

## Book and Film Reviews

Author, Title	Reviewer
David Roach and Warwick Ross (Directors) <i>Red Obsession</i>	Robert N. Stavins
James Thornton <i>American Wine Economics: An Exploration of the U.S. Wine Industry</i>	David A. Jaeger
Hugh Johnson and Jancis Robinson <i>The World Atlas of Wine</i> (7 <sup>th</sup> ed.)	Kym Anderson

DAVID ROACH and WARWICK ROSS (Directors): *Red Obsession*. Written by David Roach and Warwick Ross. Lion Rock Films, 2013, 75 minutes.

What begins as a documentary about the production of premium red wine in Bordeaux evolves into a treatise on the global economics of the industry. For readers of this journal, the lovingly photographed history of wine production in *Red Obsession* will be entertaining, if not enlightening; but the assessment of the global economics of wine production and consumption will be trivial and quite possibly annoying. So, even if not a feast for the mind, the film is a treat for the senses, with credit going to cinematographers Steve Arnold and Lee Pulbrook and composer Burkhard von Dallwitz.

The first half of the film is filled with lovely panoramas of the five Premiers Crus estates of Bordeaux—Haut-Brion, Lafite-Rothschild, Latour, Margaux, and Mouton Rothschild—plus interviews with some of the towering figures of contemporary Bordeaux. The scenes will be familiar to oenophiles but welcome for their beauty. Likewise, the interviews provide little new information for wine aficionados, but it's a treat nonetheless to hear directly from winemakers such as Christian Moueix (who oversees production at Château Pétrus, among other estates) and proprietors such as Corinne Mentzelopoulos (now the sole shareholder of Château Margaux). Soon, natural scenes of vineyards are interspersed with scenes of the key commerce that occurs during “en primeur” week in Bordeaux.

One can only be impressed that the writers/directors David Roach and Warwick Ross were able to gain access to the region's key players. Apparently, Roach and

Ross had to spend six months just convincing some of them to talk, after they felt they had been burned by the 2004 documentary *Mondovino*, which portrayed the Bordeaux elite as villains.

Without explanation for the general audiences for whom the film is intended, the film focuses almost exclusively on a single, very special segment of the world of red wine: the Premiers Crus of Bordeaux. These same audiences may be pleased that the film is narrated by actor Russell Crowe, despite the fact that somewhat ironically he recently portrayed a London financial trader who is aggressively disdainful of French wine culture in the (very loose) film adaptation of Peter Mayle's novel *A Good Year*.

Halfway through the film, we learn that traditional Bordeaux markets in the United States and the United Kingdom are weakening, and that a robust new market for premium Bordeaux is developing in China. Much of the second half of the film is essentially an examination of contemporary Chinese character, ambition, and taste. The focus is on the richest of the rich. With an estimated 600 (US dollar) billionaires in the new, post-Mao China (and presumably many thousands of millionaires), a market has exploded for the greatest wines of Bordeaux. One wealthy Chinese industrialist, who has made his fortune manufacturing sex toys, has a collection worth \$60 million, with bottles of Lafite-Rothschild scattered throughout his house.

Interviews with wine critics, journalists, and winemakers reveal the way the industry works, how demand exceeds supply, how the weather determines yield and quality, and how the prices of the likes of Margaux and Lafite-Rothschild are set. Of course, all of this is a textbook example of what all budding economics students learn in their first year—the laws of supply and demand. Supply of the first growths of Bordeaux is limited. Even with a season of ideal rainfall and perfect temperatures, there is only so much wine that can be produced. Higher prices may cause Louis Vuitton to make more purses and Maserati more GranTurismi, but Latour will not expand its output. Supply of these brands is infinitely inelastic.

As for demand for the best of Bordeaux, it is rapidly increasing. As China's economy has grown at breathtaking rates in recent years, so too has demand for luxury goods. China is now the world's largest importer of fine wine from Bordeaux. Robust and rising demand, combined with inelastic supply: an obvious recipe for price escalation. If only the film had explained that clearly and simply.

However, the film does provide a hint—although no more than a hint—of why the prices of the first growths have increased so dramatically relative to the prices of other classified Bordeaux. This comes from the film's extended discussion of Chinese character, ambition, and taste. One observer after another comments on the Chinese fascination with labels and brands. Combine this with the emergence of China's billionaire and millionaire *nouveaux riches*, and the result is dramatically increased demand for the top tier of luxury-good brands, in particular, for

collectibles—whether paintings by French Impressionists or classic wines by Lafite Rothschild.

The film reminds us that a Chinese proverb says, “Remember to dig the well before you are thirsty.” So, in addition to being important and growing Bordeaux consumers, Chinese entrepreneurs are now trying to become meaningful competitors, as they seriously invest in their own wine-making efforts, with wineries that may not produce the best wines but are built to resemble the great châteaux of Bordeaux.

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JAMES THORNTON: *American Wine Economics: An Exploration of the U.S. Wine Industry*. University of California Press, Berkeley, California, 2013, 368 pp., ISBN 978-0520276499, \$39.95 (cloth).

I read a good chunk of *American Wine Economics* while sipping a decidedly un-American *Spätburgunder* produced in the Ahr Valley of Germany. And, despite the title, much of the content is as applicable to wines produced there as it is to wines produced in Walla Walla, Washington, or Vineland, New Jersey.

The stated purpose of *American Wine Economics* is “to provide a unified and systematic treatment of the wine industry from an economic perspective” with the objectives of “giv[ing] a detailed description of the economic organization of the U.S. wine industry,” to “use economic principles to shed light on the behavior of wine producers and consumers,” and to “summarize findings and present insights from the growing body of studies related to the economics of the wine industry” (p. xiii).

To achieve a “unified and systematic treatment,” the first chapter of *American Wine Economics* provides a brief introductory microeconomics course with wine production and consumption used as illustrations. The standard theories of the firm and consumer are reviewed, but there is nothing here that is truly specific to wine, and anyone who has taken and passed an intro economics class can skip this chapter.

The subsequent chapters of the book discuss wine as a product and its characteristics and then take us from vine to consumption. While much of the material will be familiar to readers of this *Journal* and fellow travelers, it is largely concerned with the technology and business of producing wine, not necessarily with wine economics. Although much of the discussion is not specific to American wine, there is quite a bit of useful material here for the wine *naïf*.