

Convergence in Alcoholic Beverage Consumption Patterns among OECD Countries

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Declaration

Except where appropriately acknowledged, this thesis is my own work, has been expressed in my own words and has not previously been submitted for assessment.

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Abstract

In this thesis, we test Stigler and Becker's identical tastes hypothesis using cross-country alcohol consumption data. Using several new measures of convergence, we first explore trends in global consumption patterns since 1961. The data suggest that a major convergence has occurred in the alcohol consumption mix across countries, but at a slower pace in traditionally wine- and spirits-consuming countries. We then use the Rotterdam system demand model to test the Stigler and Becker hypothesis and determine whether a common demand equation can be used across the sample of 26 countries. Controlling for differences in income and beverage preferences, we test the hypothesis and the results suggest that the identical tastes hypothesis does not apply to alcoholic beverages.

Keywords: alcohol consumption, convergence, demand elasticity, identical tastes hypothesis, Rotterdam model

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