



Principles of Liquor Privatization

More than 60% of Pennsylvania voters support a liquor store privatization plan similar to Gov. Corbett's proposal, according to recent statewide polling. Despite vigorous opposition from the United Food and Commercial Workers union, a majority of union members favor selling the system to private owners. In fact, the more consumers use the state stores the more they want to do away with it.

While the Governor's proposal will likely change throughout the legislative process, privatization efforts should not be diluted into "modernization," which preserves the inefficient and wasteful Prohibition-era liquor system. Here are five principles that should help guide the discussion.

- Government should permanently and unequivocally get out of the business of selling alcohol and end the system in which state-run liquor stores, with all their advantages and taxpayer subsidies, compete against private mom & pop businesses.
- Only full privatization ends the conflict of interest inherent in having the Pennsylvania Liquor Control Board both regulate and promote wine and liquor sales with tax dollars. Modernization would allow the PLCB to continue to produce government-brand wine and fiascos such as the failed wine kiosk program, undermining Pennsylvania wineries, consumers, and taxpayers alike.
- Modernization or other measures that maintain the current state store system fail to move Pennsylvania into the 21st century and deliver the choice and convenience Pennsylvanians want. Modernization is like offering consumers a "touch-tone" phone—it's better than a rotary phone, but is a far cry from the smart phones consumers really want in 2013.
- To promote competition, lower prices, selection and convenience, lawmakers should allow the market to decide the number of outlets that can sell wine and spirits. At the least, the number of licenses should be set to the national average of retail outlets based on population, to keep Pennsylvania competitive with the rest of the nation.
- While beer distributors cannot expect to retain their protected oligopoly, proposals should treat them fairly in consideration of how much time and money they have invested in their business, including minimizing the cost of upgraded licenses and guaranteeing loan financing for new licenses.

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*For more on **Liquor Store Privatization**, visit www.CommonwealthFoundation.org.*

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