The Dangers of Alcohol Deregulation:
The United Kingdom Experience
2012 Update

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"Binge drinking isn't some fringe issue, it accounts for half of all alcohol consumed in this country. The crime and violence it causes drains resources in our hospitals, generates mayhem on our streets and spreads fear in our communities.

"My message is simple. We can't go on like this. We have to tackle the scourge of violence caused by binge drinking. And we have to do it now."

David Cameron, Prime Minister, United Kingdom, March 22, 2012

In September, 2009, a new report titled “The Danger of Alcohol Deregulation: The United Kingdom Experience”, described a five-decade process of alcohol deregulation and increased drinking. During that time, consumption by the whole population more than doubled. Moreover, the type of alcohol drunk as well as the character of drinking changed. People used to drink primarily beer in the traditional British pub. By the 2000s, that had changed to primarily drinking at home and to drinking a greater variety of products.

Also in the 2000s, social problems became acute. Efforts to revitalize town centers with entertainment saw the introduction of megabars that encouraged extreme intoxication. New laws which allowed selling and serving 24/7 were actually intended to decrease problems by eliminating the “last call” practice and the disgorging of intoxicants at closing time. But now people drink 24 hours a day, stressing law enforcement resources. News articles frequently picture young men and women passed out or throwing up in the streets. Families are warned to stay clear of certain urban areas due to the danger.

Social problems and health issues followed. Hospital admissions for alcoholic liver disease doubled in just 10 years. Underage drinking appeared to be out of control, with children as young as 8 showing up at hospitals due to alcohol poisoning. What regulations existed were weakly enforced, including laws against underage drinking.

By the late 2000s, it was widely recognized that selling alcohol everywhere, 24 hours a day, seven days a week, was a mistake, and attempts to quell the epidemic began. But, instead of a comprehensive approach using multiple measures, as recommended by the World Health Organization (WHO), a large tax increase was levied for four years beginning in 2008.

The purpose of the tax was to affect a price increase which, in turn, would decrease consumption particularly among price-sensitive youth. However, things did not work as planned. Market forces, which filled a vacuum created by deregulation, prevented the tax increases from being passed to the consumer. Four large grocery chains controlled 75% of the market. They are so competitive and powerful that they can either require the supplier to absorb the tax or absorb some or all of it themselves. They have even taken part of the on-premise market as people drink cheap alcohol at home before going out and pub closures continue. [1]
So what has happened since then? Have consumption and problems subsided? Are there new regulations and what has been the impact? And, what about the US? Are we moving toward a similar epidemic? This brief update will answer these questions.

**What has happened with alcohol problems?**

**Consumption:** The overall consumption rate began declining in 2004, but it is still more than twice the rate in 1956. The new tax levy began in 2008 and continued for four years at 2% above inflation. Data is not yet available to identify any trends, let alone assess the impact of the tax increase. Additionally, it may be impossible to separate out the impact of the economic downturn. However, there does seem to be some decline in consumption, although it began in 2004 before the tax increase was implemented. There are various consumption calculations in the UK depending on age range and other factors. Data from the Institute of Alcohol Studies (IAS) Fact Sheet estimates consumption by year per person for those older than 14. The liters of alcohol per person were 5.07 in 1956; it peaked in 2004 at 11.59 and dropped to 11.2 in 2007. [2] Additional data from the British Beer and Pub Association estimate drops in recent years, then a slight increase in 2010. [3]

![UK Estimated Alcohol Consumption](Source: Institute of Alcohol Studies Factsheet, 2010)

**Affordability:** Alcohol remains highly affordable, with a minor decrease followed by a slight increase in recent years. The impact on affordability is unclear. The UK National Health Service Information Centre, which has routinely produced an affordability index for alcohol, recently revised it to a per capita calculation instead of a per household calculation. Its data indicates that while the price of alcohol has increased since the 1980 base year, disposable income has increased at a much higher rate. