

Introduction to the Issue

The first paper, “The Rise and Fall of the World’s Largest Wine Exporter—And Its Institutional Legacy” by Giulia Meloni and Johan Swinnen, provides a lesson in economic history. It analyzes the spectacular rise and the subsequent dramatic decline of the Algerian wine industry during the first half of the 19th century. Fostered by the spread of phylloxera and heavy tariffs on Spanish and Italian wine imports into France, Algeria’s wine production—which was almost non-existent in the 19th century—soared and Algeria became by far the largest wine exporter worldwide. During the mid 1930s, more than two-thirds of the world’s wine exports came from Algeria, a former French colony. However, in subsequent decades French wine regulations and especially the Algerian independence in 1962 contributed to a dramatic downfall. As a result, Algeria’s wine industry virtually disappeared in the 1990s.

In their paper “A Barrel of Oil or a Bottle of Wine: How Do Global Growth Dynamics Affect Commodity Prices?” Serhan Cevik and Tahsin Saadi Sedik examine the connection between wine and oil in order to analyze extreme fluctuations in commodity prices. They find that the growth rate of global aggregate demand is the key macroeconomic determinant of the fluctuations in both crude oil and fine wine prices. In addition, their analysis suggests that emerging and developing economies exhibit a greater weight on commodity price formation than do advanced economies.

Don Cyr, Joseph Kushner and Tomson Ogwang examine the size distribution of California North Coast wineries over time. In “The Changing Size Distribution of California’s North Coast Wineries” they find that the size distribution of wineries has changed from positively skewed, with a small number of large wineries, to bimodal, with a combination of smaller and larger wineries. Their results also suggest that, unlike many other industries, where entry is very difficult, the wine industry allows small firms to enter and survive.

In “Criteria for Accrediting Expert Wine Judges” Robert Hodgson and Jing Cao develop a statistical test to evaluate the quality of wine judges, i.e., their ability to award similar medals to identical wines. However, when the test is applied to the results from a major wine competition, they find that only a few judges pass. In fact, many judges who fail the test have vast professional experience in the wine industry. They conclude that “wine competitions do not provide reliable recommendations of wine quality.”

In “The Determinants of Chemical Input Use in Agriculture: A Dynamic Analysis of the Wine Grape–Growing Sector in France,” Magali Aubert and Geoffroy Enjolras draw on accountancy data for French wineries and find a substantial moral hazard effect. Winemakers who are insured against crop losses apply considerably less chemical inputs than those who have less or no insurance coverage.