

Political Economy of Direct Wine Shipping in the United States

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ABSTRACT: At present, the fifty states of the United States of America have a spectrum of laws governing the direct shipping of wine, all of which is driven by individual state laws. These laws range from direct shipping of wine being prohibited and felonious, to some states having relatively no restrictions on importation. Recently, in their 2004, *Business and Politics* article, “Market and Non-market Barriers to Internet Wine Sales: The Case in Virginia” and in 2007 article in the *Journal of Politics*, “The Politics of Wine: Trade Barriers, Interest Groups, and the Commerce Clause” Wiseman and Ellig have shown that no restriction on direct shipment of wine significantly lowers the price of wine to the clear benefit of the consumer. Since many states have severely restricted direct shipping to the detriment of consumers, this paper will answer why different states adopt different direct wine shipping laws in the United States.

This paper will seek to answer this question through two means: First, this paper will map the different wine laws, in regards to direct shipping, in each state. In this endeavor, we will array each state’s complex laws, excise taxes, direct shipping prohibitions, and other information, in a useable dataset. From here, each state will be clearly sorted and classified into three separate categories: Prohibited, Reciprocity, and Limited. Following mapping, each classification will be explained and states will be placed in their respective categories.

After grouping and classification, a multinomial logit model will be constructed to explain the probability of a state having different shipping regimes. This model will be a function of number of wineries, wholesalers, retailers, who are the interest groups most effected by direct shipping regimes. After controlling for demographics such as income, age, etc., this paper will predict based on a function of the interest groups whether a state will have prohibited, reciprocity or limited wine shipment.

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