San Diego’s Craft Brew Culture

Ernie Liwag and Matthew Schiff

Craft brewers are defined by the Brewers Association as brewers who are “small, independent and traditional.”1 They produce fewer than six million barrels of beer annually; less than 25 percent of their brewery is owned or controlled by a non-craft brewer; and they produce a high proportion of all malt beers.

San Diego County is witnessing a boom in the craft brewing industry. The number of brewing businesses has doubled since 2010.2 Craft beer thrives at a time of consolidation for large national brewers. In 2008, the Belgian-Brazilian company InBev purchased Anheuser-Busch and SABMiller; Molson Coors Brewing Company merged to form MillerCoors. The two companies “dominate the American beer market” with ownership of fifty-six of the top 100 selling beers in America.3 This consolidation came at a time when overall beer sales were down an estimated 1.3 percent by volume nationwide, though interestingly, it is also happening at a time when more breweries—2,751 at the end of 2012—are operating in the United States than at any other time in American history. Many craft beer enthusiasts, as well as judges of national and global competitions, claim that San Diego County possesses some of the best microbreweries.4

This article explores the growth of the craft beer industry in San Diego County and identifies the conditions that have made the region a globally recognized center for craft beer production and innovation. In the 1970s, a series of events made it possible for the craft beer industry—including home brewing, brewpubs, and microbreweries—to explode in San Diego. Congress passed an Act in 1978 exempting small amounts of home-brewed beer or wine from taxation (Title 26 U.S. Code § 5051 and § 5053). Nevertheless, states remained free to permit or restrict

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the production of alcoholic beverages at home. In California, State Assemblyman Tom Bates authored what became known as the “Bates Bill” making possible the “manufacture of beer for personal or family use, and not for sale, by a person over the age of 21 years” (Cal. Code § 23356.2). The California legislature in 1982 permitted licensed beer manufacturers to “sell beer and wine, regardless of source, to consumers for consumption at a bona fide public eating place on the manufacturer’s premises and which are operated by and for the manufacturer” (Cal. Code § 23357), giving rise to the brewpub.

While it required legislation to assure that what they were doing would not get them arrested, it was the adventurous and innovative spirits of home brewers that were responsible for building San Diego’s craft brewing culture. Home brew clubs like QUAFF (Quality Ale and Fermentation Fraternity), North County Home Brewers Association, Foam on the Brain and others formed throughout the region and its members had the opportunity to try their recipes out on one another and exchange ideas and best practices. These clubs were, and still are, the foundations upon which many successful brewing careers have been built. For example, home brewer Skip Virgilio started AleSmith Brewing Company in 1995, sold it to Peter Zein, current owner and former QUAFF president (1999-2001). Current brewer and past QUAFF president, Tod Fitzsimmons, is the brewer.5

Before craft brewing could become an industry that would support the careers of the aforementioned, the general public would need to learn to appreciate, and
begin buying, the new varieties of beer the home brewers-turned-professional brewers were making.

During the mid-1980s, brands such as Budweiser, Coors Light, and Miller High Life dominated San Diego’s beer market—as well as those of the rest of the United States.⁶ The high cost of imports deterred working people from buying foreign beer. Instead, they picked up six-packs of Budweiser, Coors, or Miller. Distributors and retailers, meanwhile, found European imports less profitable and began removing them from their shelves. In 1990, the top five U.S. brewers projected sales to rise 2.3 percent.⁷

Given its proximity to the border, San Diego stores filled their shelves with imported Mexican beers. San Diegans were satisfied with imported beer until 1985 when the price of imports skyrocketed as much as 58 percent. Some brands cost as much as six dollars a bottle, five dollars more than any of the national brewers’ beer for the same volume. In 1989, Impact, a drinks industry newsletter, reported that “the market for imported beer is losing its sizzle,” increasing only four percent in 1988. Sonny Clark, a former brewer from Stone Brewing Co., commented on Mexico’s dominance of the imported beer market during the 1980s: “Corona and Tecate dominated the shelves in San Diego because those were the only imported beers cheap enough for distributors to carry at the time. European imports were priced fairly high in those days. We are also close to the border so that had an effect.” He went on to say, “While San Diego in general
was in a Corona craze, there were consumers who grew to dislike it.”

