A Brief Economic History of the U.S. Wine Industry

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The wine industry in the United States is new by Old World standards but old by New World standards. In the colonial and post-colonial period up through the middle of the 19th century, it was a relatively tiny industry with imports accounting for almost all of the still meager U.S. consumption of quality wine (Winkler). U.S. production developed gradually in the latter half of the 19th century, and began to develop significantly with the expansion of the California industry early in the 20th century (Carosso; Hutchinson). Then the industry needed to be recreated after the prohibition era from 1920 to 1932, and it was reborn again forty or so years ago with an aggressive movement towards higher quality. The industry has continued to evolve in the decades since, in a context of increasingly interconnected and co-evolving global and domestic markets, changes in technology and climate, and government policy.

This paper reviews and documents the history of the development of the wine and winegrape industry in the United States, with detailed statistical support where possible. We pay particular attention to the role of U.S. government policy and broader changes in the U.S. economy as they shaped the economic development of wine production and consumption, all in the context of the global market for wine, and technological and market innovation at home and abroad. Despite some wine and winegrape production in most states in the United States, California accounts for the lion’s share of the value and volume of production and more detailed information in some aspects of the industry is available only for California. Consequently, much of the discussion of grape and wine production in this paper focuses on California. The discussion of demand and policy issues, of course, covers all of the United States.
Selected References


Selden, C. *California’s Wine Industry and It’s Financing*. Unpublished Master’s Thesis, Graduate School of Rutgers University, 1941.


