



The  
VINEYARD  
at the  
END OF  
THE WORLD

Maverick Winemakers and  
the Rebirth of Malbec

IAN MOUNT

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CHAPTER 3

*LA CRISIS*



Héctor Greco (with sunglasses) in Mendoza, 1980. Courtesy of *Los Andes*.

I N THE LAST HOURS of April 24, 1980, the brothers Héctor and José Greco and their banker Jorge Bassil sat paging through the menu in the Pedemonte restaurant, a Buenos Aires landmark. Founded in 1890 by Italian immigrant José Pedemonte and famous for its artichoke tart, the restaurant was decorated with sumptuous stained-glass windows, beveled mirrors, art nouveau boiserie, an oak bar, and well-buffed bronze chandeliers. Just blocks from the Casa Rosada (“Pink House”) presidential palace, it was the kind of place where political and cultural maestros went to do business and be seen.

The Grecos and Bassil had recently left a tense meeting at the Central Bank of their country, which was being run by yet another military dictatorship. At the meeting, Héctor had refused to sign a document demanded by the military junta’s interior minister General Albano Harguindeguy and economy minister José Alfredo Martínez de Hoz, and a police Ford Falcon had been tailing them since. The Falcon had been the junta’s model of choice for rounding up political enemies during the 1976–83 “Dirty War,” in which up to thirty thousand leftist regime opponents were “disappeared.” Its presence sent a clear message; the brothers were not surprised to be arrested at the Pedemonte.

Owners of Argentina's largest wine business, with almost half of the market, Héctor Greco and his associates were soon charged with monopolistic practices and the Orwellian crime of "economic subversion." The three businessmen were bundled off to prison, and their empire, with its twelve thousand employees spread across forty-seven businesses (including a newspaper, three banks, and three dozen *bodegas*), quickly ceased to exist.

Almost overnight, the Argentine wine boom ended.

The Grecos were the hood ornament on Argentina's postwar wine bonanza. The family started as *fraccionadores* in 1948, buying wine in bulk in Mendoza and distributing it in Buenos Aires. In the early sixties they got into making and selling their own wine by buying a winery on the eastern side of Mendoza, along with what would become the hugely successful wine brand Pángaro. When the oldest brother, Alberto, died in 1969, the next-oldest son, Héctor, assumed control, as was typical in traditional Italian families. A big man with a chin wattle and a pencil mustache above his fleshy lips, Héctor habitually wore dark sunglasses indoors and out in order to disguise a walleye. To those who didn't know him well, Héctor was mysterious, enigmatic, a bit Mafioso. It didn't lessen that impression that he traveled with an entourage of "advisers."

With his new winery in Mendoza, Héctor soon became a popular man among the region's wine and grape sellers: a man who respected the sacrifices of agriculture and, more important, paid well in good times and bad. "The grape growers are the goose that lays the golden eggs. We can't kill that goose," Greco said.

A crafty money manager, Greco grew progressively wealthier during a period of hyperinflation in the mid-1970s, when smart wine merchants stocked up on wine and then sold the product later for much higher prices. The real Greco windfall began in 1977, however, when the brothers bought a Mendoza bank, Banco de los Andes, from a group

of local notables. It was a great moment to be a banker in Argentina: that year the dictatorship had decided to liberalize the banking system by allowing banks to set their own interest rates and by expanding the amount of deposits the Central Bank would insure in the case of bank failures. Argentines began to deposit a flood of cash into new interest-bearing bank accounts. The result was a speculative boom as unknown banks tried to seduce this new mass of retail depositors with ever-higher interest rates.

The Grecos joined the party at Banco de los Andes. They offered interest rates 1 percent higher than those of their competitors and brought in a torrent of deposits. Believing that wine prices and consumption would continue to climb, they then lent themselves their depositors' money and went on a shopping spree. They bought wineries, vineyards, and large stocks of wine to corner the market, and a newspaper to defend themselves as they did so.

Greco chose a propitious time to wave around a full wallet: most of the country's family wine dynasties had reached the infamous third generation, in which an unwieldy passel of bickering grandchildren, many bereft of the hardworking immigrant ethic, were only too eager to cash out their share of the family business. Giants like the Arizus and Furlottis sold, as did many more. Only a few of the grand old names—ones like Bodegas López—remained.

Greco's Banco de los Andes quickly grew to be the largest private bank in Argentina, and Héctor and his brothers accumulated some 1.1 billion liters of wine—about 90 percent of Mendoza's annual production. At their height, they were selling some 50 million liters per month, or about 50 percent of the wine consumed in the country. But the wine didn't matter. The Grecos were just being capitalists, and their ploy was the natural end game of an industry that no longer cared about the product it sold. The drink they hawked was a basic manufactured good—almost a commodity—and their business plan was little more than a grand circus of financial engineering aimed at drowning the compet-

ing manufacturers in rising raw-material prices. Wine? Widgets? That wasn't the point.

As Héctor Greco grew increasingly powerful, salesmen began calling on his offices in the outpost of San Martín. An amply sized town on the east side of Mendoza, San Martín offers the weird mix of European class and provincial vulgarity that makes so many western Argentine towns feel like the set of a spaghetti western as imagined by a Frenchman. Hot, dusty, and generally charmless, San Martín's main drag is home to an anonymous run of retail stores and car mechanics but bears the cosmopolitan name of Boulogne Sur Mer, the fishing port in northern France where Argentine independence leader—and town namesake—José de San Martín died in 1850. It is not the kind of place one would expect to find the epicenter of Argentina's wine industry. Off the main artery, the town devolves into an almost interminable chain of square midcentury cement cube homes, interspersed with a few beautiful pre-World War II houses built in a French style, with elaborate iron gates and decorative stucco around the windows and doors.