It took brewpubs, legalized in 1982, to effect changes in San Diegans’ taste for beer and they cultivated the market of consumers who were growing to dislike the readily available store-bought brews. Brewpubs provided the conduit for what was then considered a specialty beer to be sold to the general public. In
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San Diego, the first brewpub to open was Karl Strauss’ Old Columbia Brewery & Grill in 1989.9 For San Diegans, the brewpub’s beer excited local palettes. Not as “hoppy” as the India Pale Ales (IPA) and Double IPAs of present day, the beers at Karl Strauss were inspired by German-style recipes from the brewpub’s brew master, and Chris Cramer’s relative, Karl Strauss, the former brew master for Pabst Brewing Company.10 The rise of brewpubs, combined with growing dissatisfaction with imported beers, and the influence of home brewers began to educate San Diegans and shift their tastes from what they had known to what they did not yet know.

Beer as we know it today, is a beverage made from water, malted barley (or other malted cereal grain), hops, and yeast. Conrad Doblier, an Austrian immigrant, first brewed in the region in 1868. He had arrived in the late 1850s and settled in Chollas Valley, just east of downtown San Diego near today’s CA-94/I-15 interchange.11 Doblier, and the other brewer in town, Philip Wedel, were by definition craft brewers; small independent operators who used traditional methods. Since Doblier’s father had been a brewer in Austria, he may have learned his trade
as a young man. Both he and Wedel sourced, or grew, their own ingredients. By 1896 however, brewing had become big business.

When San Diego Brewing Company opened for business in 1896, it was the largest industrial enterprise in San Diego County. Financed by well-heeled investors, including John D. Spreckels, the brewery produced 140,000 barrels annually and distributed its product throughout the city, making deliveries to saloons and hotel bars, but also shipping product out of the city via refrigerated rail car. In 1913, Mission Brewing Company opened a comparatively smaller-sized production facility, which is still standing today at 1751 Hancock St. San Diego Brewing Company purchased the Fredericksburg Brewery located near present-day 22nd Street along San Diego Bay and the Mission Brewery. The company then reformed as San Diego Consolidated Brewing Company in 1914.

The Eighteenth Amendment to the Federal Constitution, passed January 16, 1919, prohibiting the production, sale, and transport of alcoholic beverages, nearly destroyed the brewing industry in the United States. The only brewers left standing were those who had invested in national distribution. They began to produce other products like industrial alcohol and near beer, beer that contained half of one percent alcohol by volume. In April 1933 the government recognized that prohibition was a failure and the National Prohibition Act popularly known as the “Volstead Act” was lifted. Americans were once again able to buy and consume alcoholic beverages legally.

Prohibition ended, but not without its consequences in the beer industry. In 1910, prior to Prohibition, there were some 1,500 breweries in the United States; after the repeal of prohibition the numbers grew slowly. Only 33 breweries had been re-established by 1940. Six of those breweries produced as much beer as the total of all breweries during the pre-Prohibition years. By 1980, the industry consolidated even further, with the number of breweries decreasing even more.
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Aztec Brewing Co., founded in 1933, advertised its Famous ABC Beer (natural lager and supreme) as “Class in a Glass.” ©SDHC Sensor #6-454.

Aztec Brewing Co. was originally established in Mexicali, Mexico, in 1921. At the end of Prohibition, all of the plant equipment was moved to San Diego to the site of the former Savage Tire Co. at 2301 Main St. in the Barrio Logan neighborhood. ©SDHC #7062-I.
Aztec Brewing Co.’s softball team gathered in the colorful tap room, or Rathskeller, to celebrate their status as 1936 Champions of San Diego. ©SDHC Sensor #6-469.

