Wine, Culture, and Economics: The Barolo Model for Small Historical Wine Regions

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WINE, CULTURE, AND ECONOMICS: THE BAROLO MODEL FOR SMALL HISTORICAL WINE REGIONS

by

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Abstract

This thesis investigates the resurgence of the Barolo wine industry as a paradigm for small historical wine regions seeking to revitalize and assert their independence in the face of corporate domination. Employing a multidisciplinary approach, the study blends economic analysis with cultural preservation, focusing on the unique circumstances of the Barolo region.

The Italian section of the thesis delves into the preservation of wine culture, emphasizing the role of tradition in maintaining the passion for wine among future generations amidst the threats of globalization. This section contributes to the broader discourse on regional identity, economic sustainability, and the intricate interplay between tradition and innovation within the dynamic world of wine production.

By offering insights from the Barolo experience, this research contributes to a broader understanding of how similar regions can revive and maintain their independence in an evolving industry landscape.

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Introduction

Located in the northeast corner of Italy, Barolo is a small wine producing area that has capitalized on every situation since the unification of Italy to cultivate a thriving wine industry. Barolo stands apart in Italy as one of the most prestigious wines in the world. It is regularly compared to the fine wines of Bourdeaux\(^1\) and Burgandy\(^2\). Figures from the Crea Institute of Enology\(^3\) and Viticulture\(^4\) estimate that the top hectares in Barolo are worth up to three million euros, while comparable hectares in Brunello di Montalcino\(^5\) only reach a maximum price of two million euros. To continue, it’s global recognition and inclusion in prestigious wine lists solidify its status as a symbol of Italian winemaking excellence. Barolo's story unfolds, alongside the history of Italy, as a carefully crafted narrative where geography, tradition, and unwavering commitment converge to create a wine that not only honors the past but also guides the future of Italian winemaking regions. Owing to distinctive historical and economic conditions, the revival of the Barolo wine industry stands as a compelling illustration of how small, historical wine regions can strategically leverage their unique circumstances. This approach allows them to breathe new life into their industries, fostering success while avoiding domination by large corporations. The main factors that lead to Barolo’s success are the large land-owning peasant population, the success of large firms that inspired the mass transition from grape grower to wine maker and the Barolo Boy’s revolution.

\(^1\) Bourdeaux is a renowned wine-producing region in southwestern France, celebrated for its exceptional red and white wines. Characterized by a diverse range of grape varieties, including Cabernet Sauvignon, Merlot, and Sauvignon Blanc, Bordeaux wines are globally recognized for their complexity, structure, and ability to age gracefully.

\(^2\) Burgundy, a historic wine region in eastern France, is renowned for its exceptional Pinot Noir and Chardonnay wines, reflecting the nuanced influence of its terroir on grape cultivation.

\(^3\) Enology is the scientific study and practice of winemaking, focusing on the fermentation and chemistry of grapes to produce wine.

\(^4\) Viticulture is the science and practice of cultivating and managing grapevines for the purpose of wine production, encompassing the study of vineyard management, grape cultivation, and the factors influencing grape quality and flavor.

\(^5\) Brunello di Montalcino is an Italian red wine, primarily produced in the Tuscany region from Sangiovese grapes known for its ability to age.
Literature Review

While Barolo is now a widely known wine, most journals and books focus on Italian wine as a whole. This paper will consider sources that include information relevant to both the economic history and future of the Barolo wine region. The sources proposed for consideration with this topic retain relevant information to either the economic history or economic future of Barolo.

The most targeted economic study, written by Robert Ballantyne, focuses on which of the Menzione Geografica Aggiuntiva, MGAs, more commonly referred to as Cru’s, in the area show a consistent and quantifiable increase in price when compared to standard Barolo\(^6\). However, this was written as a dissertation for the Master of Wine Program and not peer reviewed. The study also seeks to address if the MGAs could be organized in a hierarchical structure like that of Bordeaux and Burgundy\(^7\). To conduct this analysis responses were taken from 186 wineries and separated into groups based on the wine they produced and the way they labeled it. The mathematical results were also compared to the popular opinions of local lore regarding ideal exposition and soil type, and altitude. The study found that altitude holds the greatest influence over price, an idea contrary to popular belief. This study would be sounder if the analysis continued over the course of a few years to determine if the same factors remain the most

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\(^7\) In Bordeaux and Burgundy the wine is ranked into categories based on standards set in 1855 and 1935 respectively. In Bordeaux, the highest designation is Premier cru classe and in Burgundy the highest designation is Premier grand cru classe A. The land that received these designations have transformed into extremely exclusive vineyards owned by few wineries and demand top dollar for their wines.
significant or if different vintages\textsuperscript{8} present other results differently. While the construction of the system does not include tiers like the French system, the economic rift that is opening between the highest performing MGA’s is significant.

Another study written by Stefano Bresciani, Elisa Giacosa, Laura Broccardo, and Francesca Culasso investigates the differences in the economic and financial performance of family firms and non-family firms in the French and Italian wine sector. The study used an empirical study to first compare firms within the country and then evaluate the differences between them. While family firms outperform non-family firms in most regards in both countries, the study found that French family firms outperformed Italian family firms. This is credited to France being the top country for wine production, consumption, and export turnover\textsuperscript{9}.

A research paper published in the \textit{Italian Economic Journal} titled \textit{The Italian Wine Sector: Evolution, Structure, Competitiveness and Future Challenges of an Enduring Leader}\textsuperscript{10} creates an estimation of a hedonic model for Italian premium wines. This allows the paper to compare the structure and performance of the Italian wine sector. The paper suggests that because Italy does not enjoy as large economies of scale as its competitors, and lacks companies that could be world leaders, the competitiveness of the industry is a bit paradoxical. The paper also mentions anti-alcohol pressures, environmental pressure, and new competitors like China as future challenges for the industry. Lastly, an additional economic study titled \textit{Taste or Reputation: what drives market prices in the wine industry?}\textsuperscript{11} estimates of a hedonic model for Italian premium wines through the creation of hedonic pricing model for Barolo and Barbaresco.

\textsuperscript{8} In the context of wine, "vintage" refers to the year in which the grapes used to produce the wine were harvested, influencing the flavor profile and characteristics of the final product.

