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**COOPERATING GRAPE-GROWERS  
AND WINE-MAKERS**

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# COOPERATING GRAPE-GROWERS AND WINE-MAKERS

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## Abstract

In the United States the role of cooperation in economic affairs often is overlooked because Americans see themselves as individuals, and organize their affairs in competitive fashion. Competition means *acting alone* for individual success.

Cooperation is much different. Enterprises in the same business see one another not as rivals but as partners. Cooperation means *acting together* because in acting alone the individual member cannot succeed at all or succeed as well.

Acting together is the distinguishing feature of an authentic cooperative. It is an intermediate stage between acting alone and turning to the government for protection or assistance.

Overwhelmingly U.S. wine production originates with vineyards and wineries acting alone. Nevertheless, we uncovered a few instances where grapes are grown and wine is produced by enterprises acting together. Additionally, we identified four other types of cooperatives: grape-to-juice, wine wholesale, wine marketing, and wine-maker philanthropic.

## 1. Introduction

Recently, the *Journal of Wine Economics* published a collection of papers on wine cooperatives in Austria, Germany, and Italy in which, based on information from the U.S. Department of Agriculture, a statement is made that in the United States “wine co-ops are virtually absent from the market.”<sup>1</sup> This statement is not entirely accurate for two reasons. First, as with many other enterprises and industries in the United States, grape-growers and wine-makers utilize two organizing principles: competition and cooperation. Second, there are in fact wine cooperatives currently operating in the United States.

Furthermore, there is a difference between grape-growers and wine-makers who cooperate in order to produce wine and those who cooperate for some other purpose. We intend to explore that difference in the following.

## 2. The organizing principle of cooperation<sup>2</sup>

It is commonplace and accurate to observe that a market economy is organized on the basis of the principle of competition. However, competition is not the whole story.

Economic affairs in a market economy – specifically production, distribution, exchange, consumption, and investment -- are organized by three principles: competition, cooperation, and intervention. The first two are activating principles supplying energy to economic affairs in the same way that the engines of a twin-engine aircraft provide the power for lift. The third organizing principle – intervention – operates in the limiting mode acting as a force to limit certain abuses that may attend vigorous competition and cooperation. Intervention may be represented as the control surfaces of the aircraft, the rudder and the flaps for example. The entrepreneur/pilot is not able to handle the aircraft safely, to set it on a course and reach its destination predictably, without those control surfaces.

Competition is the human disposition to undertake certain tasks individually for the individual reward. Cooperation is the human disposition to undertake certain tasks collectively because they cannot be done at all or as well by an individual working alone. Competition means *acting alone* in an aggressive manner. Cooperation means *acting together* in a nurturing manner.

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<sup>1</sup> Karl Storchmann. “Introduction to the Issue: Wine Cooperatives,” *Journal of Wine Economics*, Volume 13, Number 3, 2018, p. 239.

<sup>2</sup> Much in this section on organizing principles is drawn from Edward J. O’Boyle. *Principles of Personalist Economics*, chapter three, October 10, 2018, 393 pp., available at <http://mayoresearch.org/personlist/>

The limiting principle of intervention can be operationalized by a public agency or a private group. For example, the U.S. Department of Labor enforces the federal minimum wage limiting employers to paying their workers, including those in the grape-growing and wine-making business, no less than the minimum. Private industry groups have intervened many times over the years to forge agreements on standards for specific items such as standard sizes for shoes, clothing, and tires, standard grades to identify different quality lumber and cuts of beef, standard factors to identify differences in insulation material and sun screen.

In the wine industry, for example, a standard has been established for the volume of wine contained in the typical bottle sold at the retail level (750 ml). There is a pressing need to establish a standard for the authenticity of the wine in the typical bottle. The effect of standards is to limit the freedom of producers to create their own personal standards that if carried through by all producers would lead to confusion and possibly chaos. The devastation unleashed by Rudy Kurniawan confirms the need for an authenticity standard.

Consider the supply chain for grape-growers and wine-makers. As with producers in other industries, the relationship between producer and supplier, along with producer and distributor, is one of cooperation as to price, quality, quantity, and deliverability. The clustering of vineyards in what has become known as “the wine country” to take advantage of the soil and climate calls for a measure of cooperation that is re-enforced by property law.

