History of the Billings Brewing Company

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HISTORY OF THE BILLINGS BREWING COMPANY

By

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B.S., Eastern Montana College, 1966

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CHAPTER I

INTRODUCTION

In 1968, according to the United States Brewers Association Almanac, each adult in the state of Montana consumed approximately thirty-eight gallons of beer.¹ Yet, Montana, which is fourth in the nation in per capita consumption of beer, and which has some of the finest barley and clearest water in the United States, today lacks any malt beverage industry.

By tracing the history of the Billings Brewing Company, this thesis will attempt to explain why there is no malt beverage industry in Montana. This thesis will describe how some of the technological and economic developments of the Twentieth Century forced small brewers, like those in Montana, to give way to the large corporations. Therefore, this thesis is a history which parallels much of the late Nineteenth and early Twentieth Century America, when, because of economic changes, there occurred the rise of the monolithic corporation and the fall of the independent businessman.

This thesis will also attempt to explain how the leadership of the Billings Brewery failed to realize, or refused to accept that the corporation was unable to compete with large established breweries once technological changes occurred. As a result, the corporation almost became bankrupt.

It must be stressed that this case study only develops several conclusions which support several generalizations about both the large and small brewing industry. It attempts to do no more. Only with a complete study of all the myriad of problems faced by breweries which operated in Montana, and across the nation, can a definitive conclusion be reached on why they either succeeded or failed.
CHAPTER II

1900 UNTIL PROHIBITION

Beer has been described as a "universal beverage."¹ The phrase is appropriate, for beer and the brewing art have been known to almost every civilization. In America, when the earliest settlers arrived from Europe, they brought with them the knowledge necessary to produce a malt beverage.² As the nation grew, so did the industry since a part of the European heritage included the production of malt liquor. Almost every city included a brewery among its notable edifices, while those urban areas with large ethnic groups, such as Milwaukee and St. Louis, became known as beer capitals. By the time of the Civil War the brewing art followed the footsteps of the settlers across the Missouri to the Pacific.

Montana's earliest history was not unlike the rest of the nation in respect to the brewing of beer. Those with available money and the knowledge necessary to produce malt liquor erected plants beside mining camps and near cattle


²Baron, pp. 19 ff.
trails. Residents of pioneer cities such as Butte, Helena, and Virginia City purchased local brew long before Montana achieved statehood. Few records remain to determine where in the Territory of Montana the first brewery existed, but Nicholas Kessler's establishment at Last Chance Gulch, the present site of Helena, is considered to be one of the earliest. In 1865 Kessler bottled the malt beverage bearing his name. 3

The building of the transcontinental railroads through Montana caused a rapid growth of towns and, similarly, an increase in the number of breweries. By 1900 all the larger towns had imposing structures employing as many as fifty men. In fact, the state Bureau of Agriculture, Labor and Industry licensed twenty-one breweries to operate. 4 Many of them failed almost immediately, for they had become too numerous to operate in the sparsely populated state. Nevertheless, in the years following statehood total beer production increased as much as twenty-five per cent, and in a 1900 report by the state's industrial board breweries were acclaimed one of the most important industries in the state.

3 Montana Record-Herald, July 12, 1939.

The government publication praised Montana's barley, a crop important in the production of beer, as so superior that "...in the near future Montana will be one of the chief beer producing states in the nation." Such visions were not uncommon in the early 1900s. Several factors made the brewing of malt liquor a profitable business. Taken together, they gave credence to those who saw beer as an important part of Montana's future.

Foremost was the impetus given to brewing by the influx of immigrants into the United States after the Civil War. Many naturalized Americans were well versed in the brewing art, and could offer both advice and services to anyone wishing to build a brewery. Secondly, the process of brewing beer had not changed appreciably for many centuries. It was a relatively easy method to follow, and the cost was nominal. Since beer was an accepted


6In the brewing of beer, a cereal grain, usually barley, is moistened and dried. Germination thus takes place, and the barley becomes malt. [Germination is a biological process]. Seeds spout and grow, depending on how much moisture is provided. The mixture is mashed and boiled with water, and for flavoring hops are included. Yeast is added, causing carbon dioxide and alcohol to form. Until recently, when breweries developed new processes, all formulas were almost identical. Lager beer, more common in America differed slightly. Yeast remains are left in the kettle and allowed to ferment a longer period of time.
beverage, it was conceivable that to anyone interested in accumulating wealth, a brewery could be lucrative. Finally, small breweries were not shackled by strong competition which became common following prohibition. Without the technological progress of the depression era, which caused a renaissance in brewing, and the advanced techniques in advertising so common today, small firms were able to produce malt beverages on a competitive basis with establishments in Milwaukee and St. Louis.

By 1900, then, the brewing industry played a prominent role in the life of the state. Pure water and abundant fields of barley were natural assets. Once a beer gained a following, its future seemed assured. Previously established businesses such as Kessler's in Helena increased production while new brewing corporations built impressive plants housing the most modern equipment.

In the Yellowstone valley citizens became interested in brewing almost immediately after the first settlers arrived. In 1882 the town of Coulson, approximately two miles east of Billings, offered the first site for a brewery. William Boots and George Ash built a brewery at Coulson

A stronger beer with a heavier taste is the result. Baron, pp. 14-18. A more detailed study of the science of brewing beer was compiled by Arnold and Penman as a tribute to modern brewing techniques. (John P. Arnold and Frank Penman, History of the Brewing Industry and Brewing Science in America [Chicago: G.L. Peterson, 1933]).
because of the town's location—by the Yellowstone River. Yet, Boots and Ash's endeavor came to naught, for Coulson's population fell almost as rapidly as it rose. The brewery's leaders saw an ever diminishing return on Boots Beer which depended primarily on local patronage. The brewery failed along with the town of Coulson and both were soon forgotten.

The erection of a permanent brewery for the Yellowstone Valley remained to be built by a triumvirate from Butte—Henry Mueller, Louis Best, and Phil Grein. It is fitting that citizens from the mining city conceived the idea for a brewery in Billings, since men from Butte controlled the brewery and its property for the next fifty years.

On February 13, 1900, Mueller, Best, and Grein met in Butte to organize the corporation. They had previously purchased 100 lots in Billings and had initiated construction of the building a year earlier.

7Hardin Tribune, July 19, 1929.
8Boots and Ash used an ingenious method to uplift their ailing industry. A small streetcar line existed between Coulson and Billings and, as Billings grew, the brewery offered a free schooner of beer to any adult riding the rail line to Coulson. Kalispell Times, April 7, 1938; Hardin Tribune, July 19, 1929.
9Director's Meeting, February 13, 1900. Minutes, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers. Hereinafter referred to as BBC, Minutes.
10Billings Gazette, October 6, 1899. Hereinafter referred to as BG.
meeting Mueller, Best, and Grein sold the property to the Billings Brewing Corporation for $100,000, and placed on sale 1,000 shares of stock for $100 each. Mueller and Best elected themselves President and Vice-President, while Grein assumed the position of Secretary-Treasurer. This triumvirate had a successful history in brewing beer. They could point with pride to past accomplishments, and could look forward to a bright future in the Billings endeavor.

Henry Mueller, born in Cologne, Prussia, emigrated to America at an early age. He worked his way West in mines, lumber mills, and factories. In 1885 Mueller arrived in Butte, where he secured employment as a bookkeeper for the Centennial Brewing Company, the largest in Montana and one of the finest in the Northwest. Mueller's early knowledge of mining proved beneficial, for the claims he staked around the richest hill on earth provided him with the necessary capital to buy the Centennial Brewery when its owner, Leopold Schmidt, wanted to sell out. By this time Mueller was a highly esteemed resident of Butte and one of its most prominent citizens. Mueller promoted community organizations and served as County Supervisor, Mayor, and

11BBC, Minutes, February 13, 1900.

Chairman of the School Board. It was during Mueller's Presidency of the Centennial Corporation that he became closely associated with Louis Best, the brewery's Secretary-Treasurer. Best's vision and intuition involved both men in financial transactions which gained for the Centennial thousands of dollars worth of land as well as breweries in Anaconda and Billings.

Louis Best, born in Milwaukee, had been involved in the malt liquor industry for many years. His wealth was inherited, for his parents were of the prominent Philip Pabst Best family, founders of the Pabst Brewing Company. Best's knowledge of the brewing art gained a wide following of satisfied drinkers for the Centennial Corporation. He pressed Henry Mueller to invest in 100 lots around Billings. That purchase laid the foundation for the Billings Brewing Corporation and, though the brewery is forgotten, the rentals from that early acquired property still furnish stockholders with dividends.

Although Mueller and Best supervised construction of the new plant, they remained in Butte, leaving control of the brewery to Phil Grein, Secretary-Treasurer and Manager. Grein, like his partners, was well acquainted with the

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13 Sanders, p. 1304.
14 Anaconda Standard, January 30, 1902.
manufacture of beer. A native of Frankfort, Germany, Grein worked in breweries at St. Louis until 1883 when he emigrated to Montana. He found employment with the Anaconda Brewing Company, subsidiary of the Centennial, and remained there for seventeen years. Once the plant at Billings opened, Grein moved to the Eastern Montana city to lead the corporation.\textsuperscript{15}

The brewery Grein managed was similar to other plants of the day. Resembling a massive dungeon with castellated cornices and arched windows, the brewery built the three-story complex to last a century. Described as an "ornament to the city," the steel and brick structure cost an estimated $100,000.\textsuperscript{16} The brewery's machinery was the most modern of the day and was capable of producing 20,000 barrels of beer each year.\textsuperscript{17}

Among the several rooms containing complex equipment, the most impressive to visitors was the cooling room and its ice machine. Brewery personnel considered the ice machine "one of the most complete in the West," for, through the system's ammonia process, it was capable of

\begin{footnotes}
\item[15] BG, September 10, 1930.
\item[16] BG, October 6, 1899.
\item[17] BG, October 6, 1899.
\end{footnotes}
manufacturing a six-inch cover of ice across its pipes.\textsuperscript{18} Besides a dozen brewing vats on the first floor, the plant included, on the second level, ten cold storage tanks which could hold 1050 barrels of beer at any one time.\textsuperscript{19} An area of preparatory equipment for brewing beer, notably cold water tanks and grain hoppers, covered the third floor.\textsuperscript{20} Other wonders of the age of industry which visitors could marvel over included a "patent-filter" to remove visible impurities from the beer, an automatic bottle washer capable of cleaning sixteen bottles at one time, and "...a machine which will save no little amount of labor is the patent-corker. It is a self-feeder and corks a bottle after it has been filled."\textsuperscript{21}

In the warm spring days of 1900 the German immigrant brewmasters Paul Riedel and Ed Krause bottled the first gallons of Old Fashion Beer. Grein, in an effort to win adherents to Old Fashion as quickly as possible, inaugurated a well-financed campaign for business. As a gesture of good will, Grein formally opened the brewery by providing free beer. Workers, who had profusely decorated the building with flags and bunting, led residents of the Billings area

\textsuperscript{18}BG, February 6, 1900.
\textsuperscript{19}BG, February 6, 1900.
\textsuperscript{20}BG, February 6, 1900.
\textsuperscript{21}BG, February 6, 1900.
on a tour of the plant. A newspaper reporter estimated over 3,000 citizens attended the gala event. Persons claiming to be "good judges of beer" equaled Old Fashion to Pabst or Schlitz beers.\(^{22}\)

Once Old Fashion reached retail markets, Grein advertised his brewery's beer in newspapers throughout Eastern Montana and Northern Wyoming. Horse drawn beer carts carrying Old Fashion to bars and saloons became as familiar as milk trucks. A beer bottle car promoted the brewery. Shaped and painted like an Old Fashion bottle on wheels, brewery employees drove the automobile around Billings claiming the local beverage was "the beer that made Milwaukee jealous."\(^{23}\) Newspapers reminded imbibers that the brewery's method of preparation "never causes biliousness."\(^{24}\)

A large electric sign displaying a bottle of Old Fashion pouring its contents into a mug added distinction to the building. The sign was ingenious but not practical for it was placed over a steam pipe on the brewery's roof, which caused the wires to short whenever condensation occurred. Also, the sign was built before neon and required two thousand bulbs.\(^{25}\)

\(^{22}\)BG, April 17, 1900.
\(^{23}\)BG, April 2, 1933.
\(^{24}\)Kalispell Times, September 5, 1940.
\(^{25}\)BG, March 16, 1933.
The brewery's early success more than pleased the owners in Butte. Each week saw an increase in the number of kegs lining the street in front of the brewery where drivers loaded the beer on wagons and trucks. Mueller and Best planned to make the other property a profitable investment. On land immediately adjacent to the brewery the corporation built a bottling plant and storage house. On the same block the businessmen erected four warehouses, two sheds, and one home. These businesses were soon followed by several other money-making enterprises including pharmacies, department stores, and lumber yards.26

Architects designed blueprints for a hotel next to the brewery using steam heat from the kettles to warm the rooms. A completely modern building for its day, the Gage Hotel increased the revenue of the corporation as soon as it opened because of the location--directly across the street from the Northern Pacific Railroad Passenger Depot. Three stories in height and fashioned of brick similar to its neighbor, architect specifications noted the structure included skylights on the roof, oak flooring, concrete

26General Ledger, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers. Hereinafter referred to as BBC, General Ledger.
basement, kitchenettes, and water closets on each floor.27

In the years before prohibition breweries were not prevented from controlling bars. The Billings Brewery leased several lots to local citizens who opened taverns and saloons. In a short time bars owned or controlled by the Billings corporation sold Old Fashion on tap. Old Montana, Branch, Capitol, Little Terrace, and Buffalo Bill's Rex, familiar names to early Billings residents, were off-springs of the parent brewery.28

The Billings Brewery Corporation was a business seemingly destined to provide an eldorado for its owners. Yet, for all their endeavors, Mueller, Best, and Grein would not enjoy the fruits of their labor. In 1902 Best died of lung disease.29 That same year Mueller suffered a stroke which prevented him from actively managing any of the Centennial interests. In 1908, Mueller, paralyzed and bedridden, passed away.30 Thus, almost from the beginning of beer production, Grein assumed complete control of the Billings firm, and after 1902, its presidency. For Grein, the duties

27General Specifications...Hotel Building...for Billings Brewery, University of Montana Archives, Billings Brewing Company Papers.

28BBC, General Ledger, BG, April 2, 1933.

29Anaconda Standard, January 30, 1902.

30Sanders, p. 1304.
were too great a burden. Although only in his forties, Grein suffered constantly from migraine headaches and could not devote all the energy necessary to the running of the corporation. The malady forced Grein, in 1908, to resign from brewery leadership.

Regrettably, the new president designated by brewery stockholders, Joseph Collins West, lacked the interest and devotion to the brewery apparent in his predecessor. West, a graduate of Notre Dame, worked as a bookkeeper in Mueller's Centennial plant. His marriage to one of Mueller's daughters brought him into the wealthy family as a director of the corporation. In 1902, West moved to Billings as Secretary-Treasurer of the Billings plant, and assumed the presidency on Grein's retirement. West's cavalier attitude and myriad schemes at quick money ventures, including a bottling plant in Wyoming, sporting goods store, and real estate holdings, were promoted at the expense of the brewery.

In 1915, West quit the brewery to devote his full attention to other interests. Stockholders selected new officials. Art Trenerry, former brewery office manager, assumed the

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31 Under Grein profits continued to rise. The brewery produced 15,000 barrels of beer annually. Kalispell Times, September 5, 1940.

32 BG, September 10, 1930.

33 BG, July 22, 1926.
presidency, while ex-clerk Raymond Wise succeeded to the office of secretary-treasurer. With their appointments Trenerry and Wise began a lifetime of service at the Billings Brewery. Much of the history of the brewery is an account of Trenerry's leadership and perseverance in the production of Old Fashion Beer.

Trenerry, a native of Wales, arrived in Butte with his parents in the late 1800's. Shortly thereafter, while employed as a bookkeeper at the Centennial plant, he became acquainted with brewery operations. Mueller and Best soon recognized Trenerry's abilities and appointed him manager of the Butte plant. Trenerry assumed the same position at the Billings Brewery while West held control, and followed the latter into the presidency when West left the business.34

Both Trenerry and West, as Grein before them, operated the business during auspicious years. In the days before prohibition sales and production increased annually. Between 1912 and 1915 profits on both barrel and bottle beer

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34 BG, December 1, 1962. Throughout his life Trenerry remained active in civic and social affairs. He was worshipful master of the Elks, potentate of the Shriners, and ruler of the Masons. Trenerry served on the city council as well as civic projects. Trenerry was also an avid sportsman and supported all programs involving sporting events. Raymond Wise was born in Menasha, Wisconsin. In 1906 he came to Billings and almost immediately began working, at nineteen years of age, for the brewery. BG, August 13, 1945.
rose from $31,324.67 to $51,100.48, or an increase of approximately 63 per cent. In 1915, production reached an all time high with 16,072 barrels of beer filled. The following year production again substantially increased to 19,463 barrels, and profits surpassed $57,000.

The 1916 profit, however, would never again be reached, for the brewery's prosperous years under Trenerry were short lived. By 1917, the future presupposed prohibition and closure. The temperance movement which had begun years earlier with the idea of outlawing all liquor, had become national in scope with its own political party and spokesmen among both Democrats and Republicans. Forces against liquor were well represented. The Women's Christian Temperance Union, The Anti-Saloon League, and several religious organizations joined to lobby against liquor on all levels of government. Temperance forces gained a foundation for their program in the xenophobia of the First World War. The government closed all liquor distilleries as a wartime measure. Prohibitionists turned their attacks against

35Profit and Loss Statements, 1912-1915, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers. Hereinafter referred to as BBC, Profit and Loss.
36BBC, Profit and Loss, 1915.
37BBC, Profit and Loss, 1916.
38Food Control Bill of 1917.
breweries. They made it seem unpatriotic to drink beer by linking the brewery, and its owner, to Germany.

In Montana, as in all the other states, temperance groups petitioned for legislation to outlaw liquor. In the November elections of 1916, prohibitionists triumphed when citizens of the Treasure State voted for abstention.\textsuperscript{39} The adoption of prohibition in Montana allowed all breweries two years, until the end of 1918, to dispose of their stocks. Although the law was contested, breweries were not offered a reprieve from extinction, for the State Supreme Court ruled in favor of prohibition.\textsuperscript{40}

Art Trenerry's control of the Billings Brewery ended in February of 1919 when, after the court ruling, he directed brewery personnel to pour $11,876 worth of beer into the

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\textsuperscript{40}In 1917, the State Legislature approved an Enforcement Act to dispose of all alcoholic beverages. Because of faulty wording in the Enforcement Act, i.e., "all liquor containing as much as two per cent alcohol by volume" was outlawed, the Centennial Brewing Company of Butte construed the words to mean any beverage with less than two per cent was acceptable. After selling their beer, and being fined, the brewery carried the case to court. The legal right to produce beer was not settled until the State Supreme Court voiced an opinion. In 1919, the judicial body declared prohibition was not enacted to regulate liquor, but to outlaw it. Therefore, they upheld the right of the state to close and fine the Centennial Brewery. State vs. Centennial Brewing Company, 55 Montana 500 (1919).
\end{footnotes}
\end{footnotesize}
sewer. Trenerry's problems were further exacerbated by the corporation's other property interests. Trenerry closed the several bars owned by the brewery and disposed of their furniture and fixtures at a fraction of the cost. Some years later Trenerry wrote of his difficulties:

On January 20, 1920 we had 60 sets of beer fixtures on hand. They represented an investment of about $50,000. Some time later they were appraised for inventory at a book value of $150 each. And of that lot we have only two left. The rest were bought by restaurants, which cut down the bars and turned them into counter tops, or to speakeasies. Of the latter, the majority were eventually confiscated or destroyed by prohibition agents.

The brewery closed deep in debt. The value of the corporation fell by almost $100,000. In 1919, the brewery ended production with a total loss for the brewery in excess of $74,000. Even with remaining property rents to offset the loss, the deficit remained a staggering $50,000. Brewery directors changed the name of the business to the Advance Manufacturing Company, and produced Tip Top soda pop in the bottling house.

Brewery employees accepted other jobs, or moved from

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41 BBC, Profit and Loss, 1919.
42 BG, April 2, 1933.
43 BBC, Profit and Loss, 1919.
44 BBC, Profit and Loss, 1919.
Billings to be forgotten. Trenerry operated an insurance business and concerned himself with local politics while managing the defunct brewery's property interests. Ray Wise purchased interest in the Billings Coco Cola franchise. Phil Grein, who regained sufficient health to return as brewery office manager prior to prohibition, operated the Gage Hotel and an ice company until 1930, when, after thirty years of illness, he committed suicide.

Trenerry was fortunate that the 1920's were prosperous, for he used money from property rentals and other investments to slowly eradicate the debt. Stables and warehouses

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45 Trenerry served two terms as mayor of Billings—in 1927 and 1929. In an interview with a reporter during his first term, Trenerry explained his hopes for Billings. Trenerry wished the city could buy "much needed street equipment." His other hopes were to remove the city dump from its present location near the Northern Pacific Railroad tracks because it spoiled a visitor's idea of what the area of Montana was like [Trenerry cautioned he was a "crank on cleanliness and invite you (public) to visit any of the departments, especially the city barns, where every stall is spick and span as it should be--horses clean and harness shining."]; an incinerating plant, estimated cost $25,000; electric street signs (stop and go) $4,500 for six; athletic field, $10,000; and an airport—the cost of which would be $10,000. Midland Review, December 21, 1928.