The salesmen who tramped through Greco's headquarters offered him everything from a circus with which he could entertain his employees to a plane for vineyard fumigation, a Picasso (counterfeit) for general pleasure, and a Rolls Royce for transportation. In the end Greco did buy the Rolls, in which he was chauffeured everywhere. He also began to play the benefactor, using his money to start a foundation and fund charities. Usually out of deference, though sometimes also to disparage the Sicilian's sumptuous Rolls and mysterious shades, people began referring to Greco as *El Padrino*. The Godfather.

Those who dealt with Héctor Greco at the end of the seventies recall the era with unabashed nostalgia. As he poured money into the market, wholesale wine and grape prices spiraled upward. Greco offered such unbelievable prices that no one wanted to look under the hood. Héctor

became a revered figure among winemakers and grape growers who had suffered a miserable three-year price trough from 1974 to 1977. Between 1978 and 1980 the portion of wine's retail price that went to Argentina's bulk winemakers almost doubled, from 45 percent to 85 percent. Arnaldo Carosio was working in Mendoza as a wine broker at the time, and he says he handled increasingly absurd sales as the industry lost touch with reality. "After Greco bought the bank, one day I sold the same wine five different times—and the wine never left the tank it was in. Juan would sell it to Pedro at 1 peso, Pedro to José at 1.30, José to someone else at 1.60, and then Greco would buy it at 1.80," Carosio says.

As Greco's price-raising ways endeared him to grape growers, it drove less well capitalized winemakers to ruin and forced many to sell their companies to him in desperation. "Winemakers had to pay Greco prices for grapes and wine. People were drowning," says Adriano Senetiner, the Italian-born cofounder of the Mendoza *bodega* Nieto Senetiner and, at the time of the Greco collapse, the president of a Mendoza trade group.

With this profligate and self-serving generosity, Héctor bought loyalty in addition to wine. One day when Carosio visited Greco to sign a contract for three million liters of wine, Greco asked him what he was doing driving a Ford Taurus. After the perplexed Carosio noted that it had only a thousand miles on the odometer, Héctor told Carosio to follow him to Mendoza. There they stopped at a Mercedes-Benz dealership. "I have to handle a few things," Greco told Carosio. "You choose a car." Unwilling to anger *El Padrino*—and unable to believe his luck—the baffled Carosio chose the cheapest Mercedes on the lot, a \$46,000 red 280C Coupe, and left his Taurus as a down payment.

"I hid the coupe in the garage of our house because I didn't know what to tell my wife about how I'd gotten that car. She would have thought I was crazy," Carosio says. "Greco never charged me the rest of the price of the car. That's what he did to have you trapped. One day

I told Héctor that the difference never came out of my account. He said, ‘Does that worry you?’ Héctor Greco wanted all of his agents to have Mercedes-Benzes, to show his economic power. You have to remember at that time we commission agents had tons of money from selling the same wine five times; \$100,000, \$200,000 in our accounts. It was unreal.”

In October 1979, Héctor Greco signed the deal that would crown him king of the industry: he would buy the table wine business of Argentina’s largest *bodega*, Grupo Catena, which sold about 220 million liters a year. It was a kind of homecoming for the Grecos, since before they bought their own *bodega*, the Catena family had been their largest supplier of wine. The offer Greco made was so high—some \$129 million, split into ten payments—that Catena could not refuse.

“I said to myself, ‘For my *bodega*, this price will never be reached again,’” says the family firm’s head, Nicolás Catena.

Catena was right. In March 1980, the bland-sounding “Regional Exchange Bank” (Banco de Intercambio Regional) went under, sparking fears of another Depression-like financial panic. Despite government deposit guarantees, worried account holders began a countrywide bank run, withdrawing their money before it disappeared. Within twenty-five days they had taken out more than half of Banco de los Andes’s holdings, which exposed a glaring problem in Héctor Greco’s business model: the Grecos had lent themselves a huge chunk of the deposits to buy wine, wineries, and vineyards—72 percent of the bank’s loans had gone to them—and, though they had collateral in the form of property, they didn’t have enough cash on hand to return their clients’ deposits.

Eager to stave off a full-scale crisis, the military regime said it would lend money to Greco via the Central Bank. But after agreeing to what since-deceased Greco lawyer Salvador Sar Sar Chía characterized as

reasonable terms, the junta changed its offer at the late-night Central Bank meeting and tried to strong-arm Greco into offering all his businesses as collateral. When the sunglasses-wearing wine tycoon refused to sign away his empire and left the Central Bank to take refuge in the Pedemonte, the Ford Falcon on his tail showed that his fate had already been decided. The military put Greco behind bars, appropriated his empire and caused what he had built to vanish into the Mendoza sand.

The military-appointed managers who took over flooded the market with the wine Greco had stored in his *bodegas*; bulk wine prices fell off a cliff. Official statistics show them dropping some 82 percent between 1979 and 1982, while anecdotal evidence tells of an even steeper fall: Pedro Marchevsky, then Catena's vineyard manager, says the price of a liter of wine dropped from a dollar to two cents in 1981. "Imagine the industry then. It collapsed," he says. Thousands of vineyard and winery workers lost their jobs; the inexperienced and corrupt military-appointed overseers of Greco's businesses mismanaged the *bodegas* when they weren't stealing from them; and the *bodeguero* families who had sold to Greco but hadn't yet been paid watched their fortunes disappear.

