

Testimony of Representative Steve Cohen
Hearing on Legal Issues Concerning State Alcohol Regulation
Subcommittee on Courts and Competition
March 18, 2010

Chairman Johnson, Ranking Member Coble, and Members of the Subcommittee. Thank you for the opportunity to testify today on this important topic.

I served in the Tennessee State Senate for 24 years. For 22 of those years, I served on the State and Local Government Committee, which has jurisdiction over alcohol regulation in the state, and I served as Chair of that committee for 15 years. From that position, I developed a great appreciation for the need to carefully regulate alcohol.

America has had a relationship with alcohol since our nation's earliest days, but that relationship has not been without significant challenge. Consider the condition of the marketplace for alcohol 100 years ago. At that time in the U.S., much attention was paid to the growing problems, real and perceived, about alcohol consumption and abuse.

Significant concern about how the product was sold at retail arose as many saloons and taverns, largely unregulated, became the focus of public ire. On-premise establishments, not known as family friendly venues one hundred years ago, were becoming what the journalists of the time referred to as "dens of iniquity" or "houses of ill repute." Retail outlets were often owned by out of town or out of state alcohol manufacturers that had no interest in promoting responsibility or reflecting community values when it came to selling alcohol.

Because there was no effective system of regulation in place, a grassroots movement began to take hold that focused on the problems associated with alcohol and the proposal that the sale, manufacture and transportation of intoxicating liquors be prohibited. As a result of this in 1920, America began a thirteen year experiment known as "Prohibition." But in 1933, due to a need to collect revenue through taxation, end a period of lawlessness that had given rise to organized

crime, and to de-criminalize a behavior many Americans had continued to participate in illegally, Prohibition was repealed through the 21st Amendment.

Prohibition was a mistake, but even lawmakers interested in repeal wanted to ensure that the problems that occurred before Prohibition did not return.

Congress had two public policy goals related to Repeal:

1. Promote temperance, which is another way to say moderation, and
2. Maintain an orderly market.

These goals continue in the U.S. today as we work to facilitate a healthy marketplace for alcoholic beverages through effective regulation. In order to promote temperance, states can use a variety of laws that work to control alcohol consumption and levy taxes to collect revenue. Giving states primary authority over alcohol also ensures that those attitudes about the product can more directly be reflected. Citizens in my home state of Tennessee feel differently about alcohol than those in New York or Michigan, and the laws reflect that diversity.

When policy problems arise around alcohol sale or consumption, states are better equipped to deal with those problems than the federal government. Additionally, having states regulate alcohol helps facilitate an orderly market.

The state-based alcohol regulatory system in place today has done a good job of achieving those 21st Amendment goals of promoting temperance and an orderly market. Alcohol suppliers, distributors and retailers have operated successful businesses within this regulatory system for

more than 75 years. At the same time, consumers of alcoholic beverages have an unrivaled selection of products available to them at prices that are fair.

Effective regulation strikes a balance between competition in the marketplace and public health and safety concerns. Unfortunately, over the last several years many states have begun facing deregulatory challenges that seek to strike down effective, time-tested state alcohol regulations. If we allow the systematic deregulation of the alcohol industry to continue we already have an idea of what our regulatory system could look like a few years down the road.

Pamela Erickson, the CEO of Public Action Management, PLC, who this subcommittee will be hearing from shortly, has recently authored a report titled, “The Dangers of Alcohol Deregulation: The United Kingdom Experience.” I will let Pam fill you in on the specific details, but the key takeaway from this report is that over the course of many years alcohol regulations in the United Kingdom were removed.

Unfortunately, this deregulation has led to an epidemic throughout the country. Reports of alcohol-related illnesses, diseases and deaths are at historic levels and youth intoxication rates are more than twice the level we have in the United States. We simply cannot allow what is happening in the United Kingdom to happen here in the United States.

I am troubled that a system that has worked so well for more than 75 years is under attack. As we say in Tennessee, “If it ain’t broke, don’t fix it.” I commend the subcommittee for holding today’s hearing and for looking into this important matter.

Thank you.