

The Dangers of Alcohol Deregulation: The United Kingdom Experience

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The United Kingdom's crisis



- *“Quite simply, England is drinking far too much. England has an alcohol problem.”*
Sir Liam Donaldson, former Chief Medical Advisor, UK
- The epidemic includes high rates of consumption, heavy youth intoxication, large increases in alcohol induced disease, and major public disorder around pubs and clubs.
- This is not their first alcohol epidemic. History repeats itself starting with the Gin Craze of 1690.

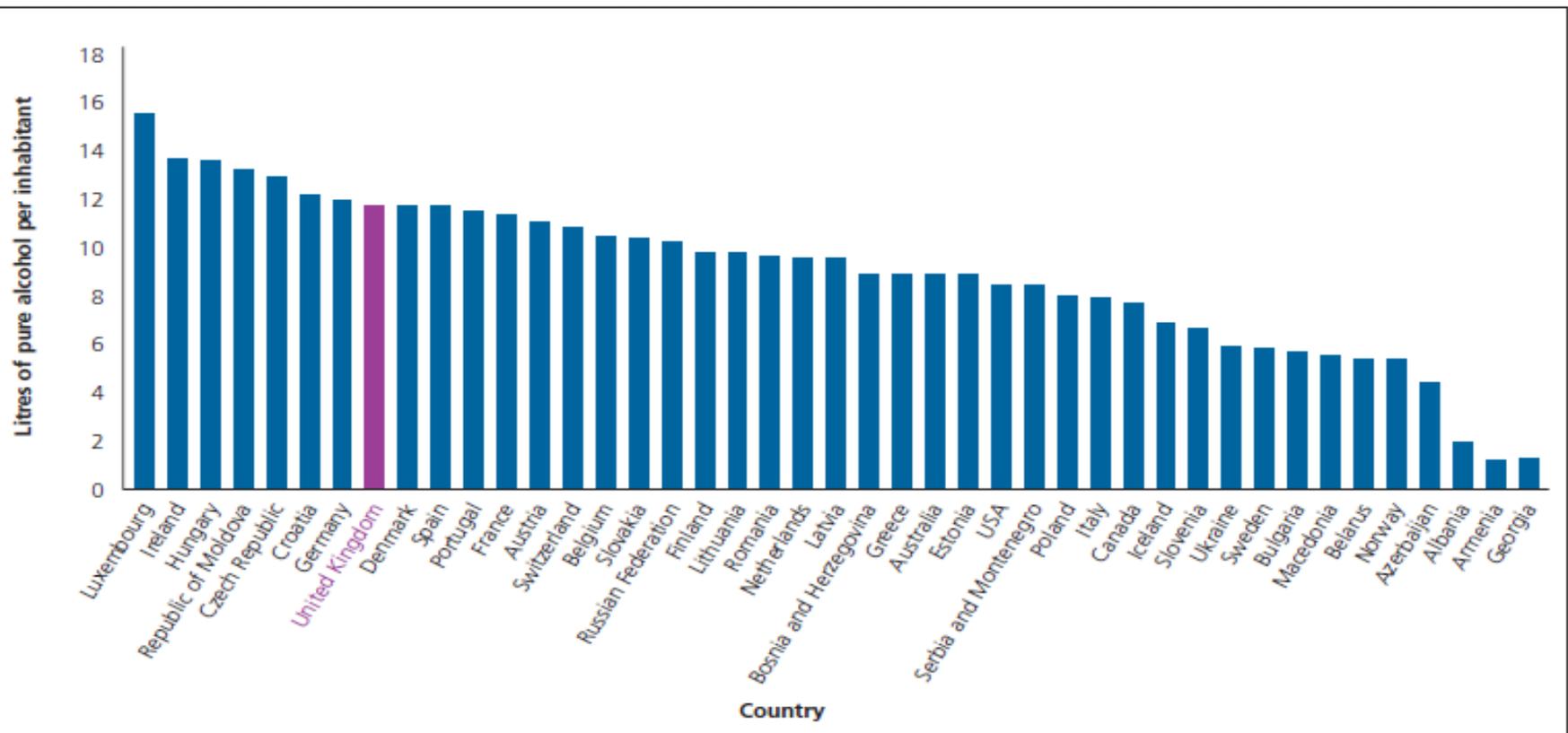
Could it happen to us?



- We are similar in culture, government, business, and drinking patterns.
- The global business environment makes alcohol harder to control.
- We have experienced gradual deregulation.
- We need to take a hard look at the lessons from this epidemic and redouble our efforts to ensure it doesn't infect us.