The effective utilization of the three organizing principles of competition, cooperation, and intervention requires the affirmation of a particular social value. Competition clearly depends on society valuing freedom because how does competition come into play if human beings do not enjoy the freedom necessary to compete? Cooperation depends on the social value of community in the sense that tasks will not be undertaken collectively if the persons who are assigned those tasks are not willing to come together as a community or work as one. Indeed many U.S. companies refer to themselves as families as a way of reinforcing that social value and breathing more life into cooperation.

Intervention depends on the social value of equality if intervention is to be successful and long-lasting. Notice the recent disclosures that the Internal Revenue Service was scrutinizing applications for 501(c) 3 tax-exempt status from conservative organizations more intensely than applications from progressive groups. Notice as well the controversy surrounding the practice at many colleges and universities of admitting minority students preferentially over equally or better-qualified applicants with no minority standing.

But there is a price to pay for each of the three social values of freedom, community, and equality. Each one depends on a human beings faithfully practicing one of the three principles of economic justice. Freedom is undermined when the principle of commutative justice is violated because persons who have been “ripped off” lose some of their freedom to act and compete in economic affairs. Community cannot exist without the contributions of their members, without faithful adherence to

the principle of contributive justice. Equality is denied when the principle of distributive justice is flaunted by, say, public officials who discriminate against some and play favorites with others.<sup>3</sup>

As in other industries, the grape-growing, wine-making entrepreneur triggers change in five ways. In the marketplace, the entrepreneur initiates two types of change: the introduction of a new good or service and the penetration of a new market. In the workplace, the entrepreneur brings about three kinds of change: the utilization of different materials in the production process, the introduction of a new process of production, the development of a new business model – a new way of organizing, managing, administering the business enterprise. At times, more than one type of change is necessary for success. For example, introducing a new product may require a change in the process of production.

Like their counterparts in other industries, grape-growing and wine-making entrepreneurs are visionary in the sense that they see opportunities and possibilities where others see nothing beyond the present. Large established companies resist entrepreneurial change in a way that is reminiscent of Newton's third principle of motion: for every action there is an equal and opposite reaction. Thus entrepreneurs often are associated with small companies including firms that they themselves established specifically to implement their innovational ideas. They are driven at times by the survival needs of the company, but are not always successful. However, they are more likely to accept the risk of failing and to try again in a culture where failure in business does not spell personal failure. Bankruptcy is one way in which American culture encourages the entrepreneur to try again.

Successful entrepreneurs, including those in the U.S. grape-growing and wine-making business, engage in a dynamic process that has two major effects. First, they create new business enterprises, new jobs, new resource requirements that translate into new opportunities for workers, resource holders, suppliers, investors, and communities. At the same time, they destroy old business enterprises, old jobs, established supplier networks that translate into financial hardship or ruin for other workers, resource holders, investors, and communities. This process has been called "creative destruction."

The typical enterprise in the grape/wine business, like the human cell, must divide and separate in order to survive. In order for any company to prosper and endure, someone must be entrepreneurial. Failing to innovate assures its ultimate demise.

### 3. Cooperation in production, distribution, and marketing

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<sup>3</sup> Commutative justice requires trading partners to exchange things of equal value and impose equal burdens on one another. Contributive justice requires that to the extent a member receives benefits from membership in a group he/she must support and maintain that group. Distributive justice requires that a person with subordinates has a duty to treat those subordinates in some equal fashion.

As with a startup in any other business, survival for a grape-growing or wine-making startup is not assured. Many startups begin as a business that pools the resources available from a family or group of investors. Others decide to pool their resources and conduct their affairs as a collective. It follows that any grape-growing and wine-making venture is small at the time it is launched and vulnerable.

Grape-growing and wine-making cooperatives in the United States, to use Veseth's term, for the most part are "invisible."<sup>4</sup> We were able to find them searching through the Internet by focusing first on the largest wine-producing states: California, Oregon, Washington, and New York. Even so, we did not at first expect to find two functioning cooperatives in Wisconsin and a 2018 startup in Texas. Considering that others may not have a presence on the Internet, there may be others we have not found. For that reason, the establishments listed below cannot be regarded as representing the full extent of cooperation in the United States.

