Years of Growth...Moments of Crisis: The State and the Argentine Wine Industry, 1950-1980

The year was 1948. Populist Juan Domingo Perón had been in power for two years during which government policies supporting full employment and a significant redistribution of income had principally favored lower and middle class urban populations. At the same time that workers’ real wages rose nearly seventy percent the relative price of wine decreased, leading to a serious shortage, particularly in the major consumer market of Buenos Aires. It was then that Argentina’s First Lady Evita Perón stepped in and took measures to insure that all “her workers” had sufficient wine on the table. Reportedly exclaiming, “Caramba! What can we do? The only thing is to speak with the winery owners.” The result: a government sanctioned watering of the wine to increase supply.

Evita’s move was just the first of a series of official policies directed at increasing wine production over the next three decades when all governments, from populists to military dictators, viewed the availability of low-priced consumer products as crucial for the control of politically pivotal urban populations. The result was a steady 3.5 percent annual expansion in wine grape production culminating with an astounding 10.5 percent upsurge just between 1972 and 1973. At the end of that decade, this explosive
growth ended with the most profound crisis in the industry’s history marked by a 2/3 plunge in consumption over the next twenty years.

This paper explores diverse impacts of state policies on both the production and content of Argentina’s wines from the 1950s through the 1970s. Most striking was a series of laws passed in the 1960s that provided huge tax incentives for planting vineyards and building wineries. Ostensibly intended to encourage agricultural production in arid zones on the eastern edge of the traditional vineyard areas, these laws, attracted many new investors with little commitment to, or knowledge of, making quality wine. Existing producers also seized the opportunities presented by these tax breaks to expand their facilities. The result was embodied in the familiar boast of industry leaders old and new, repeated no less than by the Office of the President of the Republic in 1970, that Argentina had become number one in the world in amount of wine produced per hectare of vineyard land, eighty hectoliters on average as compared to forty in other wine producing countries.

The paper also traces the changes in Argentina’s viticultural and wine making processes that gave credibility to the Presidency’s boast. The clearest and most reverberating of these was the massive replanting of vineyards with the high yielding *Uva Criolla* (Mission Grape) that began in the 1960s. A century before, government and private efforts had led to the widespread introduction of French varietals including Malbec, Cabernet Sauvignon and Semillon to replace *Uva Criolla* vines. But the promise of enormous profits created by state policies and strong confidence in unending consumer growth enshrined the paradigm of low cost and high production, plainly
outweighing all other considerations. Utilizing the major untapped source of Argentina’s winery association publications and oral history interviews, the paper charts the interplay of major decision makers, public and private, that led to the explosive crisis of the 1980s and the country’s wine revolution in subsequent decades.