\textsuperscript{9} Bresciani, Giacosa, Broccardo, Culasso. 2016. "The family variable in the French and Italian Wine Sector."

\textsuperscript{10} Pomarici, Corsi, Mazzarino, e Roberta Sardone. 2021. The Italian Wine Sector: Evolution, Structure, Competitiveness and Future Challenges of an Enduring Leader

\textsuperscript{11} Benfratello, Piacenza, Sacchetto. 2009. Taste or Reputation: what drives market prices in the wine industry? Estimation of a hedonic model for Italian premium wines
wine. The study included an extensive list of variables accounting for vintage, barrel size, reputation of the wine, and the producer. It concluded that reputation was the most relevant pricing factor.

Given the limited scope of economic studies on Barolo, the available literature provides valuable insights into key aspects, particularly focusing on the modern economic changes in the region and the broader economic landscape of the Italian wine sector. The findings underscore the importance of continued research, especially considering evolving economic challenges and other factors that continue to shape Barolo's trajectory as an industry.

What is Barolo?

Barolo is an Italian red wine that is comprised of one hundred percent Nebbiolo grapes. The Nebbiolo grape is known for being high in tannins and acid. The wine is famous for both the grapes themselves and the terroir of the land on which it is grown. There are only 1900 hectares of Barolo located within 11 municipalities in the Italian region of Piedmont. As shown in the upper-left corner of Figure 1, Piedmont is in the Northwest corner of Italy, and Barolo is just a small part of the region. Barolo itself is then broken down into municipalities and crus. After harvest, which traditionally happens around late October, but has seen a push earlier given warmer temperatures, the grapes are destemmed, and undergo maceration in steel tanks with the skins for 10 to 30 days. Following the maceration process, the skin is removed and the wine ferments for another week before being moved into wooden barrels or casks to age for two years.

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12 Tannins are naturally occurring polyphenolic compounds found in grapes and wine, contributing to the astringency, structure, and aging potential of the wine.
13 Terroir refers to the unique combination of environmental factors, including soil composition, climate, and topography, that contribute to the distinct characteristics of a particular region's agricultural products, especially wine. This concept emphasizes the impact of a specific geographic location on the flavor, aroma, and overall quality of crops, highlighting the interconnectedness between the natural environment and the final product.
14 One hectare is equivalent to approximately 2.471 acres.
15 A cru is a specific vineyard or wine-producing site in the Barolo area.
16 Maceration is the process during winemaking in which grape skins, seeds, and sometimes stems are left in contact with the grape juice, allowing the extraction of flavors, colors, and tannins.
prior to bottling. Wineries invest significant time and space to craft a vintage of Barolo, which is not released until four years after harvest. For example, the latest release as of November 2023 is the 2019 vintage. The exact specification for the duration and vessel of each process is up to the discretion of the winemaker and the characteristics they are trying to pull from their wine.

There are two main styles of Barolo:

**Traditional**- The traditional method of barolo is known to be more tannic with more time spent at each step. The wine ages in large Slovenian oak casks, which allow the wine to soften without adding an oaky flavor to the final product. The traditional style of barolo is made with the intent of being aged for many years prior to opening.

**Modern**- Modern Barolo aims to preserve the fruity characteristics of the grape. The wine spends less time in smaller French Oak barrels with the intent to create a more approachable barolo that can be consumed as soon as possible, or later if preferred.
Figure 1
History

While Italy feels almost synonymous with wine, Italian wine as the world knows it is a recent phenomenon in the scale of Italian history. People on the peninsula of Italy have drunk a wine-like substance since before the Roman empire. Carbonized seeds found in Tuscany provide proof of viticulture practices dating back to the Neolithic era.\(^{17}\) Wine producing grapes continued to be a main crop during the Roman Empire and excavations of Pompeii show that many villas had wineries.\(^{18}\) The wine industry on the peninsula continued to function for centuries with thousands of small farms that each grew a few vines for personal consumption.\(^{19}\) Prior to the unification of Italy in 1861, the history of wine throughout Italy is quite fragmented and regional, with data being scarce and incomplete until 1909. Nebbiolo grapes were first mentioned in literature in the thirteenth century as “Nibiol”\(^{20}\) and “vitibus neblori.”\(^{21}\) It continued to be mentioned under slightly modified names until the development of modern winemaking techniques. In 1787, Thomas Jefferson journaled about “Nebiule” while on a trip to Turin. He described the wine as “about as sweet as the silky Madeira,”\(^{22}\) as astringent on the palate as Bordeaux and as brisk as Champagne. It is a pleasing wine.”\(^{23}\) Historical narratives about Nebbiolo often portray the grape as having a sweet profile. Some theories suggest that winemakers, perhaps lacking technical expertise, deliberately halted the fermentation process to align with the prevailing consumer preferences of that era.

Moving forward in Nebbiolo’s history, as a constituent of the Kingdom of Sardinia, Piedmont found itself under the rule of Napoleon Bonaparte from 1799 to 1805. Napoleon’s

\(^{18}\) Purcell, Nicholas. 1985. *Wine and Wealth in Ancient Italy*.
\(^{19}\) Federico, Giovanni, e Pable Martinelli. 2018. *Italy to 1938*.
\(^{20}\) Rosso, Barolo, 18. *Lord of the Castel of Rivoli* refers to the grape in his list of wines.
\(^{21}\) Vacchetto, *Le viti per il Barolo*, 12 listed in a lease agreement to plant a row of grapes.
\(^{22}\) Madeira is a fortified wine produced on the Portuguese island of Madeira.
government instituted sweeping reforms that culminated in the abolition of the feudal system. This allowed for the emergence of a new economic landscape, characterized by the creation of a distinct class of landholders. Unlike Tuscany, Piedmont witnessed a diversification of land ownership from the ruling class to peasants. Following unification in 1861, the Italian government confiscated and sold church land, further diversifying the landowning population. Some modern producers recall this event as their families’ origins in the world of winemaking. As a consequence of individuals’ strenuous efforts to acquire land for their families during these events, a prevailing ethos of retention of one’s land rather than its sale emerged. This phenomenon still rings true in Piedmont today and is displayed through the commitment to and the importance of family-owned vineyards throughout the region.