The problem of finding cooperating enterprises is compounded by new or different business models<sup>5</sup> and names. A studio may be an authentic cooperative, a tasting/lunch room for different brands, or as with Folio Winemakers' Studio<sup>6</sup> in California what may be classified as a trip adviser. A cooperative may be known as an alternating proprietorship or a custom crush facility. Moreover, a virtual winery makes it possible to craft wine without any direct involvement in growing grapes or producing wine.

In addition to a very small number of U.S. wine cooperatives, we uncovered cooperation among grape-growers who do not make wine, including one which has a well-known subsidiary that produces jams and jellies, a wine club at a major airframe manufacturer with members who became self-taught enologists, and grape-growers and wine-makers who pursue other purposes cooperatively.

What sets a cooperative apart is that its members have decided to *act together* in order to achieve a commonly-held objective: success financially whether it is in the grape-growing or wine-making end of the business. With the possible exception of the hobbyist, the grape-grower or wine-maker who does not turn a profit is doomed to failure even if the grapes or wine are outstanding.

Carlton Winemakers Studio (CWS), established in 2001-2002 and located in Oregon, is the first alternating proprietorship in the United States. CWS is not a custom crush facility. Rather, it a gravity flow winery that provides the space, tanks, and infrastructure where each "boutique winery" operates

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<sup>4</sup> Mike Veseth. "Discovering the 'Invisible' Cooperative Wineries of Languedoc and Roussillon," *The Wine Economist*, July 18, 2018, not paginated, available at <https://wineeconomist.com/category/cooperatives/>

<sup>5</sup> Rooftop Reds is a vineyard that grows grapes in specially designed planters on a rooftop in the Brooklyn Navy Yard. Cf. <http://www.rooftopreds.com/>

<sup>6</sup> Folio Winemakers' Studio, 2019, available at <https://buywine.com/business-directory/6497/folio-winemakers-studio/>



independently, providing its own wine-maker, barrels, and grapes from either its own vineyard or other sources, and producing its own brand.<sup>7</sup> CWS<sup>8</sup> is a *wine production* cooperative.

The Southeast Wine Collective (SWC) is a “fully bonded and licensed commercial winery that performs custom crush services for both commercial and private brands ... [provides] state-of-the-art equipment and highly skilled and personable staff needed for everything from harvest crush, fermentation, blending, and aging to filtration and bottling.” Its operations are located in Portland, Oregon. SWC lists 11 member wineries and 7 “alumni” wineries. SWC was established in 2012 in a 5000 sq.ft. facility and is a member of PDX Urban Wineries Association.<sup>9</sup> SWC is a *wine production* cooperative.

PDX was established in 2012 by urban wineries located in the City of Portland. It stages events involving “wine, food, and fun” where the public can learn about new wineries in Portland and talk to urban wine-makers about their craft. PDX has 16 members.<sup>10</sup> PDX is a *wine marketing* cooperative.

Texas Artisan Vineyards Cooperative (TAVC) was incorporated in the State of Texas in 2018 to “grow high quality grapes profitably, ... raise awareness of Texas wines,” and help members improve their business practices. At present it has 25 small vineyard owners who due to their size found it difficult to gain access to contract harvesters and decided to come together to borrow, rent, trade, or buy equipment and chemicals. TAVC has identified one winery that is willing to buy its grapes.<sup>11</sup> TAVC is a *grape production* cooperative.

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<sup>7</sup> Lawrence M. Fisher. “Wine Made the Co-op Way,” *New York Times*, October 6, 2007, not paginated, available at <https://www.nytimes.com/2007/10/06/business/06wine.html>

Carlton Winemakers Studio. “What is the Carlton Winemakers Studio?,” no date, not paginated, available at <http://www.winemakersstudio.com/carlton-winemakers-studio/>

Andrea Slonecker. “Willamette Valley Winemaking the Communal Way: Old World Tradition Meets New World Spirit at Oregon’s Cooperative Wineries,” *Carlton Winemakers Studio by NasbCO*, December 14, 2016, not paginated, available at <http://www.winemakersstudio.com/first-cooperative-winery-united-states-celebrates-15-years/>

<sup>8</sup> For more on the studio’s experience, go to <https://www.youtube.com/watch?v=XJwZ9V2uVd8>

<sup>9</sup> The Southeast Wine Collective, 2019, not paginated available at <http://sewinecollective.com/>

Slonecker, not paginated.

