PROHIBITION IN THE UNITED STATES: THE GERMAN-AMERICAN EXPERIENCE, 1919-1933

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The Prohibition era denotes the thirteen years of National Prohibition in effect from January 16, 1920 to December 5, 1933. During this time, alcohol was banned by the Eighteenth Amendment of the United States Constitution. This amendment, approved by the United States Congress on December 18, 1917, declared the manufacturing, transportation, and sale — but not the consumption — of “intoxicating liquors,” that is, alcoholic beverages, illegal. The obligatory ratification of the amendment by three-fourths of the 48 states proceeded with unprecedented rapidity and concluded on January 16, 1919, with the vote of the Nebraska legislature. Prohibition was to commence one year later. In order to make Prohibition enforceable by the executive branch of government, Congress passed a statutory law, the National Prohibition Act, called the Volstead Act after the Minnesota congressman who had drafted it. It was passed on October 28, 1919, overriding President Wilson’s veto. The law specified the content of ethanol by volume that made a drink “intoxicating” to be 0.5 percent — the least taxable amount as defined by the Internal Revenue Service in collaboration with the liquor industry, long before 0.5 percent (one proof) meant “bone dry”; this explicitly included lighter beers and wines in the gallery of outlawed refreshments.

National Prohibition in the United States was a daring venture in social engineering by a constitutional legislature. This “great social and economic experiment, noble in motive and far-reaching in purpose,” as Herbert C. Hoover would famously canonize it in 1928, was singular not only in United States but in world history.1 Equally unprecedented was the fact that the Eighteenth Amendment would be repealed in 1933 — the only time that a part of the United States Constitution has been revoked. After the landslide victory of Franklin D. Roosevelt in the presidential election of November 1932, it was the old, lame-duck Congress that put together the two-thirds vote necessary to adopt the Twenty-first Amendment, whose only purpose was to declare the Eighteenth Amendment void and give complete authority over liquor regulation back to the states. The Twenty-first Amendment was passed on February 20, 1933, and sent on its ratification journey through the states. It beat its predecessor by four

1 Hoover campaign speech, August 11, 1928, quoted in Public Papers of the Presidents of the United States: Herbert Hoover, 1929 (Washington, D.C., 1974), 511.
months when Utah became the thirty-sixth state to consent to the Twenty-first Amendment on December 5, 1933. The Amendment went into effect immediately and National Prohibition was history.

I. German Beer Culture, German Resistance against Prohibition, and Wartime Defeat

World War I and ambient anti-German hysteria played into the hands of the political organizations that advocated for Prohibition, most prominently the Anti-Saloon League (ASL) and the Woman’s Christian Temperance Union (WCTU). The beer brewing industry in the United States had long been identified with the industrious German immigrant community, which had succeeded so well as a whole in the United States. Eberhard Anheuser of Anheuser-Busch in St. Louis, for example, came from Bad Kreuznach in the Palatinate; his business associate and son-in-law Adolphus Busch was from Hesse. Their enterprise first flourished under the name of Bavarian Brewery, a gesture that put German folklore to use for marketing purposes, as did the even more elaborate undertakings of Pabst, Miller, and Schlitz of Milwaukee, who founded hotel chains and resorts all over the country, set up German-style beer gardens in places like New York City, sponsored theatres and movie houses, and eventually left a highly visible German imprint on not only Milwaukee but other Midwestern centers.

Joseph Schlitz, son of a Mainz-born cellarman, took over the enterprise of his former employer, whose widow he married, and led the brewery to the leading position worldwide by 1902. Michael Sieben, also from Mainz, founded the Sieben Brewery in Chicago in 1865, which later earned infamy as a wildcat establishment in the illicit
beer market in the 1920s when it was owned by a conglomerate of formerly well-renowned brewers and gangsters such as John Torrio, then the criminal overlord of the Windy City. In 1914, almost 1,400 breweries with a capital of $800 million dollars ($18 billion in 2010 dollars) directly employed 88,000 people and another 300,000 people in dependent branches.

German-led breweries soon expanded their lager trade and invaded the established saloon culture, which had been shaped by the English and Irish tradition of patrons drinking both beer and hard liquor while standing alongside a long bar in an all-male environment. However, they also set up German-style beer gardens and other entertainment facilities in an attempt to import and spread a different kind of beer culture in the United States. Unlike saloons, beer gardens — in most cases not gardens proper but large beer halls — were commodious and well-lit, sometimes with folksy artwork on whitewashed walls and unsoiled sand rather than soggy sawdust on the floor. Patrons sat at long tables and enjoyed lager beer almost exclusively along with a hearty meal. Beer garden halls were family affairs, and even all-male drinking parties appeared to first-time visitors as remarkably calm. The largest beer gardens included shooting galleries and bowling alleys and often featured a wide variety of live music performances ranging from German folk music to classical pieces. Beer gardens were not without the occasional brawl among drunken patrons, but these incidents seem to have occurred more sparingly than in the saloon, and often later in the evening when families were less likely to be present.