Almost to a man, the industry was wiped out. Except, that is, for Nicolás Catena. Unlike the three dozen other *bodegueros* who had sold their businesses to Greco, Catena and his lawyers had negotiated a payment trigger under which the Catena family would not turn over majority ownership of their company until they received the final payment. If Greco defaulted on his payment schedule at any point, the Catenas would get to keep control of their company—and the cash Greco had already paid.

While negotiating his contract, Nicolás Catena says he noticed that although the Greco windfall was turbocharging the industry by transferring money from bank depositors to family *bodega* sellers, annual per capita wine consumption had actually been declining since it hit its peak

of 92 liters in 1970. By 1975 it had slid to 84 liters, and in 1980 it fell to 76. Worse, the Argentine monetary system was a mess. Annual inflation was running at over 100 percent a year while the Argentine peso was getting stronger against the US dollar in real terms, which meant that Argentine wine was getting more expensive—and less attractive—to overseas importers every day. Argentine table wine exports fell from 67 million liters in 1978 to a mere 9 million in 1979 and 7 million in 1980. The Greco-fed boom was only papering over an industry in decline, one that had to sprint faster and faster just to stay in place.

“Prices went up and up, and Greco’s businesses began to lose money,” says Nicolás Catena. “I don’t think they realized what they were doing. The crisis appeared when the bank went under, but I think it would have happened anyway, when they had to sell the wine they’d hoarded. I never understood the strategy of the Banco de los Andes. It wasn’t thought out well.”

According to one-time Greco partner Ángel Pedro Falanga, at the time of the Greco empire’s implosion, the Catenas had received seven of the ten payments, or about \$116 million of the \$129 million total, which they got to keep along with a good chunk of the *bodegas* they had technically sold. “The contract worked out very well,” admits Nicolás Catena. “Very well.”

Clear-eyed insights like the one that led to his unique contract with Greco have made Nicolás Catena the most admired, innovative, and successful *bodeguero* in Argentina. They’ve also made him one of the most disliked. The recipient of grudging respect for this success and angry sniping about how it was attained, he is viewed a bit like the Goldman Sachs of Mendoza. That Catena was able to keep a large amount of money, as well as control of his *bodegas*, rankled many victims of the Greco collapse. Today he enjoys international acclaim as the father of Argentina’s fine-wine industry, but in Mendoza, especially among

those who lost money during the early 1980s, the name Catena can be a provocation.

“While most of the grape growers and wine producers lost their money, he ended up with double. That’s how Dr. Catena is,” says Gabriela Furlotti, the great granddaughter of immigrant winemaking giant Ángel Furlotti. “If you ask families from that era about Catena, they’ll look at you like, ‘No . . . Dr. Catena, the businessman of the year . . . the Mondavi of Mendoza? No.’ They’d call him a criminal.”

Some blamed Greco’s fall on the astronomical price the Sicilians paid to Catena. Other darker theories swirled that after signing the deal with its unique payment trigger, Nicolás Catena asked friends in the dictatorship to shut Greco down so that he could keep both the cash and the *bodegas*. “Catena, who was very tricky, denounced Greco to the military as a monopolist, and Greco ended up in jail,” says Adriano Senetiner, the *bodeguero* and ex-president of the Centro de Bodegueros de Mendoza trade group. “We [in the trade group] were always denouncing Greco in the paper for what he was doing, but nothing happened until *Catenita* armed the trap.” According to a 2007 article by Gabriel Bustos Herrera in the Mendoza newspaper *Los Andes*, in a prison interview Héctor Greco himself said that, “Catena and [Interior Minister] Harguindeguy, who were associates, hatched traps to make us fail.”

Adding fuel to those rumors, Catena, who has a doctorate in economics, had indeed consulted for José Martínez de Hoz, the economy minister who designed the dictatorship’s liberalization of the financial system. But Catena denies that there was anything resembling a plot between him and the government. “I thought Greco was going to fail, but not for special information or because someone told me,” he says.

Worse, Catena says, he lost money because the Grecos never finished paying him off, which stuck him with the plonk-wine *bodegas* he’d been trying to unload—he later sold his remaining shares—just as the industry collapsed around them. “I didn’t win anything, because they stopped paying me. It hurt me,” he says. “I was left with shares in the

businesses, but they weren't worth anything. No, I would have preferred that they'd continued to pay."

Even those who criticize Catena do so with a grudging respect. "It was legal. Greco fell and the contract said if I don't make all the payments, you get to keep the *bodega*," Furlotti says. Similarly, Senetiner notes, "It was a scam, but from Greco, not from Catena. Catena took advantage of the stupidity of this guy who thought he was all-powerful."

There is a cultural reason for the mogul's awkward position in the wine community. Argentina's sparsely populated landscape offered prosperity for many of its hardworking settlers, but with the rise of invasive and corrupt governments after the Great Depression, achieving real wealth often required a backroom deal. In this context, a growing fortune is often not seen as something to be respected; rather, it can signify a deeper corruption, the fruit of something unfairly attained. Miguel Brascó, the doyen of Argentine food and wine writing, offers an emotional explanation for Catena's situation: "*Acá no lo quieren mucho. Hay . . .*" ("Here he is not well loved. There's . . ."), Brascó says—and then he rolls out a word in English for emphasis—"envy."