<sup>10</sup> PDX Urban Wineries Association, no date, not paginated, available at <http://www.pdxurbanwine.com/>

Wine Enthusiast. “America’s Top Urban Wineries,” February 29, 2016, not paginated, available at <https://www.winemag.com/listicle/urbanwineries/>

<sup>11</sup> Texas Artisan Vineyards Cooperative. “Artisan Vineyards Cooperative ... New Beginnings,” 2019,

Seattle Urban Wineries has more than 20 winery members. Winemakers Studios is located on Treasure Island in San Francisco and has just three members. Both specialize in staging events that bring together local wine enthusiasts with the various brands of the participating wineries.<sup>12</sup> Both are *wine marketing* cooperatives.

We found two examples of acting together in Wisconsin. Wisconsin Winery Co-op (WWC)<sup>13</sup> and Badger State Wine Cooperative (BSWC). The two are alike in that both promote cooperation in the distribution of wines to state retailers and both limit membership to wineries that produce no more than 25,000 gals. per year. Both are in the marketing business. WWC sells gift certificates for redemption at member wineries. BSWC apparently has no such arrangement with its members.

Neither one actually produces wine. WWC was established around 2007 and has 32 members including two from Iowa. BSWC was formed in 2008 and has 53 members including some from Minnesota.<sup>14</sup> There is some overlap in their memberships. In 2009 the State of Wisconsin passed legislation that prohibits wineries from selling directly to retailers. In effect, the two cooperatives are work-arounds.<sup>15</sup> WWC and BSWC are *wine wholesale* cooperatives.

Growers' Co-op (GC) started in 1929 by nine Concord grape growers in the Lake Erie Concord Grape Belt which represents the oldest and largest Concord grape region in the world. Over the years it has added to its owner-members Niagara and Catawba grape growers. GC processes and sells juices, concentrates, and puree to the food and beverage industry including wineries, breweries, and

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not paginated, available at <http://texasartisanvineyardcoop.org/index.html>

Jeff Cope. "Texas Artisan Vineyards Cooperative of the High Plains," *Texas Wine Lovers*, July 5, 2018, not paginated, available at <https://txwinelover.com/2018/07/texas-artisan-vineyards-cooperative-of-the-high-plains/>

<sup>12</sup> Seattle Urban Wineries, 2018, available at <https://www.seattleurbanwineries.com/>

Winemakers Studios, no date, available at <http://winemakerstudios.com/wineries-on-treasure-island2>

Included among the events hosted by WS are "social gatherings." The pictures on its website suggest that WS is taking advantage of the need on the part of singles to meet one another in a place other than a bar or lounge. (cf. <http://winemakerstudios.com/san-francisco-events/social-gatherings>).

<sup>13</sup> Some of the information about WWC derives from an exchange of email messages on January 9, 2019.

<sup>14</sup> There is some confusion regarding the number of members. The BSWC website reports 53 on one page and 28 on another.

<sup>15</sup> Badger State Winery Cooperative, 2008, not paginated, available at <http://www.badgerstatewincoop.com/>

Wisconsin Winery Cooperative, c.2007, not paginated, available at <https://www.wisconsinwineryco-op.com/>

distilleries. It ships to customers in the United States, Canada, Asia, and Europe. GC also engages in contract processing.<sup>16</sup> GC is a *grape-to-juice* cooperative.

National Grape Cooperative Association (NGCA) was launched in 1933 at a small grape processing facility. It has 1,054 family-farmers across the United States and Canada who grow and process the Concord grapes that are used in the jellies and jams produced by Welch's Foods. In 1956 NGCA voted to purchase Welch's stock and pay off its mortgage in three years, making Welch's a wholly-owned subsidiary. NGCA and Welch's have separate boards of directors, allowing the one to focus on grape growing and processing and the other to concentrate on developing, producing, and marketing jellies and jams. All of Welch's profits go the NGCA grape-growers.<sup>17</sup> NGCA too is a *grape-to-juice* cooperative.

By way of brief summary, in addition to what are commonly referred to as wine cooperatives, we have identified five other classes of cooperatives in the United States involving grape-growers or wine-makers: grape-to-juice, wine wholesale, wine marketing, wine production, and grape production.

