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Editorial

The *Journal of Wine Economics* now enters its fifth year of existence. Begun as what we anticipated would be a small interest journal for a handful of wine economics enthusiasts, the *Journal* has quickly grown into a respected publication of economic research. On the supply side, we have received a rapidly growing number of high-quality submissions, book reviews and short communications, allowing us to double the page numbers per issue.

However, not all wine economics research is published in the *Journal of Wine Economics*. At times, important papers find their way into general economics journals, reaching a considerably broader audience. Clearly, "wine economics" is leaving its agricultural niche and is entering a larger stage, a positive development. Nevertheless, the *Journal of Wine Economics* strives to publish all relevant wine economics research and tries to provide its readers with comprehensive information.

To serve this purpose, we begin this more voluminous than usual issue of the *Journal of Wine Economics* with a symposium of three papers, all on Bordeaux wine, that have the potential of becoming or already are classics of the subject. It might not be an accident that Editors or Advisory Board members of the *Journal of Wine Economics* are involved in each of them.

Originally, these papers were presented at a wine economics symposium organized by Alan Duncan and David Greenaway as part of the meetings of the Royal Economic Society, held in 2005 at the University of Nottingham. In 2008, all three papers were published in a special feature section of *The Economic Journal.* I am very pleased that we can reprint these papers for our readers, and would like to thank the *Royal Economic Association* for permitting us to reproduce them.

In the first paper, Olivier Gergaud and Victor Ginsburgh study whether quality assessments made by wine experts and by consumers (based on auction prices), are determined by *terroir* or by technology. Given that the chosen technology is not independent of natural endowments, they identify these determinants using an instrumental variables approach. For the relatively homogenous Bordeaux region they find that technological choices affect quality much more than natural endowments.

Héla Hadj Ali, Sébastien Lecocq and Michael Visser analyze the impact of Robert Parker points on Bordeaux *en primeur* wine prices using a natural experiment. Normally, *en primeur* prices are set by the chateau after Parker's visit and assessment. However, in 2003 Parker did not visit the Bordeaux region and *en primeur* prices were set before Parker's judgment was made public. The authors find that, on average, the Parker effect amounts to approximately 3 euro per bottle. For highly graded wines, however, it is significantly greater.

Lastly, Orley Ashenfelter examines the quality and prices of Bordeaux wines. He shows that wine prices are determined by the weather conditions during the growing season as well as the age of the wine. The price equation provides a measure of the real rate of return to holding wines (about 2 to 3% per annum) and implies far greater variability in the early or *en primeur* wine prices than is observed. The analysis provides a useful basis for assessing market inefficiency, the effect of climate change on the wine industry, and the role of expert opinion in determining wine prices. This paper is based on prior publications by Ashenfelter that caused a media stir in the late 1980s. The paper contains the seeds of the main strands of wine economics: hedonic pricing, environmental analysis, and finance.

Karl Storchmann