

## 3.2 WINE — THE “MIDNIGHT” COMPROMISE: A FISCAL AND COMMERCIAL HISTORY

### The “Midnight” Compromise

Having settled that the limit of ½ of 1% should rise to 3.2% alcohol for nonintoxicating beer (as originally defined in the 1919 Volstead Act), Senator McAdoo of California agreed to the same percentage for wine. That compromise would allow the quick passage of the Act of March 22, 1933 and the flood of 3.2 beer to an eager public beginning on April 7. But it also permitted the unnatural 3.2 wine to be marketed beginning May 1. Many wineries would not participate in the production and marketing of what they perceived would be an unpalatable beverage. Their prediction was prescient!

### Treatment

This is the story of the payment of the special tax rate for the 1933 compromise 3.2% wine or fermented fruit juice, a product that was marketed for a mere seven months. Low denomination wine stamps that had lain in government vaults for more than a decade were used until the special ordered taxpaid fermented fruit juice stamps (Scott REF1 - 9) arrived nearly three weeks after the product first could be marketed. Special attention will be paid to the range of wineries, bottlers of soft drinks, and other opportunists who tried to seize the day to quench the thirst of an eager public.

The exhibit is divided into three sections: (1) the wineries, (2) soft drink bottlers and other opportunists, and (3) a brief two page coda of where two of the opportunists turned after they stopped producing 3.2 wine. Within each section the focus is on the cancels of the producers, first on the wine stamps, if known, and then on the special fermented fruit juice stamps.

The work of Nussmann and Woodworth (2011, p.623) identifies 49 possible producers who may have been producers of 3.2 wine (and likely there were more).

The same authors have documented only 25 users of the special fermented fruit juice stamps (pp. 565-575). Of those 25, the exhibit contains 18 plus six additional companies not identified by those authors. Several additional producers are represented by the use of only the regular wine stamps. In most cases these additional producers' use of the fermented fruit juice stamps has not been documented.

Don't expect to see the ¼ barrel provisional stamp (Scott REF10). The sole copy in public hands is unused, once gracing my exhibit of the taxation of wine. From what is known today, it seems unlikely that 3.2 wine was never produced and shipped in barrel size containers. In addition unused stamps do not fit into a exhibit which emphasizes fiscal history.

Also don't expect to see the 7 ounce denomination, as only mint copies are currently known and they reside in the National Postal Museum. This 7 ounce denomination was a late (September) addition to the permitted sizes of 3.2 wine.

### Knowledge and Importance

Although it would appear that I am wholly dependent upon Nussmann & Woodworth for much of the information in forming this exhibit, it was much of my original unpublished research that formed the beginnings of that portion of their work. They had gone far beyond my own work and, in the process, rekindled my interest in this fascinating episode in the history of the taxation of this rather unique wine beverage. And it was their publication that inspired this exhibit. My ongoing interest has resulted in the discovery of new users and additional denominations used by individual producers.

### Condition

The stamps in the exhibit were placed on bottles and occasionally have scuffs, small tears, and less than perfect perforations, as is to be expected. Others show evidence of having been separated by machine resulting in additional straight edges. This happened in the process of application to the bottles.

Thirty-eight of the 110 positions in a complete pane of the stamps have a natural straight edge. Expect to see a good number of straight-edged examples of the stamps in the exhibit.

### Rarity

Among the wine stamps used before the arrival of the fermented fruit juice stamps are some very challenging pieces, including the only recorded inverted cancellation on the press-printed MDC cancels on a 1¢ wine stamp and an example of the very rare make-up ½¢ wine stamp added to a 1¢ stamp before it had the press-printed cancel applied. An example of the elusive perforated 11 wine stamp of the Series of 1914 (Scott RE31) with a 1933 cancel is also present.

The challenge of the fermented fruit juice stamps themselves is a major one. Most collectors would be pleased to have a complete collection of the eight different ounce denominated stamps. The exhibit contains at least two different users of each denomination. All four denominations used by the Joseph Triner firm and three denominations used by Mouquin (Nussmann & Woodworth only documented two denominations!) are present. This is an exhibit that has been decades in the making!

### Final Thoughts

This exhibit encompasses a roughly six month period (May-October). Yes, November was still part of this interesting period of 3.2 wine, but there is not a single example of a November cancel that I have

ever seen. That is because the public did not embrace these strange concoctions (most producers added carbonation to try to make the beverage palatable).

Every permit to produce 3.2 wine was set to expire December 5, 1933. Everyone knew that was the date that Utah would vote to repeal the Eighteenth Amendment. Natural wines up to 14% alcohol and fortified wines up to 21% alcohol would become available as soon as the Prohibition Amendment was repealed, a further reason that producers tapered off in the production of 3.2 wine.

The exhibit closes with two pages devoted to Mission Dry Corporation and Joseph Triner and the changes in their business, still producing beverages for the thirsty public.

### Bibliography

Nussman, D. G. and D. A. Woodworth, Jr. (2011) *A Handbook of cancels on United States federal wine tax stamps*. American Revenue Association