

BOOK REVIEW

The Economics of Beer

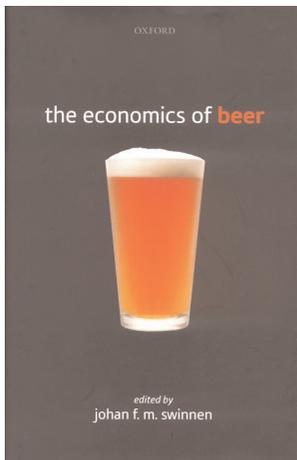
By Swinnen, J.F.M. (Editor)

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The economics of beer is a relatively overlooked subject. Unlike wine, which has its own *Journal of Wine Economics*, beer, despite being the most important alcoholic drink in terms of volume and value (and becoming ever more increasingly so), has come off second best. It was in an attempt to redress this imbalance that Johan Swinnen, the editor of *The Economics of Beer*, organised the first 'Beeronomics Conference' during the summer of 2009 in Leuven, Belgium. The book is a collection of articles based on presentations at the meeting as well as chapters specifically commissioned for this publication.



The Economics of Beer is divided into five sections and it is the first of these, 'History', which will be, not surprisingly, of most interest to readers of this journal. It contains five chapters, two of which stand out. Richard Unger's 'Beer Production, Profits, and

Public Authorities in the Renaissance' can be seen as a highly readable précis of his excellent work, *Beer in the Middle Ages and the Renaissance* (2004). It outlines the various emerging economic problems European brewers encountered between 1400 and 1700 - the period in which the foundations of industrial brewing were laid. Unger covers the more obvious difficulties, such as fluctuations in the price of beer's raw ingredients and government intervention, to less obvious, but to some equally crucial, problems like increases in the price of firewood.

The other essay of note in this section is by John Nye. 'Brewing Nation: War, Taxes, and the Growth of the British Beer Industry in the Eighteenth and Nineteenth Centuries' describes how the introduction of exorbitant tariffs on the importation of French wine at the beginning of the Anglo-French wars of 1680 - 1713 had a number of unintended and beneficial consequences, both for the British government and for some of the larger brewers, especially those based in London. These essentially protectionist policies remained in force throughout the 18th century and meant that cheap French wine was removed from the home market. This coincided with the introduction of new brewing technology and the rapid growth of the capital's population. Combined, these factors ensured that beer emerged as the most important, mass-produced beverage of the early 1700s. The economics of scale provided by these changes ensured that the majority of beer consumed in London was produced by roughly a dozen breweries. This in turn made the collection of taxes not only simpler, but also meant that increases could be more easily enforced - the reduction of import tariffs being the stick with which to threaten the brewers.

Parts II to IV, comprising of twelve chapters, cover the topics of consumption, industrial organization and new beer markets. Though not of an overtly historical nature, some contain fascinating insights into the evolution of beer and brewing. For example, Lisa George's essay on the important role television advertising had on the consolidation of the post-prohibition American brewing industry is especially interesting. Chapters focusing on Russia (where beer production increased 17% annually between 1996 - 2007)) and China (now the world's largest beer market) are also worthy of highlighting.

Like all collections, there is variability in the quality of the contributions, but overall this is an outstanding book and the editor should be congratulated on publishing such a diverse selection of papers on a subject too long ignored. He concludes honestly, stating that *The Economics of Beer* raises many more questions than it answers - I very much look forward to future volumes which will hopefully tackle these issues.

TIM HOLT