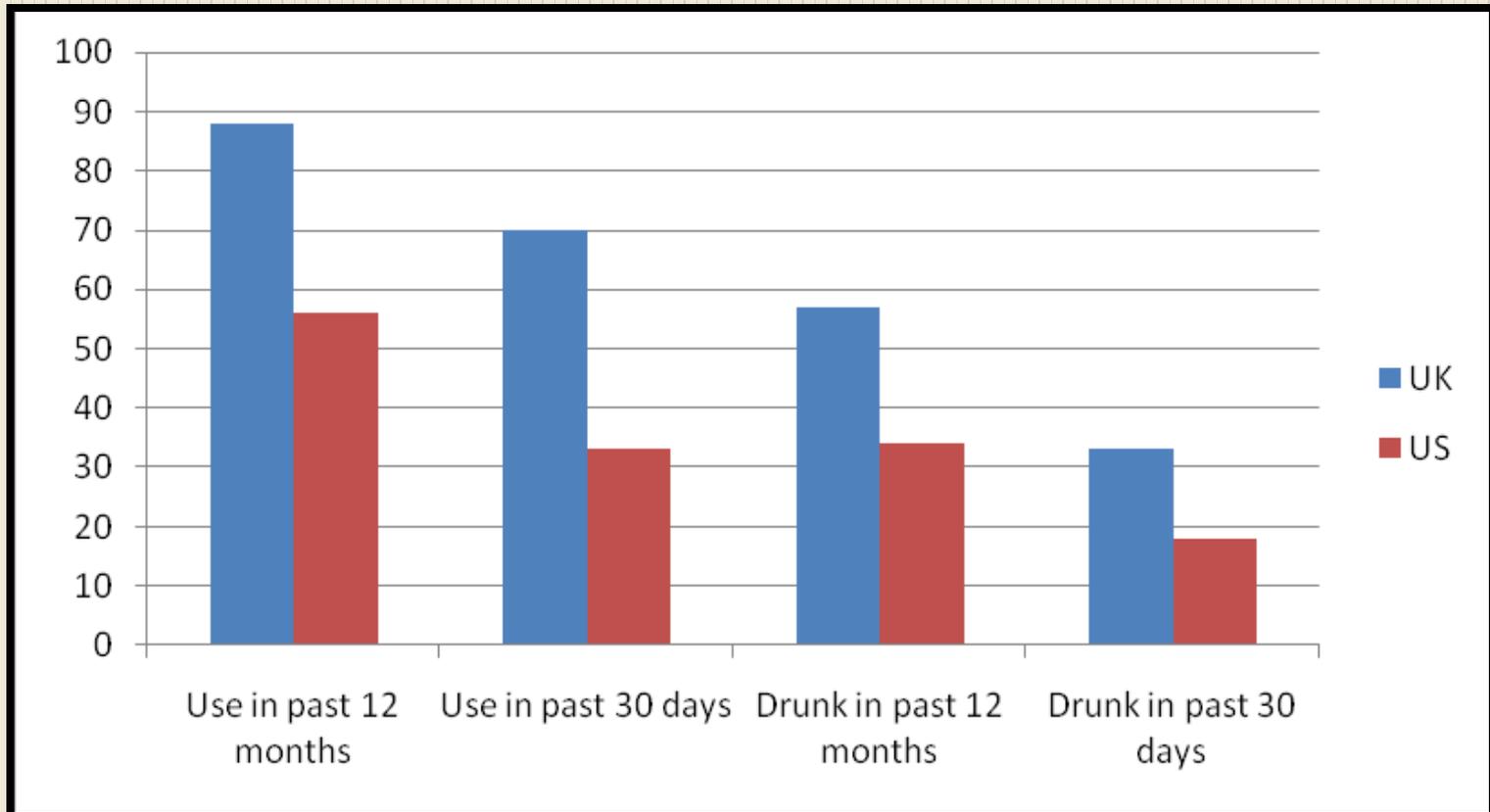
Alcohol Consumption per Person: the UK ranks 8th v. 27th for the US

Per capita alcohol consumption in selected European and other countries (liters of pure alcohol per inhabitant) among adults (≥ 15 years), 2003



Source: WHO Global Alcohol Database

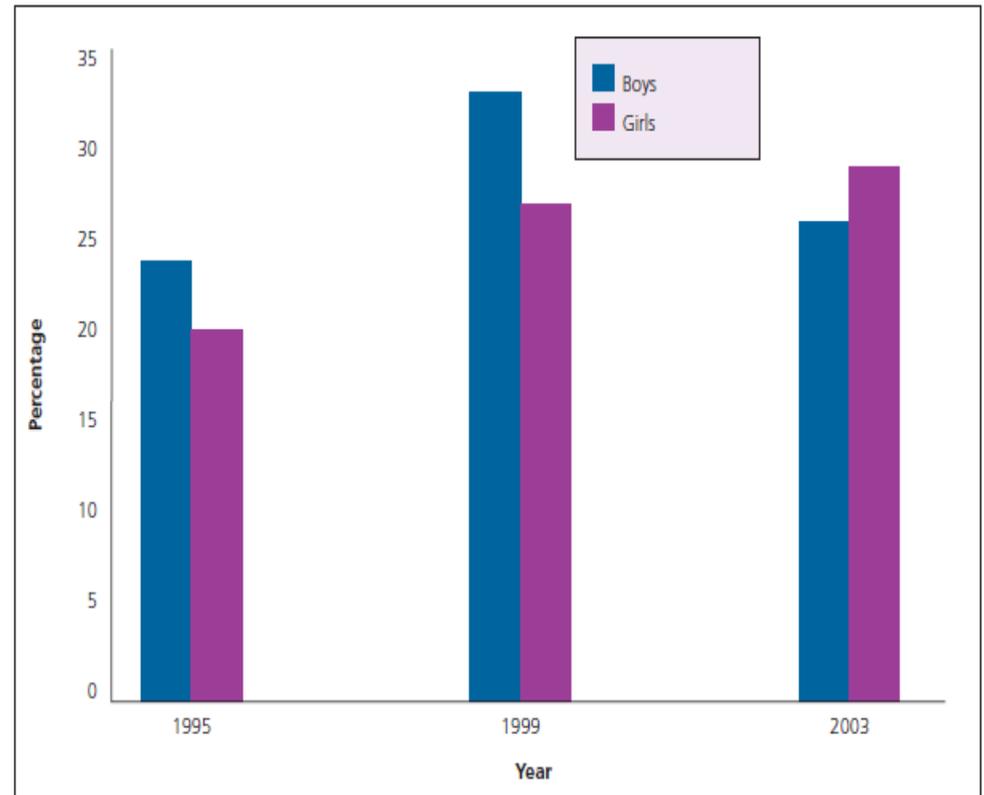
Youth are drinking at twice US rates!!



Source: 2007 European School Survey Project on Alcohol and Other Drugs, Percent intoxicated in past 30 days of 15-16 year olds.