46 BG, August 13, 1945.

47 BG, September 10, 1930.

48 Trenerry invested rent from properties in eighty-four shares of U.S. Treasury Stock to offset the falling value of the corporation. BBC, Profit and Loss, 1920 ff. Breweries were not given any tax relief for obsolescence of equipment. One brewery protested all the way to the Supreme Court which
adjacent to the brewery became garages for truck transport firms and auto dealers. The Advance Manuafacturing Company converted empty bars into hardware stores, cafes, and a myriad of other businesses including a house of prostitution.49

For Art Trenerry, prohibition was a long nightmare. His life had been dedicated to brewing beer. Trenerry, along with numerous other operators of small plants waited fourteen years to fulfill that commitment. Regret Trenerry could not realize that after repeal brewing belonged to the large corporations. Successful competition required modern techniques, but the small brewer's methods were as antiquated as his equipment. To Art Trenerry and men like him, this fact would not be apparent until long after the repeal of prohibition.

ruled against the brewery in Prohibition Cases 253, U.S. 350 and Clark Collection vs. Harberle Crystal Springs Brewing Company 1930. Solons ruled: "...when a business is extin­guished as noxious under the Constitution, the owner cannot demand compensation from the government, or abatement of taxes...." The Anti-Saloon League, Yearbook, 1930 (West­ville, Ohio: The Anti-Saloon League, 1931), p. 281.

49Mrs. Olive McDaniels operated a house of prostitution on brewery property for more than forty years. Mrs. McDaniels, whose business name was Olive Warren, listed her occupation as cattle rancher from Newcastle, Wyoming. Residents around Billings remember her "place" on Minnesota Avenue--The Lucky Diamond. In 1904 brewery journals list her house as an account. Mrs. McDaniels rented the Lucky Diamond until 1929, when she moved to the Virginia Hotel, converted from the Capital Bar to accommodate her trade. Mrs. McDaniels remained at the Virginia until her death in 1943. BBC, Journals, 1904 ff. BG, December 8, 1943.
CHAPTER III

BEGINNING AGAIN, 1933-1941

The Billings Brewery's efforts to resume production of beer after the repeal of prohibition revolved around its president, Art Trenerry. Trenerry, whose life became inextricably bound up in the brewery, credited himself with being the only person having any real interest in the insolvent corporation.¹ Without owning stock in the firm, Trenerry accepted responsibility as manager when the general public considered brewing a liability as a business. In the 1920's he stubbornly persisted in the belief that prohibition would end, and he would again lead the corporation.

Trenerry's resolve was an asset for stockholders during prohibition, since without his perseverance the corporation would probably have ceased to operate.² After 1933, however,

¹In a letter to one of the stockholders, Trenerry related his bitterness on having taken control only to face prohibition. Written in 1924, Trenerry indicated his feelings about running the defunct brewery: "I am the only employee left in the concern and I alone am responsible to the stockholders. I know [Ray] Wise uses the word "we" quite a number of times, but the affairs are being taken care of by myself...." Letter, Art Trenerry to Harry Kessler Jr., Dec. 4, 1924, University of Montana Archives, Billings Brewing Company Papers. Hereinafter referred to as Letter...BBC.

²Few, if any, of the original personnel associated with the brewery remained.
Trenerry's stubborness was a liability. His interests so paralleled the brewery that he took any criticism of its operation as a personal affront. He steadfastly refused to believe the brewery could ever fail again. To this end Trenerry operated the business without facing reality. In his mind, the brewery had to be considered a completely successful enterprise. To make sure stockholders accepted this premise, he paid dividends even when the brewery operated at a loss.\(^3\) A majority of the stockholders never bothered to attend meetings. Trenerry gladly paid dividends so they would not question his leadership or the brewery's solvency. As long as everybody was happy, Trenerry reasoned, no one would worry about problems which might arise.

Trenerry's plan worked for a number of years, but eventually he was forced to extreme positions in explaining away the Billings Brewery's difficulties in selling beer. This situation came about primarily as a result of diverse changes within the national brewing industry which ultimately forced many small malt beverage producers, including the Billings Brewery, into bankruptcy or abandonment of beer production.

Foremost was the effect of prohibition. While Art Trenerry struggled to pay off company debts from 1919, \(^3\)Within three years after the resumption of beer production Trenerry used income received from beer sales and rental properties for dividends.
national breweries, also forced into other business enterprises, produced numerous products--some of which were only remotely connected with beer. Anheuser-Busch of St. Louis, for example, manufactured everything from refrigeration units to yeast. Schlitz of Milwaukee produced corn syrup, while the Pabst Corporation, also of Milwaukee, sold cheese. Once prohibition ended, large Eastern breweries looked at beer as only one among many profit-making enterprises. To gain new markets Eastern firms slashed prices on beer using profits in other interests to offset any losses. The effect was detrimental to the small brewery whose existence depended only on beer.

Another change important to the brewing industry was the enactment of new laws to regulate the production and dis-

4In 1926, Anheuser-Busch began manufacturing yeast in a concentrated effort to win the trade from Fleischmann's Margarine and Yeast Company, then producing ninety per cent of the yeast in the United States. In one month Busch sold 700,000 pounds. By 1927 the corporation had erased a $2,500,000 debt incurred in 1919, and by the end of prohibition Anheuser-Busch sold thirty million pounds of yeast annually. "King of Bottle Beer," Fortune, July, 1935, pp. 42 ff.


6When Anheuser-Busch again brewed Budweiser beer, the corporation gained control of numerous markets by selling beer at a lower price than the competition, and absorbing the loss with profits from yeast. "King of Bottle Beer," p. 42 ff.
tribution of beer. Individual states controlled breweries with stringent laws unknown before 1919. In Montana, the 1933 Beer Act made breweries responsible to a new State Liquor Control Board which dispensed all distilled alcoholic beverages through a monopolistic state liquor store. Although the board did not sell malt beverages, beer manufacturers, wholesalers, and retailers were required to purchase a license from the state. Producers also had to present the Liquor Board with monthly statements on the amount sold and were required to offer financial records for the board's inspection at any time.

The state also placed restrictions on the brewer's methods of management. Before 1919, many malt beverage producers, like the Billings Brewery, controlled bars and saloons, and sought additional markets through liberal favors to retailers. In 1933, the Montana Beer Act outlawed the right of breweries to own bars, supply signs and merchandise, or perform other gratuitous services for distributors and retailers. In addition, the new law ordered the State Liquor Board to limit the number of bars operating in any one area, and granted the board the privilege of revoking a brewer's, wholesaler's, or retailer's license if any

7 Cost: Brewery $750.00; Wholesaler $300.00; Retailer $200.00. Montana Beer Act, 1933, Section 45.

8 Montana Beer Act, 1933, Section 45.
discrepancy occurred. 9

A third broad trend was increased federal and state taxes after repeal. Before the First World War federal duties on beer averaged one-dollar and fifty cents for each thirty-one gallon keg. 10 In 1933, the tax on the same amount of beer rose to five dollars. 11 A brewer paid approximately six cents for federal taxes on each gallon of beer. This tax adversely affected small breweries which were unable to expand. A small brewery, which produced only several thousand gallons of beer each year, could not appreciably decrease production costs since it purchased only a limited amount of material at any one time. Large plants with money for expansion tripled or quadrupled production over a several year period. This, in turn, lowered production costs and thus offset any increase in taxes. The limited size of a small firm prevented a decrease in the cost of production when the government raised taxes. In the case of the Billings Brewery, which could not keep production costs down because of a decline in sales, the increase in taxes only exacerbated their problems.

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9 Montana Beer Act, 1933, Section 2815.51.
11 Cullen-Harrison Act.
States levied a tax on the beer as well. In Montana, the 1933 duty amounted to eighty-six cents on each keg.\textsuperscript{12} Although much less than the federal tax, this duty also proved to be an additional strain on the Billings Brewery's already marginal profits.

A final change detrimental to the beer industry was the increased sales of soft drinks. During prohibition, soft drinks expanded into almost every community, often times with the blessing of breweries which converted to the manufacture of non-alcoholic beverages during the 1920's. In 1933, soft drinks were a billion dollar industry vying for a large share of the beverage buying public.\textsuperscript{13}

The results of these four changes were readily apparent. While national corporations with abundant cash readied their plants for the eventual day of repeal, small breweries, lacking capital, faced heavy outlays to make their equipment operable and begin production. Consequently, on April 7, 1933 when Franklin Roosevelt signed into law the Cullen-Harrison Act repealing prohibition, less than

\textsuperscript{12}BBC, Profit and Loss, 1933 foreward.

\textsuperscript{13}For example, Coca Cola profits rose from $5,000,000 to $26,000,000 between 1919-1929. E.J. Kahn, The Big Drink (New York: Random House, 1950), p. 60.
75 per cent of the breweries operating in 1918 were able to reopen. From April 7 forward, Eastern plants counted increases in sales by hundreds of per cent. In Billings, Art Trenerry readied for a stockholder's meeting to discuss changing the name of the Advance Manufacturing Company back to the Billings Brewing Company and consider the possibility of borrowing $35,000 to make the plant operational. During prohibition the brewery was used as a warehouse. In July, 1931 the third floor collapsed precipitating an avalanche of thousands of sacks of beans to the floor below. Supports for the second floor cracked under the strain, finally coming to rest on the beer vats. As a result,

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14 In 1918, 1100 breweries operated. In 1933, 750 reopened. "King of Bottle Beer," p. 64.

15 Exactly at midnight, on April 7, 1933 Anheuser-Busch began brewing Budweiser Beer on a 142-acre site in St. Louis. "King of Bottle Beer," pp. 42 ff.

16 Stockholder's Meeting, May 25, 1933; Board of Director's Meeting, June 5, 1933, BBC, Minutes.

17 BG, July 6, 1931. At the time Trenerry was repairing the brewery, the Billings City Council passed an ordinance to control beer which was similar to the state law. One provision of the law set fees of $750 annually for breweries to operate in the city. Trenerry appeared before the council to protest. He threatened to halt repairs on the brewery, claiming it was impossible to compete with Eastern firms, and stated it would be cheaper to apply for a wholesaler's license and sell Eastern beer than to re-open the brewery. The closure of the plant, Trenerry added, meant a loss to the city of an $800 a week payroll. Although some members of the council felt the fee was not as detrimental as Trenerry believed, a week later they reduced the charge to $500 which seemed to bring an end to the controversy. BG, April 11, 1933; April 19, 1933.
Trenerry had to renovate not only idle equipment, but also replace or repair walls, floors, and the all important beer vats.

By the time Old Fashion Beer reached the market in the fall of 1933, Trenerry's original estimate for repairs proved to be wishful thinking, for he found it necessary to borrow $107,000. The loan was an expensive burden for the small corporation. Because of Trenerry's use of profits from beer sales and property rentals for dividends, he was unable to repay the debt until 1942.

Trenerry's other hopes also proved to be illusionary. He originally estimated the plant, in 1933, would "not exceed" the production of 20,000 barrels of Old Fashion Beer. The initial sales, although good, fell far below expectations. In 1933 the brewery produced only 4,450 barrels, and after one full year of operation, less than 16,000. This was a particularly poor showing since the beer was well advertised in newspapers, on radio, and on billboards as a "home product carefully brewed for home use."