In 1845, Camillo Cavour, the first prime minister of Italy, sent a letter to his fellow statesman exclaiming his discovery that the hills of Piedmont can create a premium wine that can compete with Burgandy. Yet, the true story of the transformation of Nebbiolo from sweet to dry is not conclusive. Undoubtedly, the Marchesa of Barolo, Giulia Falletti, was involved. She summered at the castle in Barolo village and is credited for her interest in the local wine. The overall story of Nebbiolo’s path to expression as a dry wine becomes convoluted when assessing which wine expert was responsible for the change. The longed belief myth is that a French man, Louis Oudart, was summoned by the Marchesa and Cavour to create the modern Barolo with his wine expertise from his native country. However, recent research suggests an Italian general, Paolo Francesco Staglieno—is responsible mostly due to his 1835 manual, *Education around the best way to make and store Wines in Piedmont*. The influence of Louis Oudart in the region during that period adds an intriguing layer to the narrative. The eagerness to attribute the credit

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24 Cavour, Camillo Benso conte di. 1845.
25 Original Italian title, *Istruzione intorno al miglior modo di fare e conservare I vini in Piemonte*
for shaping the modern winemaking technique away from a Frenchman reflects Italy's desire to establish its own distinct identity in the world of wine, steering clear of any perception as France's subordinate. This subtle rivalry in viniculture contributes to the rich tapestry of the Italian wine story, where historical figures and influences shape not just the wines but also the cultural and national narrative.

Phylloxera marked a significant turning point for the wine industries of France and Italy. This destructive insect fed on the roots of grapevines and posed a severe threat to some of Europe's finest wines. The pest initially appeared in France in the 1860s and reached northern Italy in 1879. In response, Italy adopted techniques borrowed from France to combat the louse. However, like France, Italy faced resistance from its less educated population, who were hesitant to follow the advice of experts and use chemicals on their vines. Additionally, many landowners in Piedmont could not afford the treatment or were unaware it existed. By 1912, an estimated seven to ten percent of Italy's vineyards were either dead or dying from phylloxera.

The beginning of the twentieth century and the World Wars marks the darkest time in the story of Barolo. Many farmers were called to arms leaving women and children to manage the already weak vineyards, plagued with Phylloxera. The vast majority of wine makers at the time still only made small harvests with the intent of personal consumption. There were several large wineries that dominated the commercial market who also experienced a decrease in overall production. Then, when the stock market crashed after the end of the first world war, the largest winery in Barolo, Fontanafredda went bankrupt, triggering a domino effect throughout the region. The demand for wine was already extremely low and producers focused on disease

26 Federico, Giovanni, Martinelli. 2018
29 Blanton, Mark e Loubere. 1978
resistant grapes like Barbera and Dolcetto. The lack of demand for Barolo pushed the prices down to about the same price as Dolcetto.

In August of 1931, the Italian Parliament issued a law incentivizing producers to join the Consortium in the Barolo region\(^{30}\) with the goal of starting a new era of winemaking in Piemonte. This marked a critical step in the region's recovery and the preservation of its winemaking traditions. Moreover, following the world wars, Italy's wine production doubled, primarily due to specialization\(^{31}\) and improved agricultural practices. However, this did not coincide with an increase in revenue for the community as the region continued to be dominated by a few large firms.

Barolo was established as a DOC\(^{32}\) wine in 1966, the highest classification of Italian wine at the time. The DOC system, inspired by the French AOC model\(^{33}\), was introduced as part of a broader effort to enhance the reputation of Italian wines both domestically and internationally. The system set out specific rules and regulations governing the production of wines in designated geographic areas, taking into account factors such as grape varieties, winemaking techniques, and aging processes. In 1980, there was criticism that there were too many DOC wines, so Barolo and Barbaresco were the first wines to receive the newly created DOCg classification in 1981. The official regulation goes into depth about where the grapes can be grown, but it is not as simple as being grown within the limits of the eleven villages. Article three of the official regulation document\(^{34}\) goes into exact detail of the border using people's houses, local roads, and rivers to describe the area.\(^{35}\) Not only do the grapes have to be grown within these boundaries but

\(^{30}\) Federico, Giovanni, Martinelli. 2018
\(^{31}\) Corsi, Alessandro, Eugenio Pomarici, e Roberta Sardone. 2018. Italy from 1939.
\(^{32}\) Controlled Designation of Origin
\(^{33}\) Appellation d’Origine Contrôlée
\(^{34}\) DOCG Barolo
\(^{35}\)
the winery must also be in this geographical area. Local lore suggests it was as simple as
winemakers in the outskirts of the area demonstrating interest, that created these exact
boundaries. This simple decision determined the economic future of each firm. They did not
know then, but joining the barolo consortium would become equivalent to signing on to the
ability to create a premium product with a premium price tag.

Today, almost every winery in the Barolo region makes a classic Barolo, along with a
single vineyard Barolo. In the 1960s, the few very large and prestigious wineries that dominated
the industry, released the first single vineyard Barolo, with the exception of the famous “Cannubi
1752”
36, to further elevate barolo wine. After a trip to Burgundy, Prunotto’s winemaker at the
time was inspired to only use a single vineyard as they believed only certain vineyards could
create wines as complex as the barolos the area became famous for. This transition accounts for
the biggest influence of the traditionalists on the modern landscape of the wine industry in
Barolo. The creation of cru’s allowed wine producers to create tiers of their own wine for pricing
and marketing purposes.

Prior to the 1970s, it was easy for the large producers, to pick and choose which grapes
they purchased from grape growers as the deals were made in a central market during the
harvest. However, this practice pained the grape growers. For example, in 1975 Elio Altare
explained how, the large wine producers spoiled a beautiful harvest by waiting two extra weeks
until purchase, thereby forcing the grape growers to sell at a loss. Young men and women were
no longer content with being “poor” winemakers and grape growers like their parents, desired
change.

