Commonwealth Foundation for PUBLIC POLICY ALTERNATIVES

TOP 13 REASONS WHY GOVERNMENT-SOLD BOOZE FAILS

SMARTIES

PENNSYLVANIA TAXPAYER EDITION!

America was built upon a free-market system where citizens were free to make purchasing decisions in a competitive market without excessive government oversight or taxation. Sadly, that's not true for Pennsylvanians shopping for wine and spirits today. What is true is that there are people who profit from the Pennsylvania Liquor Control Board's unique monopoly over booze - it's just not taxpayers or consumers. For every original colony embracing the free-market concept, let's take a look at 13 reasons why freedom will always lose when government sells booze.

1 BIG BROTHER BUYS YOUR BOOZE, YOU BUY FROM BIG BROTHER, GOT IT, BUDDY?

Unlike the American way of choosing for yourself what jeans, groceries or cars to buy, Pennsylvanians are forced to buy only the booze the state says they can buy. Much like Soviet-style socialism, consumers and even business owners are compelled by law to buy retail and wholesale from the government. Either do as you are told or you must break the law, bootleg across the border and face the consequences to find better selections and prices. That isn't freedom – that's force and a farce.

2 PENNSYLVANIANS CHOOSE FREEDOM!

About 70 percent of Pennsylvania residents support getting government out of the booze business. This is broad-based, bi-partisan support that finds even the majority of union households want Liquor Liberation!

3 THE PLCB IS NOT A CASH COW FOR TAXPAYERS

More than 80 percent of $500 million in yearly PLCB monopoly money is generated from taxes on buyers – both alcohol taxes and sales taxes. But no matter who sells it, the tax collected would go to Pennsylvanians! The PLCB wants you to believe that without them, this revenue dries up. Truth is: Privately-owned liquor stores would produce the same revenue or more, but also pay additional taxes to the state through corporate income tax, sales tax on their (taxable) purchases, and local property taxes.

4 INABILITY TO MANAGE A BUSINESS LEADS TO WASTE

The PLCB poured out $66 million in taxpayer money, nearly two-and-a-half times its original cost, for an inventory system that failed to compute adequate amounts of inventory, causing initial widespread shortages. This caused massive hoarding by store managers and led to the over-ordering of alcohol. The PLCB stored the surplus inventory in non-temperature controlled trailers that cost an additional $500,000.

5 BIG BROTHER BREATHALYZERS

The PLCB wine kiosk caper has been a customer catastrophe and a waste of taxpayer money! Somehow, the PLCB thought customers would like the convenience of blowing into a public breathalyzer and gazing into a state-run camera where an off-site, taxpayer-paid employee verified their sobriety and identity. Turns out, Pennsylvanians like freedom. The 'Blow and Go' fiasco shows just how inept government can be when they ignore customer needs and try to imitate the benefits of free markets.

6 KIOSK CAPER COST TAXPAYERS!

After horrid sales, a high-volume of customer complaints and frequent breakdowns that caused an Auditor General investigation, super grocer Wegmans pulled the kiosks from their stores. Just days ago, Wal-Mart pulled the plug before they even got started. Now the PLCB has threatened they may terminate the wine kiosk contract entirely, claiming the vendor overbilled taxpayers and owes the state $1 million. But that won't stop this Board from shoving the kiosks down consumer's throats – just weeks ago they threatened to further their failure by extending this faulty business model to spirits sales as well.

7 WINE KIOSK COVER-UP

The kiosk catastrophe shouldn't have started in the first place! The PLCB ignored its advisors and evaluation board that determined the business plan "deficient." The panel also warned the kiosks were "cumbersome," not "user-friendly" and the company that made them lacked a "coherent business plan." Despite these clear warnings, the Board started the program anyway, granting the contract to a company with no proven track record. Wonder why? Read on. But if that's not enough, the PLCB attempted to cover up internal memos that showed how the single-bid contract proposal failed to meet adequate criteria.

8 CRONYISM

Why was that kiosk contract granted anyway? Editorial boards across the state have wondered if the $400,000 donated to former Gov. Ed Rendell's campaign by kiosk company investors had anything to do with it.

Regardless, top to bottom, the PLCB has engaged in rampant cronyism. From creating high-paid positions (the CEO makes more than $162,000 annually, more than a senator's salary), to awarding an "employee charm school" contract of more than $287,000 to the hubby of a high-ranking PLCB official, (just so workers can learn to say 'please and thank you') the PLCB personifies government cronyism.

9 THE PLCB IS AT WAR WITH ITSELF

The PLCB is charged with putting out the fire of alcohol-related issues through regulation and enforcement, but at the same time, it starts the fire by advertising and encouraging liquor sales with taxpayer money! This is a blatant conflict of interest that costs time and money.

- The PLCB spent an estimated $3.7 million in taxpayer money just to change store names from Wine and Spirits to Fine Wine and Good Spirits. That's nearly $2 million per adjective!
- In the last two years, the PLCB has spent nearly $1 million in advertising with the Philadelphia Eagles. Touchdown, taxpayers? Try a fumble in freedom!

10 FOREIGN BOONDOGGLES ON TAXPAYER DIME

Should state employees be jetting across the globe to pick what booze you should buy? Well, they do! Information provided by the PLCB shows that from 2007-2011, 14 PLCB employees visited exotic destinations such as Paris, Dubai, New Zealand, Catalonia, Barcelona, Lisbon and Argentina often at taxpayer cost. The rest was paid by foreign governments and corporations romancing Pennsylvania's monopoly in hopes to have their products sold Let's remember, when one company wins market share in a monopoly, thousands of others get shut out!

11 MANAGEMENT LACKS PRODUCT KNOWLEDGE

A scathing Pa. Auditor General Audit report noted that PLCB management told auditors that the excess merchandise was not susceptible to extreme heat. However, the auditors found that temperature sensitive wines and champagnes were stored in trailers with temperatures exceeding 100, hot enough to ruin items.

12 OUT OF CONTROL ADMINISTRATIVE COSTS

Financial records provided by the PLCB indicate that central administrative support costs increased 150 percent since 2000 and 94 percent in just the past two years.

13 STATE-RUN STORES EXEMPT FROM INSPECTION

The PLCB says it's the safest system for preventing booze from getting into the hands of minors. But Pennsylvania State Police do not perform sting operations to see if PLCB employees are selling alcohol to underage teens as they do in bars and restaurants. This is because the state allows the PLCB to monitor its own operations. Safer than a private industry? We don't know because the fox is guarding the henhouse and telling us all the chickens are accounted for. What we do know is that more government control doesn't equal more safety.