The case of Cruse affair for the Bordeaux wines (Winegate) and its consequences on the Burgundy Wine Industry

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I. Objectives

• To show how the Cruse affair known as the "Winegate" has changed the wine industry in Burgundy.
• Story...
  – Consumer/retailer pressures
  – Winegrowers in Burgundy decided to bottle the production of their estate and sell it under their own label.
  – Competition with Négociants.
  – The structure of traditional estates moved
    • from farm style companies to small SME's
      – in charge of vinification, ageing, selling and exporting.

II. Context

• Cruse, one of the major Bordeaux sellers, was caught by the Customs Office in 1973 and condemned for fraud involving 20'000 hl of Bordeaux wine.
  – Loss of trust
    • between consumers/producers
    • between small wine-growers who were selling their wine to the Négociants.
III. Methodology

• Analysis of historical documents
  – press articles
  – books,
  – But not many sources are available on this topic...

IV. Wine scandals in France from the 19th century until the Cruse affair

The Nineteenth Century
• The revolution of transport (railway); frauds increased
  • The phylloxera crisis (1878)
    – Decrease in the production of wine.
    – Shortage.
    – In 1895, Parliament voted a law, stipulating that wine should be made exclusively with grapes...
IV. Wine scandals in France from the 19th century until the Cruse affair

**World War 1**
- 1914: Parliament tried to make a regulation on appellations but war
- The consumption of "pinard" (slang word meaning poor quality wine) was encouraged by the military authorities, but the wine was not very good.
  - “Drinking it was considered a "patriotic" act and wine was eventually recognized as a victor of the war together with Marshall Foch and President Clémenceau”

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IV. Wine scandals in France from the 19th century until the Cruse affair

**Prohibition**
- 1919, first law on appellations of origin
  - To mark the boundaries of given names of origin but only the production area was guaranteed.
  - No provision was made for grape varieties, yields or winemaking methods.
  - Fraudulent practices continued.
    - France didn't resume her traditional export markets
      - Prohibition in the USA/Canada,
      - Quasi Prohibition in Scandinavia,
      - Closing of the borders of Bolshevik Russia
      - Bankruptcy of Germany.
IV. Wine scandals in France from the 19th century until the Cruse affair

Creation of Revue des Vins de France
• 1927, Raymond Baudouin
• The aim was to defend and promote the quality and prestige of French wines
• A sharp critic
• He denounced frauds
• He encouraged the owners of famous plots to bottle their wines instead of selling them in bulk to négociants.
  – 8 growers created a consortium in 1930 and the 8 of them sold a total of only 400 bottles that year

Cooperatives and the Great Depression
• Coops were set up in some villages including Gevrey-Chambertin, Chambolle-Musigny, Vosne-Romanée by little growers
• In 1929, 17 coops
IV. Wine scandals in France from the 19th century until the Cruse affair

The AOC System
- Raymond Baudouin also contributed to setting up the AOC system in 1935.
  - Minimum ripeness, maximum yields, methods of cultivation, harvesting and winemaking were specified
- CNAO /INAO (National Institute of Appellations of Origin)
- Victory of vigneron over négociants
  - The wines produced from villages like Monthelie or Auxey-Duresses could no longer be called Pommand,
  - Those of Ladoix and Pernand-Vergelesses could no longer be called Aloxe-Corton
  - Those of Brochon or Fixin could no longer be called Gevrey
- In 1934, creation of brotherhood of the Chevaliers du Tastevin was founded by Georges Faiveley and Camille Rodier,
  - Find a solution to the economic crisis,
  - Attract writers, artists, scientists, politicians to Burgundy and incited them to taste wines.
    These famous guests in turn became ardent propagandists.
- Popularity of car tourism,
  - New demand for wine emerged in hotels and restaurants.
  - “Gastronomic” and wine roads were opened.
  - Michelin (tire manufacturer) published food guidebooks.
IV. Wine scandals in France from the 19th century until the Cruse affair

From World War 2 until the 70's

- German Army requisitioned wine.
- Collaboration/prosperity
- But shortage of manpower/lack of chemicals
- Invention of over-the-row tractors
- High yield
- Routine/no education
  - Wine was sold in bulk to négociants within 3 months after the harvest.
V. The Cruse Affair or the Winegate

- June 1973
- Tax inspectors/Cruse offices/check the books.
- Cousins Lionel and Yvan Cruse, ran one of the most respected and prosperous wine houses in Bordeaux.
- The Cruses were convicted of buying cheap wine from the Languedoc region, doctoring it with chemicals and selling the bottles as AOC Bordeaux.
- Destruction/altering of records
- Le Canard Enchaîné (Satiric magazine): Lionel Cruse compared himself to Richard Nixon who was involved in the Watergate caper.
  - Lionel Cruse thought the accusations would blow over.
  - One-year suspended jail terms
  - 5 other smaller wine merchants received suspended prison terms, fines and tax
  - Jail: Pierre Bert (the labels of 2 million bottles; profits: 4 million French Francs)
BORDEAUX: What's Behind the 'Winegate' Trial
International Herald Tribune
Thursday, October 24, 1974
VI. Consequences on the image of Négociants and emergence of small wine businesses in Burgundy

**Emergence of Small Wine Businesses**

- Not in Bordeaux, they recovered...
- In Burgundy, they suffered
  - Inability to take the new wine for the merchants/négociants
  - winegrowers: winemaking process, bottle it with their own labels and sell it at the estate.

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**Consumerist movement (environmental preoccupations)**

- change in consumer behavior.
  - Estate wine offered **better** guarantees of genuine products
  - Merchants and brokers were perceived as guilty of illicit practices.
- Critics loved to "discover" men of the soil.
  - Henri Jayer from Vosne-Romanée became a star.
  - Rise of Robert Parker started his fantastic career
  - Tourists were keen to visit estate and purchasing wine direct from the estate became trendy
- Impossibility to sell their wines to négociants,
  - Many growers had to adapt to the new circumstances.
    - They had to invest in the building of new cellars as well as equipment to mature and bottle their wines...
VI. Consequences on the image of Négociants and emergence of small wine businesses in Burgundy

**Emergence of "supermarkets' Négociant"**

- Négociants were also suffering from the financial strain.
- In Burgundy, merchants highlighted the bottles coming from their estates (Bouchard, Faiveley, Latour, Jadot, Drouhin, Bichot, a.o.).
- Supermarket distribution really took off.
  - Most traditional merchants, the supermarket outlet was the ultimate taboo, almost akin to prostitution.
  - Jean-Claude Boisset had decided to become a négociant.
    - He was not an insider
    - No preconceived ideas
    - He bought wine from growers desperate to sell their production
    - Supermarket distribution
    - "Wine fairs" held twice a year,

VII. Conclusions
VIII. Limits and further research

- data available on this affair.
- in-depth analysis of the local and foreign press articles published in that period.
- Compare with glycol wine scandal in Austria (1985)