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36 The wine is labeled as only “Cannubi 1752”, but it is presumed to be Nebbiolo grape.
Barolo Boys Revolution

This desire for change led the next generation of winemakers back to France, specifically to Burgundy. In his 1976 visit to a winery in Burgundy, Elio Altare encountered a wine maker rushing to his Porsche to go sailing on his yacht in Cannes for the weekend. Elio couldn’t even afford a hotel and he recalls selling Barolo for about the price of water. With this observed dichotomy, Elio Altare realized it was pertinent to understand why people were not drinking barolos in the way they were drinking already famous wines. He observed that the largest difference lies in the aging process, with all globally recognized wines being aged in barrique barrels. Elio Altare believed in this methodology so deeply that, he took a chainsaw to his father’s botti and was disinherited.

In response to these observations, the young winemakers formed a collective known as the Barolo boys and they began experimentation with the barrique in 1983. Through meetings to discuss techniques both in the cellar and in the vineyards, the group sent shockwaves through the highly traditional community. They started pruning bunches of grapes off the vines in order to produce richer grapes, a practice not previously seen in the region. The Barolo boys’ group were joined by Marco de Grazia, a young American who sought out the group and brought them to the United States in 1993 to sell their wine to an untapped international market. From there, they began to receive recognition from wine critics and the 2000 vintage of Barolo received the

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38 A barrique barrel is a 225 liter barrels classically associated with French wine and French wine making styles.
39 A botti barrel, commonly used in winemaking, is typically larger than traditional wine barrels. It can have a capacity ranging from 500 to 700 liters (around 132 to 185 gallons), providing a larger aging vessel that allows for slower and more controlled maturation of wine.
40 Casalis, Gaia, Barolo Boys, Interview with Elio Altare
41 The original group consisted of Elio and Silvia Altare, Giorgio Rivetti, Roberto Voerzio, Chiara Boschis, Elio Grasso, Lorenzo Accomasso as well as Alessandro and Bruno Ceretto, Beppe and Marta Rinalidi, Beppe Caviola.
42 Casalis, Gaia, Barolo Boys, 26:53
first 100-point rating\textsuperscript{43} ever from Wine Spectator.\textsuperscript{44} In the late 20th century, the modernists played a pivotal role in elevating Barolo to the peak of its fame through success in blind tastings around the world and growth in demand for the wine.

However, following the initial success of the Barolo Boys abroad, a competition emerged between the modernists and the traditionalists. Though, I will point out that modernist is an interesting term for the 80’s for there was nothing new or modern about aging wine in barrique barrels. The ability to produce Barolo in vastly different ways brought up the question “what did it mean to be a Barolo?” Clearly, the wine makers had different interpretations. Is a great wine always good, or can a great wine be made to age for sixty years? They never came to a conclusive answer and the region today is filled with both styles of Barolo. The story of the Barolo Boys and their choices in the making of, in their eyes, an exemplary Barolo, however, does reflect the taste buds of the consumer. The typical consumers of the new Barolo were fixated on the exclusivity and oak-infused qualities of Bordeaux and Burgundy. They would likely have found it difficult to comprehend the traditional Barolo, as it had a significantly different flavor profile than the highly regarded wines on the global stage.

The contemporary revival of traditional Barolo and Barolo itself owes much of its success to the efforts of the modernists. The Barolo boy’s movement did not invent Barolo, but it did push the region to a new standard of marketing, exporting, and prestige. Economically, the region was changed forever. Money finally began to pour into the region for producers of all sizes.

\textsuperscript{43} Wine Spectator uses a 100-point scale to score each wine through a blind tasting after being bottled. The scores of 95-100 represent a “Classic, great wine”.
\textsuperscript{44} Suckling, James. 2003. Perfection in Piedmont
Most of the current producers of Barolo come from generations of farmers, like the Barolo Boys, some of whom started producing wine sooner than others. For example, Giacomo Fennochio, who is considered one of the top twenty-five producers according to Forbes, was founded in 1864. A bottle of their 2019 Bussia Barolo retails for 44 euros. Lalu, a winery that bought their first hectare of land in 2016, sells their 2019 Barolo Le Coste Di Monforte for 90 euros. The young winery now has five hectares of land compared to Giacomo Fenocchio’s thirteen. Another Monforte winery, Ca’di Press released their first vintage in 2018, after being grape growers since the early 1900s. They sell their 2019 Barolo from Monforte for sixty euros. All three wineries are making similar products, with comparable vineyards located in the southernmost municipality of Monforte. However, Fenocchio already owned the land and the tools to make the wine, while the other wineries experienced barriers to entry. Ca’di press owned the land but did not have the tools to produce wine, while Lalu started with nothing. In the modern age of winemaking, especially in those areas with great historical tradition, wineries will experience varying levels of overhead costs and resulting bottom lines. Lalu could not function with the prices of Ca’di Press, ultimately giving the long-running family firms a competitive advantage in the market and exasperating apparent barriers to entry in the market. However, it is pertinent to note that the barriers to enter such a prestigious section of the wine market are still lower than that of comparable areas in France.

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45 Hyland, Tom. 2018. *The 25 Best Producers of Barolo*. The author of this article is also the author of *Beyond Barolo and Brunello*. He has tried thousands of different bottles of Barolo.
46 Bussia is a recognized cru of Barolo located in the municipality of Monforte D’Alba. In figure one, it is the large tangerine section in the bottom, middle of the map.
47 This information came directly from their price list, I visited the winery in October 2023. (Casalis and Gaia 2014)
48 This information came from a local bar in Monforte, La Saracca who have recently purchased Barolo from LaLu
49 Ca’di Press.
50 This information came from a local bar in Monforte, La Saracca who regularly purchase Barolo from Ca Di Press
As the reputation of the wine and the region has grown over the past few decades, so has the cost of land due to a fixed amount of supply. A half hectare of wine growing land in Monforte with Nebbiolo already planted is 1,000,000 euros.\(^{51}\) The market's lack of a notable upward limit is primarily due to its near nonexistence. Additionally, establishing a price range proves challenging in the DOCg area, given the multitude of factors influencing pricing, such as aspects like exposure and elevation. In general, landowners tend to hold onto their properties unless they are elderly and have no heirs to pass them on to. The purchasers of these lands often represent larger corporations, including some from outside the wine industry that see potential in investing in this growing sector,\(^{52}\) a trend that can be observed in all highly lucrative wine industries. The local people have never been keen on the arrival of large firms as that is who they had to take the industry power away from initially. This does not apply just to those who lack Italian blood, but those who do not bleed Barolo, and reside in the Barolo area. Italians from the northern Italian cities of Turin and Milan are almost as bad as Americans in the eyes of many patriarchs.

With land value increasing, wineries have begun to shift focus to more economically productive grapes instead of generations of tradition. Dolcetto, for example, which has primarily been grown in Piemonte and the north of Italy, has witnessed dwindling numbers since 1970.\(^{53}\) The wine is primarily a table wine that is lower cost and locals still buy this wine in bulk from their neighborhood wineries. The vines themselves are more tedious in the vineyards than the

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The exact price of land is hard to gauge, there is no “Zillow” like site for Italy. Another half hectare of land in another part of the Barolo wine zone, also with Nebbiolo already growing was listed for 1.1 million euros.

\(^{52}\) Povellato, Andrea, e Andrea Arzeni. 2022. *Indagine Sul Mercato Fondiario in Italia*. regionale, CREA. Crea is an Italian center for agriculture policies and economics in Italy. The firm carries out an annual survey on the land markets. The land prices referenced in the report are intended to be relative to the bare land without the consideration of other investments.

\(^{53}\) The data seen on the graph below came from Masaf, which is the Italian Minister of agriculture and forestry. They keep a running tab of all grape varietals grown in Italy which includes, where the grape is grown and the quantity. Each grape has an annual report which includes general information about the health of the grape, all protected varietals it is a part of and all genetic variations of the grape.
other varietals in the area and fetch a smaller price on the market. Therefore, many winemakers have torn out their Dolcetto to replace it with Nebbiolo. Barbera is the second most common grape and wine found in the Langhe, after Nebbiolo. The grape is also found throughout the entire peninsula of Italy. The large decrease in quantity since 1970 has more to do with the specialization of the Italian wine industry and the lack of recognition the grape has found on a global market. Lastly, the star of the bunch, Nebbiolo, has seen the smallest decrease of only nine percent since 1970. This number is simply explained by the natural fluctuations from both replanting hectares and weather issues. In the eleven villages of Barolo there are no random hectares of white grapes or other red grapes as anything that does not get a DOC or DOCg label would be a waste of space from a monetary perspective.

Barolo production has increased from 1,111 hectares in 1980 to 1,984 hectares in 2013 with the total bottle production increasing from 7.2 million to 13.9\textsuperscript{54} million respectively. But with such strict borders of production where did this land come from? As noted above, vineyards with Barbera and Dolcetto planted have been replaced by Nebbiolo, but so have hazelnut trees and

\textsuperscript{54} These numbers come from Istat, a large data base of Italian statistics.
almost any slightly suitable land has been placed under vine. Not all of which would have been considered suitable by early producers of Barolo. The consortium added stronger regulation in 2010, but anything planted prior to that is presumably grandfathered in.\textsuperscript{55}

**Timorasso as a Case Study**

One of the largest foreign investments in the area also creates a very interesting case study about the rules of the region. The Vietti winery was sold to American Billionaire Kyle Krause in 2016.\textsuperscript{56} To him, he was simply fulfilling a lifelong desire to own a Barolo winery. But his lack of involvement in the day-to-day activities of the business is highly contradictory to the tradition of the region. Now, the Vietti winery is involved in a very interesting issue. Vietti has invested in a recently rediscovered white wine in the hills of Tortona in Piemonte. The producers of this wine are currently fighting for their own DOCg classification and a further geographical classification, for the original hills.

Timorasso, a once-thought-extinct white grape, has experienced a remarkable resurgence due to the dedicated efforts of a handful of winemakers in the Alessandria region of Piemonte. In the wake of the Covid pandemic, Timorasso has made a significant impact in the still niche and small world of fine wines due to its exceptional taste and aging potential.\textsuperscript{57} Walter Massa, the original winemaker who rescued the grape from extinction, along with others situated in the scenic Tortona hills, are advocating for a classification akin to that of Barolo. Such a classification would ensure that all wines bearing the Derthona label are cultivated and aged exclusively in the Tortona hills.

\textsuperscript{55} O’Keefe. 2014
\textsuperscript{56} Sanderson, Bruce. 2016. *Exclusive: Barolo’s Vietti Winery Sold to American Businessman*
\textsuperscript{57} Per Karlsson, Britt Karlsson. s.d. *Timorasso, The Extraordinary Piedmont Wine that Almost Disappeared, But Didn’t*
According to Elisa Semino, a highly respected international oenology academic and the proprietor of La Colombera, Derthona stands as the quintessential representation of Timorasso. She conducted an in-depth ampelographic study to identify the grape’s mother plants, and her findings corroborated the instincts of Massa, establishing Tortona as the true birthplace of this grape variety. The creation of a Derthona classification would establish where the groups must be grown and where the winery must be located. Many of the larger names currently producing the wine, including Vietti, would have to build new facilities in the area to continue making the wine. In discussion with Piercarlo Semino at a wine tasting at La Colombera, he spoke about how the rich companies in Barolo are actively not supporting the same regulations for Timorasso that allowed them to profit off Barolo in the first place.

Due to the characteristics of the wine and the efforts of producers in the region, I believe the success of Timorasso is as inevitable as Barolo. The birth of a movement to elevate the classification of Timorasso allows for an interesting comparison to Barolo. What would the Barolo market look like right now if its revolution was only just beginning? Would the region be smaller and more selective? Would it have allowed so many different crus? Would the land skyrocket in prices? With 40 years having passed since Barolo achieved DOCg status, will Barolo serve as an example of what any small production wine region could become, or will it simply serve as an outlier in the already established global wine hierarchy? Timorasso, a well deserving wine must fight so hard to reach a standard, DOCg, made to account for the superiority of Barolo. But, even if Timorasso does receive the classification, the precedents set by Barolo will stop winemakers from capitalizing on every plot of land, and every ounce of wine.