The Aztec Brewery’s "Rathskeller." Aztec Brewery Interior, c. 1937. ©SDHC #7062.
more with the top three brewers—Anheuser-Busch, Coors, and Miller Brewing—accounting for 84 percent of the total domestic beer sales.\(^{17}\)

The impact of Prohibition was felt keenly in San Diego. To make up for lost revenue, San Diego Consolidated had resorted to making “near beer” like Hopski, which was produced out of the Mission Brewing facility. This, however, did not pay the bills. The building was sold in 1925 to the American Agar and Chemical Company. Prohibition also had a strong impact on Tijuana and Mexicali (112 miles east of Tijuana), but for different reasons.

During Prohibition, San Diego’s proximity to Mexico meant that San Diegans could still drink beer legally south of the border. This helped keep the taste for beer alive with San Diegans and provided economic stimulus to Tijuana’s main business district. Its population soared.\(^{18}\) In 1920, Tijuana had a population of 1,028. By 1930, it had grown to 11,271. Over 180 cantinas, including La Ballena—known as “the longest bar in the world”—sprang up around present-day Avenida Revolución (then called Main Street). The Agua Caliente Hotel and later racetrack was the most lavish establishment to cater to the crowds of American tourists. The racetrack attracted daily crowds of 3,500 people and the hotel advertised 500 elaborately decorated rooms.

The rise in tourism corresponded with a rise in the brewery business. Two breweries in Mexicali supplied Tijuana’s numerous attractions with beer during Prohibition. Compañía Cervecería Azteca (Aztec Brewing Company) and Cervecería Mexicali (Mexicali Brewery) saw business levels quadruple during the 1920s.\(^{19}\)
Almost as quickly as it arrived, the experiment of Prohibition failed in the United States and the amendment was repealed in 1933. Visitation to Tijuana decreased sharply and soon some cantinas closed. The breweries that had established themselves during Prohibition had lost much of their target market. Aztec Brewery, however, decided to move their operations north of the border and soon became San Diego’s largest, and most beloved, brewery.20

After the repeal of Prohibition, San Diego had only three breweries: Aztec Brewing Company, San Diego Brewing Company, and Balboa Brewing Company. Together, they produced 25 percent of all the beer produced in California. San Diego’s population, meanwhile, had more than doubled, reaching nearly 290,000 in 1940.21

This initial success of San Diego’s breweries would be short-lived. At the onset of World War II, national brewers made deals with local bars, taverns, liquor stores, and “package stores” (stores that sold beer packaged in bottles and cans) to

*Called “The Longest Bar in the World” La Ballena served beer brewed by Cervecería Mexicali to its patrons, 1920. ©SDHC #UT 8175.*

*Altes Brewing Company out of Detroit purchased Aztec Brewing Company in 1948 and continued producing the “Famous ABC” brand of beer. Photo courtesy John Crihfield, 2012.*
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sell their brands almost exclusively. At the same time they used their massive resources to buy out local breweries across the nation. The national breweries’ dominance in packaged beer, the increasing barrel taxes, grain rationing, the inability to adapt to stricter food and industrial laws, and the growing desire for imported beer led to the closure of all the local San Diego brewers by 1953.²²

After the closure of Altes Brewing Co., the last remaining San Diego brewery, in 1953, San Diegans had to get their beer from the package store, local bars, or Tijuana, Mexico. For a different tasting beer, they turned to imported beer from Mexico such as Tecate, Dos Equis, Corona, Negro Modelo, and Pacifico. In the 1960s, packaging and keg advancements allowed beers from Europe to reach California, giving San Diegans an even wider variety of imports, including Becks, Heineken, Guinness, Krönenburg, and Tsingtao.²³ By 1970 imports accounted for 6 percent of the beer sold in San Diego, far higher than the national average. In 1981, imports represented 3 percent of U.S. consumption. In that year, sales of foreign beer jumped 14.3 percent compared with overall industry growth of 2.2 percent. By 1985, the import market in San Diego reached its peak, rising to 10 percent of the total market share while, nationally, the import market share was 4 percent.²⁴ In 1976, Jack McAuliffe, a home brewing enthusiast, founded the first microbrewery, New Albion Brewery, in Sonoma, California. According to the Brewers Association, a microbrewery produces fewer than 15,000 barrels of beer per year. It sells to the public through one of the following methods: the three-tier system—brewer to wholesaler to retailer to customer; the two-tier system—brewer acting as wholesaler to retailer to customer; and directly to the consumer. New Albion Brewery produced ale, porter, and stout. According to one wine shop owner, quality issues plagued the brewery: “When they were good they were very, very good....”²⁵ The brewery lasted only six years, but it created a trend in California encouraging home brewers to take their unique creations to the beer market. Other early efforts included DeBakker Brewery in Novato, River City Brewery in Sacramento, Palo Alto Brewing Co., and Sierra Nevada Brewing Co.²⁶