In person, Nicolás Catena is no colossus. Slight, soft-spoken, gentle, and a touch bowed, he explains himself slowly and precisely in the style of a professor. He uses logical signposts like "I came to the conclusion" with clockwork regularity. "He's very calm. He speaks to you very slowly. He listens more than he speaks. Then he comes out with a solution," says French winemaker Jacques Lurton. Almost preternaturally unimposing in a physical sense, Nicolás keeps his gray hair pulled back from his high forehead and, outside business meetings, sticks to an unremarkable uniform of white sneakers, khaki pants, and oxford-cloth shirts. Compared to the theatrical Greco, he is almost obsessive about not drawing attention to his wealth. Arnaldo Carosio, the wine broker for whom Greco bought a Mercedes-Benz, has regularly worked for

Catena; the two remain friends. One day when the pair walked out of Catena's Mendoza office, Catena noticed a high-end Chevrolet parked in the lot and asked Carosio who owned it. "I said, 'It's mine,' and he said, 'That's not a car, it's a slap to other people.' Because the concept for him was that there was no reason to show luxury," Carosio says. "I said, 'Gringo, I do it for comfort, I drive five to six hundred miles a week to get your wine. If I had a Citroën like you do I'd never make it.'"

Most of Nicolás Catena's life after elementary school was spent in the classroom or office, not in the *bodega* or field, and the impression he gives is more that of an academic than a farmer or winery owner. Alejandro Vigil, the current chief winemaker at Bodega Catena Zapata, recalls that when he first interviewed at the winery, a small older man strolled in and out of the *bodega's* administration offices. Assuming from the man's casual dress that he was an agricultural product supplier, Vigil asked his interviewer what company he was with. "Oh no," the interviewer replied, "that's Catena."

The story of this unassuming man's ascent to the summit of Argentina's wine industry starts like those of so many other Italian *campesinos* who became titans of Argentine wine. In 1898, an eighteen-year-old boy named Nicola Catena from the tiny town of Belforte del Chienti in Italy's Marche region—the same area, curiously, that produced the Mondavi and Gallo families—stepped off a steamer in the port of Buenos Aires. The youngest of six children of a family of vineyard workers, Nicola arrived with a small amount of money and the name of a family friend who had settled in the ranching province of Santa Fe, northwest of Buenos Aires. Living out of a borrowed room in the family friend's house, Nicola spent four years as an agricultural laborer—a *peón*—in area cornfields. In 1902, he moved west and set himself up as a homesteader in the only industry he'd ever known: wine.

With a tiny nest egg, poor Spanish, and an elementary-school education, Nicola purchased a 25-acre patch of land near the flyspeck town of La Libertad ("Liberty") in the flattening hills east of Mendoza. Five

acres had already been planted with vines, but it was bad land—the only kind he was able to afford—hard up against the Tunuyán River. After building a small house and putting 5 more acres of vines into the ground, he was able to survive. While the Catenas do not figure in the books of top *bodegueros* prepared for the country's 1910 centennial, Nicola quickly progressed beyond subsistence, and by the time his son Domingo was born in 1910, he had joined what one might call the agricultural middle class. He brought his parents over from Italy, and by 1916 he had begun making his own wine, which Domingo started selling around the country in 150-liter barrels in 1928.

“What was interesting to me was that people always said that in that era there were only a few rich people and the workers were very badly off,” says Nicolás Catena. “If they were so bad off, how did my grandfather do that? Without education or language, he did it.”

Like many of the *campesinos* who had arrived with him, Nicola sported habits born from the poverty of his youth. Back in Italy, his parents had kept several cows to supply their large family with milk but, because the most expensive foodstuff at the time was beef, the Catenas led a cruel face-against-the-glass existence: when a cow's dairy-producing life was done, Nicola's family always sold the animal for needed income instead of enjoying the occasional steak from the small herd. But in sparsely populated Argentina, where the cattle that roamed the fertile pampas grasslands vastly outnumbered the human inhabitants, beef was a kind of protein birthright. Nicola celebrated his escape from Old World penury by taking up the rustic tradition of eating *bife con pan*—“beef with bread”—for breakfast, a daily ritual he continued until he died. “He became an addict of Argentine beef,” says Nicolás, who was eighteen when his grandfather passed away.

Born on the La Libertad farm in 1939 as the second of four siblings, Nicolás recalls his primary-school years as an “exaggeration” of immigrant tough love. After morning classes in a country school alongside the children of those who worked in the Catena winery and vineyards,

he would return to the small farm for afternoon chores. “The easiest job for a child was to feed and care for the animals. My grandparents had horses, goats, and cows, ducks, chickens. Later, when I turned seven or eight, I had to learn the work of the vineyard. And at ten I went to work at the *bodega*. I had to work a lot, too much for a child, I think,” says Nicolás.

Nicolás’s father, Domingo, was also born in La Libertad. A strong, balding man who grew corpulent in later years, Domingo played the executive role taken on by many children of *campesino* immigrants. Using the confidence afforded by the modern education his father Nicola never had, Domingo built his family’s modest agricultural business into a regional empire. He designed a blended *vino tipificado* in which he combined wine fermented from his own vineyards with vintages from other *bodegas* to create generic blends for the urban markets; in his case, he sold barrels of “Buenos Aires A” and “Buenos Aires B,” the first of which fetched several pesos more because Catena gave it a richer color and body by increasing by half the amount of ink-black Malbec he added to the cheap *criolla* grapes that made up the rest. In Argentina’s major urban areas of Buenos Aires, Rosario, and Córdoba, *fraccionadores* like the Greco family would then bottle the wine and sell it under their own brand. The invention of a consistent blend was an important step for the industry, and by the time Nicolás entered the business in the early 1960s, Domingo Catena was Mendoza’s biggest wholesaler of blended table wine, with forty bottling clients. In 1965, he sold some 5.4 million liters of the stuff per month.

