organization, the individual public houses, gambling dens and whorehouses were treated as profit centers working on their own but being obliged to make prescribed profits “or they raise hell with the one in charge” (Nelli 1976, 178).

### **Beer Consumption in the USA under the Conditions of Prohibition: Expensive, Hasty, Dreadful, Dangerous**

Particularly for working men the economic rules of Prohibition resulted in a dramatic change of their usual pattern of consuming alcohol. In the decades before World War I, as a result of immigration which had brought at first Brits, Irish and Germans as thirsty consumers and skilled production experts and then, by a second wave of “new” immigration since the 1880s, an additional, rapidly growing group of customers, the USA had become a country of beer drinkers. With the drastic restriction of production during the war, which at many places flatly resulted in breweries being shut down, and then with the upper limit of 0.5 as it was prescribed by the Volstead Act, suddenly the beer market in the USA collapsed completely. Instead, there was a rapid growth of liquor consumption, which before the war had been on a long-term decline. An illegal beer market worth mentioning developed only in the second half of the 1920s. It stayed to be restricted to the metropolises (Wickersham Commission 1931, 31).

Clark Warburton's figures indicate that during the early years of Prohibition the per-head consumption of liquor declined to roughly one fifth of the pre-war level, and that of beer to one fifteenth. In the four years from 1927 to 1930, however, the average per-head consumption of liquor was 10 per cent more than between 1911 and 1914, and that of wine about 65 per cent, whereas the consumption of beer reached only 30 per cent of the pre-war level (Warburton 1932a, 107f.). Initially Prohibition supporters such as the world-famous economist Irving Fisher or Wayne B. Wheeler, leader of the Anti-Saloon League, praised the collapse of beer supplies as giving proof that the ban on alcohol had really spelt doom to the hated saloon system and that for their own good the immigrants were condemned to staying sober (Tilton 1923). However, they could not be blind towards the, if only partial, reconstruction of the beer market by the gangs. In 1931 the Wickersham Report succinctly stated that in "some parts of the country enormous sums of money are derived from the business of illicit beer. The profits from illicit beer are the strength of gangs and corrupt political organizations in many places. In more than one locality beer rings and beer barons have made fortunes out of it. [...] Moreover, an increased demand has been in evidence recently in several large cities, and the effect is seen in increased activity in illicit production" (Wickersham Commission 1931, 31).

By the end of the 1920s, beer was definitely available in the big cities, for a price which was five to seven times higher than the five cent one had paid for a "Schooner" before the world war, and usually of dreadful quality. The saloons had been replaced by the more or less hidden speakeasies which even in their most demanding versions just resembled the saloons of the lowest class. Furthermore, there the consumption of beer was no longer staged as a noisy and sentimental camaraderie among men but it was reduced to the bare act of drinking for the sake of getting drunk. The men lined up at the counter and waited for their chance of drowning three or four glasses before they had to make place for the next thirsty customers. The speakeasies had declined to become nothing else than filling stations. However, the product sold there did not earn any higher drinking culture. Contemporary descriptions give a dull impression of what went down the throats of beer drinkers who obviously were ready for anything in those days of Prohibition. The New York dock worker Bill Bailey remembers the brew one got at the piers in Midtown Manhattan: "I remember the Flanagan and Nay Beer that [the Westside gang boss Owney] Madden sold. You'd hold it up to the sky, and half the bottle would be ether that had settled to the bottom" (Kisseloff 1989, 589). And

in 1928 a businessman from Detroit told a reporter about his strange physical reactions to “Alley Beer”: “The beer tastes wonderful, but after I’ve had a couple of glasses I’m terribly sleepy. Sometimes my eyes don’t seem to focus and my head aches. I’m not intoxicated, understand, merely feel as if I’ve been drawn through a knothole” (Asbury 1950, 235).

## **The Perverse Consequences of Prohibition for Politics and Organized Crime**

Although the Anti-Saloon League and other fighters for temperance had singled out the saloon as the critical link in the “unholy trinity of excessive drinking, local politics, and crime”, this trinity was actually strengthened under National Prohibition despite the saloon’s demise. Excessive drinking lost its congenial locus in favor of less commodious venues such as the pathetic speakeasy, but it did not cease to exist. Thus a large illicit industry came into being which catered to a changed but nevertheless lively demand for psychoactive liquids. This industry needed political protection in order to escape constant prosecution. Direct bribery helped but often proved inefficient in keeping a complete local political system at bay.

This was the point where organized crime entered the scene. The gangsters, traditionally occupied with those petty crime activities attributed to the saloon and its influence, were a main part of the networks that linked them to the political machines which, in turn, dominated local politics. Thus when organized crime took over the illicit alcohol industry “under new management” it was more in the sense of political protection than of the day-to-day business which mostly freelance professionals – in the gangs’ service – took care of. Organized crime was also the only institution to set up and enforce the rules of some illegal markets and thereby only created the economic stimulus which made these markets work. This was most obviously the case in the illicit beer market’s elective affinity with territorial monopolies only organized crime could enforce. Acting as political protectors working for informal taxes, as a market police handing out licenses and reaping in fees, and as entrepreneurs in their own right in monopoly markets, the gangs thrived financially, and the fortunes they earned propelled their organizations onto a completely new qualitative level of organized crime. Thus crime did not subside with the demise of the saloon but flourished in unprecedented ways.



Finally, the political machines did not go away with the loss of their central “agora” – the saloon. The close networks between politicians and criminals who often had grown up together in the same congested immigrant ghettos persisted and even grew stronger as the demand of criminals for political protection increased and, in turn, their ability to remunerate and support political allies sky-rocketed. Yet whereas criminals had acted under the protection of political patrons in pre-Prohibition times and gangsters and politicians had met at eye level at best, the criminal syndicates now gained the upper hand. In 1928, the mayor of Chicago was a puppet of Al Capone.

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