#### 4. Organizations that cooperate but are not cooperatives

Because they allow wine enthusiasts to visit the tasting rooms of several wineries in sequence, wine trails have become a popular and effective way for wineries to reach out to the wine-buying public and make them better acquainted with their various brands. The wineries on the tour must cooperate with each other and with the firms that make the necessary arrangements in order for the tour to be a pleasant and worthwhile experience. Even so, we hesitate to create another class of cooperatives that might be identified as *wine-trail* cooperatives. Cooperation in this instance does not reach the standard of acting together, which requires becoming an active partner, whereas simply opening their doors to the public requires little more than passive participation.

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<sup>16</sup> Growers' Co-op, Inc., no date, not paginated, available at <https://concordgrapejuice.com/>

<sup>17</sup> Agricultural Marketing Resource Center. Welch Foods, Inc., October, 2003, p. 2, available at [https://www.agmrc.org/media/cms/welchfoods\\_1F4B39335A164.pdf](https://www.agmrc.org/media/cms/welchfoods_1F4B39335A164.pdf)

National Grape Cooperative Association, 2018, not paginated, available at <http://ncfc.org/member/national-grape-cooperative-association/>

Welch's, Farmer Owned, Farmer Grown, no date, not paginated, available at [http://www.welchs.com/our-story?utm\\_Medium=google&utm\\_source=cpc&utm\\_campaign=Brand-FY18&utm\\_term=welch%27s&utm\\_content=Welch%27s%20-%20Brand-Welch%27s%20-%20Brand%20-%20PH&gclid=Cj0KCQIAvebhBRD5ARIsAIQUmnlMDUwW-6AXfNDp\\_DvMC58eH-0mbF8v-xZGPW9jlm-0cYCoNAlbhQaAopkEALw\\_wcB](http://www.welchs.com/our-story?utm_Medium=google&utm_source=cpc&utm_campaign=Brand-FY18&utm_term=welch%27s&utm_content=Welch%27s%20-%20Brand-Welch%27s%20-%20Brand%20-%20PH&gclid=Cj0KCQIAvebhBRD5ARIsAIQUmnlMDUwW-6AXfNDp_DvMC58eH-0mbF8v-xZGPW9jlm-0cYCoNAlbhQaAopkEALw_wcB)

Virtual winemaking has been described as “making wine without owning a crushing facility” and “the vineyardless vintner.” The Wine Factory (WF) helps its clients produce their own wine by holding their hands through the entire process from selecting the vineyard(s) where the grapes are grown, crushing the grapes, blending the juices, designing the label, and bottling the wine. Judd’s Hill (JH) offers the same services to its clients.<sup>18</sup>

While cooperation is important to the success of WF and JH and their clients, virtual winemaking does not qualify as a special type of cooperative because the clients act alone, not together. What it represents is a new way to organize the production of wine to satisfy the desire of an individual to have his/her own specially-crafted bottle of wine. It is, in other words, an example of innovation in the wine-making business.

A second type of virtual wine-maker takes *finished wines* from various sources and blends them but the label on the bottle does not indicate vintage, region, or varietal.<sup>19</sup> Sokol Blosser’s (SB) *Evolution* is an example of a blended wine, available in red and white, and popular with the public because it is inexpensive. SB is a virtual wine-maker, similar to a négociant winery<sup>20</sup> but different because a négociant winery processes *grapes* from various sources into wine and for that reason requires different equipment than a virtual wine-maker.<sup>21</sup> As with WF and JH, SB requires cooperation with others wineries who are the sources of the wines it blends, but it is not a cooperative. The suppliers of the

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<sup>18</sup> Katherine Cole. “Wine Notes: ‘Virtual Wines’ an Economic Reality for Local Vintners,” *The Oregonian/OregonLive*, January 16, 2012, not paginated, available at [https://www.oregonlive.com/foodday/index.ssf/2012/01/virtual\\_wines\\_an\\_economic\\_real.html](https://www.oregonlive.com/foodday/index.ssf/2012/01/virtual_wines_an_economic_real.html)

The Wine Foundry, no date, not paginated, available at <http://thewinefoundry.com/make-your-own-wine/>

Judd’s Hill, 2019, not paginated, available at <http://www.juddshill.com/page?pageid=433BDFE8-27E3-4CA7-B2E2-6872B021CC1F>

Jennifer Grziskowiak. “Wine without the Vineyard,” *Entreprise*, August 15, 2007, not paginated, available at <https://www.entrepreneur.com/article/182960>

Footnote 18 continued on next page.

