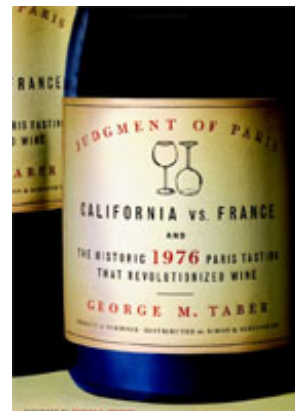




A French Revolution That Ushered in a Global, Golden Age of Wine

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Oenophiles who these days mention California wines -- or Australian and Chilean wines for that matter -- in the same breath as French wines, can do so because of a revolution that occurred one May day in Paris nearly 30 years ago. At a wine tasting, with French judges, California wines came out ahead of French wines in both the white and red categories. That 1976 event was little noticed then amid seemingly more startling world events: Americans elected Jimmy Carter, a novice at Washington politics, as their first post-Watergate president, and Britain and France joined to launch regular flights on the supersonic Concorde. Only one journalist was present at the wine tasting, George M. Taber, then a correspondent for Time magazine. It quickly became clear to him that something big had happened. The event was the catalyst in transforming wine-drinkers' tastes and perceptions and paved the way for the globalization of the wine industry, he writes in a new book, Judgment of Paris: California vs. France and the Historic 1976 Paris Tasting That Revolutionized Wine. Taber spoke recently with Knowledge@Wharton.



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Knowledge@Wharton: Why do you say this is the golden age of wine?

Taber: The reason is that never in history have so many great wines been made around the world and so many attractive wines made available to the world's consumers. Wine used to be made primarily in Western Europe, in fact almost exclusively in that part of the world. Today it is made in places such as South Africa, New Zealand and Chile, and it's a much more competitive field than it had ever been. The beneficiary of all this is the world's wine consumer. Now, there are still going to be \$300 bottles of wine, and those are not going to go away. But there has never been such a proliferation of outstanding wines in the range of \$10 to \$20.

Knowledge@Wharton: What role did the 1976 wine tasting play in bringing about this change, almost a revolution, in this industry?

Taber: It played a crucial role. Robert Parker, the famous wine critic whom we interviewed for the book, said "it destroyed the myth of French supremacy in wine." Up to that point, for something like 1,500 years, France was in a world of its own. Everybody said, "Only in France could you make really great wine." Sure, the Italians made some wine, and the Spaniards, the Germans and the Portuguese, but nothing of really top quality. Those wines could only be made in the "sacred ground of France." And here in 1976, California wines that very few people in the world had even heard of were in a blind tasting with French wines. The French judges knew they were drinking California wines and French wines, but not which ones. The California wines won in both the red category and the white category. What happened as a result of that -- and this is the thesis I developed as I was working on the book -- was that winemakers around the world said, "Hey, if the Californians can do it, maybe we can do it in Australia and Italy as well."

Today, if that same wine tasting were to be done, people probably would have wines from some of those other countries, including Chile and Italy. Italy is making some outstanding wines. It was an inspiration to the world's winemakers to try to, in effect, repeat what the Californians had done, which was to use France as a model but then in effect be as good as the model.

Knowledge@Wharton: The winemakers who won in the blind tasting were an unusual bunch. Most of them were outsiders to the wine industry. Do you think that played a role in their success? Is there any broader lesson here about the role of outsiders in bringing about innovation in an industry?

Taber: I think there probably is. They were what I call in the book "gifted amateurs." What had happened in the California wine industry was that by the 1950s, the industry was on its back. It was in terrible shape for a whole variety of reasons, the first of which was Prohibition. The 14 years of Prohibition had destroyed a lot of the knowledge of winemaking in California. The little old winemaker had died off. In addition, American tastes had changed.

Before Prohibition, two-thirds of all wines drunk in the U.S. were what we would call dry, table wines, the same types that are very popular today, and one-third were the sweet types of wines. Coming out of Prohibition, the numbers had just exactly flipped. Two-thirds of the wines were the sweet variety, sherries and muscatels and ports. They were really wines for a cheap high. For a buck you could buy a bottle of wine that had 20% alcohol and get drunk on it. Basically it was wino wine. There was no demand for quality wines. Of course you also had the Depression. It just wasn't natural to be drinking something as frivolous as wine in the middle of the Depression, with 25% unemployment. Then you had World War II and the same type of situation.

In the 1950s a new generation of people started arriving in California, with very diverse backgrounds and very little, if any, knowledge of winemaking. That's why I say they were gifted amateurs. They had a couple of things in common: They had either lived in or studied in Europe, and they liked the European lifestyle. And of course wine is very important in the Italian, Spanish and French lifestyles. When they got back to the U.S. -- from Paris, France, to Paris, Texas, so to speak -- they decided they wanted to have the same thing here. A lot of them wanted to get into the industry and they started migrating to California.

They were an unusual lot. One of the earliest ones was a Broadway dancer. There also were a couple of industrialists. In the book there are three main characters -- a dropout college professor, a dropout lawyer from Los Angeles, and a Croatian immigrant.

