

Book Reviews

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JOHAN SWINNEN and DEVIN BRISKI: *Beeronomics: How Beer Explains the World*. Oxford University Press, Oxford, 2017, 187 pp., ISBN 978-0198808305 (hardcover), \$24.95.

Beeronomics tells the story of how the growth and evolution of beer and brewing across the world has been shaped by the economic forces of supply and demand. It is a story that stretches back far, before the arrival of Budweiser and even long before European monks honed their craft. Throughout all this time, beer has been a major force in shaping diverse markets and cultural practices and preferences across the world. I have been drinking beer since my days in the dormitories at

the University of Massachusetts, and I have studied beer on and off for several years. Nevertheless, reading this fairly compact book, I learned something new, and often surprising, on nearly every page.

The book is roughly chronological in order and begins millennia in the past, telling the story of how brewing beer, through its association with farming, was long thought to be associated with civilized cultures. This manifested most clearly in ancient Egypt, where beer was the preferred beverage of choice among the ruling class for centuries. The story advances, inevitably, to the monks of Germany, Scandinavia, and other parts of Europe. These monasteries are often thought to be the original craft brewers, and *Beeronomics* is, both implicitly and explicitly, also the story of how brewing in the United States and other developed nations has returned to consisting of many small, highly differentiated brewers.

From here, we learn how hops completely transformed beer and its industry. By altering the brewing process and the makeup of beers, hops led to dramatic changes in the pricing and taxing of beer, the homogeneity of beers across geographic regions, the storability and transportability of beer, and, of course, its taste. One fascinating thread throughout the history of beer is how the key inputs to beer have served as crucial currencies and, therefore, how beer demand and taxation has had ripple effects across diverse markets.

The economic impact of beer, historically, is perhaps no better exemplified than through the taxes and tariffs used to fund England's imperialist wars through the late 1600s and the early 1700s. I found it particularly fascinating to learn how the crown used propaganda and import policy to encourage Brits to drink beer rather than wine, which was the preferred beverage of the French. The high taxes levied on domestic beer consumption, in turn, provided the funds necessary for Great Britain to wage wars and expand its empire and interests across the globe.

Much of the middle of the book discusses the rapid and unprecedented wave of consolidation and concentration that took place in brewing beer in the United States and, to a lesser extent, in European nations. Between 1950 and 2000, the number of brewers in the United States fell from 350 to 24, and the market share of the four largest brewers rose from 20 to 90%. These figures are staggering and I struggle to conceive of other industries that have undergone such dramatic structural change in such a short period of time. As it happens, we have beer to (largely) thank for the technological innovations of pasteurization and refrigeration. These practices, in turn, led to sharp increases in the industrialization and standardization of brewing beer, which helped to open the doors to consolidation on the national stage. It is worth clarifying that these advances are not solely responsible for these changes in the beer sector. Perhaps the anecdote from this book upon which I will rely the heaviest at future cocktail parties is the pivotal role that the Dust Bowl of the 1930s played in rise of the big three U.S. macrobrewers: Budweiser, Miller, and Coors.

From there, the book progresses in time and trots the globe to tell the story of how beer and the brewing industry became truly global while gradually laying the stage for the craft beer boom. We learn much more about the InBev acquisition of Anheuser-Busch than was readily gleaned from the news at the time of the takeover. We hear the story of how international investment on the part of brewers upended barley markets throughout Eastern Europe. I particularly enjoyed reading about Russia's slow and ongoing transition from vodka to beer, progressing with the march of generations, as well as the note on President Jimmy Carter's legacy in fueling the rise of craft beer production in the United States. The story brings us to the present day and America's love affair with craft beer, which embodies "local" and "independent," two descriptors that increasingly garner favor among consumers in the age of international megacorporations.

Beeronomics is a fast and entertaining read. In reading it, I was reminded of a number of lessons I have learned over the years in my studies and beyond. First and foremost, things are not always what they seem. Beer can seem like one of life's simple pleasures, but this book puts into perspective the story behind how a cold pint arrives at the local watering hole. This is a story that includes wars, extreme weather events, and technological advancements that changed the world. Second, incentives matter. Again and again throughout the book, Swinnen and Briski remind us that markets revolve around incentives and that the players within markets will make decisions, often bold ones, when faced with changes in incentives. And third, particularly when discussing food and beverages, it is amazing that supply chains function at all. After reading this book and learning so much more about how beer inputs have been sourced, how laws and regulation have impacted brewing and distributing, and competitive challenges that brewers have faced over the centuries not just from their peers but from other beverages, it amazes me that hops grown from the earth ever manage to end up in my refrigerator in any liquid form whatsoever.

This book addresses a range of topics in economics and business; it is written to be accessible to the layperson. In an academic setting, *Beeronomics* could support or supplement courses in industrial organization, economic history, supply chain management, brewing, microeconomics, and probably more. But more broadly, it is my experience that many people who enjoy beer are also fascinated by what has gone on behind the scenes in the making and distributing of the beer. There are plenty of books for those who are particularly interested in the science behind beer and brewing, and I think it is wonderful that we now have a highly readable book for those who are also interested in the economics and history of beer.

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doi:10.1017/jwe.2018.20