On the eve of Prohibition, brewery interests owned or controlled more than 80 percent of all saloons in the United States. Since the last third of the nineteenth century a cutthroat competition had begun in the strongly expanding brewery trade. In 1907 more than forty enterprises in Chicago alone ran fifty production sites. The large and highly capitalized breweries in the more agricultural Midwest, which were located in medium-sized cities such as Milwaukee or St. Louis, including well-known brands like Miller, Pabst, Schlitz, and Anheuser-Busch, had long exceeded the capacity of their thirsty local immigrant clientele. To utilize economies of scale they were forced to attempt to create and conquer a national market by means of aggressive marketing strategies. A full third of the capital invested in this overcapitalized industry did not produce any dividends. Even if their


short-sighted business policy succeeded in increasing their sales, the breweries accepted consequences that were fatal in the long run. Falling prices had to be balanced by growing production. Under these circumstances the brewery owners accepted “every means to violently increase sales.” The most important tool for this was the extension of the saloon network. This meant lavishly outfitting saloons that sold their product with advertisements in a distinct corporate design and lots of merchandising. In most cases this established a dependency of the saloons on the breweries. In order to pump ever more beer into a hopelessly saturated market, the breweries attempted to sweep into additional territory by taking over or founding new bars and saloons. Medium-sized breweries in larger metropolises 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 invasion of their Milwaukee and St. Louis competitors. These “tied houses,” as they became known, were not managed with the goal of long-term survival but rather to block competitors from gaining a toehold in a neighborhood.

The brewery owners long denied their responsibility for the crisis of the “old-time saloon,” which had become a topic of concern for muckraking journalists and a host of reform publications. It did not help their cause that they defended themselves in a heavy-handed and cumbersome way — such as opposing female suffrage as a threat to their business — and usually made their case most aggressively in German-language media rather than engaging with English-language publications. Their cultural activities and beer garden culture, while actually signifying a specific model of successful Americanization, became stigmatized as subversive attempts to undermine American identity.

When Pabst, Schlitz, and Miller marketed beer gardens as a family-friendly role model for an alternative drinking culture, sponsored cultural activities on a large scale, and advertised their lager beer as a “healthy” drink compared with other alcoholic beverages, especially with hard liquor, they were attempting to infuse their American environment with a distinct German spirit. This is not to say that they carved out an ethnic niche for an autonomous German subculture; their ambition seems to have been to improve mainstream American culture, which they fully embraced, by introducing elements of German tradition. This led to a cultural clash with both Progressive reformers for whom Americanism had to be “100-percent pure” and

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7 See, for example, Richard O’Connor, *The German-Americans* (Boston, 1968), 361–362.
with the temperance movement that adapted the Progressive viewpoint to argue that prohibiting beer consumption was the central necessity in order to achieve a “100-percent pure” American culture.

II. The Ascent and Eventual Triumph of the Prohibition Movement

The American temperance movement originated in the revivals of the Second Great Awakening during the 1820s and 1830s and had maintained a strong hold on evangelical Christian communities throughout the nineteenth century. Temperance in the United States very soon came to mean total abstinence. Rather than tolerating the German-American culture of convivial beer gardens, temperance crusaders argued that drinking culture not only failed to create lasting bonds but, indeed, deepened social cleavages instead of bridging them. That the United States might degenerate into an “alcoholic republic” constituted a major problem the Christian crusaders attacked as inextricably entwined with social disintegration.8

The religious temperance movement also became a cradle of the feminist movement. From its beginnings as a strictly conservative and spiritual mechanism for women to gather together for socially-sanctioned activism, it quickly turned into an amalgamation of women complete with all the assets and traits of a forceful social movement. The temperance movement was a vehicle for women to gain access to the political sphere, and modern interpretations read its radical policies — such as Carry A. Nation’s dramatic campaigns of single-handedly smashing saloon interiors and intimidating saloonkeepers — as a conservative proxy for direct discussion of traditional gender relations. This development was epitomized by the formation of the national Woman’s Christian Temperance Union (WCTU) in 1874, which supplanted the dramatic figure of Carry A. Nation with polished female proto-politicians who gained experience in public speaking from addressing church events. Despite representing a very conservative conception of womanhood and placing family values above all else, the WCTU was one of the most vital forces behind the mounting pressure for the enfranchisement of women. This was accomplished in 1920 when the Nineteenth Amendment was adopted, establishing women’s suffrage. The support of male temperance forces for female suffrage was built on the presumption that all American women would speak with one voice and stand firmly behind the fight against alcohol and the saloon. The

Nineteenth Amendment, spokeswomen of the movement declared, would ensure that the Eighteenth Amendment would remain in force eternally. By 1920, the WCTU was the strongest female organization in the world, with many international ties and membership topping a million people.

Meanwhile, upon the initiative of Republican Party operatives, the Anti-Saloon League (ASL) was established under male leadership and by 1895 it was a nationwide organization. It quickly shed its partisan origins and became one of the first single-issue organizations in history. The Anti-Saloon League declared the prohibition of alcohol and the legal ban of the saloon its only political goals. In order to pursue these goals as a nonpartisan organization, the ASL developed a two-fold strategy. First, it reached out to the thousands of evangelical church communities in the country, provided them with skilled and entertaining speakers, knit together a close network of sympathetic ministers, and thus sparked community life toward a common purpose: the fight against alcohol. The ASL paid for expenses such as setting up meeting halls, which in many cases helped build up a community life from scratch. These investments proved profitable, however, since the ASL raked in large sums by inviting members to pledge by way of pre-printed checks in pre-addressed envelopes when one of the ASL’s famed orators visited. This financial grassroots support made up about 80 percent of the material strength of the ASL, although there were certainly some large donors, such as John D. Rockefeller, who was said to have donated $5,000 in 1918 (or $72,400 in 2010 dollars) after attending an ASL event.9