One of the wineries I visited, an early model, was a place called Hanzell in Sonoma County. I was in their bottling room one day and I looked up, and they have this shelf there with bottles of French wine. The guy who was showing me around the winery explained that back in the 1950s they had all the great French wines and they would drink the wines and say, "What we want to do is match that," and so they would put the bottle up there as a reminder of what they were trying to do.

I think being an outsider is very important. There still are some people, like Robert Mondavi, who are not outsiders to Napa Valley. But this new generation of people who started wineries in the late 1950s and early 1960s, they were by and large outsiders.

Knowledge@Wharton: After 1976, when California wines were selected as superior products, you say that inspired a lot of other countries and individuals to start their own vineyards. But is there a flip side to that? Did it also inspire a lot of schlock vineyards around the world and around the U.S. that hurt the reputation of this industry? Or is it always, the more the merrier, no matter what the quality?

Taber: Well, certainly everybody wasn't going to be aiming at the market for \$300 bottles of wines. You can't make \$300 bottles of wine in every place. But the other factor that happened, and this was kind of a reflection of the California experience, was that there began to be a concentration in what are called the *noble grapes*.

There are eight grapes, five red wine grapes and three white wine grapes, which the whole world kind of

adopted, and all of these grapes, with the exception of Riesling, are based in France and originally started in France. Riesling is partly in France and partly in Germany because of the history of that area.

The world started concentrating on these eight grapes because they were the first ones the Californians used, they were the most successful, and they made the best wines. What the French made were Bordeaux style reds and Burgundy style whites. Then they stretched those out a little bit to other grape types such as Pinot Noir and Cabernet Sauvignon. Everybody was using the noble grapes.

The criticism that some people made, that I disagree with, was that there isn't much growing of unusual grapes for the Artist Annual types of wines. You have Italian chardonnay, French chardonnay, California chardonnay and Australian chardonnay. Everybody's making the same things.

That is true, but I think there is an awful lot of glorification of the past. It's nice to sit and think about the little old 19th century winemaker with his Gauloise cigarette and the ashes falling in the vine vats and all. That little old winemaker made an awful lot of bad wine. It's not around anymore. Again, I think the general world quality of wine is much better overall than it used to be.

Knowledge@Wharton: What differentiates a \$300 bottle of wine from a \$10 bottle of wine?

Taber: By and large, high reputation and low production. At the centerpiece of the \$300 bottle market are five wineries in France. A total of 61 wineries make red wine, but the top five are the only ones that can pull in \$300. And those five great vineyards in France are the same size approximately as they were when Thomas Jefferson visited them in the 18th century. Now you have the whole world demanding wines from those same vineyards and they haven't expanded their capacities. As a result, the demand for them is very great, and the price goes up.

Knowledge@Wharton: Are there American wineries that concentrate on low production of superb bottles of wine that command a high price?

Taber: Yes, there is a whole group of them. They're called the Trophy wines or the Icon wines. Screaming Eagle, for example, is one that in a lot of people's opinion is one of the greatest wines being made in California. But it sells out quickly. It's very difficult to get these wines. It's like trying to get your son or daughter into Wharton. People will do anything to get on the list to be given the right to buy two or three bottles of this wine.

The highest price I believe that has ever been paid for a bottle of wine was for a bottle of Screaming Eagle at a charity auction in Napa Valley in 1999 - half a million dollars. I did the calculation for my book, and it works out to \$23,000 a glass. Even the winemaker, Heidi Barrett, said after it was sold, "I can't believe it; it doesn't make any sense. You drink it and it's gone." A dot-com multi-millionaire bought it.

Knowledge@Wharton: Who is the target reader of your book?

Taber: Anybody who likes history and anybody who likes wine, and I think the book is about a lot of aspects of doing business. I was a business journalist for 30 years and owned a business. Then I sold the business and started devoting all my time to writing. I talk about the three wineries that are the focus of the book. A lot of it is about how they got started and the entrepreneurial spirit of the three founders, because two of the three had no business background at all.

The immigrant from Croatia had to learn business from the ground up. The former college professor had a crash course in writing a business plan, getting partners into his business, structuring the business and all of that. It was a crash course for all of them, and they all used a lot of entrepreneurial spirit and instinct

that they probably didn't realize they had, because these three wineries today are very major companies. One of them has a production of about 150,000 cases a year; another has a production of 100,000 and the third one has a production of only 40,000 because it doesn't want to get any bigger.

Knowledge@Wharton: Given that Prohibition dumbed down the American wine palate, how did these upstarts, the gifted amateurs, re-educate the American palate about wine? Was the wine-tasting in Paris a critical point of re-education in terms of the publicity it generated?

Taber: The critical point was the recognition that the Californians were making quality products. Before that, California wines were Rodney Dangerfields -- they didn't get any respect. It took those French judges. A couple of years earlier, there was a similar wine tasting in New York and nobody paid attention to it because the judges were American. It took French judges in Paris, in a blind tasting, to give the Californians the recognition that they were making quality products. As a result of that, people who used to turn up their noses at California wines suddenly said, "Hey, they're worth a second glance."

