ABSTRACT
Notes for a Talk on:

"Econometric and Data Problems in Œnometrics:
Some Preliminary Thoughts"

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(Joint with Anke Meyer and Jean Waelbroek)

In the case of wine we are dealing basically with the problem of the equilibrium of demand and supply and price determination in what is arguably a highly competitive market for a highly differentiated product.

The basic tool for the analysis of highly differentiated, but closely related, products is the theory of hedonic prices. The history of hedonic prices and especially their use in the measurement of quality-adjusted price changes over time goes back to the 1930's and the pioneering work of

A.T. Court (1939), "Hedonic Price Indices with Automotive Examples", in The Dynamics of Automobile Demand, C.F: Ross et al. (Eds.). New York: General Motors Corp.;


Resurgence of interest in hedonic price indices has its origin in the seminal work of


But here we are not so much concerned with the measurement of quality change and quality-adjusted prices over time, but with the equilibrium of producers and consumers and price determination in a competitive market for a differentiated product. There is another strand of the economics literature which deals more explicitly with this problem which comes out of the study of land use and land prices:


and, more importantly, the study of labor markets:


See also:

Michael Sattinger (1980), Capital and Distribution of Labor Earnings. Amsterdam: North—Holland

But the most important papers from our point of view are the papers by Rosen (1974), and by Epple (1987) and Bartik(1987), which amplify Rosen's work:


The literature on the theory of consumer demand for differentiated products goes back to the work of Houthakker, summarized and neatly set out in


In our paper we propose to discuss:

1. The nature of hedonic prices and implicit prices for quality attributes.
2. Equilibrium of producers and consumers and the determination of hedonic prices
3. What data are needed for estimating hedonic price functions and the implicit prices of quality attributes.
4. What can be inferred from hedonic price functions about the behavior of
   a. Producer costs of production and supplies of differentiated products
   b. Consumer preferences and the demands for differentiated products.