

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

May 1 - December 4, 1933

The “Midnight” Compromise

Having settled that the limit of $\frac{1}{2}$ of 1% should rise to 3.2% alcohol for nonintoxicating beer Senator McAdoo of California agreed to the same percentage for wine. This paved the way for the quick passage of the Act of March 22, 1933 and the flood of 3.2 beer on April 7 and the unnatural 3.2 wine on May 1 for an eager, thirsty public.

In 1928 the tax on wine had been reduced to 8¢ (under 14% alcohol) and 10¢ (over 14% alcohol) per gallon. Since 3.2 wine was to be taxed at the same rate as 3.2 beer, the tax rate on 3.2 wine for beverage purposes was effectively twice that of medicinal or sacramental wines taxed at the 1928 rates.

Low denomination wine stamps that had lain in government vaults were used until the special ordered taxpaid stamps, arrived nearly three weeks after the product first could be sold.

Purpose

This is the story of the payment of the taxes on 3.2 wine or fermented fruit juice told through the cancellations on the low denomination wine stamps and the special taxpaid stamps denominated in ounces.

Conclusions

As evidenced by the cancellations or lack thereof many wineries would not participate in the production and marketing of what they perceived would be an unpalatable beverage. Their prediction was prescient!

Even the best known and most frequently encountered of opportunists, Mission Dry Corporation (MDC) of Los Angeles realized after just three months that the compromise beverage was inferior and being rejected by the public. MDC gave up their permit to produce 3.2 wine at the beginning of September and would later turn to the production of vermouth by December.



The special stamp for most common size bottle in which 3.2 wine was marketed.



Preprinting paper fold
Used by M. Moreale, Los Angeles
May 28, second earliest recorded date of use

Exhibit Plan

- Vineyards Producing 3.2 Wine (p. 2 - 4)
- The Opportunists (p. 5 - 14)
- Where Next for the Opporunists? (p. 15 - 16)