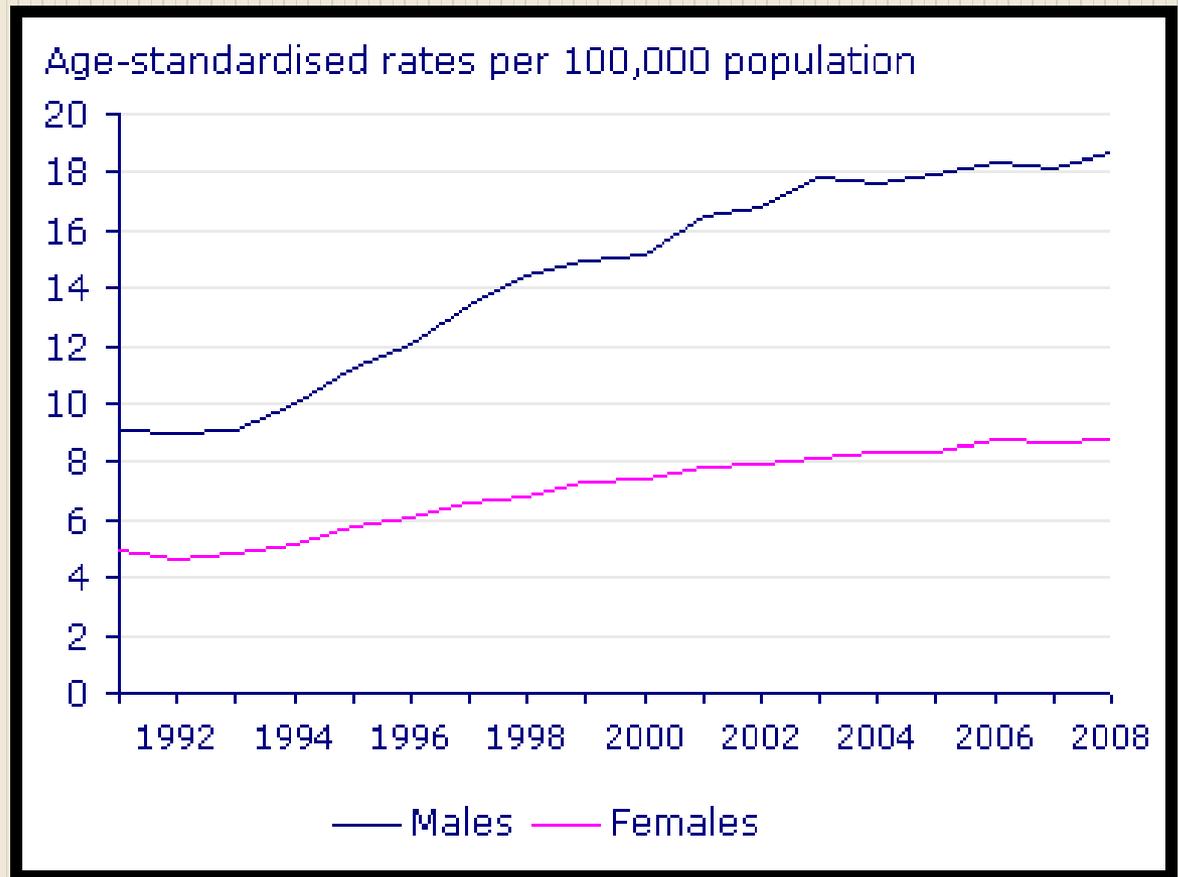
Girls drinking exceeds the boys

Percent of 15-16 years olds consuming 5 or more drinks on 3 or more occasions in the past 30 days

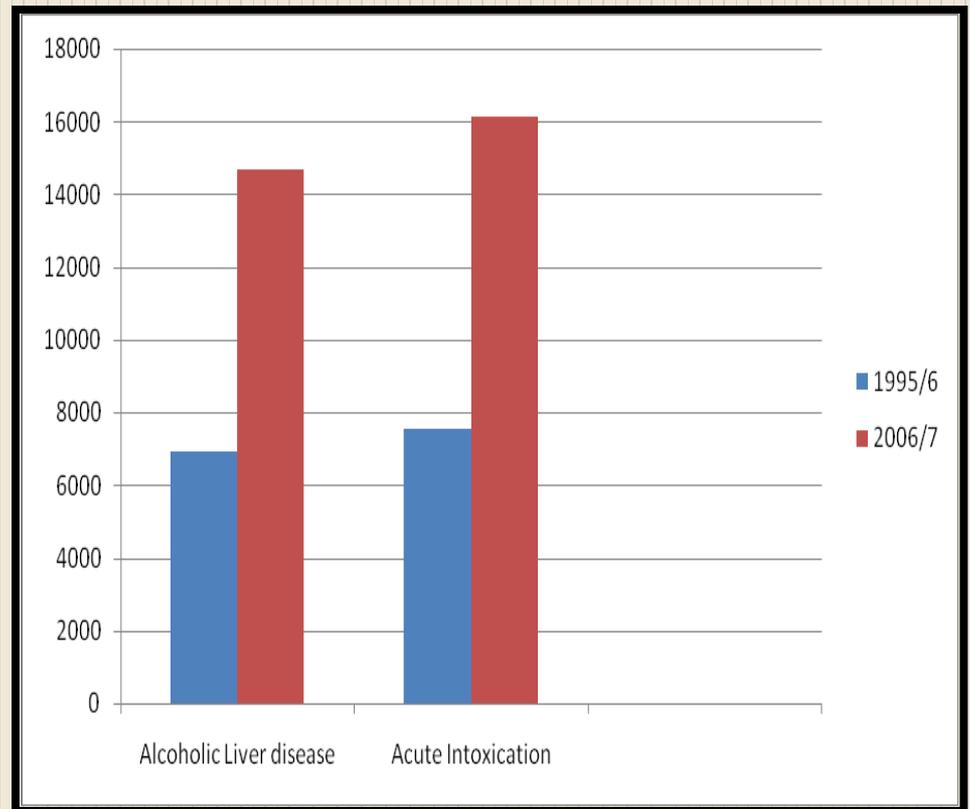


Source: Plant MA & Plant ML (2006) *Binge Britain: Alcohol and the national response*. Oxford: Oxford University Press.