BTN. “The Vineyardless Vintner: The Benefits of Owning a Virtual Winery,” *Beverage Trade Network*, no date, not paginated, available at <https://beveragetradenetwork.com/en/btn-academy/articles/the-vineyardless-vintner-the-benefits-of-owning-a-virtual-winery--534.htm>

<sup>19</sup> Cole, not paginated.

<sup>20</sup> Cf., for instance, Négociant North Park Urban Winery, 2019, available at <http://negociantwinery.uswest.vin65dev.com/>

<sup>21</sup> *Evolution* Sokol Blosser Winery, no date, not paginated, available at <https://evolutionwine.com/>

finished wines do not act together. It is, instead, another kind of innovational change in the way that wine is produced that has been commercially successful.

Folio Fine Wine Partners (FFWP), which was founded in 2004, is an “importer, fine wine agency and producer of quality wines” that is striving “to become the best purveyor of top quality wine to the American market.”<sup>22</sup> Though its name suggests otherwise, FFWP is not a cooperative. It falls into the category of supply-chain cooperation.

As to wine clubs where members learn more about grapes, wines, and wine-making from self-study, from one another, and outside instructors, we focus on the club at Boeing . This club was established in 1971 and over the years a few members have become active in wine production and others have turned out to be talented enologists.<sup>23</sup> Clearly, any wine club relies on cooperation among its members in order to survive and thrive. Nevertheless, that kind of cooperation does not justify calling a wine club an authentic cooperative. The club members act together in the learning process but they act alone when it comes to becoming an enologist or wine-maker.

## 5. Cooperation for another purpose

By cooperation for another purpose we mean cooperation among grape-growers or wine-makers that involves reaching out to the community, offering help to others who are needy. This kind of cooperation is based on the virtue of caring, and perhaps peer pressure, and is made possible by the financial success of grape-growers and wine-makers. It is, in other words, philanthropic in nature.

Cooperation of this type is philanthropic in the narrow sense in which a grape-grower or wine-maker acting alone offers assistance to persons who are in need of help. Wenté Family Estate (WFE) in Livermore Valley, California, is one example of a winery that, acting alone, openly invites online requests for financial assistance. One requirement is that the organization requesting help must have 501(c) 3 status.<sup>24</sup> WFE-type philanthropy has the advantage of locating the source of help close to those who are needy thereby reducing the need for government intervention at arm’s length. Apolloni Vineyards in Oregon is a second example of a wine-maker whose philanthropy is an acting-alone effort.<sup>25</sup>

Concannon Vineyard (CV), also located in Livermore Valley, has been helping the needy since 1883. Currently their acting-alone philanthropy focuses on providing financial assistance to regional food

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<sup>22</sup> Folio Fine Wine Partners, no date, not paginated, available at <https://www.foliowine.com/>

<sup>23</sup> Peter Blecha. “Boeing Employees’ Winemakers Club,” *HistoryLink.org* September 7, 2018, not paginated, available at <http://www.historylink.org/File/20633>

<sup>24</sup> WFE (2019). Wenté Family Estate, donor request instructions, not paginated, available at <https://wentefamilyestates.com/donation/>

<sup>25</sup> Apolloni Vineyards, 2015, not paginated, available at <https://apolloni.com/philanthropy/>

banks and to Stanford Health Care – ValleyCare Breast Cancer Women in Need Fund.<sup>26</sup> In Napa Valley there are 18 wineries engaged in acting-alone philanthropy.<sup>27</sup>

When grape-growers and wine-makers cooperate in a wider sense to raise funds for worthy causes we refer to them as acting together. In addition to locating the source of assistance closer to those in need, and reducing reliance on government programs in aid of the needy, private-group cooperative effort brings to bear the greater resources available from the group members acting together.

