

Alcohol Privateer Fear-Mongers, With Flaky Arithmetic

by Stephen Elliott-Buckley - Friday, May 01, 2009

<http://politicsrespun.org/2009/05/alcohol-privateer-fear-mongers-with-flaky-arithmetic/>

In what the industry is calling the NDP's "six-pack attack," private store owners are warning an NDP win on May 12 could increase the price of a half-sack of suds by three dollars

The NDP's promise to increase the minimum wage from \$8 an hour to \$10 would have a disproportionate impact on the food-service industry, she said. "You could see the price of a bacon-cheddar burger at Earl's jump from \$13.55 now to \$16 under the NDP. A burger at the Cactus Club could go from \$14 to \$16.60."

via [NDP's pledge to up beer prices brews woes](#).

Before I address twisted arithmetic, let me just say that I don't buy my BC brew at private liquor stores. Their selection is overpriced and awful, their stores are generally untidy, they are understaffed with usually not-so-thrilled workers who are paid awful wages--no surprise there.

Without injecting any numbers, a private liquor store is making a killing if it sells beer at prices higher than government stores, yet pays people minimum wage, thus less than the BCGEU employees at government stores. That's got to make some sense, right?

And why do the privateers get a 16% discount on products compared to government liquor stores? Because Gordon Campbell will subsidize privatization wherever he can. Corporate welfare 101.

So, I have **absolutely** no sympathy for the privateers. Their criticisms make me just shake my head at their baldfaced greed.

The best part, though, is that if you buy your beer at public liquor stores, none of this neoLiberal Party fear-mongering will affect you at all! And the threatened restaurant burger price increases are made up as well, so have no fear.

That said, let's look at the math. You can take a look at the BC NDP's analysis of [public and private liquor costs](#) here.

But here's my first question. If a 6-pack of beer costs \$12 at a private liquor store [already \$2 more than at a government store] and the privateer owners are claiming that a \$2 minimum wage increase from \$8 to \$10 will cause the \$12 6-pack to cost \$15, what kind of labour costs must they have? I know this sounds like a word problem from grade 9 Math or something, but just think it through.

If there are [an unrealistically high] 3 employees making \$8/hour on duty over 12 hours each day in a privateer's store, the daily labour cost is \$288. At \$10/hour, the labour costs go up by \$72. In this scenario, and looking at labour costs alone, the **only way** \$3 can be passed on to consumers is if they sell

merely 24 6-packs each day--and nothing else. That's clearly just nonsense.

When we add in the loss of the privateers' discount of 16% to 10%, that 6% will affect final costs too, but not significantly. Even if the \$12 6-pack were being sold at cost, the loss of the extra 6% discount would increase the 6-pack by 96 cents. Since the privateers' mark-up is a whopper, the real final cost increase of the 6% discount reduction is far less.

So how does the privateer industry get a \$12 to \$15 price jump in their wonky arithmetic? They add 25% to the final product cost. Why 25%? Because if the minimum wage goes from \$8 to \$10, that's a 25% jump. I do enjoy my beer, but honestly, I'm not that stupid. And anyone who thinks it through for just a short time isn't that stupid either.

I think the industry, the Alliance of Beverage Licensees of B.C., is simply lying with these numbers by suggesting that's how labour costs factor into retail prices. I also think the neoLiberal Party is promoting the lie to scare beer fans away from the NDP and their plan of cutting back on the corporate welfare program for privateer, profit-gouging liquor vendors. Enough already!

I also think the industry and the neoLiberal Party are expecting people are stumped by grade 9 Math word problems to the point that they'd believe the crazy arithmetic without working through the problem with a pencil and paper.

They must think we're stupid. Oh right. This is consistent with the neoLiberals' disdain for the population it governs.

Doing similar math with the burger costs, we find more PR and rhetoric masquerading as arithmetic.

With a 25% increase in minimum wage from \$8 to \$10, Earl's and the Cactus Club claim they will pass 18% and 19% of that increase on to their burger consumers. This isn't as pathetic as the alcohol privateers' lame arithmetic, but it is also impossible to find plausible. The last time I was at Earl's they were going to charge me \$4 for there to be vegetables on the plate of my entree.

So, we have the BC neoLiberal Party candidates ducking all-candidates meetings, telling people to just "get over" the BC Rail corruption scandal, lying about social service improvements, watching their lead in the polls evaporate to within the margin of error, seeing female voters favour the NDP by a back-breaking margin and the Canucks in the playoffs distracting loyal Liberal voters from all things political.

And now we have the arithmetically-challenged fear-mongering trying to scare beer drinkers into thinking the NDP is going to rip them off.

But in the end, if you buy your BC brew from a government liquor store, the minimum wage increase and the reduced discount for privateer liquor vendors **will simply not affect you at all!**

So, even though I'm not a BCGEU member, I've been a proud member of 3 unions in my life. I feel wonderful buying my beer at government stores because I know the workers are at the very least being paid a living wage and the product costs less than at the privateers' stores where they have been getting their 16% discount in Campbell's New Era of corporate welfare for privatized services.

So, do your grade 9 Math word problem above, get your result, keep shopping at public liquor stores, wag your finger at the neoLiberal Party's desperate fear-mongering, vote NDP and STV with a smile and enjoy a new era for human beings starting on May 13th.