Death rates for alcohol-related disease increasing for males and females



Hospital Admissions for Alcohol Liver Disease and Acute Intoxication



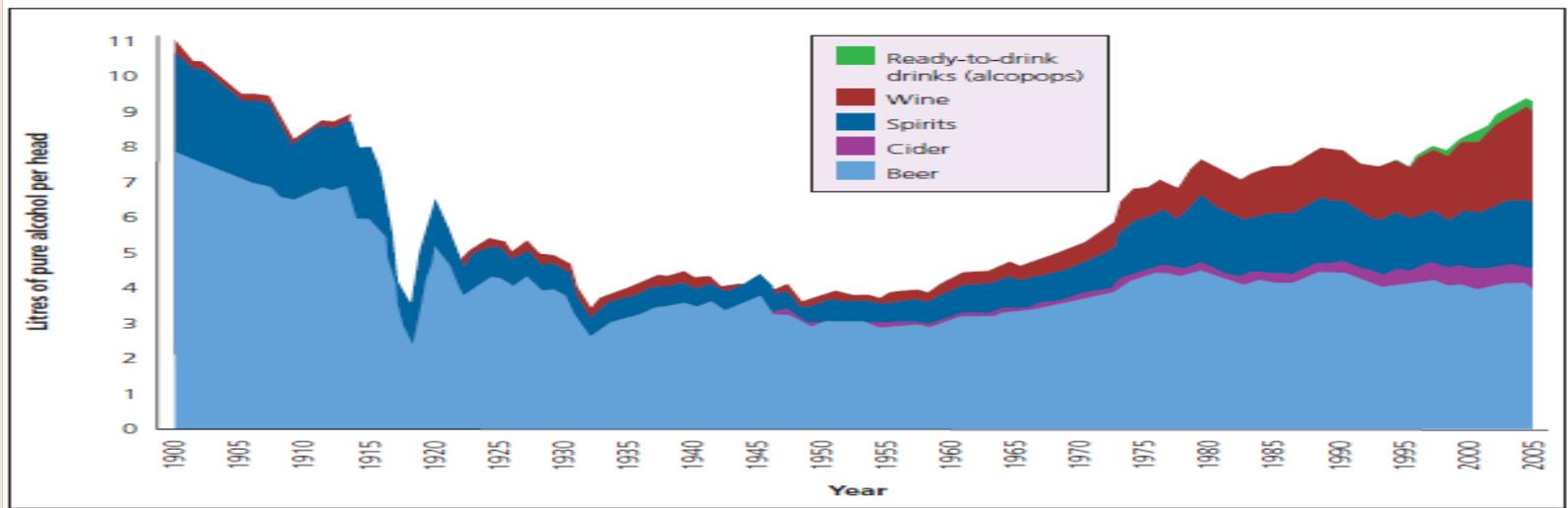
- Source: Hospital Episode Statistics, The Information Centre, 2008

Public disorder and violence in town centers



- Large increase in public disorder crimes around bars (vomiting, urination, fights, vandalism).
- Thirteen “Booze Buses” used for 2009 New Year’s Celebration to take revelers to the hospital.
- Serving practices promote rapid intoxication.
- “Predrinking” at home increases bar intoxication.

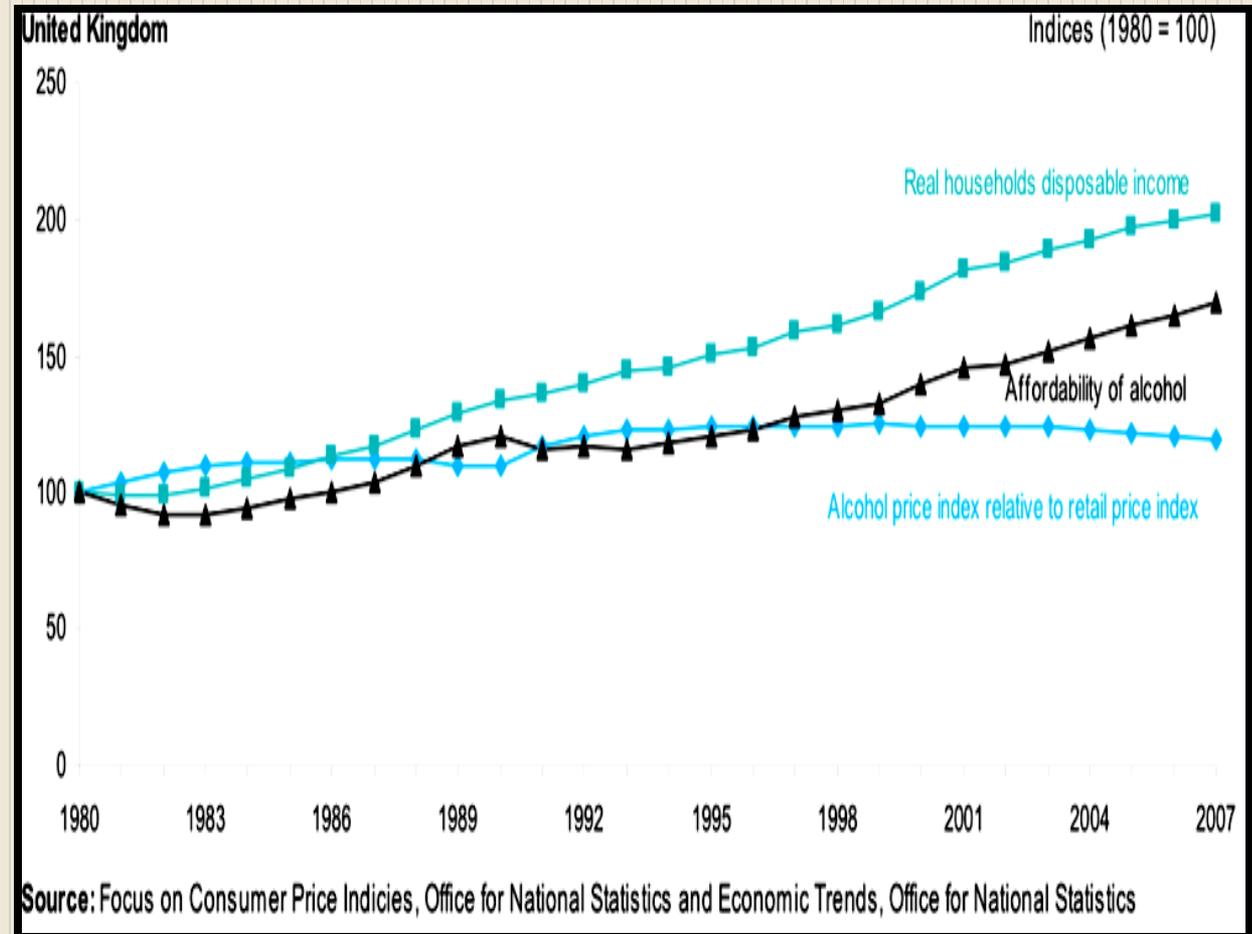
UK deregulation begins in the 1960s and is followed by increased consumption