Livermore Valley Wine Auction (LVWA) is an acting-together philanthropy of local wine-makers and others that was established in 1995. It raises funds for various organizations such as an academy for low-income boys at a dinner and wine tasting that includes both a silent and live auction of wine lots. In 2018 LVWA brought together wines for tasting from 20 Livermore Valley wineries and offered for live auction 22 lots of wine. It raised a total of \$325,000.<sup>28</sup>

The Auction Napa Valley (ANV) philanthropy has been operating since 1981 and claims that it is “the world’s most celebrated charity wine event.” Over the years it has raised \$185 million for 25 local non-profit organizations.<sup>29</sup> We have not been able to determine the number of local vintners that participate in ANV.

Auction of Washington Wines (AWW) was founded in 1988 and since then has raised \$46 million for charity. AWW arranges events during the year that involve not only Washington State wineries but other establishments who participate as sponsors or partners. For 2019 a total of 41 wineries will be participating.<sup>30</sup>

The Wine Institute (WI) is an advocacy group (lobby) for 1000 California wineries and affiliated businesses that represents their interests at the state, federal, and international levels. It provides a

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<sup>26</sup> Concannon Vineyard, 2019, not paginated, available at <https://www.concannonvineyard.com/our-story/community-philanthropy/>

<sup>27</sup> Napa Valley Register. “18 Philanthropic Wineries in Napa Valley,” December 19, 2017, not paginated, available at [https://napavalleyregister.com/wine/philanthropic-wineries-in-napa-valley/collection\\_5d4542cc-e147-11e7-83a3-279e866ff819.html](https://napavalleyregister.com/wine/philanthropic-wineries-in-napa-valley/collection_5d4542cc-e147-11e7-83a3-279e866ff819.html)

<sup>28</sup> Livermore Valley Wine Auction, 2018, not paginated, available at <https://lvwf.org/2018/10/livermore-valley-wine-auction-raised-325000-for-local-childrens-charities/>

<sup>29</sup> Auction Napa Valley, 2019, not paginated, available at <https://auctionnapavalley.org/about>

<sup>30</sup> Auction of Washington Wines, 2019, not paginated, available at <https://auctionofwawines.org/>

wide range of information on annual harvest data, exports, California wines, the industry advertising codes, and much more.<sup>31</sup>

Though quite different in their purpose, LVWA, ANV, and AWW on the one hand and WI on the other require member cooperation to be successful. Clearly WI is not a cooperative because the staff acts for and in place of the members that remain largely passive. However, we are inclined to designate LVWA, ANV, and AWW as *wine-maker philanthropic* cooperatives. No doubt there are other organizations like these three perhaps too numerous to name and possibly invisible outside their own confines.

## 5. Final remarks

In the United States the role of cooperation in economic affairs often is overlooked because Americans for years have seen themselves as individuals, some would add “rugged” individuals, and organize their affairs in competitive fashion. In a sense, competition is a zero-sum organizing principle. Competition means defeating one’s rivals. Competition means acting alone for individual success.

Cooperation is much different. Enterprises in the same business see one another not as rivals but as partners. Cooperation means acting together because the individual member cannot succeed at all or cannot succeed as well acting alone. Cooperation that means acting together, that is active in nature rather than passive, is a positive-sum organizing principle.

Acting together is the *distinguishing feature* of an authentic cooperative. It is an intermediate stage between acting alone and turning to the government for protection or assistance. A cooperative is a *private* group that is formed to enhance the prospects for individual member success without depending on a *public* group – the government – to achieve the same outcome except under extenuating circumstances such as the devastating California wine country fires in 2017. Success includes success in a philanthropic sense because when local needs are met locally by a private group of cooperating wineries there is less need for public group (local, state, federal) assistance.

Overwhelmingly wine production in the United States originates with vineyards and wineries acting alone. Nevertheless, we uncovered instances where grapes are grown and wine is produced by enterprises acting together. We have not attempted a full enumeration of grape production cooperatives or wine production cooperatives but we are confident there are more than we have uncovered.

Additionally, we identified three other types of cooperatives: grape-to-juice, wine wholesale, and wine marketing. We add a fourth, wine-maker philanthropic, because it embodies the central characteristic of a cooperative – acting together.

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<sup>31</sup> The Wine Institute, 2018, not paginated, available at <https://www.wineinstitute.org/company>

Whether any of these types of cooperatives, including grape production cooperatives and wine production cooperatives, will prosper and grow in numbers in the United States, only time and further research will tell.



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