

Liquid assets

Prohibition continues to play a role in Pennsylvania politics

The "Fine Wine & Good Spirits" shop on South Christopher Columbus Boulevard, near Penn's Landing, is one of the few places in Philadelphia that sells alcohol on a Sunday. On March 24th Josh France, a thirsty customer, found himself having to drive across the city to get some liquor there. Because of antiquated and peculiar laws, buying alcohol in the state is not easy.

For a start, there is no single place to buy beer, wine and spirits. Beer distributors can sell cases of beer (24 cans) or kegs; but not six-packs. Supermarkets cannot sell wine. It is illegal for Pennsylvanians to ship wine home from out-of-state wineries. And all hard-liquor shops are state-owned. They close relatively early, and most are not open on Sundays.

Pennsylvania is one of only two states that maintain monopolies on liquor and wine sales (Utah is the other). Its laws date to the end of Prohibition in 1933. Gifford Pinchot, then governor, was "dry". When the 13-year national ban on the sale, manufacture, and transport of alcohol was lifted, Pinchot was determined that alcohol would not be sold without restrictions. He also believed that "liquor must be kept entirely out of politics". He succeeded on the first count but, 80 years on, liquor is being eagerly discussed at the state capitol.

Tom Corbett, Pennsylvania's Republican governor, wants the state to get out of the booze business altogether. He has a plan to privatise the 600 shops run by the state's liquor control board. Pennsylvania has been in the dubious position of regulating as well as promoting alcohol sales: critics complain that the liquor board promotes its own labels, including one bottled in California, which undermines local outfits. Privatisation would allow the state to focus on regulation, says Mr Corbett. It would also give consumers more choice and more convenience. If he has his way, the sale's proceeds, which may be about \$800m, would go towards education. Most tipplers would toast privatisation, but the governor still has to convince state legislators, including a number of fellow Republicans.

On March 21st, after seven hours of debate, Pennsylvania's House of Representatives passed a modified version of the governor's proposal to privatise state-owned wine and spirits shops. The number of outlets could double. Beer distributors will get the first chance to buy the stores.

Not one Democrat voted for the measure. Five Republicans opposed it. It faces an even stiffer battle in the state Senate, where Mr Corbett can ill afford to lose a single Republican vote. Chuck McIlhinney, who heads the Senate committee that will take up the issue, is not in favour of privatisation; he would rather reform the current system. He recently introduced legislation increasing the number of outlets. Under his scheme, the state would retain ownership of retail and wholesale liquor sales. Some rural Republicans worry about drunk driving.

The real obstacles, though, are the Democrats and their union allies, who think that jobs will be lost. This fear may be unfounded. The plan, after all, calls for the creation of more liquor stores, so presumably more workers will be needed. Others object to the privatisation of a valuable state asset. Democrats also argue that prices to consumers will increase. But the Commonwealth Foundation, a free-market think-tank, which has set up a website devoted to the issue, says current prices are not competitive with some neighbouring states. One state survey found that about half of the Pennsylvanians who try to save money by crossing the state line to buy booze are not aware they are breaking the law. The state is losing millions to bootleggers, knowing or unknowing. The answer is to end its Prohibitionist regime for good.

Fonte: The Economist, London, v. 406, n. 8829, p. 34, 30 Mar. a 5 Apr. 2013.