Although he labored in his wineries and held what would turn out to be prescient theories about viticulture—that Argentina’s colder, higher-altitude locations would produce better wines, for example, and that Malbec could be great—Domingo Catena was foremost a businessman and a politician. He started his political activism young, serving

as one of the signatories, at age eighteen, of the founding document of the conservative Partido Demócrata. “He didn’t feel truly Argentine,” Nicolás says about his father. “I think for children of immigrants, to enter into politics was to take part in the culture.” Domingo also staked his claim to Argentina by marrying Angélica Zapata, a member of the Spanish-descended *criolla* aristocracy who worked as a headmistress at a local school.

For a second-generation immigrant like Domingo—the type of man who categorically did not believe in vacations—government intervention in business was an offense against his family’s hard-won achievements. Like most winemakers and vineyard owners, he leaned right in his politics. Domingo Catena joined his fellow *bodegueros* in becoming an arch anti-Peronist after the election of 1946. Although Perón’s wealth redistribution policies helped wine sales, Domingo would complain to Nicolás that under Perón any businessman who wanted to survive had to bribe government functionaries. When Perón was overthrown in 1955, Domingo celebrated. That year, the military government that displaced Perón appointed Domingo Catena mayor of the county seat of Rivadavia, a sleepy town of some twenty thousand people thirty-five miles east of Mendoza. (But Domingo was not strictly doctrinaire, according to his son; he used his position of power after the coup, Nicolás says, to keep a Peronist friend out of jail.)

When Guy Ruhland came to Mendoza in the early 1980s to consult at one of the Catena family’s *bodegas*, he was given a bedroom just down the hall from Domingo. Living out of the Catena patriarch’s house on the outskirts of Rivadavia, Ruhland discovered a close-knit society of grape growers, *bodegueros*, farmers, and laborers. They ran the gamut of social class, but they knew one another intimately from the earliest years of elementary school. Domingo’s 1946 five-bedroom house, built in a “Californian” style, embodied the prosperity of this traditional small town in Argentina’s west: a neat grid of low cement buildings—the finest ones tricked out with European cornices and pilasters—centered on a

plaza circled by government and church buildings. Shaded by a neat grid of palms and London plane trees (a kind of sycamore), the plaza is the town jewel, a place to take pride in and to defend vigorously if an outsider suggests that a nearby town's plaza is more lovely.

The Domingo that Ruhland met was gnarled and stooped from age, but his sense of humor and reputation as a tough and demanding businessman remained intact. Carlos Vázquez, an agronomist who worked for the Catena family empire from 1980 to 2000, recalls one afternoon when he, Pedro Marchevsky, and a fellow vineyard worker led Domingo on a tour of the 750-acre La Vendimia vineyard, which they had recently worked into what they thought was agricultural perfection. After touring half the vineyard in silence—which Vázquez describes as a covert compliment—Domingo came across a stump where a vine should have been. When the vineyard workers couldn't explain why it hadn't been replaced, he barked at them, "Enough! Let's head back."

"But Don Domingo," his employees answered. "We're going to see the plantings."

"I've already seen too much," Domingo said. "Let's go!"

"He always found something wrong," says Vázquez, now the president of Mendoza's Altos Las Hormigas winery. "There was no way for everything to be okay."

Domingo's demanding nature was such that after a hip operation left him reliant on a cane, the sound of the cane hitting and scrapping along the floor would send his workers into absolute silence. When Domingo was not around, Vázquez says, employees would imitate the sound to frighten their colleagues.

Although he was tough at work, Domingo Catena was also a gregarious and popular man ("Domingo was wonderful," says Ralph Kunkee, an American oenology professor who visited Argentina in the late seventies. "All he wanted to do was make sure I got well fed."). He eschewed the apartment he kept in Mendoza city for business, preferring instead his private men's social club in Rivadavia. There, sur-

rounded by a posse of old friends led by the town's undertaker Noé Ferreyra, he passed his evenings arguing politics while sipping *vino con soda* or shots of Fernet (a bitter, herb-based spirit) and playing *truco* ("trick"), a Spanish team card game based on bluffs, lies, secret facial signs between teammates, and irrelevant conversation meant to distract one's opponents. "The environment in his club was very, very competitive," says Ruhland, who now makes Korbel brandy and wines for other large California wineries. After losing a handful of games quite badly—Domingo and the other players diverted Ruhland's attention with a constant stream of anti-American political commentary—the innocent *yanqui* gave up. "They kicked my butt," he says. "I was too young and naïve to be any good at that game. You have to be a fairly good liar."

*Truco* was the perfect metaphor for business in Argentina, where an ability to game the system and get away with it—something called *viveza criolla*, or "Creole quick-wittedness"—is widely celebrated. While Ruhland found Domingo Catena to be an unfailingly charming gentleman, the kind of older man who jokingly gave the thirty-year-old Ruhland grief for supposedly botching things in the winery—"treating me like the kid I was," Ruhland says—he also knew that Domingo's skill at the *truco* table mirrored the acumen that had made the old man one of the most able strategists in the region. That reputation was driven home one night at a Mendoza nightclub, when Ruhland mentioned his employer to an acquaintance of his Argentine girlfriend. The man stepped close and began to rant at the stunned Ruhland, a big man who, at six foot two and two hundred pounds, was not accustomed to attempts at physical intimidation. Ruhland could recall only the constant repetition of the word *cobarde*. Later, his girlfriend—who knew the man's family—translated the word ("coward") and the explanation for the man's anger: his family had sold its business to Don Domingo during one of the industry's downturns, and they felt like Domingo had taken advantage of their weak position.

