



Cheers to American Beers, Triumphs of Capitalism and Technological Progress

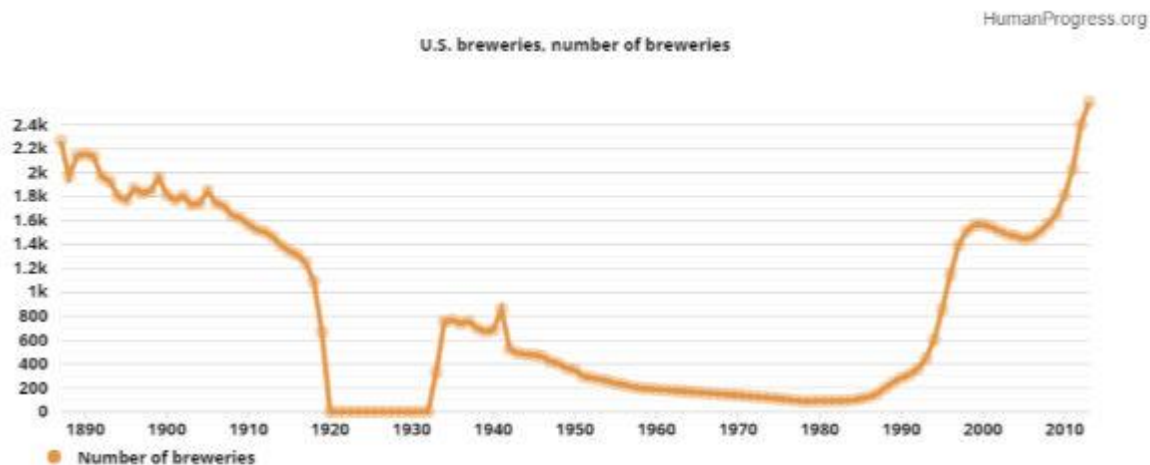
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A couple of weeks ago, a European friend of mine, who was passing through Washington, suggested that we get together for a few drinks to bitch about politics in Europe and America. "Could we," he requested in a typically dismissive way, meet at a place that serves imported beer as opposed to "the s--t that Americans drink?"

I pointed out to my snooty European friend that not all Americans drank Budweiser and Coors, and that the country **abounded** with thousands of breweries producing a great variety of beer. In 2013, for example, the United States had close to 2,600 breweries. Today, one **source** claims, there are over 3,700.

Moreover, the quality of American beer can be very high. To celebrate the annual International Beer Day, for example, one British newspaper ranked the best beers in the world. In a story titled **World's best beers to try before you die**, six out of the top 17, including the overall winner, came from the United States.



Source: Brewers Association

The eagle-eyed reader will notice the changing fortunes of the U.S. brewing industry. During the Prohibition era in the 1920s, the deadhead of the government brought the number of U.S. breweries down to zero—at least officially. Following the repeal of Prohibition, the beer industry quickly rebounded.

Beginning in the early 1940s, however, brewing activity started to decline as the brewing industry consolidated and became dominated by the likes of Anheuser-Busch, Miller and Coors. Why? Before Prohibition, *A Concise History of America's Brewing Industry* notes, most beer was consumed on-tap in bars or saloons. Between 10 and 15 percent of the beer was bottled, but "it was much more expensive than draught beer."

Then, in 1935, "the American Can Company successfully canned beer for the first time. The spread of home refrigeration helped spur consumer demand for canned and bottled beer, and from 1935 onwards, draught beer sales have fallen markedly. The rise of packaged beer contributed to the growing industry consolidation."

What contributed to the revival of the U.S. brewing industry between the 1990s and the present? Part of the reason, surely, rests in the decline of capital costs. According to some **estimates**, a budding entrepreneur can start a micro-brewery for as little as \$50,000. (Thanks to technological progress, each one of us can become a beer "producer" by purchasing a **beer making kit** for less than \$200.) So, next time you raise a glass of chilled American beer, drink to technological progress and capitalism!

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