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58 WordontheGrapeVine, Josh at. s.d. Timorasso: origin, viticulture, winemaking, and more
59 In discussion with the father of Elisa Semino, at a wine tasting in June 2023, he told me about the legal battle to gain DOCg status for Timorasso.
The future of Timorasso does not look identical to Barolo, but to observe the evolution of a grape, away from monetary pressures faced in the Barolo region, does make me wonder how different the priorities of their consortium will be.

**Conclusion**

Culturally, making wine is embedded deep into the hills of the Langhe, it is not just a business venture, but a passion and a lifestyle. The popularity and success of Barolo is of course due to the complexity of the Nebbiolo grape but also the generations of Italian passion and love. The namesake winemaker waking up at four in the morning to prune the grapes and the children working in the vineyards since they could crawl. The fights, the passion and the success are the true story of the Langhe. Each generation has added and will continue to add a new aspect to the story. From the grandparents’ journey of beginning a winery, to the parents finding success and now the children focusing on marketing and sustainability in an ever-changing world. Most recently, the region has seen an approval of irrigation for vines under the age of three to help facilitate life in the dryer years that prevail. Ultimately, the unique history of the region forms a hard to replicate situation for other small industries.

The story of the Barolo region can serve as an example of how to use an area’s unique circumstances to create a rich and thriving industry without relying on large firms to carry the majority of the weight. First, the Langhe found themselves with a unique landowning population that allowed many small family firms to form. Then, following decades of confusion as to why their wine was not as lucrative as that of France, Barolo underwent a dramatic revolution. Winemakers began to experiment with the style of Barolo. Experimentation was not as evident in France, where hierarchical systems were introduced much earlier. Finally, after the modernists found enough success to share with the entire industry, a sense of balance was found for the
industry for the first time since the late nineteenth century. Winemakers found so much success that they began to plant Nebbiolo grapes anywhere within the boundaries to make a few more euros. All these events represent a step in the push and pull between the Italian government and the winemakers to eventually arrive to the industry as it is today. The winemakers never missed an opportunity to push the boundaries of the boundary time and time again.

In summation, this thesis delves into the resurgence of the Barolo wine industry, spotlighting it as a model for small historical wine regions striving to rejuvenate themselves independently of corporate dominance. Employing a multidisciplinary lens that combines economic analysis with cultural preservation, the study underscores the unique circumstances of the Barolo region as a guiding paradigm. As case study, Barolo's journey reflects a delicate dance between historical roots and innovative adaptation. Through a detailed exploration of the cultural and economic dynamics at play, this thesis aims to contribute valuable insights to the broader discourse on regional identity, economic sustainability, and the nuanced interplay between tradition and innovation within the dynamic world of wine production. Ultimately, it serves as a testament to the enduring spirit and adaptability of small historical wine regions in navigating the complexities of a rapidly changing industry landscape. In essence, this thesis strives not only to illuminate the triumphs and challenges of the Barolo region but also to inspire a broader dialogue on the sustainable future of small historical wine regions worldwide, positioning them as vital contributors to the rich tapestry of the global wine industry.
Italian Section

Vino e Cultura Nelle Langhe

Quando si pensa al vino, si pensa all'Italia, ma quando si pensa alla storia italiana, la storia del vino non viene quasi in mente. La storia del vino in Italia riguarda non tanto la politica e il governo, quanto la quotidianità degli italiani. La storia del vino dimostra come le persone siano influenzate dai cambiamenti strutturali, dalle guerre mondiali e dalla modernizzazione. La storia del barolo è un ottimo esempio dell'Italia e della sua storia. Ma prima di raccontare questa storia, è importante capire il barolo stesso. La storia del barolo evidenzia anche come la modernità e la globalizzazione stiano cambiando la cultura delle regioni intorno al vino.

Il Barolo è prodotto in undici piccoli villaggi situati nella zona delle Langhe, in Piemonte. Il vino è prodotto solo con uve nebbiolo ed è famoso sia per le uve che per il terroir del territorio. Le uve vengono solitamente raccolte in ottobre e poi, in tutta la zona, vengono sottoposte alle stesse lavorazioni per essere messe sul mercato come barolo quattro anni dopo. La durata esatta è una decisione di ogni azienda, oltre all'affinamento del vino in legno per due anni. Esistono due stili principali di barolo, creati da generazioni diverse. Il barolo tradizionale è più tannico e invecchia in grandi botti di legno, i botti. Il barolo moderno è stato creato per attirare i consumatori di vini francesi ricchi di rovere. I produttori volevano che il vino fosse più accessibile a un pubblico più giovane.

La vite viene coltivata sulla penisola fin da prima dell’Impero Romano. Con il passare dei secoli, il prodotto che si otteneva si avvicinava sempre di più all'idea moderna di vino. La maggior parte delle uve era coltivata in campo misto e il vino era prodotto per il consumo locale. Esistono testimonianze scritte sull'uva nebbiolo che risalgono al XIII secolo. L'uva viene chiamata per la prima volta "Nibiol" e "vitibus neblori". Il nome dell'uva deriva dalla parola
"nebbia." Le colline delle Langhe sono note per lo spesso strato di nebbia che le ricopre la maggior parte delle mattine. La possibilità di rintracciare il nome dell'uva nella storia collega l'uva e il vino alla sua terra d'origine. Circa cinquecento anni dopo, il presidente americano Thomas Jefferson avrebbe definito l'uva "nebiule." Poi, circa cinquant'anni dopo, l'uva viene ufficialmente indicata come "nebbiolo." Fino all'unità d'Italia, la maggior parte del vino prodotto era destinato al consumo locale e veniva coltivato insieme ad altre piante. Le pratiche enologiche formali iniziarono a emergere nel 1850, quando la Marchesa di Barolo, Giulia Falletti e Camillo Cavour investirono nella zona. Queste personalità coinvolsero dei numerosi produttori di vino per creare un vino che potesse competere su scala globale. Così è nata la storia del barolo tradizionale.