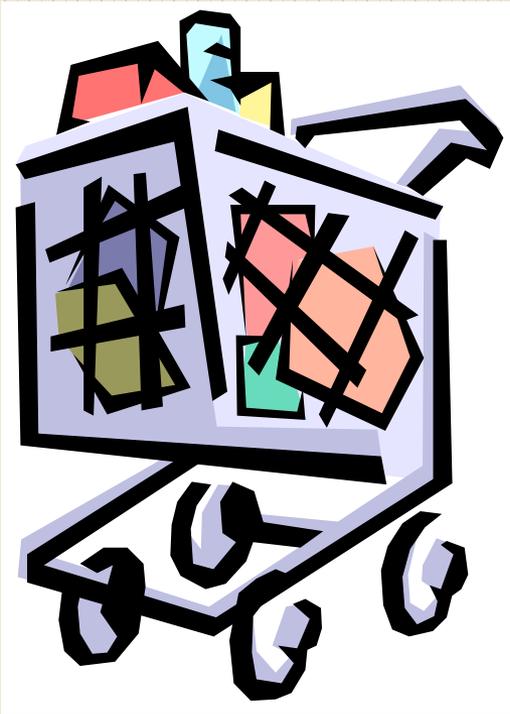
- In 1930's, the UK's license system was a model for US regulatory system design after Prohibition.
- All forms of alcohol sold in grocery stores beginning in the 1960's. Bar hours extended; Sunday sales permitted.
- Age laws are weak and poorly enforced.
- Licensing Act of 2003 permitted 24 hour sales; enforcement overwhelmed.
- New efforts aimed only at on-premise.

Affordability of alcohol increased over 65% between 1980 and 2006 despite high taxes

- *Among 23 European Countries, the UK has the second highest beer and wine tax; and, the third highest spirits tax.*



Large grocery chains are widely blamed for the epidemic as prices fall



- Four large chains control 75% of the market.
- Most use alcohol as a “loss leader” with heavy promotions.
- Drinking at home has increased.
- The UK has no law against volume discounts, promotions that induce heavy consumption or minimum prices.
- The large chains are locked in price wars.

Decline of the Pub



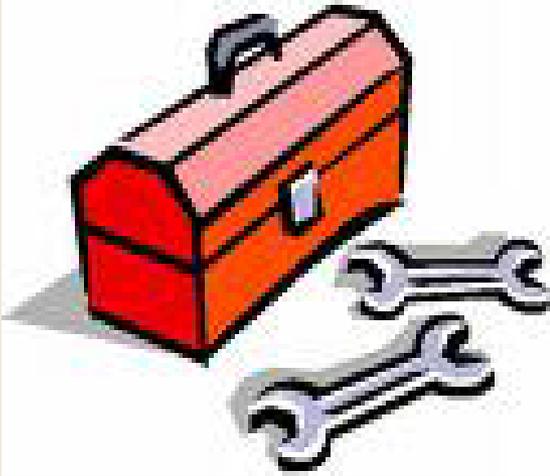
- UK adults used to drink primarily beer in pubs versus drinking at home.
- Cheap alcohol in stores shifted drinking patterns to at home consumption including “pre-loading.”
- Pub chains and bars ignore law against serving intoxicated patrons and sell aggressively.
- Many traditional pubs have closed: undercut by big box stores and squeezed by pub chain owners via a “tied house” arrangement.

No effective tracking system to protect public from tainted product

- Just this month, 25,000 liters of fake vodka with fake “duty stamps” were seized in Manchester.
- Such products often contain methanol, a form of alcohol unfit for consumption. Consuming methanol can cause toxic hepatitis, a liver disorder that can cause blindness or death.
- The UK has a weak “duty stamp” system to track alcohol; it is highly vulnerable to counterfeiting.



UK has few tools to bring things into balance



- Deregulation robbed the toolbox.
- Underage drinking laws are weak—legal drinking age is 5! (Purchase age is 18).
- Enforcement of underage sales is relatively recent—20 year moratorium on minor decoy operations lifted.
- Industry has major influence and prefers education programs.
- Many announced proposals to decrease price; little action. Tax increase has not decreased prices as expected.
- UK does have tools to reduce drunk driving which has declined.

What could the UK government have done to prevent the epidemic?

“Complementary system strategies that seek to restructure the total drinking environment are more likely to be effective than single strategies.” World Health Organization, What are the most effective and cost-effective interventions in alcohol control?

- The World Health Organization states that an effective alcohol control system should address price, availability, promotion, age restriction, drunk driving and enforcement.
- Science should be used to select policies. Science did not support 24 hours sales as a way to curb problems.
- UK government has relied too often on a single strategy (large tax increase) or a few strategies with weak enforcement.

Could the US have a similar alcohol epidemic with off-premise market domination and deregulation?