Second, the ASL utilized these lavish funds to support “friendly” political candidates or to oppose adversaries in elections. The long-term success of its policies was anchored in the ASL’s bipartisan approach. The ASL was not picky as to principles: candidates it supported did not have to be “dry personally” as long as they pledged to vote along its lines.10 In this way, many political careers were made, as well as small fortunes, since the ASL would send hopeful candidates on speaking tours before evangelical audiences to polish their rhetorical skills. Political veterans able to draw big and munificent crowds were awarded up to $50,000 per annum during the critical years of 1919–1920 (or $544,000 in 2010 dollars). The self-made man and small-town lawyer Wayne B. Wheeler, officially only the ASL’s legal counsel — until 1916 when he became general secretary — established the organization’s headquarters in Washington, D.C., from which

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10 Thomas Welskopp, Amerikas große Ernüchterung: Eine Kulturgeschichte der Prohibition (Paderborn, 2010), 408.
he lobbied on the ASL’s behalf and controlled the voting behavior of the congressmen and senators who were on the ASL’s payroll. T. Justin Steuart, Wheeler’s personal publicity representative, who broke with him and then became his unauthorized biographer, wrote that Wheeler “controlled six Congresses, dictated to two Presidents of the United States, directed legislation for the most important elective state and federal offices, held the balance of power in both Republican and Democratic parties, distributed more patronage than any other dozen men, supervised a federal bureau from outside without official authority, and was recognized by friend and foe alike as the most masterful and powerful single individual in the United States.” Individual chapters of the ASL, often studded with members of local elites, likewise monitored elected and appointed officials to ensure they abided by the pledges they had given to support the ASL’s agenda.

Strategically, the ASL followed a cumulative procedure, pursuing local options or the demarcation of alcohol-free zones around churches, schools, or more exclusive residential quarters on the local level, then building up to county- and state-level prohibition. By 1919, thirty-two states had enacted some form of prohibition statute and another fourteen had consented to local options; of the 2,543 counties in the nation, only 305 had not yet declared themselves “dry,” as protagonists of the movement habitually noted in public speeches. But numbers alone were misleading: in 1917, only eighteen U.S. states produced beer, but they contained 59 percent of the nation’s total population. The citizens in these states tended to be clustered in big cities with lively drinking cultures and were unwilling to surrender their right to drink to the demands of religious zealots whose base was the rural and small-town Midwest.

When they became the main target of the ASL’s attack, the brewers started a belated and doomed attempt to publicly disassociate themselves from the producers of hard liquor. Instead they became more and more identified with the “evil” liquor interests in the public eye. The United States Brewers’ Association’s work with the National German-American Alliance, a political wing of the German immigrant community which spent the first three years of World War I advocating for American neutrality, finally cast the brewers as traitors in the ASL’s propaganda. Wheeler managed to have Congressional hearings on their activities initiated and published unofficial reports about their alleged findings. The popular

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wellness guru J.H. Kellogg paid for a full-page advertisement attacking brewers in the *New York Times* on November 3, 1918, with a slogan declaring: “Booze is the worst non-essential — Stop it!” and repeating David Lloyd George’s declaration that “We are fighting three enemies — Germany, Austria, and Drink.” Although the Busch family donated $500,000 to the U.S. war effort in 1917 ($8.5 million in 2010 dollars) and a consortium of Milwaukee brewers subscribed to $2 million dollars’ worth of war bonds ($34 million in 2010 dollars), the conflation of liquor interests, Germanness, and acting as the “fifth column” of the Kaiser marked the final breakthrough for pro-prohibition sentiment. The Prohibition Amendment was adopted by a two-thirds majority in both parties, with northern Republicans and southern Democrats its strongest supporters.

It is not true that Americans never drank during the more than thirteen years of National Prohibition. Nor were these years a great endless party as nostalgic folklore would have it. On average, from 1920 to 1933, alcohol consumption in the United States — as measured in 100 proof per capita — dropped by about a third. Whether this decline was really caused by the constitutional ban is still open to debate. The first years of Prohibition, up to 1922, witnessed an all-time low in consumption never experienced again, but this may have been the late effect of wartime prohibition and its precursors, which denied the alcohol industry foodstuffs such as grain or sugar as resources for its manufacture. The illicit alcohol business did not reach notable dimensions until 1924, after which it rapidly expanded and almost reached prewar levels around 1928 and 1929. The introduction of National Prohibition meant a considerable annihilation of capital for both alcohol producers and, most of all, the distribution system of bars and restaurants.

In the industrial sector, breweries were more affected than distilleries. Prohibition hit the brewing industry in the midst of a process of rapid concentration. In 1918, 1,100 of the 1,400 breweries active in 1914 were still producing. The total market value of Anheuser-Busch, for example, fell from $50 million on the eve of Prohibition to $20 million by 1930 (or from $544 million to $261 million measured in 2010 dollars). Pabst Brewery in Milwaukee also saw its capitalized value drop by two-thirds. But this money was not directed into other sectors of the economy. Indeed, a 1932 study found that while the amount of alcohol consumed dropped, the amount of money spent on alcohol

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was roughly the same as if Prohibition were not in effect. Instead, the illegal black market took over from the preexisting industrial distribution network — with the further benefit of not paying the excise taxes that had been levied on alcohol consumption.

