


MACKINAC CENTER
FOR PUBLIC POLICY

June 19, 2014

Mr. Andrew J. Deloney
Chairman
Michigan Liquor Control Commission
Constitution Hall
525 W. Allegan
Lansing, Michigan 48933

Dear Chairman Deloney:

Pursuant to MCL 24.238, the Mackinac Center for Public Policy requests that the Michigan Liquor Control Commission rescind R.436.1625 (1-4) and R.436.1726 (1-2).

Michigan's "post and hold" rules for beer and wine are both archaic and unnecessary and amount to state legalized price collusion that may artificially raise the price of beer and wine to the direct benefit of Michigan's beer and wine wholesalers. Indeed, one study, titled "State Regulation of Alcohol Distribution: The Effects of Post & Hold Laws on Output and Social Harms," argued that these types of rules may raise consumer prices by between 6.4 percent and 30 percent depending on the product.

By forcing wholesalers — as one example — to post price changes for beer and wine in a way that alerts their competition while preventing further price changes for a length of time suffocates competition. This harms consumers and protects businesses that should otherwise be actively competing with each other.

I have taken the liberty of attaching to this letter my lengthier essay (authored with Ethan Davis) on this subject, titled "Unnecessary State Rule Enriches Crony Capitalists," for your review.

The proposed rescission is intended to lift these anti-competitive restrictions.

Sincerely,



Michael D. LaFaive
Director
Morey Fiscal Policy Initiative