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Wine Economies of Cordoba, Argentina and Georgia

In this work a comparative analysis is made that begins with the significance of Cordoba, Argentina in the viticole economy of Argentina. There are many historic, cultural, economic and political factors which influence the effect that Cordoba and Argentina have in the global market. These same factors also encompass the relationship held between Georgia and the United States. How the economies of Cordoba and Georgia compare fiscally with emphasis in the production, exportation and internal consumption of wine includes topics with roots in international relations, as well as minute influence in daily financial interchanges. The recent microeconomic expansion in Argentina occurred because of governmental movements, which stimulated the environment which surrounds the production and consumption of wine by imposing stiff regulations controlling regional specialization. In Georgia, it was actions of the government that halted the production and consumption of alcohol. Through comparative analysis I will demonstrate the similarities and differences between the winery economies of Cordoba, Argentina and Georgia.

The artistic production of wine did not exist in the Americas before the arrival of the European explorers. With this immeasurable cultural collision, we observe the translation of a tradition more ancient than the Spanish Empire. The battle to sustain the production of wine in the New World was not won with ease. Specific types of European grapes could not survive amidst the eastern climate of the United States, nor in the presence of the new diseases of the New World. Because of these difficulties the eastern coastal regions of the United States had to develop wine

with the native grapes of the region, which resulted in a product different from those European viticole products. With the expansion of the United States, viticulturists found that the climate of California better sustained European genotypes of viticulture; these were combined with preexisting native species in order to create a viticulture experience specific to the United States of America.

The climate which best supports the growth of grapes is a moderate climate. Warm, dry summers that combine with crisp nights and docile winters provide an ideal atmosphere to grow grapes. This is the environment which is shared by many agricultural regions of both Georgia and Cordoba. The production of wine has an important role in what defines the two cultures of both provinces.

An interesting and observed characteristic of wine is the culture of the product and the perception of wine as art; more specifically the economic effects of this perception. The production of wine is a process vulnerable to chemical and geographic effects, those which vary greatly. Scientific predictions are inconsistent when the information necessary to formulate results is difficult to measure, for example: how the amount of rain will affect the amount of sugar in each grape, how the presence of sunlight will affect the color of the wine, and many more. Because nature can not be controlled, craftsmen must direct the growth of the fruits beneath the forces of nature so that they may maintain a measurable consistence on the results of the mature fruits. This unique combination of science and art form an essential base of the social capital of the viticole economy. Social capital, when pertaining to wine, respectful of these two territories has increased as the quantity of people who identify with this product has increased. The declaration of wine to be the national drink of Argentina encouraged many Argentines to further embrace this product as a part of their culture.

The viticole society gains much support from the complexity of the process of the construction of the product. Many roots of appreciation pertaining to wine lie in the social accompaniments which an event of the shared consumption of wine may hold. The interests of the groups associated with the appreciation of wine and viticulture usually reflect an understanding or knowledge of the complex flavors or difficult production of wine. This education can be scholar or social, derived from the growth of people below an atmosphere which contains a rich association with wine. When having to do with viticulture, educational development has an immense effect on consumption because there is a relation between an advanced level of education of a product and the consumption of a product. Educational development is responsible for a large part of the competitiveness of a country. A foundation in education is necessary to establish and advance the productive capacity of a region.

Principally, the economic progress of Cordoba is in the production of products for consumption, which may be external or external, but is dependent on the existence of a population that can specifically maintain a consistent demand. This is made particularly difficult with the large variety of restrictive gubernatorial measures which interweave with inflation and encourage a difficult economic situation. “An overvalued peso and the high inflation are causing wineries to lose competitiveness in export markets” (Gain Report). “90 percent of the winemaking accessories [used in Argentina] (including ingredients, processing and bottling equipment, and oak barrels) are imported. The GOA is expected to continue to closely monitor imports as a means of trying to maintain a surplus trade balance by restricting imports and promoting exports” (Gain Report). We understand “regions trade in order to mutually benefit from their efficiency and productive resource endowment differences” (Import Quotas and Welfare). The economic approach of Cordoba and Argentina is the forceful maintenance of a mutual beneficiary, provided through trade

regulations and government subsidies, to prevent the success of one establishment to occur at the depreciation of another. This

provides new arguments in favour of intervention and confers great importance to the theory of commercial policy. In the first case, because the market structure prevents it from reaching Paretian optimality and in the second, because governments have now incentives for developing active commercial policies, mainly oriented towards the intervention in imperfect markets, controlling multinational firms, and protecting spillovers generating activities (Import Quotas and Welfare).