All'epoca della rivoluzione del barolo, tra la fine degli anni '60 e l'inizio degli anni '70, il Piemonte aveva molti piccoli proprietari terrieri a causa di numerosi fattori storici. In primo luogo, in quanto parte del regno di Sardegna, il Piemonte fu più colpito dal dominio napoleonico e dalla fine del sistema feudale. Questo evento ha creato una nuova classe di proprietari terrieri. Poi, dopo l'unificazione, le terre di proprietà della Chiesa cattolica sono state vendute. In Piemonte, molte di queste terre furono acquistate dalla popolazione ebraica e poi vendute su base affitto a riscatto i contadini locali. L'acquisto della terra non è stato un processo facile per molte delle famiglie che ora ne sono proprietarie. Questa lotta ha dato il via alla norma dell'industria del Barolo: pochissimi terreni sono in vendita. L'insieme di questi fattori ha creato una situazione unica che ha portato alla creazione di un'industria dominata da molte piccole aziende vinicole e non da poche grandi.

Fino agli ultimi vent'anni, la regione ha sempre attribuito al francese Louis Oudart la creazione del Barolo moderno. Ma dopo il lavoro di uno storico che ha accreditato invece un

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60 O'Keefe. 2014
generale italiano, questa idea si è trasformata. Ma dopo il lavoro di uno storico che ha accreditato
invece un generale italiano, questa idea si è trasformata. A prescindere dalla storia vera, la
rapidità con cui gli italiani screditano un francese è quasi comica. Soprattutto se si considera
l'influenza della regione di Bordeaux e della Borgogna sul Barolo. La Francia è sempre stata più
avanti dell'Italia per quanto riguarda il vino, perché è diventata una nazione unificata prima e ha
una storia più lunga di un mercato del vino che è interconnesso ad essa. Questa differenza ha
permesso all'Italia di trarre vantaggio dagli sviluppi realizzati in Francia per il proprio vino.
Questa differenza ha permesso all'Italia di sfruttare gli sviluppi fatti in Francia per il proprio
vino, tra cui i trattamenti per le viti e la creazione di strutture formali per l'industria. L'Italia è
stata in grado di interpretare le strutture francesi e di dare una propria impronta alla formazione
dell'industria sia attraverso scelte stilistiche che attraverso il controllo formale del governo.

All'inizio della metà del XX secolo, l'industria vinicola piemontese ha avuto difficoltà. Le
guerre mondiali hanno avuto un forte impatto sull'industria del vino. Le donne e i bambini erano
stati lasciati a curare le vigne già deboli. Poi, quando il mercato è crollato, una delle più grandi
aziende vinicole delle Langhe è fallita, provocando un effetto a catena in tutta la zona. Il prezzo
del barolo è sceso a circa lo stesso costo del dolcetto e il futuro dell'industria è apparso cupo.
Fortunatamente, la seconda metà del secolo ha beneficiato del successo del barolo tradizionale e
di quello moderno. In primo luogo, i produttori di barolo tradizionali hanno deciso di
imbottigliare i baroli single cru. Questo passo ha spinto l'industria verso lo sviluppo di uno degli
aspetti più redditizi del Barolo. Tuttavia, nel farlo, i tradizionalisti hanno letteralmente sfruttato i
viticoltori della regione aspettando ad acquistare l'uva fino all'ultimo momento.

L'Italia si è ispirata ancora una volta ai vini francesi per la creazione del barolo moderno.
Sebbene i Barolo Boys, per esempio, abbiano preso molte tecniche dalla Francia, nel momento in
cui sono tornati in Italia, questo è stato dimenticato. Forse, questo avvenne per eliminare l'idea che l'Italia avesse bisogno dell'aiuto della Francia o per apparire come un miglior comprimario della Francia. La storia dei ragazzi del Barolo ricorda la rivalità tra Italia e Francia, ma la storia richiama soprattutto la tensione tra modernisti e tradizionalisti. Questa discussione ha creato la più grande frattura nella storia del Barolo. Alcuni dei vecchi produttori, tra cui quello di Elio Altare, hanno smesso di produrre vino. Ritenevano che quello che i giovani stavano facendo al vino fosse orribile e un disonore per il nome del barolo. I tradizionalisti pensavano anche che il contatto maggiore con il legno sovra stasse il terreno e il suolo. Sebbene l'industria sia tornata a preferire il barolo tradizionale, il barolo moderno è quello che ha portato il vino alla fama internazionale e al successo a lungo termine. Alcune innovazioni dei modernisti sono ancora rilevanti per l'intero settore. Ad esempio, sono stati i pionieri dell'importanza di comprendere il vino a livello chimico. Prima di questo, i viticoltori si concentravano sul gusto e sull'intuizione per produrre il loro vino. I modernisti hanno introdotto le langhe nella scienza come strumento per migliorare il processo di vinificazione.

Dopo il successo del Barolo, i prezzi del vino e la ricchezza della regione sono aumentati in modo significativo. Molte aziende vinicole, tra cui Giacomo Finocchio, hanno ampliato le loro cantine per espandere la produzione di vino. All'opposto, però, c'è la difficoltà di creare nuove cantine. Non solo i prezzi dei vigneti sono i più alti di tutta Italia, ma i terreni in vendita sono pochissimi. Inoltre, la nuova azienda ha bisogno di attrezzature e di tempo per far uscire un'annata di Barolo. Le nuove cantine, come Lalu a Monforte, devono avere un prezzo più alto rispetto alle cantine storiche per ottenere un profitto. Quindi non solo è necessaria la passione per il vino per iniziare a produrre Barolo, ma anche un sacco di soldi per finanziarlo.
Il prezzo del vino, in questo caso, non sempre riflette la qualità. Più costoso non significa migliore. Tuttavia, questo malinteso generale potrebbe portare a un ulteriore aumento dei prezzi da parte di altri produttori. Questo fenomeno crea un circolo vizioso che potrebbe portare il prezzo del vino italiano pregiato a essere pari a quello del Bordeaux. Una delle cantine più prestigiose di Bordeaux, Ausone, ha un prezzo medio globale di 778 euro. Il prezzo medio del barolo più caro è di 637 euro da Giacomo Conterno, ma il prezzo è anche più del doppio del secondo prezzo più caro. È molto interessante notare che la cantina citata di Bordeaux ha scelto di non utilizzare più il sistema di classificazione corretto perché il suo nome è sufficiente. È questa la strada che il Piemonte percorrerà se il ciclo continua?