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18Stockholder's Meeting, June 3, 1935, BBC, Minutes.  
19BBC, March 16, 1933.  
20BBC, Profit and Loss, 1933; 1934.  
21Also, it must be remembered that legal beer and drinking in bars was a unique experience for many Montanans, which should have generated more interest than that which was shown in Old Fashion Beer.
In April of 1935, to acquaint the public with Old Fashion Beer and the brewery, Trenerry held an open house to observe the brewery's thirty-fifth anniversary. The reception included free lunch and beer, and appeared to have been a great success with attendance in excess of 10,000 people. Nonetheless, the promotion had little

Claims, which some may consider ridiculous, were made to promote Old Fashion Beer. In the spring of 1934 a Billings weekly, The Midland Review, published a series of half-page advertisements proclaiming the benefits derived from drinking the beer. Two, among many, described the medicinal qualities:

It takes nerve. Men and women of today need nerves of steel. Whether their occupation is piloting an airship, controlling business, or directing household or social activities. When the nerves began to show an evidence of weakness prompt attention should be taken to restore them to a normal condition. Old Fashion Beer. As a food to tired, weak, overwrought nerves it has long been recognized in the medical world, because it is free from drugs--a wholesome strengthening tonic. Its natural food and tonic properties goes directly to the source of the trouble, soothing the nerves and helping to restore them to a strong healthy condition again.

Good health demands sound sleep. When nights are one continuous act of tossing, turning, dreaming--when nightmares haunt the hours of rest and mornings find you tired, and drowsy, and lacking ambition, its time to come to nature's aid and drive away the cause of insomnia. Prompt relief is assured by the use of Old Fashion Beer. Brings roses to the cheeks. Makes blood and tissues, soothes, quiets, and strengthens the nerves, and is highly recommended in many cases by eminent physicians. A 3.2 beverage, manufactured right here in Billings for your own consumption.

22BG, April 14, 1935. The party proved to be more than a "reception." After several hours of imbibing, the crowd became so "unruly" it was necessary to call four policemen to restore order.
effect on beer sales, for, by the end of 1935, the brewery had a surplus of unsold beer on hand and production had dropped 15 per cent from the preceding year.23

Such indications of difficulty should have generated enough concern that the management would suspend stock dividends. Instead, Trenerry stated that business was improving and the future appeared bright. Amid Trenerry's optimistic statements,24 the stockholders finally asked for a return on their investment. In 1936, Trenerry and Wise acquiesced and offered a 15 per cent dividend at the end of the year.25 Trenerry, in agreeing to the dividend, followed his policy of presenting the brewery to the stockholders as a successful business. His actions were completely unjustified.

The true financial picture was not the bright future which Trenerry envisaged. Production again decreased because of a drop in sales.26 As a result, between 1934 and 1936 production costs increased sharply, which reduced profits on both barrel and bottle beer. Profits on each thirty-one

23 BBC, Profit and Loss, 1935.
24 Stockholder's Meetings, June 1, 1934; June 3, 1935, BBC, Minutes.
25 Stockholder and Board of Director's Special Meeting, December 12, 1936, BBC, Minutes.
26 BBC, Profit and Loss, 1936.
gallon barrel decreased from $2.57 to $1.17, while on bottle beer profits dropped from twenty-nine cents to two cents per case. Harold Godfrey, a Billings accountant who audited the brewery's financial records, warned of the necessity of decreasing operating expense and increasing working capital, but Trenerry remained unmoved.  

In 1937, the reality of the corporation's precarious position became apparent. Production costs increased more than 20 per cent over the preceding year. Both barrel and bottle beer cost more to manufacture than the price received from wholesalers. The corporation faced its first year in the red with a $14,000 loss. Trenerry explained the loss to stockholders in terms of a recession in the economy, and unfavorable weather conditions which adversely affected beer sales. Despite the $20,000 he still owed on the 1933 loan, Trenerry borrowed an additional $15,000 to pay the previous years dividend. More realistically, Trenerry also blamed the loss on the "novelty" of liquor by the drink in bars, and the "inefficiency and derelictness of the

27 BBC, Profit and Loss, 1934, 1935, 1936.
28 BBC, Profit and Loss, 1934, 1935, 1936.
29 BBC, Profit and Loss, 1937.
30 Stockholder's Meeting, June 6, 1938, BBC, Minutes.
31 Stockholder's Meeting, June 7, 1937, BBC, Minutes.
Montana Liquor Control Board" for its inability to control violators of the 1933 Beer Act.\(^\text{32}\)

The "inefficiency and derelictness" to which Trenerry alluded, was the result of a corrupt State Board of Equalization which was responsible for the liquor board and enforcement of the law. The board was one among several state agencies dependent on political patronage for its membership. During the 1930's "...incompetent, chronically drunk, and corrupt officers" directed its operations.\(^\text{33}\)

The inability of state officials to suppress violators, coupled with demands by bar owners to sell distilled liquor, ultimately resulted in the Liquor by the Drink Act of 1937. The board still purchased all liquor sold in the state, but bar owners were given the right to buy distilled alcohol and wine from the board and sell it to the patrons. The reintroduction of hard liquor in bars exacerbated the problems of the Billings Brewery. Competition after 1937 included both rival beer and distilled spirits.

\(^{32}\)Stockholder's Meeting, June 6, 1938, BBC, Minutes. From 1933 to 1937 it was illegal to purchase whiskey or other distilled spirits except at State Liquor Stores. However, violations were numerous. Liquor inspectors "...found it nearly impossible to stop bartenders from selling liquor [illegally]." Gambling and prostitution flourished in many bars, and the owners' licenses were usually renewed even when he may have been arrested for violations of the law. Larry D. Quinn, "Politicians in Business: A History of the Montana State Liquor Control System 1933-1968" (Ph.D. dissertation, University of Montana, 1970), pp. 57-72.

\(^{33}\)Quinn, "Politicians in Business," p. 70.
Liquor by the drink ended only one violation, among many, which surrounded the beer industry. Although Trenerry condemned the liquor board for its "derelictness" in suppressing violators, he was equally as guilty. Because of strong competition from large breweries, and the continued loss in tap beer sales to bars, the brewery began a campaign to win distributors by whatever means were available.34

In violation of the 1933 Beer Act, Trenerry furnished signs, bar equipment, and fixtures to dealers throughout Old Fashion's areas of distribution. In one instance, he allowed John Klamm, a bar owner from Miles City, to charge over $1,000 against the brewery in order to buy the necessary materials to continue operations.35 Goodly quantities of Old Fashion were also freely supplied private clubs, unions, and fraternal organizations in an effort to win new customers.36 Trenerry admitted that the policy was "not to our liking..." but necessary, since other breweries initiated

34By 1937, sales decreased more than 37 per cent since repeal. BBC, Profit and Loss, 1933-1937.

35Letter, Billings Brewing Company to John Klamm, November 4, 1941, BBC.

36The brewery received letters from unions, fraternal organizations, private businesses and various individuals thanking the brewery for supplying free beer for their parties, socials and meetings. [See General Correspondence, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers].
similar programs. \(^{37}\) Trenerry's relationship with beer dealers provides another example of his unorthodox efforts to insure continuous sales. He often carried accounts with beer dealers who were most negligent in paying their bills. Some registered outlandish accounts, yet continued as Old Fashion distributors because the brewery feared the loss of even a single wholesaler in an ever-diminishing beer market. \(^{38}\) For example, H.H. Chesterfield of the Roundup Montana Creamery owed more than $1,600 to the brewery. Ray Wise implored Chesterfield to settle his account, and did receive nominal payments. Yet, the brewery continued to supply beer on credit so the bill remained well above $1,000. \(^{39}\)

\(^{37}\) Stockholder's Meeting, June 6, 1938, BBC, Minutes.

\(^{38}\) Anton Koch, a bartender from Ingomar, Montana, borrowed from a bank to pay his past accounts. Within a year Koch fell behind in his bank payment and, at the same time, was unable to pay for the new beer he ordered. Letter, Billings Brewing Company to Anton Koch Jr., January 6, 1940; Letter, Security Trust and Savings Bank to Billings Brewing Company, January 6, 1941, BBC.

\(^{39}\) Wise, in one of his pleas for payment from Chesterfield, reminded "Chet" of the brewery's precarious position. Wise stated he was "put in a rather ticklish and embarrassing situation" when government investigators perused the brewery's financial records and found Chesterfield owing $1,796.95 as compared to the previous balance, a month earlier, of $1,640.53. Wise warned Chesterfield "Whether or not you realize what that means, I do not know and I do not have the inclination to put all the details down on paper. But it does mean this, that you simply must get
Violations of the beer act, carrying orders from one year to the next, and other practices were certainly not the exclusive activity of the Billings Brewery. Most small producers found it difficult to sell beer because of the competition. The Billings plant was no more, or less, guilty of violations than other firms.

When the Missoula Brewing Company lowered prices on beer in Roundup, Montana, the action precipitated an exchange of letters between Art Trenerry and William Stinebrenner, president of the Missoula plant, which helps explain the lengths to which the Billings Brewery went in an effort to win distributors. In a letter dated September

this account down by June 15th or all of our 'good reasons' given to the government man will be in vain." Letter, R.H. Wise to H.H. Chesterfield, June 9, 1939, BBC.

40 Violations were so numerous among breweries that in May of 1940 J.E. Ericson, of the liquor board, sent letters to all brewers and wholesalers advising them that "...in the future all violators of this law [Beer Act Section 2815.51] will be prosecuted without further notice." Letter, J.E. Ericson to Billings Brewing Company, May 29, 1940, BBC. In 1941, the liquor board, after consultation with the state's Attorney General, ruled that neon signs were not in violation of the law since they were not used to dispense beer, and were not considered furniture. Letter, J.S. Benjamin to Billings Brewing Company, September 29, 1941, BBC. In that same year the Montana License Liquor Dealer's Association proposed to amend liquor and beer laws by adding a fair trade provision "...to curb a condition of price cutting that is getting out of hand to the damage of the retail liquor industry, and, we believe, to the detriment of the manufacturing end of the business." Letter, G.J. Zook to Billings Brewing Company, January 20, 1941, BBC.
ber 8, 1939, Trenerry noted that Missoula beer was selling for only sixteen dollars a barrel in Roundup. He went on to warn Stinebrenner:

Now supposing, Bill, this information gets around Missoula and other points that you are selling beer at Roundup for $16.00 while at Missoula and other points you are getting $16.50....You will immediately realize what a victim of circumstances you would be and all the alibing you would want would not be worth a tinkers damn.41

Stinebrenner sidestepped Trenerry's threat in a return letter, and alluded to the problems faced by small brewers everywhere.

Frankly, we sell little draft beer in the Roundup territory. Up to a short time ago, we had a customer over there that was using three and four half-barrels a week, but we lost this account to someone who painted his building for him. I understand he is now handling Billings and Sheridan Beer.