This elimination of truly free competition creates an extraordinarily difficult pathway to alter the specialization of Cordoba.

The province of Cordoba, Argentina produces wine, but comparatively is belittled by the productive capacity of surrounding regions. Cordoba, La Pampa, Buenos Aires, Tucuman, San Luis, Chubut and Entre Rios combine to produce 1 percent of the total wine made in Argentina (Gain Report). The city of Cordoba is a center of commerce more than a center of agriculture when the province is compared to the rest of the country. For Cordoba, the potential to obtain global power lies in exportation, even though Cordoba exists in a region dedicated to agricultural production. "For their part, manufactured products of agricultural origin have arrived to represent almost 50% of the exports of the Province in the past 5 years" (40, América Latina y el Este Asiático). The province of Cordoba has many industrial resources. When one combines these industrial resources with the population of the second largest city in Argentina, there is a grand potential for success in the industrial field of fabrication. When the industrial strong points of Cordoba and the ideal elevation of the surrounding territories for the cultivation of grapes, an elevation that the province of Cordoba generally lacks, Cordobians are just to decide that the

specializations which economically benefit the region the most include more the transformation and translation of products rather than the cultivation of primary products. “One of the principal industrial branches of the province is the processing of food and beverage products” (43, *America Latina y el Este Asiático*).

The state of Georgia had a significant role in the production of wine at the beginning of the 20th century in the United States. The Prohibition of the sale of alcohol halted the fabrication of wine in Georgia and destroyed the viticole economy of Georgia for more or less seventy years. The creation of wine in Georgia did not begin again until the 1980's (Winegrowers Association of Georgia) when the discovery occurred that in the Appalachian Mountains and sierras the perfect climate for the growth and cultivation of grapes existed. After this discovery the viticole economy of Georgia has exploded and since the 1980's Georgia has expanded its viticole influence within the USA and the world. Georgia is currently leading the United States in the production of the muscadine grape.

The wine economy of Georgia is dependent on several factors: production, consumption and tourism. Production is relatively new, as the mean age for vineyards in Georgia is approximately 8.5 years. Georgia vineyards produce an average of 1,500 cases of wine annually on an average of 172.1 acres (*Economic Contributions of Georgia: Wineries and Vineyards*). “Georgia wineries and vineyards and related sectors, along with visitor spending contributes up to \$81.6 million in output, 655.6 jobs throughout the state's economy, and \$4.1 million in state and local tax revenue” (*Economic Contributions of Georgia: Wineries and Vineyards*). Consumption is primarily tourism based, with a large majority of tourism to vineyards occurring in the fall season. With 43.3 percent of visitors traveling to winery establishments in the Autumn months, the stability of this economy is entirely dependent on geographic and climate factors. Although

the Prohibition was lifted, to this day winery producers must overcome governmental regulations, such as: waiting for federal label approval, special taxes and State regulations.

The tradition of wine is always practiced. The history of the production and enjoyment of wine is long. It was adopted by European civilizations and later transferred around the world to reflect each region in its own variation. The production of wine in Georgia is unique because of the specific plants that thrive here, like the muscadine grape. In Cordoba, the climate is very similar to Georgia. With seasons, nights and days that are similar it is easy to note how one productive capacity reflects the other. Each region has had obstacles which made the way to obtain a global presence in this economy more difficult. In Georgia the imposition of the prohibition of the sale of alcohol destroyed the potential of Georgia to advance in the internal market of the United States and consequently the global market until the country was freed from the prohibition. In Cordoba, governmental restrictions and questions about what the role of the province should be within the country slowed progress. Discoveries and development that eventually changed the province of Cordoba into a region dedicated to the processing of food and beverage products rather than a region devoted to the cultivation of primary products have been affecting the area for many years. There are many factors which affect the quantity demanded and the price of wine. The culture which envelopes the product, the perception of wine and the traditions and practices that accompany the consumption affect the desires to participate for many people. The difficulty of the production of wine earns the respect of many people and the curiosity of many more. Also the educational development has much to do with the consumption of wine and the participation in the traditions and community. cultural identity. Educational systems have an impressive control over the minds of each generation. The two provinces have respectful roles in their respective countries.