The rather sluggish build-up of the alcohol shadow economy points to the fact that markets only thrive when there is well-funded demand. We lack precise data but there cannot be any doubt that large sections of the nation — especially rural parts of the Midwest, Pacific Northwest, and Southwest — truly were “dry,” at least as far as the black market was concerned. Bootlegging, as well as the illicit production of alcohol, developed first and foremost in the urban metropolises of the nation, with the cities on the East Coast, Chicago and Detroit, New Orleans and (at a far smaller level) San Francisco blazing the trail. Alcohol consumption would have surpassed prewar levels in 1930 had it not been for the onset of the Great Depression. Instead, illegal sales dropped sharply without experiencing a real recovery before Prohibition was repealed in 1933.

This might give credence to the argument that, after all, relative prices exert a more powerful influence on any market than legal restrictions can. In this sense, it is no surprise that Prohibition aggravated social inequality. The young and modern members of the urban middle classes experienced the frisson of illegal drinking as a kind of emotional liberation. These middle-class Americans drank the same amount of “pure” alcohol they would have under legal conditions, but they could afford — and were willing to pay — “an extra billion a year” in costs incident to the system of illegal procurement and distribution. If the measure was — in the eyes of the prohibitionists — successful at all, it was because it kept the working class and the poorer elements of society from drinking. Working-class consumption dropped by half, thanks to the drop in the beer supply and the prohibitive prices for spirits offered in the illicit establishments that clustered in working-class or “disreputable” quarters.

Beer production slowly but steadily increased after the shock of interdiction. But the black market for alcohol had hard liquor as its staple — not beer or wine. The reason for this was simply that distilled spirits were a much more suitable product for smuggling or illicit manufacture. It was compact by volume and had a high content of the outlawed ingredient per unit. Spirits were rather simple to produce,
particularly after 1924 when the shadow economy could process corn sugar as the sole precursor for all of the items of its portfolio — be it whiskey, rum, or gin, the most widespread and popular liquor of the time. Corn sugar became the base substance for the fabrication of “neutral” or “pure” industrial alcohol and was produced in ever larger quantities as legitimate demand, especially by the automobile and the chemical industries, expanded tenfold and more during the 1920s. The pattern of alcohol consumption among Americans changed dramatically under Prohibition. Before 1914, immigration and a more elaborate taste for gourmet gastronomy had turned the United States into a nation of beer drinkers and, increasingly, wine connoisseurs, with beer and wine making up about 80 percent of the pure alcohol by volume consumed per capita. National Prohibition completely reversed these proportions: “The drinking of hard liquor has increased until the country has lost its taste for good beer and wine,” one anti-Prohibition activist lamented.\textsuperscript{18} Spirits promised “quicker action” and a more thorough “kick” than beer or wine — qualities prized highly by drinkers paying high prices for a glass of dubious substances in speakeasies or night clubs. To get visibly drunk became an admirable trait for a gentleman, who showed that he was able to afford such debaucheries, or for teenage boys as a signal of their passage into manhood. Drinking, one magazine writer argued, was “calculated to evoke in its practitioners their baser and more violent parts.”\textsuperscript{19}

Although Prohibition folklore, both in literature and the movies, highlights and romanticizes smuggling and rum-running, its actual significance for the amount of illegal alcohol consumed in the United States was surprisingly low. Smuggled spirits never accounted for more than 2 percent of consumption. The diversion of industrial alcohol to human consumption likewise never constituted more than up to 8 percent of what made it to the market as a beverage, except for 1921 when the slow start of “moonshine” production made its share slightly more than 20 percent. Denatured industrial alcohol — alcohol made unfit for drinking by adding obnoxious substances such as kerosene, nicotine or, much more dangerously, wood alcohol — only served as a surrogate when the “moonshine” supply ran momentarily low. Scandalous rumors about epidemics of wood alcohol poisonings or the murderous role of the Bureau of Prohibition in purposefully poisoning poor gin guzzlers did not have any solid factual basis.


In a similar vein, “medicinal alcohol” was a profitable side business for doctors and drugstore owners only in the very first years of Prohibition. American whiskey producers were required to place their existing inventory in bonded government warehouses at the onset of Prohibition, but withdrawals were permissible if whiskey was prescribed for medical purposes. But this never accounted for more than one percent of all sales, and restrictions were tightened after the George Remus scandal in the early 1920s. Remus, a first-generation German-American business lawyer and a licensed pharmacist, set up a (mostly bogus) chain of drugstores based in Cincinnati. This allowed him to sell liquor legally to medical doctors upon prescription. In turn, he was authorized to withdraw whiskey from the warehouses because he had acquired shares in the distilleries that had deposited their whiskey there. By using a loophole in the law, Remus thus managed to bring the otherwise immobilized pool of good spirits into circulation — for his own profits. These profits grew even more when Remus had his own delivery trucks hijacked and the cargo diverted to big bootleggers, thus eliminating sales taxes. Remus was sentenced to a short prison term, however, when his organization grew too big to be covered up by bribes.20

The Remus case illustrates the limits of “freelancers” in the illicit trades without the network relations the big-city organized crime gangs could mobilize once they established the shadow economy under their own control. It also points to the fact that, with rare exceptions such as Remus and Dutch Schultz, German-Americans played barely any role in organized crime, most likely because they had been too successful in blending into the American mainstream.21

Finally, the idea that “sacramental wine” converted a considerable number of Irish redheads into Jewish rabbis belongs in the realm of urban legends.22

The bulk of distilled spirits was produced in a myriad of establishments ranging from the congested one-room apartments of Italian immigrants in Chicago’s notorious Little Sicily to medium-sized

20 Okrent, Last Call, 198–99.
22 Welskopp, Amerikas große Ernüchterung, 158.
plants with licenses to manufacture industrial alcohol but which never actually delivered their product to denaturing sites. Production became much easier once corn sugar became available in large quantities from specialized refineries. Almost the entire trade then switched to fabricating synthetic spirits — that is, colorless, neutral, 100-proof alcohol — and turning this into the desired product by adding colorants and aromatic flavorings. This went hand-in-hand with a concentration of production in small-scale manufacturing facilities camouflaged as gas stations, chemical plants, or soft drink drumming stations.