For his friends and family, however, Domingo's strategic skill manifested itself in a mischievous sense of humor. One day during Ruhland's visit, the American was driving Domingo to visit his vineyards during a broiling-hot siesta when his truck got stuck in the sandy wash at the bottom of a hill. Domingo had grudgingly accepted his daughter's prohibition on driving because of his advanced age, but the elderly Domingo couldn't help free the truck, so he got in the driver's seat and told Ruhland to push. Ruhland rocked the small Fiat truck through the sand bowl and Domingo pumped the gas. Eventually the wheels caught. Panting, the drenched Ruhland watched as his Fiat crested the next hilltop and disappeared. Ruhland climbed the hill under the midday Mendoza sun to find a laughing Domingo waiting for him halfway down the other side. Desert thirsty, Ruhland reached behind the seat and broke open one of the bottles of white wine that he had stashed there. If he was expecting an apology, he didn't get it.

"Domingo said, 'What the hell? You had that wine back there the whole time and you didn't tell me about it?'" Ruhland recounts, laughing. "So we sat there in the middle of nowhere, drinking white wine. He was truly an interesting guy."

Like many other third-generation immigrants in the wine industry, Nicolás Catena wanted to abandon the *déclassé* bulk-wine business. It was repetitive and uninspiring, the liquid version of a paper clip factory. After Nicolás finished elementary school at age twelve, Domingo and Angélica sent him to a military boarding school, the tough and very Germanic Liceo Militar General Espejo, from which he graduated at age fifteen. He loved the intellectual life and planned to follow it to its logical end. "My vocation was mathematics. I was good at it, and I liked it. I wanted to study theoretical physics. My mother was from a landowning culture, not one of work but one that valued intellectual attainments, and she believed that I should be an academic, an

intellectual,” says Nicolás. “But my father’s influence was very strong, and he said that business used a lot of mathematics. He wanted me to one day be a businessman.” In the end, Nicolás met his father halfway by enrolling in the economics department at the local Universidad de Cuyo, fully expecting to switch into physics after one year. But after falling in love with the mathematical side of economics, he stayed on to earn a doctorate.

During that era Arnaldo Carosio, the Mendoza wine broker, met Nicolás through Nicolás’s younger brother Jorge. Carosio was impressed by Nicolás’s unwavering studiousness. While Carosio and Jorge tried to grow crops on some of Domingo Catena’s land to make a few extra pesos, Nicolás stayed home to read up on history. (Domingo would occasionally visit in his Chevy pickup to laugh at the novice farmers; “Domingo never said we were doing things wrong,” Carosio says. “He said we needed the experience of failure to learn. And we failed.”) As Carosio and his outgoing friends played at business schemes and dreamt of buying the coolest car, they also angled for the affections of Elena Maza, whom Carosio describes as by far the most attractive girl in the university. They were stunned when the lively Maza, an enthusiastic and skilled tango dancer, dated, and then married, the slight and shy Nicolás. It was classic Nicolás: while others were out glad-handing and chattering, Catena was at home reading up on the world’s past mistakes, coming up with theories and testing them against reality. In the end it was the reserved economist who quietly claimed the prize.

In 1958, just as Nicolás was embarking on life in the academy, tragedy struck on one of the area’s undivided two-lane speed alleys, where lumbering agriculture vehicles vie for space with whizzing subcompacts whose drivers show an Italian addiction to tailgating and speed. While driving to the city, his grandfather Nicola pulled into the path of a speeding agricultural truck and the car was crushed. Both Nicola and his daughter-in-law Angélica, Nicolás’s mother, who was sitting in the front passenger seat, were killed. As Nicolás finished his economics PhD

at the local university, the mourning Domingo lost his enthusiasm for business. The Catena *bodegas* began to suffer. Nicolás was faced with a choice between his dead mother's hopes and his live father's needs. After graduating, Nicolás decided to put his academic career on hold—he had been accepted into the PhD economics program at the University of Chicago—and, in 1962, took over management of the family business.

Although he'd been around winemaking all his life, Nicolás Catena was almost a stranger to the trade because he had never seriously considered it as part of his future. This lack of recent experience gave him an advantage over many of the third-generation *bodeguero* families; he could examine the business with an outsider's clear eyes, without the resentment of a child coerced into it from birth. Like the thwarted professor he was, Nicolás sublimated his academic ambitions into treating the industry as if it were a thesis project. "As I was used to acting like a student, I put my mind to studying everything about wine and vineyards," he says.

By bringing an economist's unsentimental logic to a business that was often run on intuition and tradition, Nicolás regularly clashed with the way things were done. During one of his first years at the company, the market price for grapes had been set at what he saw as an excessively high level, considering the large size of the harvest. He foresaw that a glut of wine would come to market and drive down prices, so Nicolás advised his father not to buy grapes from growers and to not even bother harvesting his own; it would be more profitable, he told Domingo, to wait for the market to crash and then buy and resell the resulting flood of cheap wine. "But he said he had committed to people. It cost him a fortune," Nicolás says of his more traditional father, who bought the grapes and lost money along with everyone else.

While he was foiled in that instance, Nicolás's economics-inspired ideas helped build the Catena business from a regional enterprise to Argentina's biggest wine power. At the time Nicolás entered the business, the local industry was divided between industrial wineries like

Domingo's, which made anonymous wine products like Buenos Aires A, and urban wholesalers who bought tanks of the stuff and bottled and sold the drink under their own brand, marking it up by astronomical percentages. Domingo's relationship with his forty *fraccionadores* caused him no end of angst, in part because of an industrial structure in which they received the lion's share of the profit for doing what to his eyes was so little of the work. "For my father," Nicolás says, "the enemy was the bottler who sold his wine, who never paid enough." From the outsider's perspective of the logical Nicolás, however, there was a simple solution to this struggle: change the game. "When I arrived, I had read and studied so much about economics and business, the first thing I said is that we have to bottle our own wine," he says. To this end, in the mid-1960s he convinced Domingo to buy Bodegas Esmeralda and Bodegas Crespi, two popular bottle brands in the Argentine market.

