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UK Struggles to Reduce Cheap Alcohol

By Lise Gervais

In times of recession it's difficult to get support for anything that can be seen as putting jobs at risk. It's also a challenge to raise revenue to pay for enforcement of any new regulation, let alone anything already on the books. The fear of costly legal challenges also drives some policy decisions.

The UK came up against this recently on the subject of minimum pricing. In March 2012, the UK government proposed a number of initiatives, including minimum pricing, to deal with the serious problem of binge drinking in the UK. By their estimate, over-consumption of alcohol costs taxpayers £21 billion per year in alcohol-related crimes, health costs and loss of productivity. The British Medical Association says that the National Health System is "buckling under the strain of alcohol misuse."

The minimum price proposed was 40 pence (about 60 cents) per unit of alcohol and would most affect high-alcohol / low-price drinks, which are mostly consumed by heavy drinkers and young people, who tend to be price sensitive. As Prime Minister David Cameron put it "When beer is cheaper than water, it's just too easy for people to get drunk on cheap alcohol at home before they even set foot in the pub."

Minimum pricing is seen as a way to increase the price of alcohol after tax increases failed to change the price of alcohol. The tax increase simply didn't get passed on to the consumer in the off-premise market. Since the

UK's large supermarket chains wield significant economic power, they were able to pass the tax increases back to suppliers, raise the price of non-alcohol products and / or absorb the increases through sale of other products.

While this initiative was supported by prevention and medical groups, there was opposition. One argument against was that it would be unfair in the current economic climate, to place higher prices on lower income people. But according to the prevention group Alcohol Concern, lower income people drink at lower rates, yet "are disproportionately affected by alcohol related harm." Alcohol Concern calculated that the average, moderate drinker would pay an extra 28p (40 cents) per week.

Other arguments concerned potential job losses, but the prevention and medical professionals that put together the website minimumpricing.info, say that jobs have already been lost because pubs and off license shops cannot compete with low prices offered by bargain stores and super markets. Unlike many US states, these stores are allowed to sell alcoholic beverages as a loss leader-- a way to get customers into the store, while other commodities will cost more than at other stores. Pubs are also feeling the pinch when alcohol can be sold very cheaply at discount stores. Campaign for Real Ale estimated that 16 pubs a week are going out of business in the UK Patrons sometimes

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"pre-load" at home with cheap alcohol and arrive at the pub already intoxicated, adding to the number of bar fights and other risky behaviors associated with binge drinking.

But in the summer of 2013 the Prime Minister and parliament did an about-face and said "no" to the 40p minimum price. Home Secretary Theresa May said that England wanted to wait and see the outcome of legal challenges to minimum pricing in Scotland. Instead they proposed a ban on the sale of alcohol below the taxes paid on the item. The British government hopes that the alcohol industry will respond to the possibility of minimum price rules by voluntarily taking steps that support the government's aim to reduce harm caused by over-consumption. Let's hope that this optimism is well placed. In the US, multiple methods are used to sustain prices. Taxes are one method. Other methods include price policies at the wholesale and retail level. These policies include such things as a ban on volume discounts, no sale below cost and a requirement to offer the same price to all. And, of course, control states usually set prices. These multiple methods keep prices from going too low and allow small and large companies to successfully sell alcohol products. Unfortunately, many of these laws are under attack and we may face problems similar to the UK.

Meanwhile the UK is working on several strategies to deal with specific alcohol issues. [Click here for a list of some of them.](#)

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