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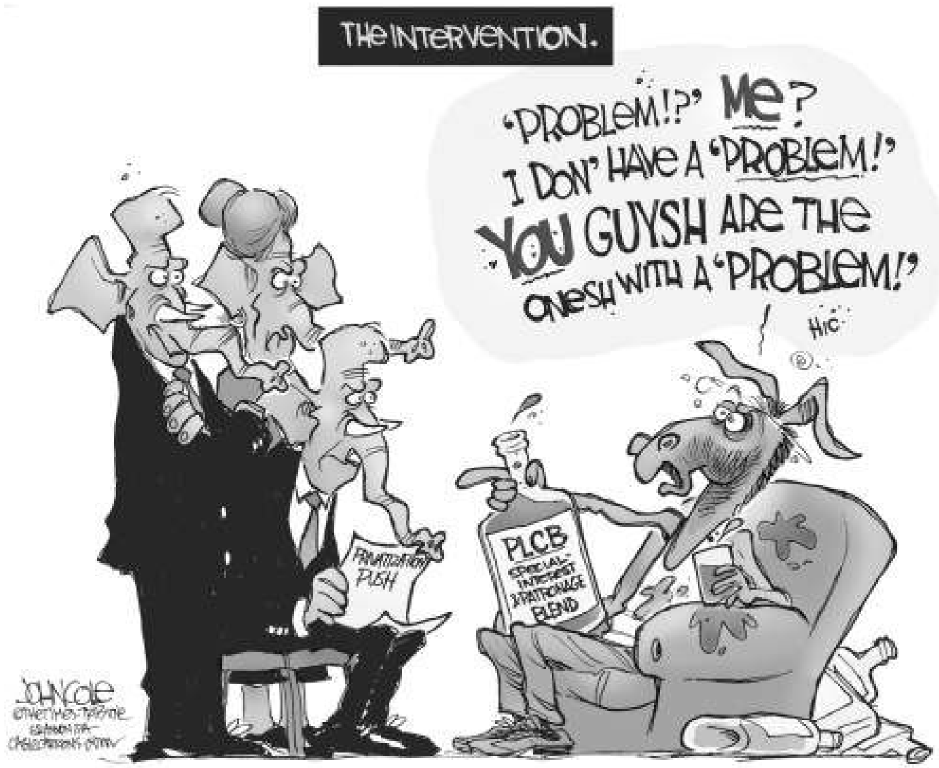
Antony Davies & James Harrigan: Data disprove arguments against liquor privatization



By Tribune-Review

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About The Tribune-Review

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“Nothing can be said to be certain, except death and taxes.” Ben Franklin, the most famous Pennsylvanian, wrote these words in 1789. Had he lived today, he might have added another item: the regular challenge to Pennsylvania’s state stores.

Every few years a Pennsylvania legislator dares to challenge the state’s control of alcohol markets. And every few years calls for privatization fail spectacularly. Case in point: In June, House Majority Leader Mike Turzai introduced a plan to get the state out of the liquor business. Turzai’s plan called for selling 1,600 liquor licenses to private vendors. Some estimates claim the plan could have raised $2 billion for Pennsylvania.

Predictably, the proposal fell as soon as it was introduced. The House barely discussed the matter and no vote was taken. The message for Turzai and his supporters (including Gov. Corbett) is clear — when it comes to Pennsylvania’s alcohol markets, state control is here to stay.

The recurring alcohol debate raises two larger questions:

Why does Pennsylvania maintain an alcohol monopoly? And why do our legislators fight to keep it despite the fact that 60 percent of Pennsylvanians support privatization?

Proponents of alcohol control argue that we need the state involved because alcohol is bad. If that's true, then why do they argue that the state should sell alcohol? Pennsylvania should outlaw alcohol altogether just as many towns and counties across the United States have done.

Further, the data show that states that operate alcohol monopolies actually have more on-premise and off-premise alcohol establishments than do states that leave alcohol sales to the private sector. In other words, the free market actually places fewer alcohol sellers on the streets than does the state.

Not wanting to advocate across-the-board prohibition, proponents of state control then argue that we need the state involved to keep alcohol out of the hands of some people, notably drivers and minors. Again, the data are a problem.

To take two examples, look at New Jersey and Tennessee, both of which have fully privatized their alcohol markets. The percentage of traffic fatalities due to alcohol is 50 percent higher in Pennsylvania than in New Jersey. The incidence of underage drinking in Pennsylvania is 36 percent higher than in Tennessee.

The Mackinac Center for Public Policy recently began a website that allows you to compare social outcomes for states that control their alcohol markets to states that don't. Regardless of the social outcome, the data show no relationship between alcohol controls and improved social outcomes.

Having lost the nanny-state arguments, proponents of alcohol controls lately have been falling back on the argument that state stores provided a necessary source of revenue.

But the data is no friend here either.

In 2010-11 the Pennsylvania Liquor Control Board earned a paltry $50 million for the state. Almost any licensure plan could eclipse that number. That licensing was barely considered is telling.

Every argument in favor of state stores fails. State liquor control will not make us more sober, safer or richer. Preserving jobs isn't even a viable argument since private vendors would need to hire experienced workers, and who better than the former state store workers?

The only thing left to justify the Liquor Control Board is that it keeps union bosses employed in their quarter-million dollar jobs. And since those bosses deliver votes, our legislators are very interested in keeping them happy.

Pennsylvania has held this tight grip on alcohol since the repeal of Prohibition in 1933. It is time to admit that there is a better way.

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