The growth of the alcohol shadow economy to truly industrial dimensions depended on legal businesses providing it with the essential precursors. This was especially true for beer producers. By 1923, there were 662 American breweries active — half the number of five years earlier — who had switched their plants to the production of a drink that legally contained up to 0.5 percent alcohol, went under the official name of “cereal beverage,” and was sold under the trademark of “near beer.” This name was an insult to any beer lover. “Near beer” was produced by extracting the alcohol from conventionally brewed beer through a boiling process of several hours. The problem of this production method was that in the course of long heating, not only the alcohol but the “aromatic substance” was removed and the beer became “an almost unpotable kind of lemonade.” Even the refinement of production methods could not reverse the widespread rejection of the drink. In 1920 9.2 million barrels of “near beer” were produced; by 1928 those numbers had fallen to 4.2 million barrels — a far cry from the 60.3 million barrels of conventional beer produced in 1918.23

The surviving brewery owners quickly adopted a strategy of using their established facilities and production methods to test the limits of the law. A move towards illegal production was impossible for big, well-known enterprises such as Anheuser-Busch, Miller or Pabst. But they could supply bootleggers with legal intermediate products for their illegal activities, thus becoming tacit accomplices of the black economy. This production rather than the sale of “near beer” became their actual economic basis. By 1926, for example, Anheuser-Busch was producing “hops-flavored malt essence,” and in 1930 its plants processed the same amount of malt as they had before the ban on alcohol. In the 1920s the company also built new factories for producing corn sugar, glucose, and yeast — intermediate products for

23 Schmölders, Prohibition, 224–25.
winemaking and illegal distilling. The shift of the big legal breweries towards this type of production, and its increasing scale after the mid-1920s, correlated conspicuously with the speed and scale at which the black economy reconstituted the beer market that had collapsed at the beginning of the 1920s.

Meanwhile smaller, unknown companies, which under ordinary circumstances would have been marginal suppliers, such as the Sieben Brewery in Chicago, were often bought up by gangsters. Under cover of producing “near beer,” they would instead clandestinely ship barrels of fully-brewed beer. At any step of the production process, considerable amounts of beer could be withdrawn from the legal process and fed into illegal channels. An alternative method was to reincorporate the previously extracted alcohol after officials had certified “near beer” as alcohol-free, a practice called “shooting.” The courts tried to remedy this situation by generally banning the storage of real beer “in bottles and barrels” on the premises of a brewery without permission. 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 politically savvy “shooters” were seldom caught because usually they shipped fully-brewed beer as quickly as possible.24

III. The Mechanics of the Bootleg Economy and the Role of Organized Crime

Given that smuggled alcohol accounted for only a miniscule proportion of illegal liquor consumed in the United States during Prohibition, the question must be asked why bootleggers engaged in this sophisticated and risky business at all — at least after notable production capacities for “moonshine” had been set up domestically. Smuggling was an elaborate and bloody business. It helped to nurture a Canadian distilled-spirits industry whose products were smuggled across the Detroit River between Michigan and Ontario. Meanwhile, the nickname “Rum Row” developed to describe the long stretch of waters along the northeastern seaboard where ships anchored with cargoes of barrels and cases of liquor, mostly from Canada, but also including product from Europe and later Cuba and the Bahamas. New York criminal syndicates even chartered their own ships for trips to and from Great Britain, until they were, according to Meyer Lansky, “running the most efficient international shipping business in the world.”25 Small speedboats traveled out by night, beyond the

25  Quoted in Okrent, Last Call, 170.
jurisdiction of the Coast Guard, to transfer the contraband from the large ships, which was then transported by trucks to the metropolitan centers of the alcohol shadow economy. Armed conflicts between bootleggers and U.S. Customs (and Prohibition) agents on the Canadian border and between “rumrunners” and the U.S. Coast Guard on the East Coast, as well as hijackings by rival gangs, produced large numbers of casualties. The situation escalated into an actual arms race as the Coast Guard’s fleet was updated with World War I navy destroyers while the bootleggers made use of state-of-the-art boat-racing technology.

The smuggled stuff never reached the glasses of even the most affluent customers in an undiluted form, even though much of it was marketed as “right off the boat” and priced accordingly. “Good whiskey to-day is used more as an essence than as a beverage,” one magazine writer explained, used to add aroma to otherwise dull “moonshine.”

This points precisely to the economic logic that sustained smuggling. In a non-transparent market, the activities of “rumrunners” were widely publicized by the authorities, including their alleged successes in chasing them down. Such accounts deluded drinkers into believing that large if unquantified amounts of good stuff “right off the boat” could be found for the right price, allowing suppliers to charge exorbitant prices. Economist Clark Warburton calculated that the volume of illegal spirits sold at “import” prices was about ten times higher than what actually crossed the American borders. In truth, almost all “imported” liquor was diluted, or else domestic product sold in forged bottles with counterfeit labels from famous European or Canadian brands.

