

The Impact of Act 39 on Employment, Hours, and Earnings in the Alcohol Retail Market in Pennsylvania

By:

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MOTIVATION AND CONTEXT

Objective:

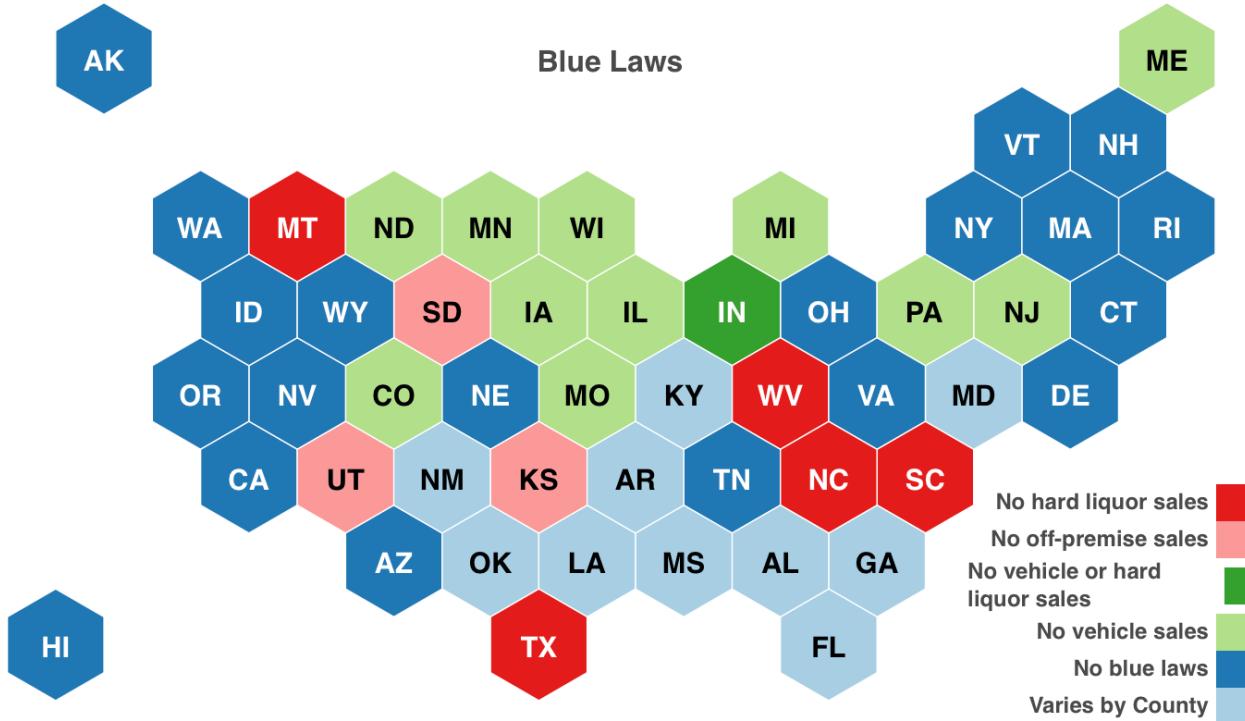
To study the labor outcomes from the repeal of restrictions on the alcohol retail industry

Questions:

1. Do restrictions on specific industries impede businesses from acting in profit maximizing ways?
2. Are the Sunday Blue Laws an outdated concept?

Blue Laws and Alcohol Control States

- Blue laws: “statute that forbids entertainment or commercial activities on Sundays or religious holidays”
 - Been around since colonial times and used for respecting the Christian Sabbath
- Braunfeld vs. Brown (1961)
- Act 39: Eliminated restriction on Sunday hours for beer, wine, and liquor retail industry
- PLCB: Pennsylvania Liquor Control Board
 - controls the selling of liquor, operates all Fine Wine & Good Spirits, “maximizes profits for benefit of Pennsylvania”



Related Literature

- “Impact of Allowing Sunday Alcohol Sales in Georgia on Employment and Hours” – Hotchkiss and Qi (2017)
- “Do Blue Laws Save Lives? The Effect of Sunday Alcohol Sales Ban on Fatal Vehicle Accidents” - Lovenheim and Steefel (2011)
- “The Unholy Experiment - Professional Baseball’s Struggle Against Pennsylvania Sunday Blue Laws 1926-1934” - Lucas (1971)
- “The Church versus the Mall: What Happens When Religion Faces Increased Secular Competition” - Gruber and Hungerman (2008)
- “Sunday ‘Blue Laws’ and the California State Supreme Court – Roth (1973)
- “Effectiveness of bans and laws in reducing traffic deaths: legalized Sunday packaged alcohol sales and alcohol - related traffic crashed and crash fatalities in New Mexico” – McMillan and Lapham (2006)

Data

- Quarterly Census of Employment of Wages (QCEW):
- Makes a census of firms within Pennsylvania
- Sorted by industry, so use beer, wine, and liquor retail industry as treated and other retail as control
 - Includes firm's county, number of employees, total wage bill
- use changes in average weekly earnings and interpret as changes in average weekly hours (because no change in pay over this time) and use employment variable

Methodology

$$Y_{it} = \alpha + \beta_1 Treat_i + \beta_2 Post_t + \beta_3 Treat_i Post_t + \varepsilon_{it}$$

- Utilizing a difference-in-difference approach
 - Treat: dummy variable for treatment which is equal to one if the industry is beer, wine, or liquor and zero if other retail industries
 - Post: dummy variable that indicates the post period and is set equal to one in the first effective quarter and zero for all quarters before
 - Y: labor outcomes either average monthly employment in industry i in quarter t (or weekly earnings)
 - Epsilon: error term
 - Coefficient of interest: beta-3

Hypotheses/Conclusion

- Predict higher weekly earnings
- Likely little change to employment, however, predict an increase in hours
- Increased convenience to consumers
- Further Research:
 - The impact of other blue laws that are still in place (ex. NJ counties restricting retail)
 - How restrictions in specific industries are affecting profits and the labor market