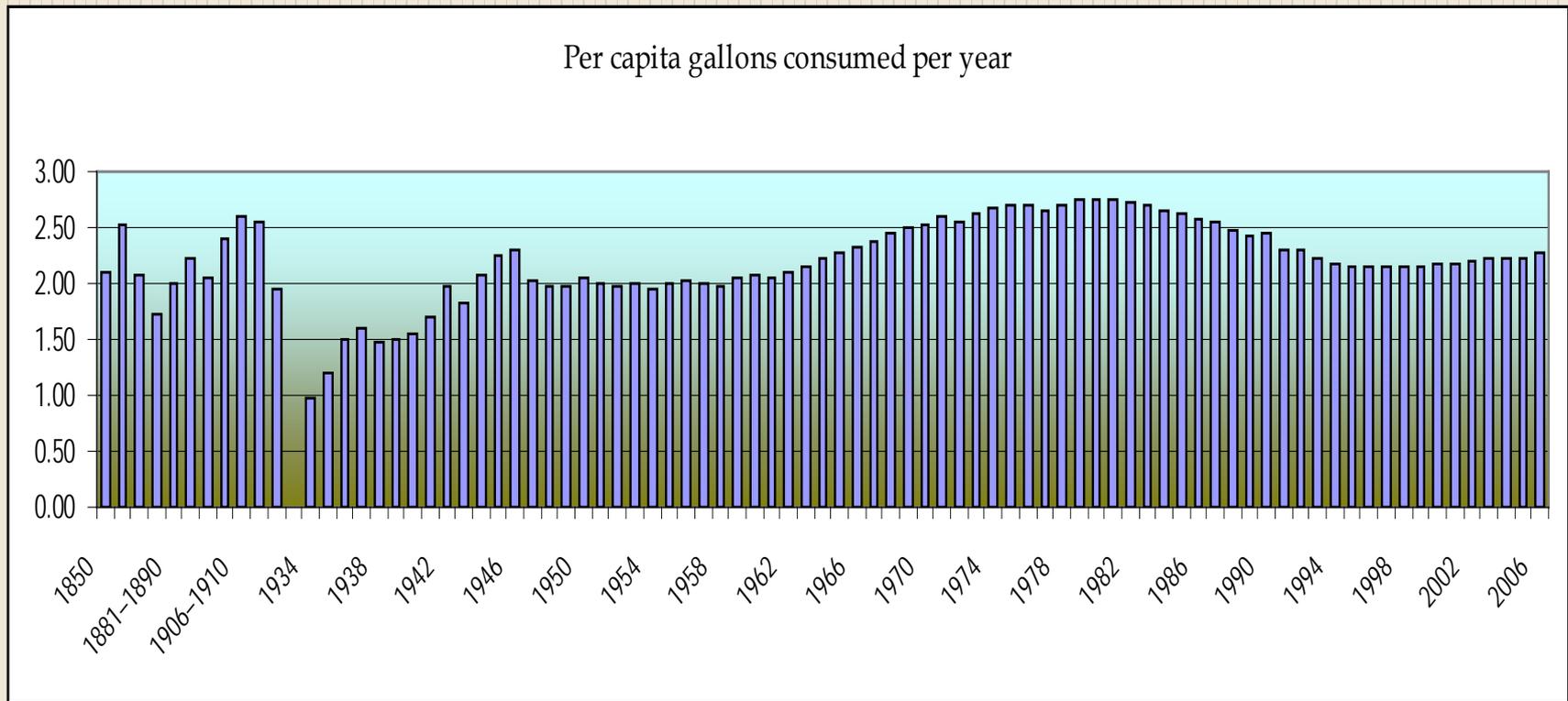
United Kingdom Trend

- Four large supermarket corporations have 75% market share.
- Price of alcohol is 70% more affordable.
- Cheap prices drove increase in drinking at home/pre-loading.
- Regulation reduced over a 40 year period to a point where there are few restrictions.

United States Trend

- Top 10 supermarket chains have 68% of revenue.
- US alcohol prices also reduced. Sale prices can reduce price to less than \$.25-50 per drink.
- Recession and low prices drive drinking at home.
- Increase in off-premise outlets.
- Costco, Wal-Mart, Kroger and other chains actively promote deregulation.

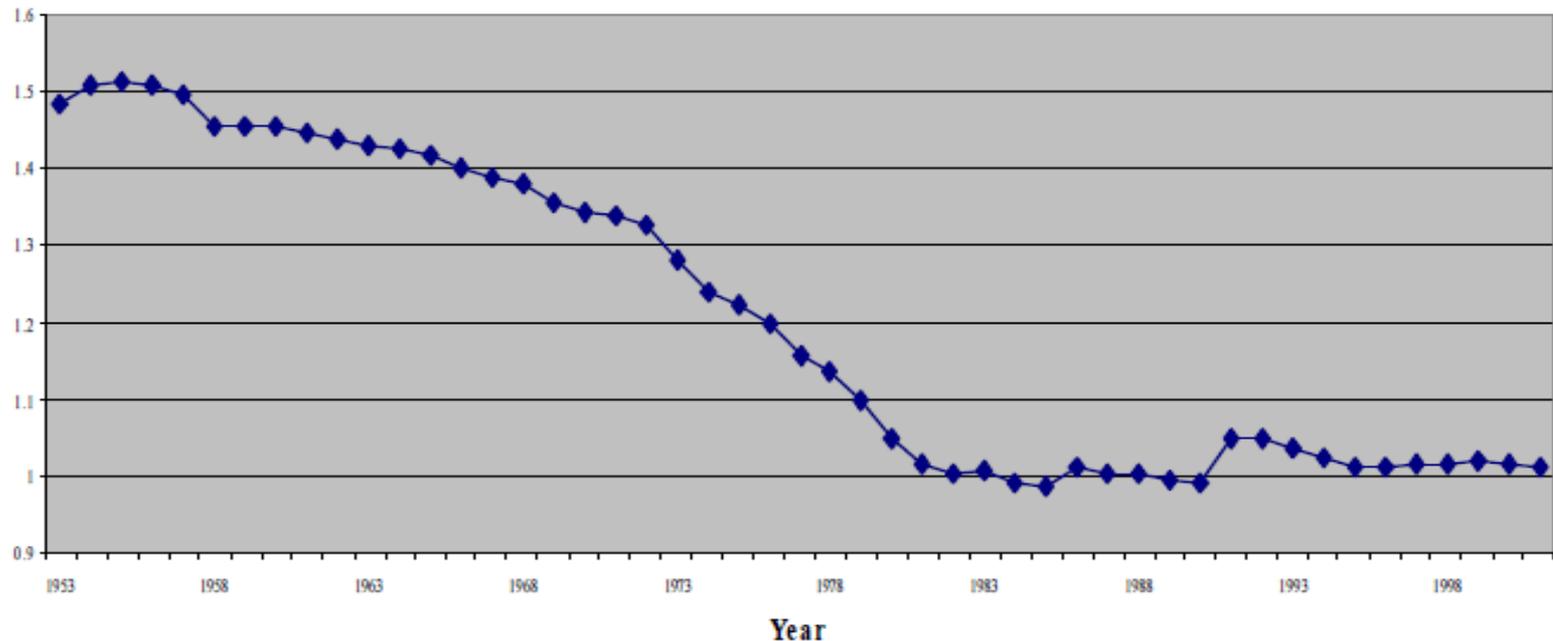
The US also has periods of high consumption



Source: Centers for Disease Control: Apparent consumption in the US 1850-2006.