Ora che i prezzi dei terreni sono così alti, come continuerà a risentirne l'industria del barolo? Nella maggior parte dei casi, i giovani enologi riescono a trovare lavoro nelle cantine solo se ereditano l'azienda o se accettano di produrre vino nello stile dell'azienda per cui lavorano. Questo rende la possibilità di un’altra rivoluzione molto difficile per la regione. C'è poco spazio per le nuove idee in una regione con aziende vinicole ben consolidate e con una reputazione fissa. Alcune cantine hanno permesso ai membri più giovani della famiglia di creare nuovi vini senza alcuna etichetta o protezione formale, come il vino arancione di Filippo Gallino. Tuttavia, si tratta di un privilegio concesso solo alle aziende vinicole familiari di successo. Le langhe si trovano a cercare un equilibrio tra la conservazione delle tradizioni della regione e le nuove tendenze in Italia e all'estero.

Il più grande cambiamento culturale nella regione è avvenuto attraverso la commercializzazione del vino. Molte aziende vinicole si sono rifatte il look con nuove etichette, nomi e una maggiore presenza sui social media. Di seguito sono riportati due esempi di

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61 Kavanagh, Don. 2021. *The world's Most Expensive Bordeaux*
62 Ashton, Chloe. 2018. *Listed: top 5 Barolos by average price*
rebranding di etichette. Il primo è di Giacomo Fennochio a Monforte; il rebranding non è molto moderno, ma ha senso perché l'azienda è già molto affermata nel settore. La seconda è di Filippo Gallino a Canale, l'azienda non è nuova ma ha trovato il successo più che altro dopo la nuova etichetta. La nuova etichetta, sulla destra, è una versione più moderna della vecchia etichetta per attirare i clienti più giovani. Ma la possibilità che le nuove generazioni cambino i progetti o lavorino in cantina è sufficiente a mantenere le tradizioni della regione?

Le tradizioni della regione non sono messe in discussione solo dall'interesse dei giovani per l'attività, ma anche dalla lotta tra la conservazione della cultura e il successo finanziario. Questo spostamento verso la priorità della prosperità economica rispetto alla tradizione secolare minaccia il futuro della regione. Prima della rivoluzione dei Barolo Boys, la maggior parte dei locali acquistava vino da tavola sfuso da una cantina locale. A differenza della Francia, il mercato formale del vino in Italia è cresciuto grazie al successo del mercato esterno. Le famiglie riempivano le damigiane di vino e lo imbottigliavano per l'anno. Questa pratica è stata quasi completamente eliminata nel mercato moderno. A causa della crescente redditività del vino barolo, le cantine hanno sostituito le uve tradizionali come dolcetto e barbera con il nebbiolo. Alcuni vigneti che sono stati reimpiantati con il nebbiolo non sarebbero stati considerati
adeguato dalle vecchie generazioni di viticoltori. Il dolcetto, in particolare, è conosciuto come un'uva molto difficile nei vigneti e viene venduto a meno di dieci euro a bottiglia. Rispetto al nebbiolo, quindi, l'enologo deve avere la passione di coltivare l'uva. Poiché il dolcetto è uno dei vini che i piemontesi bevono tutti i giorni, questo spostamento potrebbe avere effetti sulla cultura locale.

Con la continua globalizzazione del mondo, gli italiani e tutte le persone hanno più scelte quando si tratta di quale vino bere. In passato, i piemontesi bevevano barolo in occasioni speciali come compleanni e matrimoni. Oggi, però, possono scegliere tra altri vini famosi che possono piacere di più. Un maggiore accesso al vino su scala globale è anche ciò che ha spinto i prezzi dei vini di lusso a rivolgersi a clienti facoltosi. Le priorità del settore si sono spostate verso questi obiettivi globali e non verso la cultura locale. I prezzi più alti hanno reso il vino barolo un bene di prestigio, che solo gli italiani ricchi possono permettersi di acquistare. I giovani italiani bevono solo la metà di quanto bevevano i loro nonni cinquant'anni fa. I tavoli dell'aperitivo sembrano ancora pieni di Aperol Spritz e Gin Tonic, ma i giovani non ordinano Barolo e Brunello a cena. Se i giovani italiani ordinano solo il rosso da tavola, la generazione ha abbastanza passione per continuare il settore?

Un altro problema che le Langhe stanno affrontando è il cambiamento climatico. La regione ha una lunga tradizione di lasciare che il tempo faccia il suo corso sulla terra e sul territorio. Questo significa che alcuni anni sono molto migliori di altri. Tuttavia, gli ultimi anni sono stati estremamente caldi e poco nevosi. Questo non solo influenza sui livelli alcolici del vino e sulle sue caratteristiche principali, ma porta a un modello di annate calde. Quando non c'è abbastanza neve, il terreno non può assorbire l'acqua in profondità per mantenere il terreno

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63 Dirindin, Valentina. 2022. *I giovani non bevono più vino: e se fosse un problema?*
64 Il Brunello è un pregiato vino italiano proveniente da Montalcino.
adeguato agli anni successivi. In risposta alla difficile situazione, il consorzio ha permesso ai viticoltori di irrigare le viti per i primi tre anni dall'impianto per facilitarne la crescita. Anche in questo caso la regione ha il compito di trovare un equilibrio tra tradizione e successo.

Nonostante le abitudini di consumo degli italiani più giovani, il vino continuerà a far parte dell'Italia. Tuttavia, è il momento di stabilire fino a che livello. Forse c'è un modo per rendere il vino più accessibile ai giovani in Italia. Da quando il vino italiano è diventato un prodotto di lusso in tutto il mondo, lo stesso è accaduto anche per i vini pregiati in Italia. Il settore del vino in Italia ha bisogno di separare il mercato interno da quello estero in modo da rendere meno formale la conversazione sul vino. Il Barolo non deve essere considerato irraggiungibile per i giovani italiani. Ordinare un buon vino dovrebbe essere facile come ordinare qualsiasi altra bevanda. I giovani sono il futuro dell'Italia e, soprattutto, della cultura italiana e devono essere protetti dagli effetti della globalizzazione.
Bibliography