In 1983, a home brewer established the nation’s first post-Prohibition brewpub,
the Mendocino Brewing Company’s Hopland Brewery in Hopland, California, ninety miles north of San Francisco. Lawrence Fisher, writing for The New York Times in 1986, noted that the brewpub brought to mind the old Hop Vine Saloon with “its handcrafted oak bar and original ornamental stamped tin covering the walls.” He added that “brewpubs have rapidly become a popular fixture in Northern California and the Pacific Northwest.” A few years later Betty Fussell, author of Food in Good Season, noted the development of “a style of beer cuisine.” San Francisco Brewing Co., located in a turn-of-the-century saloon, offered lagers, top-fermented ales, and “a broiled hot Louisiana sausage sandwich with peppers and onions.” At Berkeley’s Triple Rock Brewery and Alehouse, “you can climb to the beer garden...to eat your bowl of black bean chicken chili or a sandwich of roast beef and Swiss cheese, slavered with blue cheese dressing, on a Semifreddi Bakery baguette flavored with anise and poppy seeds.” She noted wryly, “Not exactly standard beer fare.” San Diego became the seventeenth largest beer market in the country in 1989, consuming 0.9 percent of the U.S. total. It was the twelfth largest market for imported beers, and the eleventh largest restaurant market. Once consumers started shifting their interest towards craft beer, businesses developed to accommodate them. At first, craft beer appealed to upper-middle class consumers but, in the long run, it depended on the support of middle-class drinkers. The upper-middle class by itself could not increase or sustain the growth of craft beer. The population of San Diego increased 4 percent annually during the 1980s. On the other hand, according to one local brewer, the market for craft beer increased 35 percent annually from 1990-2000. Per capita consumption remained steady at between 20-22 gallons. Even if the upper-middle class accounted for 25 percent of the population in San Diego (a generous estimate), it still could not account for the soaring popularity of craft beer. Gradually, however, craft beers gained the support of home brewers who were decidedly middle class. According to one local brewer, imports and craft beers did not advertise but relied on their popularity among the “in” crowd for support. This crowd increasingly included middle-class home brewers. Chuck Stephens, a construction worker, took on home brewing as a hobby in 1993,

I started home brewing because I heard it was cheaper to make beer yourself. It’s a complicated process I had to learn and it really wasn’t that much cheaper, but it was well worth it. I’m not conceited or anything but I got really good at it and make beer that tastes great to my friends and me. My friends tell me that I make the best beer they have ever tasted. After that, I got four more of my friends to try it out. Only two of them still do it but the important thing is
that they know that something better is out there than a ‘bud’. You
will never catch any of us drinking that stuff. Well...maybe after
mowing the lawn. It’s kinda like water.30

The growing demand for craft brew led to the opening of the Bolt brewery (a
microbrewery) in Fallbrook in 1987 which was the first commercial brewing venture
since 1953 and was quickly followed by Karl Strauss’ Old Columbia Brewery in
1989. Callahan’s Pub and Brewery opened in 1990 in Mira Mesa and was the first
craft brew multi-tap establishment in San Diego.31 The average San Diego beer
drinker began taking more of an interest in craft beer after Callahan’s opened.
The owners intended to widen the consumer base for craft beers by providing
reasonably-priced handcrafted beer, great food, and a casual sports-bar atmosphere.

Callahan’s not only catered to craft beer enthusiasts
but attracted nearby college students as a popular
place to have a beer, shoot pool, and watch a
sports game any time of the week.