It is very unfortunate that tactics like painting buildings or giving away a half-barrel or case now and then, which seems to be the tactics that some of our good friends are doing, must go on. However, it looks like it will be a hard thing for you and I to straighten out.42

Stinebrenner added that brewers "could write volumes on what is going on," and questioned how some beer distributors could stay in business.43 He concluded that some jobbers

41 Letter, Art Trenerry to William Stinebrenner, September 8, 1939, BBC.
42 Letter, William Stinebrenner to Art Trenerry, September 10, 1939, BBC.
43 Letter, William Stinebrenner to Art Trenerry, September 10, 1939, BBC.
survived because "these give-aways and painting expenses, etc. are absorbed by the brewery...."\textsuperscript{44}

Costs for merchandise, and "painting expenses etc." were absorbed by the brewery, and were reflected in general costs and sales. Between 1936 and 1937 both increased more than 25 per cent.\textsuperscript{45} This increase, along with a continued rise in the cost of production, priced the beer well above the going rate. In order to sell Old Fashion in 1937, the brewery lost $1.26 on each barrel, and twenty-three cents on every case of bottle beer produced.\textsuperscript{46} From 1938 through the beginning of the next decade, returns were so small that it became unprofitable for the brewery to operate.

Trenerry's action, in providing equipment to wholesalers and retailers, was the culmination of frustrations and difficulties faced by a small brewery. These frustrations--dwindling profits, loss in sales, higher production costs--led breweries into a desperate fight for survival. Yet, these difficulties were the result of a technological revolution in the mass production and distribution of beer, which few small breweries could control.

\textsuperscript{44}Ibid.
\textsuperscript{45}BBC, Profit and Loss, 1936; 1937.
\textsuperscript{46}BBC, Profit and Loss, 1937.
Expansion by national breweries also precipitated a growth of large local breweries into regional producers. Sicks-Rainier, Hamms, Olympia, Coors, Schmidt, Ruppert, and numerous other breweries saw little future as giants of the industry gained an ever increasing share of the market. Consequently, they extended operations into several states. Small firms, which could neither afford to meet competition or grow, closed almost as rapidly as they had opened after repeal. In 1935, 750 breweries operated in the United States. By 1937, the number had fallen to 700.47

Troubles of the small firms were exacerbated in 1936 by another technological breakthrough—canned beer. Cans were cheaper than glass, stored in less space, and were expendable—breweries no longer had to pay freight rates on empties. This development further reduced the production cost of Eastern beer.48 By 1938, glass corporations retaliated with one-way bottles. "Glass cans," made of a low quality material, were readily acceptable to the drinking public.49

Expansion, canned beer, one-way bottles, and lower production costs found many breweries economically too

small to meet mass production competition. With the continued mortality of breweries year after year, it became more apparent that success required sufficient capital, an excellent product, extensive advertising, efficient production, wide distribution, and sound management. Lacking even one of these qualities could prove financially disastrous.

This was particularly true in the case of the Billings Brewery where none of the qualities were present; yet Art Trenerry would not accept the reality that the brewery was in serious difficulty. It had become a part of his life, and so he persisted in the belief that the plant had to be kept open by whatever means possible, including giving away merchandise to prevent the loss of distributors, and/or declaring dividends to placate stockholders. Thus, in 1938, 1940, and 1941 the Billings Brewery paid dividends totaling $24,000. Adding to the 1936 dividend, this meant the loss of $39,000 in working capital.

50 In many areas Anheuser-Busch gained control of the draught beer market by selling Budweiser beer for $13.35 per barrel. When Busch initiated this policy, the price was twenty-two cents less than the cost to manufacture Old Fashion. See "King of Bottle Beer," p. 42. BBC, Profit and Loss, 1935.

51 Stockholder's Meetings, June 6, 1938; June 4, 1940; June 3, 1941, BBC, Minutes.

52 During these years absolutely no money was invested in property rentals which, throughout the brewery's history,
The 6 per cent dividend of 1941 was especially incomprehensible. Barrel beer sales amounted to only 5829 barrels, or a decline of 64 per cent since 1934. Furthermore, Trenerry knew the brewery would operate at a loss because the federal government raised the beer tax an additional one dollar per barrel for defense.

Despite bank and auditor warnings, it would appear that both Trenerry and Wise honestly believed the corporation was solvent. Both purchased stock whenever possible. Ray Wise considered Trenerry and himself as extremely sensible in operating the brewery. Answering a 1940 thank you note from a grateful stockholder, Wise noted that while most breweries "had more or less tough sledding [sic]...," he was happy the Billings firm had been able to declare a dividend. Wise continued: "Most of the failures I understand were due to inexperience and the extension of ruthless credits. In this respect we [Trenerry and Wise] have been more than ultra-conserva-

returned each year to the corporation several times the income of the brewery. See Profit and Loss Statements, 1933-1968, BBC, Profit and Loss.

53BBC, Profit and Loss, 1934-1941.

54Special Stockholder's Meeting, December 16, 1941, BBC, Minutes.

55Letter, Ray Wise to Julies E. Smith, October 12, 1940, BBC.
Between 1933 and 1940 Trenerry increased his holdings from four to more than 170 shares. Perhaps Trenerry pursueded himself that weather accounted for poor sales. At almost every stockholder meeting after 1936 he referred to weather as a detrimental factor to the sale of beer. Trenerry even wrote the weather bureau to obtain daily reports.

Whatever Trenerry's explanation for poor beer sales,

56 Ibid. In the same letter Wise reminded Smith that the number of breweries in operation dropped to only 582 the past year. Within a year Wise wrote to several wholesalers asking them to pay past due bills amounting to $2,600. Source: Letters to numerous wholesalers and retailers. See General Correspondence, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers.

57 In 1939, even though a bank warned the corporation that its financial stability was questionable, Trenerry continued to purchase stock. Arthur Mueller, son of the brewery's founder, sold his remaining stock in the corporation at $125 per share. Both Trenerry and Wise, who eventually purchased most of the stock, were upset at his action because they felt the price was too low. Wise, through a friend in Missoula, learned why the Metals Bank and Trust Company of Butte, Mueller's trustee, released the stock for that price. A banker from Metals attended a director's meeting and perused the profit and loss statements. The Butte firm concluded that "...the Billings Brewing Company was losing ground and not progressing...." They reached this conclusion when they noted that even though the corporation paid dividends in 1936, the brewery closed their books in 1937 showing "...the brewery had lost some $14,000." Letter, Metals Bank and Trust Company to Mrs. Albert Rochester, September 9, 1939, BBC.

58 Stockholder's Meeting, 1936 ff. BBC, Minutes.

59 Letter, Art Trenerry to L.A. Warren, Dec. 14, 1940, BBC.
the brewery continued in an ever worsening financial situation. The firm was still in debt, sales were poor, and equipment began to show signs of deterioration. Also, property rentals of the corporation were forty years old, and the future presupposed heavy expenses for repairs.

Wartime prosperity and restraints benefitted the small producer. Beer cans vanished, distilled alcohol was restricted, and limited transportation meant larger quantities of local beer could be sold over Eastern brands. The respite for the small producer lasted several years, but once the war ended it would take more than weather reports to explain away a brewery's problems.
CHAPTER IV

WARTIME BOOM, PEACETIME BUST

At the 1942 Stockholder's Meeting Art Trenerry, as in years past, blamed weather conditions for poor business. There was little to be optimistic about for increased taxes on beer, as a result of the war, coupled to further increases in production costs, foreshadowed another year operating at a loss. Trenerry voiced the hope that "war emergencies and the like would not upset business in general." His statement was really an expression of fear that war conditions would further disrupt business, since "business in general" could not have been much worse. In 1942, the loss for the brewery amounted to approximately $1100.

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1 Stockholder's Meeting, February 10, 1942, BBC; Minutes.
2 Ibid.
3 Ibid.

Even the introduction two years previous of another lighter beer, Billings Pale, seemed to have little effect on business. Although the beer was well received by the public, profits continued to decline. Brewery records indicate the new beer was a better seller than Old Fashion, yet the brewery produced Pale only for package consumption. The Billings Brewery continued to supply Old Fashion in draught to bars. An indication of the public's acceptance of Billings Pale was revealed in a complimentary letter by B.R. Albin, executive of the prominent Billings merchandise firm, Hart-Albin Company. Albin, in an ebullient mood, wrote the brewery's leaders a short poem explaining his feelings about Billings Pale. Calling his verse Billings "Pale Brew" versus
"War emergencies and the like," however, offered the Billings Brewery and other small producers a reprieve from extinction. Wartime restrictions placed on the industry favored small breweries over larger plants, and for several years thereafter these producers saw production and sales records double and triple from one year to the next. Tin, steel, and aluminum, important for beer cans and barrels, vanished from the market. The loss of metal was especially detrimental to many national breweries which, by 1942, had invested heavily in beer cans. Beer bottles were still available, but caps had to be made of paper. As paper shortages occurred, production slowed for lack of both caps and labels. Early in the war government control boards placed grains on a prohibitory list. Grain restrictions

Peddling "The Bull," Albin wrote:

As a Bullfighter of rank/B.R. is no show Armillita stole his stuff Three years ago.

But! As a Thrower of Bull!/I thought he ranked tops 'Til along came Ray Wise/And knocked out his props.

Then! Along came Trenerry adding insult to injury By increasing Pop's waistline/That's never been slendery.

B.R.'s Decision: The New Billings "Pale Brew" Now! I am of the opinion "YOU REALLY HAVE GOT SOMETHING"

Letter, B.R. Albin to Billings Brewing Company, undated, BBC.


were especially advantageous to small breweries since the distilled alcohol industry depended on these cereals for their existence. With a shortage of distilled alcohol, many whiskey drinkers either had to go without or accept beer as a substitute. As the war progressed, the government tightened rations on barley, a prime ingredient which, like yeast, determines the alcoholic content of the beer.\(^6\) Those breweries using a great quantity of barley either reduced the alcoholic content of the beer or curtailed production.

Besides the problem of production, national and expanded regional breweries continually faced a distribution crises. The railroad industry, burdened with troop trains and war material, denied many Eastern firms as easy access to their markets.\(^7\) The federal government required 15 percent of all beer produced be sent overseas for the armed forces. Because of federal standards, national plants supplied the military since they manufactured large quantities of beer in a uniform quality.\(^8\) The law assured national breweries a ready market, but diverted thousands of gallons of beer from civilian consumers.


\(^7\)Some breweries owned fleets of trucks which stood idle during the war because of rations on gasoline and tires. In some areas breweries eliminated at least one day a week from their delivery schedule. "Beers Bottlenecks," p. 19.

\(^8\)"Embattled Beer," p. 42.
Finally, general wartime prosperity increased the profits of all small breweries. Across the nation, sales and production records set all time highs. The Billings Brewery was no exception. Within one year the brewery turned a 1942 $1100 loss into a $15,000 profit. This difference was the result of an increase in the production and price of beer. Sales on both barrel and bottle beer rose by more than 9 per cent between 1942 and 1943. Also, the brewery increased the price of beer by 11 per cent. Increases in price and sales continued at approximately the same rate through 1944. However, for the next three years, the price for Old Fashion Beer rose by more than 22 per cent over the 1942 figure. Sales showed a spectacular increase as well. By 1947, barrel sales surpassed 7573 barrels, and bottle sales reached 168,572 cases, or an increase of approximately 50 per cent since 1942. Profits during these auspicious days exceeded $42,000 in 1945, and by 1947, almost doubled--in reaching $80,000.