Fighting the bottlers on their own turf was a smart move, and the family empire's revenues blossomed. But while Nicolás's outsider ability to spot the unexploited angles was important, it was his intuitive marketing skill that set him apart. Most Argentine wines were essentially commodities at the time, and sold as such, but Nicolás saw that there was profit to be made in giving his wine an identity that differentiated it from the pack. The new Catena brand Crespi would be the guinea pig.

He began by selling science. After a history of dilution and several incidents in which people had died from consuming wine doctored with toxic *methyl* instead of potable *ethyl* alcohol, Argentines had reason to mistrust the wine industry. Catena's first commercial, in 1971, used the slogan "Crespi: Cared for by Experts." In the commercial, a parade of *bodega* technicians and agronomists explain the wine's chain of natural production, from the earth to the consumer's bottle. In that same year, Catena followed this up with what many call the most remembered commercial in Argentine history: In it, a young husband returning from work, played by rising Argentine actor Hugo Arana, is welcomed home by his wife. "We've been waiting for you," she says. Confused by the

use of the plural, Arana asks “Who’s the guest?” Arana’s face quickly segues from incomprehension to wide-eyed joy when his wife points to a pair of tiny white baby booties on the kitchen table: *she is pregnant*. Arana holds the booties to his face and then embraces his wife—the dimpled Beatriz Galán in a conservative short shag hairdo—and the two celebrate with a glass of Crespi (a drink during pregnancy was not as *prohibido* then as it is now). “I associated wine with family life, to show that *bodegueros* were not suspicious people; they were good people,” says Catena.

The black-and-white short is almost cliché in its naïve wholesomeness—a sensation not lessened by the jazzy show-tune twinkle of piano and harmonica in the background—but there was something so winningly honest about the couple that it struck a chord in an Argentina society. “That ad for Crespi was the most perfect TV commercial. People used to cry from emotion, and that generated a passion for the wine,” says Pedro Marchevsky, Catena’s viticulturist at the time. The Catholic Church was so pleased by the commercial that in 1972 it gave the Santa Clara de Asís prize to Catena for promoting the happiness of family life. “The church gave me a prize for selling alcohol!” laughs Catena.

The effect of the two commercials was nothing short of astounding. At the time, *bodegas* did not advertise on television, and Crespi’s sales soared. Soon enough, competitors began to imitate Catena. “Everyone else starting doing similar ads,” says Catena. So he doubled his efforts. “We did more publicity than Coke, than Sprite, than autos!” he says. By the end of the 1970s, Catena was Argentina’s largest wine merchant, with 34 percent of the market, according to Nicolás.

The ninth-floor headquarters of the Catena business empire—which includes salt and bathroom fixture companies—looks down on Buenos Aires’s Plaza de Mayo, where throngs of the working class famously

gathered outside of the Casa Rosada to hear speeches by President Juan Domingo Perón and his wife Evita, and later where the mothers of those who were “disappeared” began a vigil of remembrance to the victims of the Dirty War of the late seventies and early eighties. Compared with the Italianate extravagance of the Casa Rosada, the Catena offices—like the man himself—are quietly low-key, with well-worn carpeting and boxy old furniture. The walls of the conference room are decorated with ends of the barrels Nicolás and his father used to ship bulk wines to their urban customers, painted with elaborately filigreed brand names.

His small frame nearly swallowed by a conference room couch, Nicolás Catena lays out his theories in a soft, slow voice with the logical clarity of a flowchart. With his retiring demeanor and small, kind smile, Catena can give the impression that he is short on confidence or will. But Catena had the confidence and will to revolutionize an industry. Perhaps because he spent his youth outside the industry or because he was pushed harder by his father or because his family had fewer children than many, Catena is an anomaly in a business where generational leak is the norm. “First generation starts the business, second one builds it, and third one blows it. But Nicolás was the third generation—and he built it largely by blowing it up,” says former Catena sales manager and education director Jeff Mausbach.

What makes Nicolás Catena a kind of photo negative of many Argentine businessmen is the way in which he shuns the spotlight—he works out at a decidedly middle-class sports club in Buenos Aires and would never drive a flashy car. Nevertheless, he makes moves that are inherently grand and attention worthy. This subtlety is most evident in his politics. Though less vocal than his father—a man with an oversize personality and girth to match—Nicolás inherited Domingo’s disdain for Peronist populism. But instead of banging the drum for Mendoza’s conservative Demócrata political party, as his father did, Nicolás cofounded in 1978 the Centro de Estudios Macroeconómicos

de la Argentina (“Center for Macroeconomic Studies of Argentina”), or CEMA, a business school populated in part by “Chicago Boys,” a group of University of Chicago–trained Latin American free-market economists who, among other things, developed the neoliberal economic plan employed by Chilean dictator Augusto Pinochet.

Quilting elaborate conspiracy theories is a national pastime in Argentina. In such an environment, Catena’s mixture of introversion and backstage power has rendered him a blank canvas for people’s worst anxieties. Employees at the Instituto Nacional de Tecnología Agropecuaria (“National Institute of Agricultural Technology”), or INTA, the government agrotech institute, used to refer to him as the *Monje Negro* (“Black Monk”); and one story traveling through local wine circles held that the rarely seen Nicolás Catena did not actually exist, says Catena head winemaker (and former INTA employee) Alejandro Vigil. His character had been invented by the Catena empire to scare others in the industry, the story ran, like an oenological Keyser Söze.