This worked because distribution and sales in the shadow economy were organized into territorial monopolies that quickly became controlled by crime syndicates. The shadow economy of alcohol irrigated a popular party culture which had become the pastime of the young urban business classes not long before the war. This culture revolved around public amenities such as the movies, theatres, spectator sports (particularly boxing), cabarets, revues, and night clubs, with jazz as the soundtrack of the era. Illicit alcohol deeply imprinted its rough quality on these new forms of sociability. As prohibitionists and the more sober celebrity writers lamented, social life was virtually mesmerized by discussion of all forms of psychoactive liquids. The culture of drinking to get drunk as quickly — and as visibly — as possible spilled over from youth culture into big-city Bohemian

26 Cort, “Mother Volstead’s Chickens,” 92.
27 Welskopp, Amerikas große Ernüchterung, 150–52.
communities. Most drinking took place in speakeasies, clandestine joints that operated under the protection of organized crime gangs and were usually shielded from police interference by bribes. Nonetheless the threat of a raid that would smash up the interior meant proprietors did not care to invest into lavish décor, and most customers did not take their time to be seated but lined up at the long bar, foot on the brass rail, and downed their drinks hastily while other patrons waited impatiently behind them. The growing harshness of the trade had swept away all remnants of German-style beer garden culture by the late 1920s. The conditions of illicit drinking for effect under the surveillance of the underworld had spread everywhere, as F. Scott Fitzgerald observed in his melancholy reminiscences of 1920s New York City speakeasies, “where one was eyed by granite-faced boys and there was nothing left of joviality but only a brutishness that corrupted the new day into which one presently went out.”

National Prohibition made it inevitable that organized criminals would assume control of the illicit alcohol trade — and easy for them to do so. Gangsters first “muscled in” to wholesale traffic by hijacking transports of contraband, often killing the accompanying personnel in the move. They then offered “protection” services for the injured parties — as an insurance against a risk they themselves embodied. Most crucial, however, they had at their command youth branches of “street-corner gangs” to defend their territory with deadly violence. They also cultivated friendly relations with politicians at the municipal and state levels, and with legal officials such as sheriffs and judges. In several instances gangsters and politicians had grown up together as buddies in the same immigrant quarters of the big cities, and so a lifelong friendship, bolstered by reciprocal services and stalwart loyalties, stabilized the syndicates’ control over territory.

Within their territories, the syndicates exercised exclusive control over the marketing of their products, by force if necessary. Competition, therefore, was not decided by relative prices but by rounding off one’s turf, often violently. The “portfolio” approach enabled the entrepreneurial gangster to juggle a wide spectrum of different prices for allegedly very different products and qualities, disguising the fact that all the items were grossly overpriced and most of them only shams of high-quality liquor. The habitual drinker personifying “perfectly inelastic demand” would swallow dirty “bathtub gin” made on the roof of a tenement building for a dollar a pint while the affluent night club flâneur might order a fifty-dollar bottle of French alcohol.


29 For a Chicago example, see Welskopp, Amerikas große Ernüchterung, 373–375; these relationships were also found in many other cities from Boston to Baltimore and from Pittsburgh to St. Louis.
champagne “right off the boat,” which was actually fermented grape juice aerated with carbon dioxide and siphoned into fancy bottles in the backroom of a Chinese laundry right around the corner. Coupled with the exclusive control of territory, this meant that the sale of illegal alcohol in non-transparent monopoly markets was not an entrepreneurial but a rent-seeking activity.

The distribution of beer in particular was profitable only on the basis of territorial monopolies, and accordingly only in the “wet” big cities, where the gangs had established their strongest structures, was there 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; the production process was sophisticated and conspicuous; and sales were profitable only in huge amounts because the profit margin per sales unit was low, despite the tenfold rise in beer prices under Prohibition. Thus it caused considerable overhead expenses which could only be recouped by mass distribution. Accordingly, the syndicates used their territorial power to ram their beer barrels into the cellars of speakeasy owners, just as the breweries had done to the saloons before Prohibition.

At the local level, then, criminal syndicates had to use violence both to enforce effective control of their territory and to secure sales. The competition for distribution at the borders of different syndicates’ spheres of influence produced particularly bloody conflicts like the Chicago “beer wars” that raged between 1925 and 1929. Although the big New York syndicate, under Meyer Lansky, “Lucky” Luciano, and John Torrio, was more successful than Al Capone in establishing territorial superiority over the city, the metropolis proved too vast for the monopoly of a single organization. In the course of the New York gang wars of the 1920s, more than 1,000 gangsters were killed.

The shadow economy during National Prohibition was larger than the criminal syndicates, however. Thousands upon thousands of individuals, like George Remus, entered this lucrative if illegal business as “civilian” outsiders. Even when organized crime took over control of the trade, most of the executive and professional functions and all of the menial work were performed by “freelancers” and employees outside the ranks of the gangs and syndicates. Speakeasies and nightclubs were run by professional managers who might pay fees as high as sixty percent of sales to the mob that controlled the local territory. There was no question that they had to sell the products of their superiors exclusively — or else. The main economic goal for
organized crime was to get control over the production and distribution system of the alcohol shadow economy but not to manage its day-to-day operations. Prohibition caused a financial tsunami that made the gangs much more lethal because the new revenues provided the means to buy handheld firearms instead of batons and blackjacks and later submachine (“Tommy”) guns, shotguns and fast automobiles. But the bootleg business also provided a generous income stream that could be used to diversify into other criminal activities. During the 1920s, networks of gangsters even developed partnerships to pursue specific projects beyond their respective territories. The narcotics market boomed, fired up by unused World War I supplies of morphine and followed by the spread of stylish elite drugs such as cocaine and heroin. Gambling and prostitution thrived as never before, and burglary, larceny and kidnapping were all elevated to a new kind of art. In the late 1920s, the labor racket became established and would turn out to be the most lucrative business of organized crime in the United States in the 1940s and 1950s.