The war years must have been perfect beer drinking

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9BBC, Profit and Loss, 1942, 1943.
10Ibid.
11BBC, Profit and Loss, 1942-1947.
12BBC, Profit and Loss, 1947.
weather for Trenerry never mentioned climatic conditions as having any affect on sales. Instead, with impressive profit and sales figures to underscore his words, Trenerry proclaimed to the stockholders that "...everything on the whole was in very satisfactory shape," for the corporation was "...in excellent financial condition."¹³ Trenerry could point out that the original debt was paid, profits were increasing, and sales had doubled over a six-year period.

Yet, behind the veneer Trenerry painted, it was easy to realize the foundation for his bombastic phraseology was a tenous one. For, only Trenerry's prodigality exceeded his optimism. As rapidly as profits were received from the beer, Trenerry converted the cash into dividends and returned it to the stockholders. Between September of 1942 and December of 1947 a total of seventy dollars on each share of stock was paid. This amounted to approximately $70,000 in income.¹⁴ During these same years the net income of the brewery after taxes amounted to

¹³Stockholder's Meetings, 1943-1947, BBC, Minutes.
¹⁴Dates on which dividends were declared: September 16, 1942, $10; October 6, 1943, $12; July 17, 1944, $6; June 12, 1945, $6; December 11, 1945; $8; June 18, 1946, $6; December 14, 1946, $8; June 12, 1947, $6; December 3, 1947, $8. Stockholder's and Board of Director's Meetings, 1942 ff., BBC, Minutes.
Thus, Trenerry returned 43 per cent of the brewery's income as dividends. Trenerry saved nothing for plant repairs or property improvement. Most of the equipment existed with only minor renovations since 1900. Due to the lack of improvements, brewery property deteriorated at a rapid rate. Many structures were, like the brewery, fifty years old. Without the necessary funds for refurbishment they rented for far less than their value.

Trenerry's exuberance over the increase in sales and profits was short sighted. Little consideration was given to postwar competition. Only a slight perusal of brewery records was necessary to determine a rise in production costs and taxes paralleled an increase in profits. A slow but steady rise in the cost of production, added to a burgeoning federal tax, increased the outlay for producing beer approximately 12 per cent. That is, the cost of manufacturing beer after the war was $1.91 more on every thirty-one gallons when compared to 1942.16

Some stockholders began to realize before the war ended that the corporation was not in "excellent financial condition." As early as 1942, S.G. Tonkin, a stockholder elected to the perfunctory position of vice-president, assailed

15BBC, Profit and Loss, 1942-1947.
16Ibid.
Trenerry's action of paying dividends while the brewery lost money. Tonkin's dissention finally led to the vice-president's resignation in 1944, and the selling of his shares of stock in the brewery.\(^{17}\) The resignation of Tonkin, however, did not end criticism of Trenerry. In fact, Trenerry's halcyon days of leadership were drawing to a close. In the following year, 1945, Ray Wise died, leaving behind a lifetime of service to the Billings Brewery.\(^{18}\) Francis B. Welsh, brewery office manager before the war, assumed Wise's duties. Welsh held a more objective view of the corporation's financial difficulties than either Trenerry or Wise were capable of accepting. Although from the East, Welsh spent most of his life in Billings. The knowledge he gained from several business enterprises during the 1930's brought a realist to the staff of Trenerry's fantasyland. Welsh realized in 1940 that property rentals were a more lucrative source of income than a parasitic brewery. Thus, when he returned from service in the Navy, Welsh began to garner support among stockholders toward his point of view.

Wartime prosperity muffled Welsh's criticism of Trenerry. Yet, even in 1945 it was apparent to stockholders that...
holders, who bothered to investigate the brewery, that Trenerry's euphonious words rang hollow. Everything on the whole was not "in very satisfactory shape" for the brewery was in complete disrepair. The brewery manufactured an ever increasing amount of unsalable beer. "Poor carbonation, sour taste, unpleasant odor, and foreign matter in the beer" became a daily headache for brewery employees as they poured hundreds of gallons of Old Fashion beer into the sewer. 19 By 1947 brewing vats had so deteriorated, and the amount of beer destroyed reached such an alarming rate, that at the end of the year all vats were drained, cleaned and revarnished. However, the worthy venture proved disastrous. Lastiglass, the synthetic thinner applied by the brewers, had not dried properly before a new brew was manufactured. The beer absorbed the varnish off the vats, and, before the brewery realized what had happened, it was shipped to markets where customers received Old Fashion with a less than enthusiastic reception. 20 Once the brewery rectified the problem, the purpose of cleaning the vats came to naught since employees destroyed just as much beer after the 1948 debacle. Foreign matter and other

19See General Correspondence, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers.

20Stockholder's Meeting, February 10, 1948, BBC, Minutes.
holders, who bothered to investigate the brewery, that Trenerry's euphonious words rang hollow. Everything on the whole was not "in very satisfactory shape" for the brewery was in complete disrepair. The brewery manufactured an ever increasing amount of unsalable beer. "Poor carbonation, sour taste, unpleasant odor, and foreign matter in the beer" became a daily headache for brewery employees as they poured hundreds of gallons of Old Fashion beer into the sewer.¹⁹ By 1947 brewing vats had so deteriorated, and the amount of beer destroyed reached such an alarming rate, that at the end of the year all vats were drained, cleaned and revarnished. However, the worthy venture proved disastrous. Lastiglass, the synthetic thinner applied by the brewers, had not dried properly before a new brew was manufactured. The beer absorbed the varnish off the vats, and, before the brewery realized what had happened, it was shipped to markets where customers received Old Fashion with a less than enthusiastic reception.²⁰ Once the brewery rectified the problem, the purpose of cleaning the vats came to naught since employees destroyed just as much beer after the 1948 debacle. Foreign matter and other

¹⁹See General Correspondence, Billings Brewing Company, University of Montana Archives, Billings Brewing Company Papers.

²⁰Stockholder's Meeting, February 10, 1948, BBC, Minutes.
abnormalities were still present.\textsuperscript{21}

The criticism leveled at the brewery by stockholders following the varnish episode intensified after 1948. In that year, wartime prosperity ended almost as abruptly as it began. National and expanded regional breweries entrenched for a sales battle which threatened to "drown all but the strongest swimmers in their own beer."\textsuperscript{22} As the government lifted wartime controls, multimillion dollar corporations like Anheuser-Busch and Joseph Schlitz built second or third plants on various sites across the nation

\textsuperscript{21}In August of 1950, the brewery destroyed 5952 gallons of beer because of "foreign matter" in the beer and poor carbonation. Letter, F.B. Welsh to H. Van Haverbeke, August 14, 1950, BBC. On November 21, 1950 a Libel of Information was filed, and a Warrant of Arrest issued against the Billings Brewery in violation of the 1938 Federal Food, Drug and Cosmetic Act. Forty-five hundred pounds of barley malt, and sixteen hundred pounds of barley flakes were found to be "stored in unsanitary conditions, and they consist wholly or in part of a filthy substance...rodent excrete and insects in the barley malt, rodent pellets, and rodent urine in and on the Brewer's flakes; and said articles have been held under unsanitary conditions whereby they may have been contaminated with filth." Warrant of Arrest to Billings Brewing Company, November 21, 1950, University of Montana Archives, Billings Brewing Company Papers. On November 28, 1950 the brewery appeared in U.S. District Court in Billings to plead guilty. However, the court dismissed the case the following day because the brewery destroyed the barley malt and barley flakes. United States, Libelant v. 4500 Pounds Bulk Barley Malt and Sixteen Bags each containing 100 Pounds of an Article Labeled in part "Jiffymalt Brewers Flakes" Libellees, Civil 1278, U.S. (1950). [Since this case was dismissed, information was found on court docket at U.S. Court in Great Falls].

\textsuperscript{22}"Budweiser East," \textit{Business Week}, January 27, 1945, p. 82.
to compliment their original brewery. Within a few years Newark, Los Angeles, Houston, and San Francisco produced as much beer as the original brewing capital, Milwaukee.\(^{23}\)

Competition from other breweries rose sharply for the Billings plant during 1948. Before the year closed, sales fell more than 28 per cent, or 150,000 gallons from the preceding year.\(^{24}\) Although barrel beer sold at a loss, bottle sales were still sufficient to show a profit that year. However, the 1948 profit on the brewery, $19,686.58, was $61,570.81 less than 1947 profits.\(^{25}\) Income fell by more than 75 per cent in one year, yet this drastic reversal in business did not deter Trenerry from recommending that dividends be paid. His persuasiveness over a majority of the stockholders, who failed to realize that the great profits of the preceding years were only a consequence of the war, delivered to Trenerry the support necessary to declare a dividend and continue his program. Thus, in 1948, the corporation returned fourteen dollars on each share of

\(^{23}\)The continual failure of breweries in the United States is reflected in the loss of sales by small plants to the expanding avaricious giants. Of the 530 breweries operating in 1941, by 1947 only 464 remained. Between the years 1947 and 1948 thirty-nine more breweries closed. "Shifts in the Beer Picture," Business Week, July 17, 1948, pp. 70-72.

\(^{24}\)BBC, Profit and Loss, 1948.

\(^{25}\)BBC, Profit and Loss, 1948.
In 1949, at the stockholder's meeting, Trenerry never bothered to discuss the 1948 reversal. Instead, he reminded stockholders of the past year's dividend. Trenerry believed what was necessary for the Billings Brewery to again gain a preponderance of the local beer market was to begin canning beer. Thus, the 1949 meeting was devoted to "what might be expected in the coming year." What might be expected was heavy outlays for new equipment. Although some stockholders might object to the expenses involved in canning beer, Trenerry tentatively planned to purchase machinery so the process would be ready by 1950.

Trenerry, quixotic and unyielding, would not listen to critics. He borrowed money to pay for the 1948 dividends. In 1949, the corporation moved deeper into debt as Trenerry received another loan to buy new canning and refrigeration equipment, as well as pay for another dividend—twelve dollars a share. The brewery had to be kept open at whatever the price, for Trenerry could not accept the failure of a lifetime of effort. Yet, by his actions, the

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26 Board of Director's Meetings, May 31, 1948; December 2, 1948, BBC, Minutes.