Knowledge@Wharton: Are there significant barriers to entering this industry?

Taber: At that point there weren't; there are today. The biggest barrier to entry is the cost of land. Land today in the Napa Valley is going for a million dollars an acre or something like that. The three winemakers I refer to in the book could buy a whole vineyard, a hundred acres or so, for a couple of hundred thousand dollars. The winery that won in the white category was bought for a little over a million dollars, and it was 116 acres with a working winery.

Knowledge@Wharton: Another of the barriers to entry would have been finding the right winemaker for your company. But it seems from your description of the tasting that good research and development served just as well as one of those classic winemakers in producing fine wines. Is that still the case?

Taber: There's a very different approach to getting into the field today than there was in the 1950s and early 1960s. The gifted amateurs realized that the University of California at Davis had done outstanding technical research into the types of grapes that would grow in California. They would go over to the university and take one-week courses on things like plant management. That's how the Americans were able to leapfrog over the French.

The French didn't have that tradition. They have some very good wine schools in Bordeaux and Montpellier, but not the tradition of professors working with industry that developed in California. Today, people still go to the University of California at Davis or to Fresno State University, both of which have very good wine programs, but they go as students rather than in mid-career, as they did in the 1950s and 1960s.

Knowledge@Wharton: Most of the third part of your book is about how the wine industry is becoming more global. Just as the California wines beat the French back in 1976, where will the next champions in the wine industry come from?

Taber: Well, there is an interesting wine belt around the world and I don't have the exact number here in my head, but as I recall it's around the 40th parallel. That is the area of the world where the best wines are made. It means you can make wines in a lot of places. They are making wines in India these days. They are making wines in I think more than 50 nations now.

But the really good quality wines come from a small part of the northern hemisphere and a small part of the southern hemisphere. In the northern hemisphere they come from the very southern part of England down to the top of Africa. In the southern hemisphere, they come from New Zealand to the bottom of South Africa.

Back in the 1960s and early 1970s, even after the Paris tasting, the world's best Shiraz, which is from one of the noble red grapes, was without a doubt made in France. I think a lot of people would argue today that the world's best Shiraz is made in Australia, with the very best one being a wine called Penfolds Grange. It is in the category of wines going for \$200 to \$300 a bottle. A lot of people think that today the best sauvignon blanc is made in New Zealand. It used to be made in France.

So places around the globe are being discovered now where things have come together to make for great vineyard locations -- the temperatures, the ground, and the technical skills.

Knowledge@Wharton: A recent spot on ABC News from Tuscany showed one section of a vineyard with really plump grapes next to a section with shriveled grapes. The owner of the vineyard attributed the difference between the two crops to playing classical music to the plump grapes. He actually piped it in, and it had to be only classical music because rock music would upset them. A university in this area of Tuscany is studying this. Is this just bizarre, or does it suggest the incredible delicacy of growing grapes?

Taber: It is very bizarre, but it's no longer the nut fringe of the industry. There's a whole new development in grape growing in the last 10 to 15 years that started in France, but is very popular in California. It's called bio-dynamics. It involves a lot of things, but the most important thing is that it is a rebellion against the use of pesticides and artificial fertilizers. These were very widely used, especially in France for the first couple of decades after World War II. Overuse of pesticides ruined some vineyards. I don't claim to be an expert on bio-dynamics, but parts of it also have to do with the amount of sunlight, the direction in which the vines are planted, and I think the use of sounds. At first I thought these guys were nuts. But the Croatian immigrant's nephew, who is now the chief winemaker there, is turning over all of their 500 acres to bio-dynamics.

Knowledge@Wharton: If you were setting out to be a wine connoisseur, starting from zero knowledge and zero sophistication, what would you have to do? Is some innate skill required, some inborn sense of taste and smell, or some willingness to experiment or spend money? What are the ingredients that go into the process?

Taber: Trying, trying, trying, I mean drinking, drinking, drinking. There are some people who have skills you just can't fully understand. There is the Robert Parker skill, the ability that he seems to have to taste a wine and remember it five years later, that is so remarkable. That is why he was able to go to Lloyds of London and have his nose insured for a million dollars. But it really is just a question of going out and buying those \$10 bottles of wine and trying them.

Drink wine for every meal, except for breakfast, but not too much. You will learn what you like and develop a taste. It's a skill like riding a bicycle or writing. Not every writer is a Hemingway or a Joyce, but everybody can write something.

The fascinating thing about wine, especially now, is that there is such a world to discover out there. There are so many wines from so many countries.

Knowledge@Wharton: You have a great quote by Benjamin Franklin in the book about how good wine is a sure sign that God wants us to be happy. Is this the kind of business where passion for the product is the key?

Taber: Absolutely, it's the passion of the winemaker. One of the three main characters in my book calls it the three G's of making great wines -- the ground, the grape, and the guy or gal who is the winemaker.

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