

On Becoming “World Class”: The Social Foundations of the Walla Walla Wine Industry

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Abstract

This paper examines the development and emergence of Walla Walla, Washington as a “world class” wine region. Taken-for-granted ideas of terroir suggest that regions are “hardwired” in the sense that the production of high quality wine is a “naturally” occurring process that arises from a right combination of soil and climactic conditions. In other words, quality wine production is an environmentally determined activity. Ice Age events, floods, and winds are the often cited sources of Washington’s “world class” wine industry, and the Washington Wine Commission’s industry branding and marketing program refers to Washington as the “perfect climate for wine”. Environmental conditions are certainly important in the wine industry, as producers are dependent upon high quality agricultural inputs. However, climactic conditions are only part of the picture. This paper challenges that discourse by placing the role of human agency and social learning at the center of the development of the Walla Walla wine industry. I argue that without the social accumulation of knowledge, the ability to learn, or the absorptive capacity to apply that knowledge to solving context-specific production-oriented problems, the prominence of a region’s natural resource endowments becomes less significant. By accounting for the central role of purposive social action, I demonstrate the ways the evolution of the local wine economy is based upon institutional capabilities that facilitate regional learning. In Walla Walla, this process is characterized broadly by the transformation and reorientation of the regional economy from a lagging agricultural region to the center of gravity of the Washington state wine industry. In this paper I examine the micro-foundations of social learning, or what is referred to as localized learning, as the source of regional competitiveness. Localized learning accounts for the beneficial effects of spatial proximity and co-location among producers in similar and related industries. This analysis goes beyond transactions costs and external economies by investigating the types and qualities of interactions among Walla Walla’s wine producers, which underpin the industry’s competitiveness. Data for this paper is derived from 73 semi-structured interviews conducted from May 2006 through February 2007.