27 Stockholder's Meeting, February 8, 1949, BBC, Minutes.

28 Special Stockholder's Meeting, December 5, 1949, BBC, Minutes.
corporation was rapidly approaching bankruptcy. As Trenerry tried to buy stockholder support with dividends, beer profits and sales continued to fall. In 1949, beer sales dropped approximately 24 per cent, or 129,000 gallons less than the preceding year, while profits plummeted to $2,400, or a 94 per cent decrease since 1947.29

At the 1950 stockholder's meeting Trenerry could only ask for time. He promised stockholders that canned beer equipment, which would be operable in the spring, would increase sales, while the new refrigeration units and other machinery the brewery purchased would cut labor costs.30 The year 1950 was Trenerry's onus probandi [burden of proof]. Impatient stockholders were in no mood to make allowances any longer. Trenerry's views, which held sway for sixteen years, were now in the minority. Criticism of his leadership reached crescendo proportion. Stockholders would not be satisfied with simplistic explanations if profits were not forthcoming.

In January of 1951, Trenerry received the Profit and Loss statement from the brewery's accountants, Colburg and Wallin. Its few pages proved his theories on canned beer and new refrigeration to have been a will-o'-the-wisp.

29BBC, Profit and Loss, 1949.

30Stockholder's Meeting, February 4, 1950, BBC, Minutes.
Colburg and Wallin reported a loss for the year in excess of $59,000. On the beer alone, the accountants listed losses at $27,000.\textsuperscript{31} Instead of an increase as Trenerry had predicted, sales fell 46 per cent below 1949.\textsuperscript{32} Production costs reached an all time high because of the expensive tin beer cans. The Billings Brewery, to sell beer at a competitive price in 1950, lost $6.33 on each barrel. Each case of bottle beer sold at 53\textcent below cost to distributors, while canned beer wholesaled at $1.09 less than production cost.\textsuperscript{33} The accountants noted that to be able to realize a profit from canned beer, it would be necessary to obtain a volume of 120,000 cases or more. In 1950, total beer sales of both cans and bottles amounted to only 48,872 cases.\textsuperscript{34}

On February 13, 1951, stockholders assembled in the Billings Brewing Company offices for the annual meeting. Trenerry, in presenting the auditor's report to the conclave, dismissed it in total as an "unfair report."\textsuperscript{35} Instead, he made a prepared statement of his own on the

\textsuperscript{31}BBC, Profit and Loss, 1950.
\textsuperscript{32}\textit{Ibid.}
\textsuperscript{33}\textit{Ibid.}
\textsuperscript{34}\textit{Ibid.}
\textsuperscript{35}Stockholder's Meeting, February 13, 1951, BBC, Minutes.
condition of business. In a concise review, Trenerry offered three reasons why the Billings Brewery's sales were bad during 1950: "One, the weather was poor--this resulted in poor sales. Two, the Billings Brewing Company was late getting into the canned beer business--thus causing a loss in sales. Three, trouble with the beer itself."36 Although none present would argue with his last reason, stockholders were not ready to listen to Trenerry expound on the weather. Almost immediately Frank Jacoby, a stockholder, interrupted Trenerry. Jacoby tersely noted that there seemed to be "plenty of beer business," but the Billings Brewery was not "getting much of the business."37

Jacoby's comments incited a tumultuous uproar among the stockholders. Thereafter followed a lengthy discussion covering the plethora of problems the brewery faced. The debate culminated in the proposition that a new board of directors be nominated. Stockholders designated Francis Welsh and Mrs. Olga Wise, wife of the late secretary-treasurer, as president and secretary-treasurer. David Magowan, another stockholder, received the necessary support for vice-president.38

36 Stockholder's Meeting, February 13, 1951, BBC, Minutes.
37 Ibid.
38 Ibid.
Trenerry warned the assemblage that he was a director and thus had to hold one of the offices denied him. He suggested the meeting be called off until a later date. When all stockholders refused his suggestion, Trenerry polled the corporation's members to determine if he controlled the sufficient votes to remain as a director. Trenerry owned, or held by proxy, 265 shares of stock. By the corporation's by-laws, the number was adequate for Trenerry to demand a directorship. Stockholders then agreed to Trenerry's demand, but stipulated that he could work only in conjunction with Welsh and Wise. The triumverate would serve as equals until they decided among themselves who would become president. Trenerry agreed to this plan. When the board of directors met after the stockholder's meeting, however, Trenerry refused to attend, and instead walked out. Welsh and Wise nominated each other, working without Trenerry. Welsh accepted the presidency, while Mrs. Wise became secretary-treasurer. They designated Trenerry, although absent, vice-president. Immediately Welsh and Wise resolved that only they would henceforth sign the corporation's checks. Welsh indicated his first duty would be to survey

39 Stockholder's Meeting, February 13, 1951, BBC, Minutes.
40 Board of Director's Meeting, February 13, 1951, BBC, Minutes.
41 Ibid.
the brewery and its property, for the purpose of compiling a report to be presented to the stockholders.

Within a month Welsh determined that if the brewery was to continue producing beer, the first order of business was to stop brewing Old Fashion, since "Old Fashion was not very highly regarded with the public." Employees drained all vats, and an entirely new beer, much lighter in taste, was made available for consumers. In the summer of 1951, Billings Tap Beer reached the markets. Although the beer received many compliments, Welsh found "...considerable resistance was being experienced because of the past adverse reputation of the brewery." Thus, in December of 1951, Welsh notified stockholders of a special meeting to determine the future course of the corporation. Trenerry, who previously refused to attend earlier board of director meetings, sat in attendance but remained silent.

Welsh reminded stockholders of his previous intention to investigate the corporation. After an exhaustive study, he thought it imperative to review his findings in order

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42 Board of Director's Meeting, March 28, 1951, BBC, Minutes.

43 Board of Director's Meeting, July 11, 1951, BBC, Minutes.

44 For both the March and July board meetings Trenerry received registered letters informing him of the conference. On the second occasion, it was determined that if Trenerry would not attend, the corporation would institute legal proceedings to remove him. See Board of Director's Meetings, March 28, 1951, July 11, 1951, BBC, Minutes.
to consider what policy the corporation should implement. Welsh, who began by discussing the corporation's 1950 financial condition, underscored his review with a resume provided by the accountants, Colburg and Wallin. The firm, Welsh advised his audience, listed brewery assets at $74,305.14, but approximately 87 per cent of those assets were inventory. \textsuperscript{45} Current liabilities, including bank drafts made against the brewery, overdrafts, cash advancements, and sundry taxes and interest amounted to $60,494.12. On approximately $46,000 of that amount, the brewery paid 5 per cent annual interest. \textsuperscript{46}

In considering why the brewery operated at such a great loss, Welsh felt it was due to the unfavorable stigma attached to Old Fashion Beer. He recalled how, on past Christmases, it had been the practice to give cases of Old Fashion to friends and customers. However, over the holiday season of 1950, recipients of the favor "...thought the brewery had a poor batch of beer to dispose of and unloaded it on them as Christmas presents." \textsuperscript{47}

\textsuperscript{45} Welsh Manuscript. [On microfilm following the Billings Brewing Company Minutes], University of Montana Archives, Billings Brewing Company Papers. Hereinafter referred to as Welsh Manuscript, BBC.

\textsuperscript{46} Welsh Manuscript, BBC.

\textsuperscript{47} Ibid.
Welsh continued, was a "distinct liability." In meeting the public Welsh found customers asking "for anything but Old Fashion. In fact, we encountered as much opposition to our brand name as we did to any single element. Our Old Fashion Beer, in a solid green can, was commonly referred to as 'Green Death'."

To overcome Old Fashion's reputation, Welsh reminded his listeners, the brewery introduced Tap Beer. Welsh felt the results were gratifying. The State Fair even accepted the new local product "where in years past Old Fashion had received so many complaints, the fair board granted other breweries the rights to our concession." However, the efforts came to naught since a lack of money prevented sufficient advertising and distribution of Tap Beer. Welsh found some distributors carrying a Western beer that sold well, and they would not change brands; while others, who would buy Tap Beer, did not want to pay the price which the Billings Brewery charged. Because of the uncertainty of

\[48\text{Ibid.}\]
\[49\text{Ibid.}\]
\[50\text{Ibid.}\]

The term "Western" beer designates a beer produced in the Western United States. Until Eastern firms built breweries across the United States, beer shipped from Milwaukee and other "Eastern" points sold at a higher price because they were considered to be of a better quality than Western beers. Today, some Milwaukee based breweries still price their beer a few cents higher, even though the product might have been produced on the West coast.
the corporation's future, Welsh noted, the head brewmaster accepted a position with a more solvent organization.\textsuperscript{52}

Turning to the problems of the corporation as a whole, Welsh found rentals had not kept pace with the times. Profits for ten years previous were well above $6,000, while in 1951 these same holdings furnished an income of less than $4,400.\textsuperscript{53} Insurance on almost all buildings was inadequate, and many were in need of repairs—but no funds were available. Presenting Colburg and Wallin's statistics covering sixteen years of business, Welsh pointed out that the corporation earned $160,000 after taxes. Of the amount, Trenerry returned approximately $140,000 as dividends.\textsuperscript{54}

Finally, Welsh reminded stockholders of the difficulties the Billings Brewery faced in competition with well-financed organizations. The firm lacked the capital to repair brewery equipment, and, if the brewery continued using the deteriorating machinery, the cost of production would remain too high. In drawing his prepared statement to a close, Welsh expressed the opinion that three alternatives were possible for the corporation:

\textsuperscript{52}Welsh Manuscript, BBC.

\textsuperscript{53}\textit{Ibid.}

\textsuperscript{54}\textit{Ibid.}
1. Vote enough money to pay off the present indebtedness of $70,000 and provide working capital in the amount of $30,000. To raise this amount of money it will be necessary to place a mortgage on the property.

2. Vote sufficient money to liquidate the present indebtedness, provide working capital, and provide funds to replace obsolete equipment in use today. This plan will necessitate a loan of approximately $200,000. It is our opinion that it will take at least $100,000 to put this plant in condition whereby we can produce competitively.

3. Vote sufficient money to pay off the present indebtedness. Close the brewery, operate the rental property.55

After a lengthy discussion, stockholders agreed to the third plan. To this end, they resolved to immediately close the brewery and borrow $70,000 to eradicate the debt.56 Trenerry, who sat quietly throughout the proceedings, arose and left. The following day Trenerry mailed the brewery his resignation as a director "to become effective at the time this notice is delivered...."57

Trenerry's fight to maintain the brewery had ended, but Welsh's battle to return the corporation to solvency had only begun. The most immediate task was to secure a loan and dispose of the brewery. As events transpired, Welsh found it easier to borrow extensive sums of money than to divest the corporation from the brewery. In March of 1952,

55Special Stockholder's Meeting, December 10, 1951, BBC, Minutes.
56Ibid.
57Letter, Art Trenerry to Billings Brewing Company, December 11, 1951, BBC, Minutes.
Welsh procurred $70,000 from Alberta Bair and Marguerita Lamb, of Martinsdale, Montana. The agreement reached called for repayment of the loan over ten years, in 120 monthly installments, at 5 per cent per annum interest. With the necessary funds, Welsh began paying all the debts incurred by the brewery, as well as repairing and refurbishing many of the buildings owned by the corporation. In 1953 alone, Welsh spent $27,000 for property renovations. The efforts proved fruitful, for, in 1953, the corporation operated at a profit. Welsh advised stockholders that "...we have a long, hard road before we have our house in order, but we are headed in the right direction." Welsh's predictions proved true for, by the end of the decade, rent receipts were high and stockholders received dividends regularly.

