

therefore, burden *imported* wines substantially more than do the excise taxes they bear.

When the duty on *brandy* is considered the seriousness of the Wine Institute's error is brought into sharp focus. Since it is frequently repeated throughout the statement, it is logical to infer that this misconception is central to the Institute's thinking, an inference that would raise poignant questions as to the acceptability and force of much of the Institute's statement.

The details of the discrimination against imported brandies, including Cognacs, tell their own story rather well. Since most of these are bottled abroad at a strength below 86 proof, the degree of discrimination against them by reason of the wine gallon-proof gallon method of tax assessment is even harsher than that against imported bottled whiskies which we have discussed at length hereinbefore. And that is not all! The harshness of the duty on imports of bottled brandy valued at \$9 or over per gallon has been compounded by the imposition of a punitive duty of \$5 per gallon. The following table provides a good illustration of the dimensions of the discrimination against imported bottled brandy calculated on the basis of one gallon at 80 proof:

	Tax and import duty	Discrimination favoring domestic brandy	
		In dollars and cents	Percentage-wise
Imported (valued \$9 or less).....	\$10.50 plus \$1.12 equals \$11.62.....	3.22	38
Imported (valued over \$9).....	\$10.50 plus \$5 equals \$15.50.....	7.10	85
Domestic.....	\$8.40 plus 0 equals \$8.40.....		

This supplies another good example of glaring inconsistency on the part of an industry association whose own astigmatism offers no hindrance to its discovery of motives in the eyes of others.

(c) *U.S. wines and brandies share of U.S. current market substantially exceed their historical share*

Let us now move along to deal with another serious mistake given expression by the Wine Institute. Under item II, on page 4, the claim is made that the "domestic wine industry is slowly losing its historical share of the American market", and the same point is again treated under item III on pages 8 and 9.

Now, what is the historical share of the American market which belongs to the domestic wine industry or is claimed for it by the Wine Institute? Prescinding from the question whether any industry group can ever rightly claim any share of any market *in futuro* as its own, let us consider the nature and anatomy of the domestic wine industry's *historical* share of the American market.

The history of this industry as presently established in the United States dates from the Repeal of National Prohibition—from December, 1933. Accordingly, it should be meaningful in the quest for data showing the "historical" share of the market to review the production figures dealing with the year 1937, since the domestic industry had by then been established and was operating on a firm and active basis. The following table presents these data in such manner as to permit comparison between the historical shares of the market thus shown and the current shares:

COMPARISON BETWEEN DOMESTIC AND IMPORTED SHARES OF THE U.S. MARKET FOR WINES AND BRANDIES

[Wine gallons]

	1937 ¹		1967 ²	
	Domestic	Imported	Domestic	Imported
Sparkling.....	361,000	577,000	8,707,000	1,916,406
Table wines.....	15,541,000	1,006,000	76,288,473	11,112,602
Dessert wines.....	36,490,000	872,000	92,983,000	1,219,123
Vermouth.....	243,000	1,215,000	5,307,000	4,474,543
Brandy.....	1,930,000	738,000	8,927,500	2,285,770

¹ Production for fiscal year, July 1–June 30.

² Taxpayments.

Source: U.S. Department of Commerce and U.S. Treasury Department.