

Pennsylvania plans sell-off of state liquor stores

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The workforce of Pennsylvania Wine & Spirits stores has come under fierce attack from the Republican lawmakers and the media. Pennsylvania controls 600 stores and employs about 5,000 workers, with a majority of these jobs being full-time at wages sufficient to sustain a family. The privatization of the state liquor stores would destroy these jobs and replace them with workers mostly making the minimum wage, with no benefits.

On March 21, the Pennsylvania House of Representatives passed a privatization bill that would eliminate the state monopoly and force workers to find jobs elsewhere. Republican Governor Tom Corbett praised the measure, saying, “Finally a bill to bring Pennsylvania into the 21st century.”

The bill has been subsequently passed on to the state Senate, where it will be altered and sent back to the House for another vote.

Under the bill, the state will essentially sell 1,200 licenses to allow stores to sell wine and liquor. Existing beer distributors would be given the first choice to buy the licenses. Once the existing state stores have been closed, an additional 600 licenses may be sold.

The workers in these stores, however, will be offered little to make up for the loss of their jobs. Laid-off workers would be granted three more points on the Civil Service exam, receive \$1,000 or \$2,000 every year to return to school part-time and full-time, respectively, and businesses would be exempt from paying taxes for two years if they hire a former worker.

Under conditions in which the state is laying off thousands of workers, there is little chance these workers will find another government job. Instead, most of them will be forced to accept jobs at lower pay and fewer benefits or join the ranks of the unemployed.

A manager of a store in Hanover, Pennsylvania, told

the *World Socialist Web Site*, “My wife and I both work for the state and we would lose everything.” Asked if this bill would create jobs and if he would want to work for a new boss at a private store, he replied, “It won’t create jobs, it will only destroy jobs. I don’t want to work for a minimum wage job at a Giant or Wal-Mart.” Other workers responded likewise, with one person saying that private companies have “no pay, no benefits. I will retire early.”

These state stores, scattered throughout Pennsylvania, are self-sufficient and funded by the revenue generated from wine and liquor sales. This amounted to \$414.17 million last fiscal year after taxes. The surplus after paying the employees and other costs over a three-year span has been \$290 million, according to the LCB (Liquor Control Board) web site. Instead of private companies using it to generate more profits, the surplus is sent to the state’s general fund, where, to some extent, it is used to benefit the state’s population.

The media and supporters of privatization have argued that it will bring in more money for Pennsylvania and the purchasing of alcohol will be more convenient.

The Corbett administration has proposed that \$1 billion from the sales of licenses would be used for education. It is unlikely that the sale of licenses will generate that much money—over \$550,000 per license—to reach this total. Furthermore, the Corbett administration has already cut more than \$1 billion from public education. The administration was hoping that tying the sale of state stores to education would generate support for the measure. Some lawmakers are in fact seeking to amend the bill to divert that money away from education.

Once the funds from the initial sell-off dry up, the state will receive very little from these stores. In fact,

some estimates show that after 10 years the state will be losing \$170 million a year in profits; and will face a total shortfall of \$444 million every year when income used from state stores to fund other expenditures, such as the state police, is counted.

The primary beneficiaries of this proposed system are the corporations who have the capital to buy licenses and buildings. They will be hiring workers with very little training at mostly minimum wage. As a result, most will be unknowledgeable about the wine they are selling. “I love wine, that is what I do,” said a state worker. “Nobody will know anything about these [pointing to hundreds of bottles] working for minimum wage.”

Moreover, more “convenience” amounts to consumers being able to purchase alcoholic beverages in grocery stores or other establishments, where it may be more easily accessible to people who are already intoxicated or underage.

The major union representing 3,500 workers of the present workforce, United Food and Commercial Workers (UFCW), has stuck with the Democrats, who have portrayed themselves as opposed to the privatization of the stores. In fact, the Democrats seek to achieve the same goals, but with the assistance of the UFCW.

On its web site, UFCW Local 1776 has called on Pennsylvania to “modernize, not privatize,” signaling that the UFCW would work with the Corbett administration to eviscerate the wages and benefits of workers. One aspect of the modernization process is “changes in personnel: elimination of Civil Service for new hires, creating efficiencies, cost savings, better service, and increased profitability.” In other words, the union has offered its own scheme for low paying jobs with little or no benefits.



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