Finding some use for the brewery building, however, occupied more time than it was worth. The building, archaic and in disrepair, had little use for any other line of business. No one wanted to buy the structure and its equipment, or reopen the brewery. For several years Welsh was

58 Board of Director's Meeting, March 13, 1952, BBC, Minutes.
60 Ibid.
61 Stockholder's Meeting, February 9, 1954, BBC, Minutes.
62 Stockholder's Meeting, February 10, 1953, BBC, Minutes.
unsuccessful in selling or renting the edifice. Exasperated, the corporation's president began receiving estimates for tearing down the three story monolith, but rejected all offers as being too costly—at least $12,000. Finally, in 1959, Welsh readily accepted a contract from an individual who offered to demolish the brewery for $6,500. The agreement provided that all salvagable materials and machinery would go to the contractor. As it turned out, the brewery, which cost the corporation great sums of money while in operation, denied stockholders any recompense upon its demise. A short time after the contractor began wrecking operations, the lengthy national steel strike of 1959 began. Consequently, the fifty steel beams comprising the skeletal structure of the building and much of the machinery in disrepair were sold at a premium price by the contractor.

For Welsh, however, the difficulties surrounding disposal of the brewery were pale in comparison to the vexations presented by Trenerry's obstreperous attitude. To all but Trenerry, the brewery soon became a bad memory. Trenerry could not accept this view. Closure evoked bitter antagonism,

62Board of Director's Meeting, April 23, 1954, BBC, Minutes.

63Board of Director's Meeting, September 18, 1959, BBC, Minutes.

64Conversation with F.B. Welsh by the author, November 27, 1969, Billings, Montana.
and for several years Trenerry held Welsh personally responsible for the termination of brewing operations. Trenerry, to the embarrassment of all, returned to the stockholder meetings only to criticize Welsh and vent his feelings. In February of 1954, two years after the brewery closed, Trenerry reappeared. Once Welsh finished his report on business showing the corporation's rents had increased by $18,270, or 49 per cent over the previous year, Trenerry urged stockholders that Welsh should not have been allowed to collect the rents. Trenerry claimed that, at the 1951 meeting, stockholders agreed that after the brewery's saleable equipment was disposed of, an agency would assume rent collection. Welsh replied that he had not recalled such an agreement. He provided the minutes of the 1951 meeting, but Trenerry refused to read them. Welsh then stated that Trenerry could make any motion he wished concerning the collection of rents, but Trenerry declined.

One year later Trenerry again brought up the question of rents. Welsh advised Trenerry he "...was at liberty to make any motion he so desired concerning this matter."

65 Stockholder's Meeting, February 9, 1954, BBC, Minutes.
66 Stockholder's Meeting, February 9, 1954, BBC, Minutes.
67 Ibid.
68 Stockholder's Meeting, February 8, 1955, BBC, Minutes.
Trenerry retorted "[Welsh] didn't know much about business, and all the stockholders were allowed to do was make suggestions." The matter rested until Welsh reported on the preceding year. In his statement, Welsh recalled "...what a handicap this corporation worked under since so much money was needed for repairs," and reminded stockholders that blame rested with the previous president's practice of using profits for dividends. Almost immediately Trenerry stormed to his feet, shouting: "...the report is no good," and that Welsh was "directly responsible for the closing of the brewery." Trenerry then claimed the entire report was a "bunch of bull." For several minutes Trenerry's tirade continued, using language "not recorded." Welsh replied that he wanted it known that "he refused to argue with Trenerry."

In 1956, five years after the brewery closed, Trenerry again berated Welsh. Welsh presented a review of 1955, and pointed out that rent receipts amounted to $167,104.25, or a

69 Ibid.
70 Ibid.
71 Ibid.
72 Ibid.
73 Stockholder's Meeting, February 8, 1955, BBC, Minutes.
74 Ibid.
949 per cent increase over 1950. Trenerry dismissed Welsh's statements, claiming "...the report might sound nice to some people, but to anyone who knows anything about business, it didn't mean much. These rents would have gone up anyway." Trenerry expressed the opinion that Welsh "was getting too much money," and, returning to the 1951 stockholder's meeting, questioned Welsh's right to collect rent. Welsh angrily retorted that he was "...getting sick and tired of listening to this complaint every year.... If we would have listened to you [Trenerry] all these years we would still be getting only $17,605 per year in rentals." Welsh then wanted to know what salary Trenerry drew as corporation president. It was determined Trenerry received $350 each month. Welsh queried Trenerry: "...you drew $350 per month to run this business on an annual gross income of approximately $12,000 and yet you feel I'm getting an excessive salary at $400 per month with the income up over $40,000 per year?" Trenerry, who sold insurance, rejoined that he knew "...an insurance agent who would do the same

75Stockholder's Meeting, February 14, 1956, BBC, Minutes.
76Ibid.
77Ibid.
78Ibid.
79Stockholder's Meeting, February 14, 1956, BBC, Minutes.
job for 5 per cent of the rent receipts."  

Trenerry's comment began a verbal barrage between Welsh and himself. Their words were recorded only as a "heated discussion." Welsh finally protested that "...managing this company involved considerable more work than running around once a month to pick up a rent check," for Welsh noted, "it had taken quite a little work to rid the corporation of several tie-in gimmicks that existed..." He then added that the business was "now being operated only in the interests of the stockholders," and that was the way it was going to continue to be run.

Wise finally interrupted both Trenerry and Welsh, charging "...this line of conversation [is] accomplishing absolutely nothing," and voiced the opinion that the majority of the stockholders "were more than pleased with the progress of the company." Trenerry closed the argument claiming he "just wanted to state the minority's opinion."  

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80 Ibid.
81 Ibid.
82 Ibid.
83 Ibid.
84 Ibid.
85 Ibid.
Possibly after 1956, Trenerry realized his voice was the "minority opinion," and that his billingsgate and picayune criticism fell on deaf ears. A return to normalcy occurred at stockholders’ meetings. For the remainder of the decade Trenerry worked alongside Welsh without difficulty. Also, Trenerry might have come to accept Welsh's leadership. Under Welsh, dividends became frequent. At the time of the brewery closure Trenerry and his wife owned 250 shares of stock. Even when dividends were small, they received an adequate return to carry them through their senescence. Trenerry might have even realized that continuation of the brewery was economically impractical. During the 1950's, several of the other breweries in the state ceased operations. In 1959, three years before his death at eighty-one, Trenerry discussed these failures. He revealed how, on a trip to Missoula, Montana, he found the Butte Brewery in financial difficulty and planning to close. Trenerry further recalled that only two breweries remained in the state [Great Falls and Missoula], and reminded stockholders of how the Billings Brewery faced the same economic problems of these remaining plants a decade earlier.

Trenerry, in taking cognizance of the mortality rate

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86 Special Stockholder's Meeting, December 10, 1951, BBC, Minutes.
87 Stockholder's Meeting, February 10, 1959, BBC, Minutes.
for small breweries, might have eased his mind knowing many of the problems of the Billings Brewery were attributable to economic causes and an advanced technology. For, in the years preceding and following the closure of the Billings Brewery, national breweries spread cancerously, leaving behind "...a battleground strewn with dead companies, the terrors of rising costs, and the traps of overcapacity." Between 1949 and 1969, the number of United States breweries in operation fell from above 400 to less than ninety, or a decline of approximately 87 per cent since 1933. In their wake, the largest corporations expanded without limits, and acquired everything from defunct malt liquor plants to baseball teams. By 1969, three corporations--Anheuser-Busch, Schlitz, and Pabst--claimed 37 per cent of the beer market.

Against such odds few small breweries could hope to

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88By 1968 all brewing in Montana ceased. Although "Great Falls" beer is still sold in Montana, a Portland, Oregon brewery has produced the malt beverage since 1968.


90Ibid.

91Ibid. It has been estimated that within a decade ten breweries will control 90 per cent of the beer sales in the United States. Mass production provided the fuel for growth. For example, in one day Anheuser-Busch's Budweiser plant in St. Louis, only one among many, can manufacture enough beer to fill 7,500,000 cans and almost 7,000,000 bottles. In 1968, alone, Anheuser-Busch sold 18,400,000 barrels of beer. "Keeping Your Head," pp. 138-142.
compete. Thus, in retrospect, the Billings Brewing Company became a statistic. Along with several hundred other small plants, the Billings firm closed its doors and was soon forgotten. The Billings Brewery, similar to a myriad of businesses of an earlier day, failed because of the age of enterprise in which the corporation existed, as much as the liabilities incurred in producing Old Fashion Beer. Yet, at the same time, the Billings Brewery was a product of the age of enterprise. It is only necessary to consider the corporation's leader, Art Trenerry. He was unable to accept the idea that the Billings Brewery was a failure. More importantly, he was unable to recognize that much of the free enterprise system is a myth. Coming from Wales early in life, Trenerry might have been instilled with Horatio Alger ideals--to strive is to succeed. He gave the brewery his all, yet it was not a success. Trenerry's greatest failure, then, was his inability to realize that when operating in competition with rapacious corporations, the ideal and reality of free enterprise are completely separate.
APPENDIX
APPENDIX A: BOTTLE BEER SALES (in gallons) OF BILLINGS BREWING COMPANY BEER 1913-1950*

1913 14 15 16 17+ 18 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

400,000 P
380,000 O
360,000 I
340,000 T
320,000 N
300,000 I
280,000 O
260,000 S
240,000 I
220,000 N
200,000 S
180,000 I
160,000 O
140,000 T
120,000 N
100,000 S
80,000 I
60,000 O
40,000 T
20,000 N

*1900-1912 records not available
+1917 record not available
APPENDIX B: BARREL BEER SALES (in 31-gallon kegs) OF BILLINGS BREWING COMPANY BEER 1913-1950*

1913 14 15 16 17+ 18 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

20,000
19,000
18,000
17,000
16,500
16,000
15,500
14,500
14,000
13,500
13,000
12,500
12,000
11,500
11,000
10,500
10,000
9,500
9,000
8,500
8,000
7,500
7,000
6,500
6,000
5,500
5,000
4,500
4,000

*1900-1912 records not available
+1917 record not available
APPENDIX C: BARREL BEER COST OF PRODUCTION, SALES PRICE, AND PROFIT OR LOSS ON BILLINGS BREWING COMPANY BEER, 1934-1950*

<table>
<thead>
<tr>
<th>Barrel Beer (One 31-gallon Barrel)</th>
<th>1934</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
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<tr>
<td>Production Cost</td>
<td>$4.59</td>
<td>$5.04</td>
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<td>$5.30</td>
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<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
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<tr>
<td>State Revenue tax</td>
<td>.86</td>
<td>.89</td>
<td>.87</td>
<td>.86</td>
<td>.85</td>
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*Earlier records not available.

#Auditor's Report combined Federal and State tax after 1946.
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