IV. Mission Impossible: Prohibition Enforcement

The Volstead Act was designed to punish rather than educate. This absolutist approach to Prohibition was problematic, as the Eighteenth Amendment decreed that “Congress and the several states shall have concurrent power to enforce this article by appropriate legislation.” Debates about the meaning of the “concurrent” clause accompanied Prohibition to its very end. In practice, it created two legal consequences that spurred increasing animosity against the Eighteenth Amendment: first, the states were forced to adopt prohibition codes of their own which could not be “softer” than the Volstead Act (and might be considerably tougher). Second, the states did not necessarily have to cooperate with federal agencies in enforcement activities, but could not prevent interventions by these agencies on their territory, much like nations occupied by a foreign military force. A wide spectrum opened up between those states that continued harsh regulations from pre-Prohibition times or adopted rigid new laws and those that obstructed the amendment. Most states pointed to the “concurrent power” clause when charged with a lack of cooperation in day-to-day enforcement on the state level, and even the driest states preferred to shift responsibility to the federal agencies and shied away from the potential expense of a state liquor police. This does not mean that in militantly prohibitionist states the ban on alcohol was not enforced, but it fell to


local police, drawing on city ordinances as much as on the state and federal laws. This, in turn, produced a rancorous form of enforcement often imbued with longstanding ethnic or racist resentments.

To tackle the main task of federal enforcement, the government first established a modest Prohibition Unit within the Bureau of Internal Revenue, subsequently transferred to the Department of Justice in 1930. Originally this unit was conceived as a propagandist and coordinating force whose activities were supposed to focus on cooperation between state and local enforcement authorities. Since such cooperation was almost non-existent, the Bureau of Prohibition fell back on ordinary police work. This was an impossible undertaking, given that the number of active agents in the field never exceeded roughly 2,800 for the whole of the United States. Since pay was lousy and the positions were exempt from civil service provisions, the bureau attracted political protégés, odd jobbers, and entrepreneurial minds eager to exploit the abundant opportunities for bribery. The unit soon earned a reputation for ignorance and incompetence. Its regional offices repeatedly raided establishments that the local police had ignored, and quickly brought the federal courts to a standstill by flooding them with mostly minor cases. Yet enforcement of this kind remained erratic, imbalanced, biased, disproportionate, and unsustainable. Ill-trained and badly equipped, Prohibition agents lacked adequate procedures and clear objectives for their performance. Soon the public grew outraged by agents’ “too free use of firearms.”

Public antipathy for the agency and its scandals contributed much to the turn of sentiment against Prohibition after 1928. When the Hearst newspaper empire switched sides in 1929 and aligned with the anti-Prohibitionists, gloomy cartoons by Winsor McKay and editorials by William Randolph Hearst himself charged the Prohibition agents with the murder of more than 1,360 innocent bystanders.

V. The Swing towards Repeal

Criticism of Prohibition gathered momentum slowly, first in the form of concerned citizens noting the painful shortcomings of enforcement with the goal of remediation rather than repudiation. In the mid-1920s, more satirical treatment of Prohibition issues gained ground, especially in the sophisticated East Coast magazines that aspired to entertain readers who were most likely mingling in the subterranean drinking culture. The accumulation of scandals and stories about the institutions and habits, that developed both to enforce Prohibition and in spite of it, became a topic of media and public obsession. “In every social gathering of any kind ... one subject recurs time after time and is of universal interest: Prohibition,” lamented Mabel Walker Willebrandt, assistant attorney general responsible for the legal handling of Prohibition until 1929. “No political, economic or moral issue has so engrossed and divided all the people of America as the prohibition problem, except the issue of slavery.”

From 1922 on, the highbrow general-interest magazine *Literary Digest* conducted several unofficial and non-representative public opinion surveys on the question of Prohibition, asking whether respondents favored “enforcement,” “modification,” or outright “repeal” of the Eighteenth Amendment. Not surprisingly, the 1922 straw poll produced majorities for “enforcement” in all but the “wettest” regions of the nation — yet it also signaled that there was opposition to Prohibition in even the most “arid” parts of the country and that, taken together, voters for “modification” and “repeal” constituted a small majority that was not at peace with the status quo. The surprisingly large number of returns demonstrated, furthermore, that Prohibition was indeed a hot political issue. Wayne Wheeler of the ASL, however, was intransigent in the face of proposals to modify the Volstead Act to permit light beer and wine. While the ASL was able to neutralize Prohibition in the 1924 presidential campaign, the issue soon helped propel a complete realignment of the United States’ political parties. In 1928, New York governor Alfred E. Smith — Irish, Catholic, and a self-proclaimed “wet” — was nominated as the Democratic candidate for president, signaling the politicization of second-generation, working-class immigrants in the big cities of the East Coast and the industrial Midwest, mostly over the issue of Prohibition. Republican candidate Herbert C. Hoover, in contrast to his predecessors

Harding and Coolidge, left no doubt about his “dry” convictions. A cartoon aptly boiled the presidential race of 1928 down to the alternatives “H. Oover” or “A.L.E. Smith.” Smith lost because his ethnic and religious background could not appeal to the traditionally Democratic “solid South.” Yet the overall figures masked an important swing in big-city votes. German-Americans were just one of the many ethnic groups who shifted their support toward Democratic politicians in large numbers as an act of opposition to Prohibition. In certain New York voting districts, citizens of German descent supported Smith with 73 percent of their votes, more than twice the proportion the Democratic ticket received in 1920.