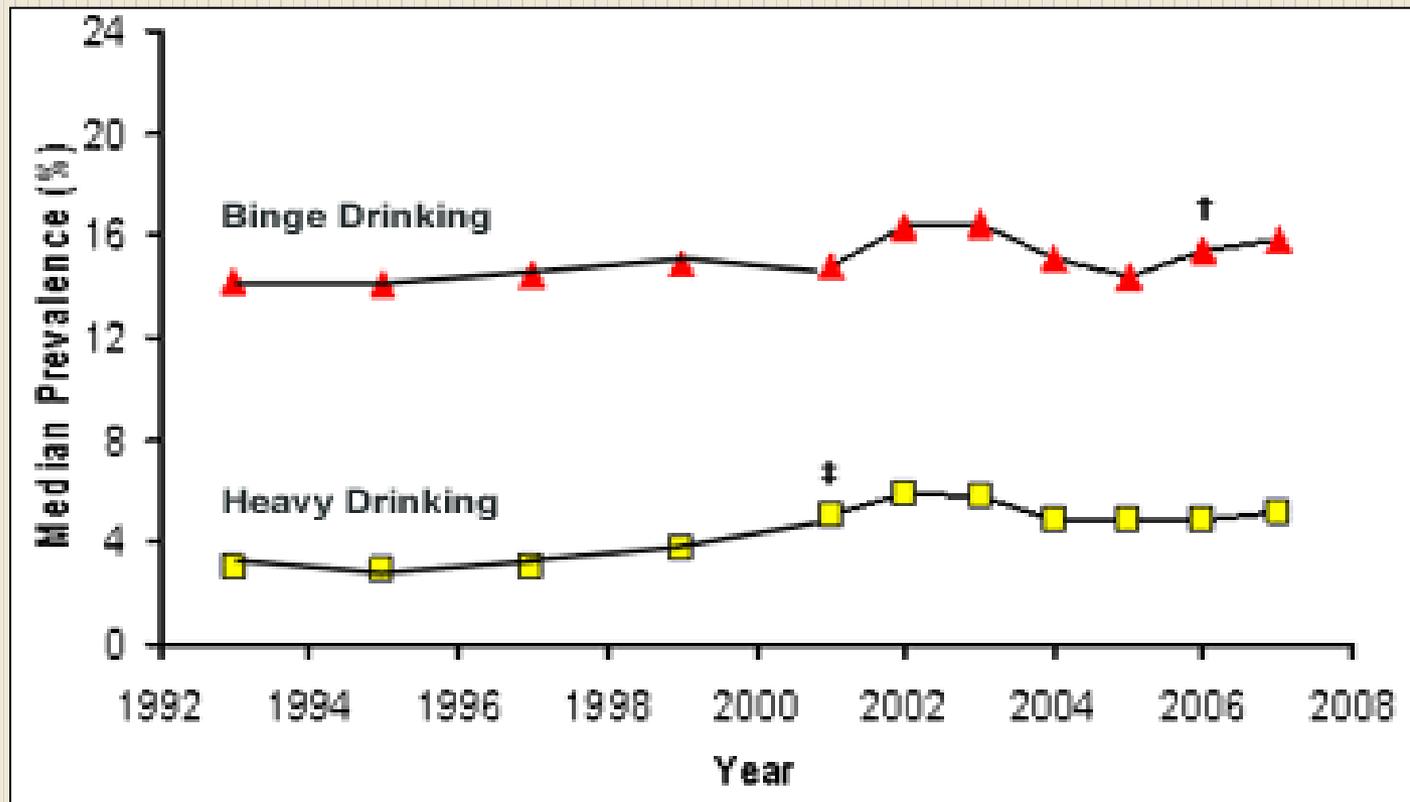
Alcohol is more affordable

Inflation Adjusted Alcoholic Beverage Prices, 1953-2001



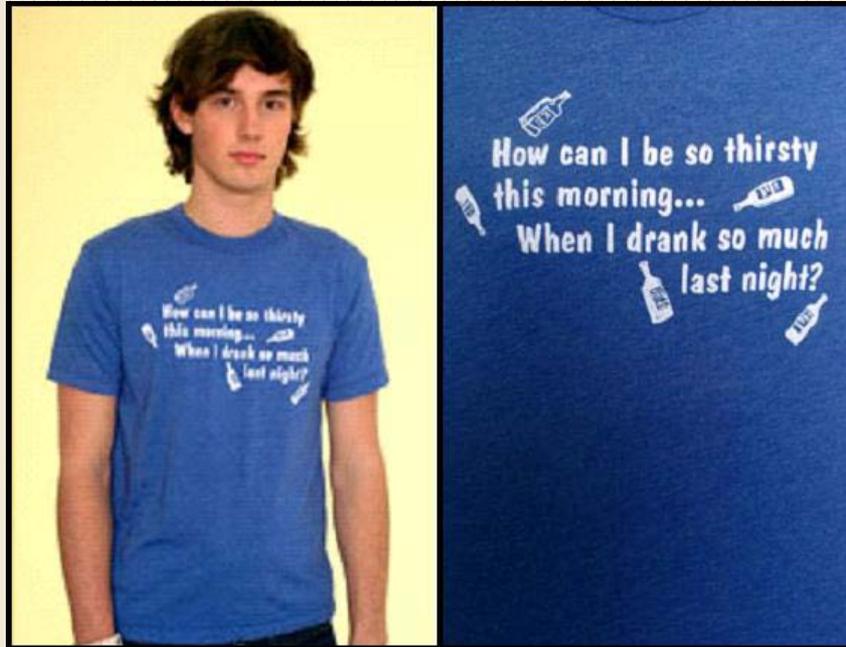
Source: “Reducing Morbidity and Mortality through Alcohol Pricing and Taxation”, Frank J. Chaloupka, Director, ImpacTeen, University of Illinois at Chicago.

Increase in binge and heavy drinking



Source: Centers for Disease Control: Prevalence of binge and heavy drinking among adults in the US—1993-2007.