With their leader keeping to the shadows, Catena’s employees have done much mythmaking on his behalf. “He liked to be referred to as *Dr. Catena*. He didn’t make a big deal of it, but everybody else told me he liked that,” says Steve Rasmussen, a California winemaker, now with Sierra Madre Vineyard, who consulted for Catena in 1995. Marina Gayan, who worked in marketing and exports at the Catena empire for seven years, was instrumental in creating Catena’s public image. “Catena delegates things he would never do. He would never fire anyone. He would never stand and talk in front of people,” says Gayan. “I used to speak for Catena a lot and put words in his mouth. We’d always tease him: ‘If you only knew the things you said.’” The inherent clash between Catena’s reticence and pride is reflected in the almost comical way his modesty is immodestly marketed on the Bodega Catena Zapata website: “Nicolás Catena would never use the word about himself—a less boastful spirit, it’s hard to imagine—but he has been the quiet revolutionary in the Catena family history book.”

Héctor Greco's arrest while checking out the menu at the Pedemonte was the end of the line for *El Padrino*. He spent four years in jail, first in Buenos Aires's Caseros prison, a hellish panopticon where he lost seventy-five pounds and had to wash his fruit in toilet water, and then in a Mendoza jail he described, comparatively, as a "club." Freed in 1984, the year after the dictatorship fell, he never rebuilt his empire, though loyal grape growers often would offer to help by giving him their products on credit. On a drizzly spring day in 1988, he died when his car slid on a wet Buenos Aires cobblestone street and crashed into another vehicle. His door popped open and he was thrown, headfirst, to the pavement.

For Catena, the industry's dark collapse presaged a new beginning. Bankrolled with the Greco sale and free from the management of his table-wine empire—and surrounded by a country mired in economic crisis and social conflict—Catena decided to take a sabbatical from the madness of Mendoza. "I didn't like doing things that weren't high quality," he says. "I didn't want to make something that wasn't pleasant to drink. And the wines we were making had very little aroma, very little flavor."

That's not to say he wanted to get out of wine. Catena had washed his hands of the family wine conglomerate with his sale to Greco, but he had retained one tiny part: the oldest vineyards, planted by his father and grandfather, and his one fine-wine *bodega*, Bodegas Esmeralda. If he was going to make wine, he reasoned, he would make a noble and fine one with those resources. It would be on a small scale, but it would be something worth doing.

How to get there was another question. While Catena traveled more than most Argentines, his country was still an island separated from the international community, a semi-pariah state isolated by a violent military dictatorship and a troubled economy. Inside the Argentine

wine industry, isolation was exacerbated by complacency. Because the country had a government bureaucracy that regulated endlessly and a compliant and thirsty public that would quaff anything put in front of it, winemakers had little incentive to improve their product. “Until the 1990s, Argentina was a country where the influence of state regulation had an incredible weight,” says Juan Viciano, a longtime Mendoza grape grower. “We had twenty or thirty years of a captive audience. We didn’t have quality in mind; we had regulations in mind.” For winery owners, the goal had long been to produce more for less, which instead of increasing quality contributed to its inexorable decline.

Although Catena harbored aspirations to quality, his company’s wine was no better than the rest. Still, he had inklings of what he needed to do. While doing postgraduate work in economics at Columbia University at the end of the 1960s, Catena had begun to visit California, and in the mid-seventies he started taking his children to Berkeley from December to February each year so they could learn English. There, he learned of the University of California Davis’s famous viticulture and oenology department; after Nicolás’s brother Jorge went to UC Davis in 1976 to study winemaking for a year, Nicolás invited UC Davis professor Ralph Kunkee to visit Argentina.

Kunkee still speaks about the Argentina visit with the innocent wonder of a Hank Morgan, the nineteenth-century Connecticut Yankee who, after a blow to the head, awakens to find himself transported back to the court of King Arthur. In a Catena *bodega* that he visited in the province of San Juan, Kunkee was shocked to see continuous fermenters, an industrial system that, unlike current “batch” fermenters, which are cleaned and restarted after each tank of grapes, could stay in uninterrupted operation for months. Crushed grapes were pushed into the bottom of these huge tanks and worked their way to the top as they turned to wine. About halfway up, a platform and a press allowed winery laborers to extract the spent grape pulp and skins. For each liter of wine siphoned out, an equivalent amount of grapes was stuffed back

in. For obvious reasons, this mass industrial process didn't allow one to develop the geographic and chemical personality—the *terroir*—of each lot of grapes. It was rather more like making Budweiser.

Argentina's use of continuous fermentation and other antiquated techniques led to sweet and murky "white" wines and bland or rustic reds with the thick feel of sherry, barely drinkable to all but those who didn't know better or care. To give them a touch of class, local reds were often sold under the false geographic appellation of "Borgoña"—Burgundy—and the whites as "Chablis." "They made lots and lots of wine," says Kunkee. "And the wines weren't very good."

Happily for Argentina's wine industry, Catena decided to spend his sabbatical from Mendoza at UC Berkeley, where his friend Carlos Benito, a fellow Argentine economist he'd known since college, was working on a research project in the university's department of agricultural and resource economics. Benito suggested that Catena come to pursue his economics studies. There, he would be just forty miles south of the Napa Valley, where another oenological revolution was just taking hold.