Chicago witnessed similar changes in voting trends.

For many years, the Hearst press was a staunch supporter of Prohibition, which Hearst himself had welcomed in 1920 as “heaven sent.” After the Valentine’s Day Massacre, the mass execution of Chicago North Side gangsters by St. Louis-based killers hired by the Capone syndicate on February 14, 1929, however, the Hearst press defected to the “repeal” camp. In 1930, the Literary Digest straw poll surpassed all previous public survey efforts, yielding 4.8 million responses. A majority of 40.4 percent advocated outright “repeal” of Prohibition, while 30.5 percent favored “enforcement,” with regional variations. Another wave of Americans defected to the anti-Prohibition camp after the publication of the report of the Wickersham Commission, a committee appointed by Hoover to investigate Prohibition in January 1931. Following a comprehensive and highly publicized research process in the field, covering all corners of the nation, the commission had come up with lukewarm conclusions and a set of recommendations that was undercut by the minority votes of dissenting members.
Hoover triggered an outcry of public indignation when he declared that the report was an expression of support for his rigid course of enforcement. By 1932 the preponderance of the “repeal” vote had grown to overwhelming proportions in Literary Digest’s straw poll, in part because the category “modification” had been struck from the ballot in a reaction to the intransigence of the ASL and the Hoover administration.40

Hoover quickly became one of the most unpopular presidents in U.S. history. A self-declared expert in economic matters, his passionate defense of Prohibition seemed incongruent with his detachment from the swelling economic crisis of the Great Depression. He became more and more isolated even in his own party as he sided with its reactionary “dry” wing, still fired up by an Anti-Saloon League whose stubborn militancy seemed more and more shrill and hysterical. Prohibition caused the ASL to lose the bipartisan support it had once enjoyed. Competent and well-financed interest groups, much better suited to fulfill the requirements of the modern media culture, had begun lobbying for repeal. The Association Against the Prohibition Amendment soon outdistanced the League in media attention, as did the Women’s Organization for National Prohibition Reform, whose leading personalities, such as the glamorous Pauline Morton Sabin, contrasted favorably with the dry and sanctimonious spokespersons of the WCTU. These organizations pushed the argument that the presidential elections of 1932 would be a referendum on Prohibition. Despite the horrors of the Great Depression, Prohibition remained the most important and decisive campaign issue, even if Franklin D. Roosevelt was rather late to embrace the “wet” plank of his party’s platform.41 Roosevelt’s election dealt the final blow to Prohibition. One of the first bills Roosevelt signed was the Beer and Wine Revenue Act, which modified the Volstead Act to re-legalize beer with an alcohol content of 3.2 percent and re-established federal excise taxes on alcohol, much needed in the times of the Great Depression. On midnight, April 7, 1933, Americans could once again enjoy their first legitimate schooner of beer after thirteen years of scarce, expensive, and horrible black-market stuff.

It is said that the ascent of the bootlegging industry and the creative role of organized crime in this project contributed to the upward mobility of second-generation children of Italian, Irish, and Eastern European immigrants carved out careers as gangsters

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40 Ibid., 461–75.
41 Ibid., 568–80.
who were well-respected by a largely sympathetic public, until the mood changed dramatically after the Valentine’s Day Massacre in February 1929. These second-generation immigrants gained access to the American mainstream, profiting from Prohibition even as Prohibition drove the Germans to the margins of the mainstream. Indeed, it seems fair to say that the Germans were among the immigrant groups that suffered most from the temperance movement and Prohibition. German immigrants had been particularly successful in becoming part of the American mainstream while nevertheless maintaining a quantum of “Germanness” before World War I. The owners of the big breweries who left a visible architectural and organizational imprint — in landmarks, for example, like the Milwaukee City Hall — had self-consciously attempted to spread a measure of German civic culture and make the American mainstream a little more Germanic. Part and parcel of this endeavor had been the establishment of beer gardens and a civilized, convivial drinking culture that was an alternative to the raucous and violent saloon.

The Prohibition movement undid some of this assimilation and ostracized the Germans precisely on account of their “Germanness,” turning them back into an ethnic minority. Prohibition wiped out the beer-garden culture and paved the way for cheap speakeasies that were worse than the most degenerate saloons. Although the role of brewers of German descent in the self-inflicted saloon crises was considerable and their attempts to defend themselves were clumsy and self-defeating, they sustained severe financial losses when the beer trade became illegal, driving some brewery owners to the brink of illegality. Quite unexpectedly, in the wake of Prohibition both prominent and ordinary German-Americans discovered that their best option for preserving a sense of ethnic community was to maintain a low profile built around small, private circles rather than the web of civic institutions and large-scale public leisure that had flourished only thirty years earlier.
A slightly longer version of this article is available on the website of the German Historical Institute’s “Immigrant Entrepreneurship” project at http://www.immigrantentrepreneurship.org. The author wishes to acknowledge the assistance of Atiba Pertilla (GHI) in the preparation of this shortened version.

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