US underage drinking is no small problem



More than 90% of alcohol consumed by youth is binge drinking

During the past 30 days US high school students:

- 42% drank some alcohol
- 24% binge drank
- 10% drove after drinking
- 28% rode with a driver who had been drinking

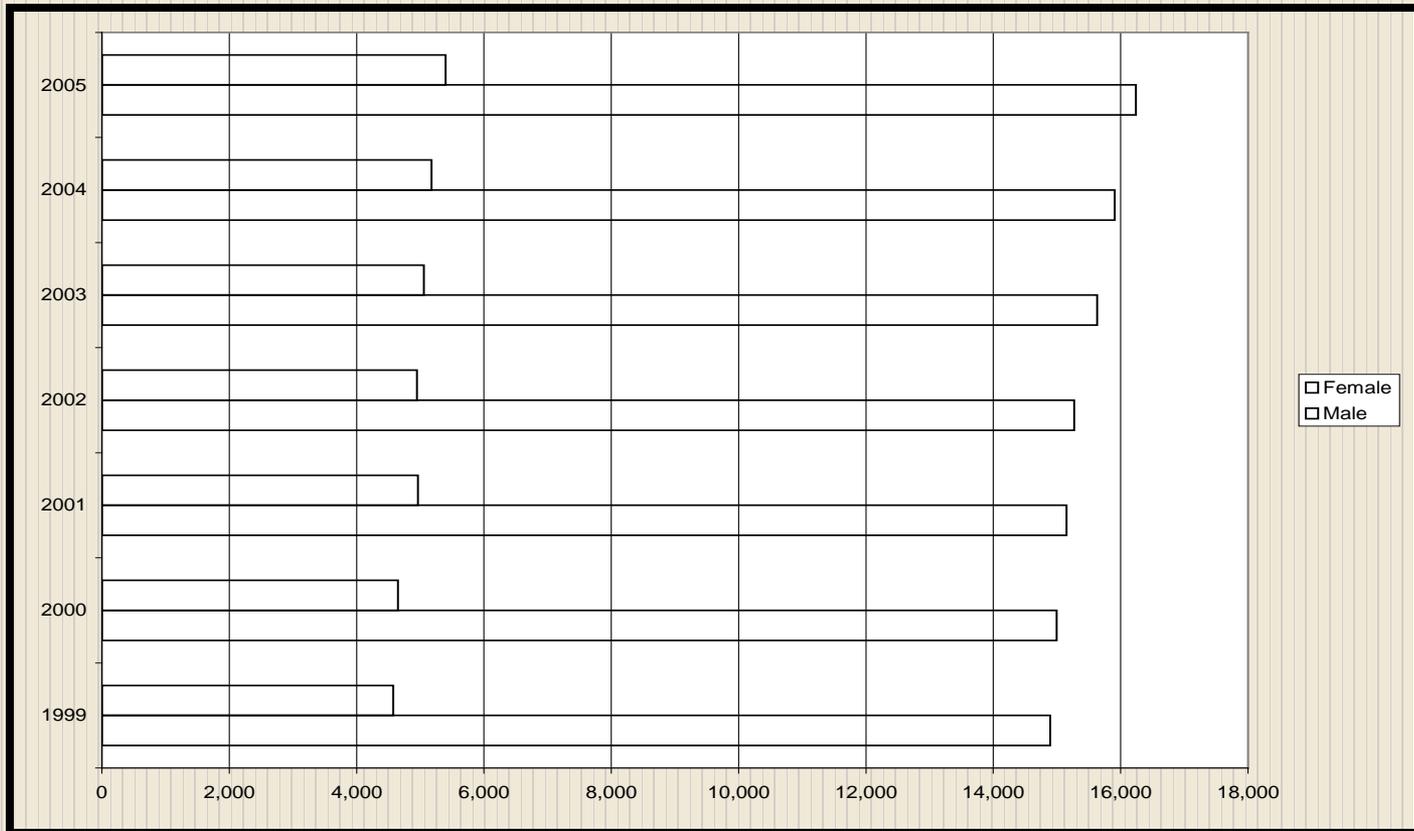
Source: CDC Fact Sheet on Underage Drinking

Females are drinking more

- *“...in the 1960’s, only 7 percent of girls reported having their first drink between the ages of 10 and 14; today, nearly one-quarter of all girls report beginning to drink alcohol before age 13.”*
- *US Substance Abuse and Mental Health Administration, website Fact Sheet.*



Alcohol induced disease is increasing for males and females



Source: Centers for Disease Control: Alcohol-induced deaths by gender.

The US grocery market is consolidating and promoting greater use of mass merchandising model for alcohol



“Top US Supermarket and Grocery Chains” (By 2007 Grocery Sales)

- Wal-Mart/Sam’s Club \$138.2 million 26.4%
- Kroger \$ 65.6 million 12.6%
- Safeway \$42.3 million 8.1%
- Costco \$35.3 million 6.8%
- Others \$241.2 million 46.1%
- *Source: Food Marketing Institute*

Supermarket's business model relies on high volume, not mark-up, to generate profits



- ▶ Net profit for food retailers is less than two pennies on each dollar of food sales.

- How can supermarkets survive?
- **“To earn a dollar, supermarkets would rather sell a \$1 item 100 times, making a penny on each sale, than 10 times with a dime markup.”**

Source: Food Marketing Institute

Mass merchandising model is in direct conflict with goal of alcohol regulation



- Mass merchandising must sell products in high volume at low prices to bring profits.
- High volume consumers include youth and alcohol abusers.
- Alcohol regulatory system goal is to foster moderate consumption.

Our greatest protection against an alcohol epidemic is an effective alcohol control system which addresses the ABC's of regulation :

- **Availability**. Allows alcohol to be sold by the bottle and the drink, but limits the number, location, types of alcohol products, and hours of outlets. Limits consumption and problems.
- **No “Bargain Booze”**. Regulations balance prices, control price competition, and restrict dangerous marketing and promotional practices. Reduces consumption rates.
- **Children and Teens**. Age restrictions protect young people from the serious problems of underage drinking.
- **Drunk driving**. Creates and enforces strict measures against drinking and driving—sobriety checks, blood alcohol limits, driver’s license suspension.
- **Education and Enforcement**. Uses the carrot of education (alcohol awareness programs, “schools” for offenders) and the stick of enforcement (fines, community service and jail) when education fails.
 - **Source: Adapted from World Health Organization recommendations in “What are the most effective and cost-effective interventions in alcohol control?”, WHO, 2004.**

Conclusions:

- The US is seriously at risk for an alcohol epidemic similar to the UK.
- Market trends and powerful efforts to deregulate are the primary threats.
- The greatest defense against an alcohol epidemic is the US state-based regulatory system which protects the public by keeping prices in balance, outlets limited and by preventing aggressive sales practices.
- Education and advocacy efforts are needed to preserve our regulatory system.



For more information:

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- Website has educational tools: Monthly newsletter, educational pieces, PowerPoint presentations from conferences.
- Full report, "The Dangers of Alcohol Deregulation: the United Kingdom Experience," can be downloaded from website.
- Coming soon: Issue Briefs for 2011 legislative sessions!