In 1992 Pizza Port, a pizzeria in Solana
Beach with a brew house within, began
brewing some of the first high-IBU beers
for which San Diego would soon become
known. Stone’s Arrogant Bastard
Ale became one of the most widely-
recognized, and distributed, San Diego
craft beers.32 The increasing popularity of
craft beers with high IBUs has been caused, in
part, by changing generational attitudes. In the
1980s, the most popular beers in San Diego were twice as bitter as the national
beers. By the mid to late 1990s, the most popular beers were up to four times as
bitter. To some extent, this can be explained by changing tastes. Drinkers who
started with Karl Strauss in 1989 may have developed a taste for more bitter
beers, causing them to turn to Stone Brewing Co. beers in 1996. It can also be
explained by the rising affluence of a new group of drinkers—“Generation X.”
Those born between 1963 and 1978 not only bought into the craft beer craze but,
not surprisingly, pushed the envelope when it came to “taste.” They are often
characterized as people who live aggressively and take more risks.33 To some
degree, Stone’s Arrogant Bastard appeals to Generation X by challenging them
to try the product. The label shows an aggressive-looking gargoyle holding a beer
above the phrase “You’re Not Worthy.” The back of the label reads:
Arrogant Bastard Ale: This is an aggressive beer. You probably won’t like it. It is quite doubtful that you have the taste or sophistication to be able to appreciate an ale of this quality and depth. We would suggest that you stick to safer and more familiar territory—maybe something with a multi-million dollar ad campaign aimed at convincing you it’s made in a little brewery, or one that implies that their tasteless fizzy yellow beer will give you more sex appeal. Perhaps you think multi-million dollar ad campaigns make a beer taste better. Perhaps you’re mouthing your words as you read this.34

The Home Brew Mart in Linda Vista, opened in 1996 as a hobby shop for home brewers, soon began making beer on a commercial scale in back of the store.35 In a matter of years, the hobby shop grew to become a commercial production center for Ballast Point brand beers and today is the second-largest brewery in San Diego County, though the main production facility has moved to the Scripps Ranch area.

Today, San Diego County is home to 65 producing craft breweries and there are upwards of 20 in the planning stages.36 This rapid growth is fueled by the growing appreciation of craft beers nationwide, though San Diego County is a leader in terms of the number of breweries in a geographic location (one brewery for every 47,000 people). The boom in craft beer, along with a robust tourist culture, helped to expose greater numbers of visiting beer drinkers to the wide variety of flavors county brewers have created. The County’s rise to prominence has prompted greater investment in new brewing operations as speculators eye
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Exterior of Home Brew Mart/Ballast Point Brewing, 2013. Photo courtesy Ballast Point Brewing Co.

Original Stone Brewing Co. production facility with president Steve Wagner (left) with CEO Greg Koch. Photo courtesy Stone Brewing Co.
year-after-year, double-digit growth. In 2011, the craft beer industry grew 13 percent in volume and 15 percent in sales, following respective growth rates of 12 percent and 15 percent in 2010. Of the current 65 breweries, all but 18 opened after 2006. The market is so robust that many brewers find success brewing niche beers like Belgians or sours that add to the multitude of varieties that the county’s brewers offer. While the future of the industry in San Diego County looks promising, there may ultimately be a time when the market becomes saturated and conglomeration or sell-offs occur but for now, there has certainly never been a better time or place to be a beer drinker in San Diego County.
NOTES

2. Matthew Schiff, interviews conducted with San Diego County brewery operators, 2012-2013.
5. Skip Virgilio, interview by co-author Matthew Schiff, San Diego, CA February 7, 2013.
14. See photo on page 11.
15. Williams, San Diego Breweries, 4.
20. ABC Brewing Company, Articles of Incorporation, Feb. 1933, San Diego History Center Archives.


26. Ibid.


32. IBU stands for “International Bittering Units” and is the brewing industry standard for measuring bitterness across all beer profiles; Chris Cochran, interviewed by Matthew Schiff, March 1, 2013. Stone Brewing Co. distributes to 37 states, plus Washington D.C., and exports to 5 countries as of March 2013.


34. This passage is found on the bottles of Arrogant Bastard Ale.


