# Bordeaux 2016 Abstract Submission

## Title
Wine and Politics in Argentina: 1950-1980

## I want to submit an abstract for:
Conference Presentation

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## Keywords
Argentina, Wine, Politics, Crisis

## Research Question
The impact of government policies on the increased wine production in Argentina 1950-1980 and the consequences for the ensuing industry crisis.

## Methods
Historical research, oral history

## Results
The research shows that laws and other public policies designed to ensure the abundance of cheap wine led to over-production and industry crisis.

## Abstract

Wine and Politics in Argentina, 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 were rising nearly seventy percent the relative price of wine was decreasing. The result was 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 action 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 outcome: 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 fueled 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 wines from the 1950s through the 1970s. It explains that the most significant drivers of the massification of Argentine wines were a series of laws promulgated during the period directly impacting on the industry. The first authorized the planting of Uva Criolla, the extraordinarily high-yield varietal that had been that had been the region’s sole wine grape through much of the nineteenth century following its introduction by Spanish missionaries during the colonial period. The grape had been banned in the early 1900s when the industry introduced European vitis vinifera varietals, most prominently Malbec, averring that Uva Criolla’s extremely low quality made it ill-suited to a “modern” Argentine wine industry. In the political and economic context of mid-20th century Argentina, however, Uva Criolla’s high productivity made its planting a truly arresting option to politicians and impresarios alike.

A second set of laws that led to the expansion in production 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 of these measures 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.

Two additional government measures encouraged the expansion of Argentine wine production: easy credit; and price controls. During the 1960s, State-run banks offered the industry loans at extremely low, fixed interest rates. Until the mid-1970s, large wine-making firms were the recipients of somewhere between eighty and ninety percent of all loans made by public banks. Also, governments promulgated a succession of price controls designed to insure the presence of abundant wine on everyone’s table. Interestingly, the biggest conflicts between the wineries and the State that supported them so generously with tax breaks and advantageous credit were over those price controls. A perennial complaint during the period was that many had made substantial investments-- albeit most often tax-break and cheap credit induced --, and that price controls were placing “hundred year-old fully Argentine firms at the edge of destruction.” At the same time that they hyperbolically argued their case, wine producers found a better way to improve the bottom line; they generated ever greater yields in order to reduce their per-hectoliter cost. The vicious circle that ensued militated against a passable product as wineries made ever more, ever lower quality wine to increase sales and consequently profits.

The paper also traces the changes in Argentina’s viticultural and wine-making processes that underlay production increases. On the viticultural side, a prominent innovation was the adoption of a new high frame trellising system, the parral cuyano. The parral encouraged horizontal vine growth, creating a continuous above ground canopy. Combined with limited pruning, it doubled the yield per hectare and tripled vineyard worker productivity, reducing costs by over two-thirds. Also, one of Criolla’s major attractions was that the varietal could be planted on a wide variety of soils, flourishing best on lower lands that required underground water for irrigation. In response, drilling of wells increased by leaps and bounds, rising from 5,000 in 1960 to nearly 11,000 at the end of the decade, as subsoil irrigated vineyards accounted for over 60 percent of all plantings. On the winery side, Argentina’s biggest firm, Bodegas y Viñedos Giol, built the world’s largest wine storage facility to accommodate the added volume. Not to be outdone, another major winery, Bodega Peñaflor, constructed the world’s largest wine container in the form of an enormous wooden vat for its ever increasing hectoliters of liquid.

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.