

**“The Danger of Alcohol Deregulation: The United Kingdom Experience”**

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**to the**

**Subcommittee on Courts and Competition Policy**

**Committee on the Judiciary**

**House of Representatives**

**US Congress**

**Hearing on: “Legal Issues Concerning State Alcohol Regulation”**

**March 18, 2010**

## **The Danger of Alcohol Deregulation: The United Kingdom Experience**

### **Summary of a Report by Pamela S. Erickson**

In the United States, the marketing, promotion and sale of alcohol are systematically regulated. As part of a growing globalization trend across the alcohol industry some have questioned if alcohol should be deregulated in the United States. To answer this question one need only look at the recent experiences of the United Kingdom on whether liberalized alcohol laws are optimal. This paper suggests that the answer is no. Alcohol should be regulated and deregulation of alcohol has many dangerous and unintended consequences for society at large.

The British public has something America does not want: an alcohol epidemic. This epidemic is characterized by very high rates of youth intoxication, large increases in alcohol induced diseases including liver cirrhosis, and frequent public disorder and violence around pubs and clubs. An examination of how this epidemic came about is a good lesson for the United States in an effort to ensure it does not reach our shores.

Like many countries, the United Kingdom (England, Wales, Scotland and Northern Ireland) has a cyclical history with alcohol problems. Periods of heavy drinking, crime and disorder have usually been provoked by some kind of public action. Countermeasures were then needed to reduce problems. Recent history saw a comprehensive set of regulations established during the First World War and retained for several decades to good result, until the latest round of deregulation began in the 1960's.

Today's epidemic in the UK follows the path of gradual deregulation to a point where the society treats alcohol the same as any other product. All forms of alcohol—beer, wine and spirits—are sold almost everywhere and can be purchased 24 hours a day. Alcohol was allowed for sale in grocery stores in the 1960's; pubs' and clubs' hours were extended; and, enforcement of existing laws was weak. As alcohol became more available it became cheaper. From 1980 to 2007, alcohol became at least 70% more affordable. This was particularly true in grocery stores where four large supermarket chains gained 75% of the market and became locked in a price war driving alcohol prices ever lower. Alcohol is sold below cost by many of these mega-retailers. People shifted to drinking primarily at home thanks to the cheaper prices. Meanwhile, local urban communities were looking for ways to revitalize their core centers and hit upon entertainment as the key. Numerous nightlife centers sprung up—some with mega-bars able to host 1,000 patrons. These became scenes of drunken debauchery with people spilling out at closing time vomiting, urinating and passing out. An ill-advised solution was to allow 24 hour sales so drunks would exit throughout the night, not all at once. This did not seem to stop the problems. It did increase the burden on law enforcement which had to staff up for the very late hours.

Women and youth are prominent in the epidemic. Rates of female intoxication, violence, disease and death have sky-rocketed. Pictures of young intoxicated women frequent the news. Youth intoxication rates are well over twice that of the U.S. and eight year old British children are hospitalized from drinking too much.

The UK has tried education and voluntary business responsibility programs. They had little effect. With few tools left, they passed the Licensing Act of 2003. It provided new measures for enforcement of underage sales and public order offences as well as the 24-hour sales provision. While it included a new tax at 2% above inflation, it did not contain provisions for minimum prices, bans on volume discounts or other measures that might have curbed the price war. To curb public disorder offenses, a new violation regulation allowed police to arrest and charge those engaged in rowdy behavior, but there were no bans on drink specials or minimum prices that might have curbed excess drinking in pubs and

clubs. The new tax did negatively affect pubs. It exacerbated the decline in patronage associated with a smoking ban and heavy price competition from grocery supermarkets.

The primary lesson to be learned comes from public health authorities who advise the use of multiple policies that have prior scientific evidence of effectiveness implemented in a systematic way. Such policies need to address many items, not just one factor in alcohol. Price, availability, industry practices, the drinking context, drunk driving, youth consumption and enforcement are all important. The World Health Organization and a study by the UK's own Sheffield University provide excellent advice on what kinds of policies can be effective.

Controlling price is of the utmost importance as it drives consumption. Higher prices have shown to curb consumption in all classes of drinkers—moderate, heavy and hazardous drinkers. Taxes, minimum prices, bans on discount promotions, bans on price discrimination by suppliers and wholesalers all serve to increase prices. Special efforts may be needed for pubs, bars and clubs because they tend to be frequented by hazardous drinkers. The tendency is to use tax measures alone to control prices. As the science indicates, multiple measures are needed to achieve balance in the marketplace. Ironically, the United Kingdom exemplifies the problem of using taxes alone to control prices. Even before the 2008 tax increase, the UK had some of the highest taxes on alcohol among European countries.

Despite the efforts of government to control the epidemic, they are battling strong market forces that seek to use the grocery business's standard model of mass merchandising for alcohol. This model calls for high volume sales at low prices with heavy promotion. This is just what will increase consumption of alcohol. Therefore, marketplace regulation must be aimed at preventing large quantities of cheap alcohol, readily available and heavily promoted.

The U.S. has serious problems with alcohol—particularly with underage drinking, but it has not reached the point of an epidemic. This could happen as we face similar market forces that push prices lower and make alcohol ubiquitous. There are frequent calls for deregulation that would allow mass merchandising techniques for alcohol. As in the UK, alcohol is much more available than in the past—it's even at many community events including some school and church functions. We have experienced a gradual decline in alcohol prices. Our children are drinking at younger and younger ages and young women are drinking at increased rates.

Currently, the U.S. has a strong alcohol regulatory system. Most states have the regulatory elements recommended by public health authorities. Each state has a system that carefully controls alcohol through three market segments. This system prevents price wars, tainted alcohol and collects taxes. Drunk driving has declined although too many people still die on our highways from alcohol induced crashes. Enforcement has curbed illegal sales to underage buyers.

It is critical that we take the lesson from the United Kingdom with great seriousness. Unbridled and unrestrained free market forces, once unleashed, are very hard to control. Americans must be very clear about the fact that alcohol is a different product that cannot be sold just like any other commodity. It must be clear that the purpose is to prevent practices which induce increases in consumption, heavy drinking and hazardous behavior. The research and rationale for these important marketplace curbs is not sufficient. Often policy makers are at a loss to explain why we regulate in the way that we do. This is dangerous as we could lose a good regulatory system merely due to lack of understanding.

Author's Note: This report is part of an educational campaign I developed called the "Campaign for a Healthy Alcohol Marketplace." It is an effort to educate policy makers, prevention advocates, law enforcement and regulators about the efficacy of our alcohol regulatory systems as evidenced by research. I recognized the need for such a program when I joined the alcohol abuse prevention field after seven years as Director of the Oregon Liquor Control Commission. Once I became thoroughly acquainted with the research on what works to curb alcohol problems, I realized that even as a regulator, I failed to fully appreciate the value and effectiveness of our regulatory system. It is a complex subject and often hard to understand how regulations work in today's global environment. I believe it is my job to explain regulatory measures in simple terms that everyone can understand. My campaign materials can be viewed at [www.healthyalcoholmarket.com](http://www.healthyalcoholmarket.com).



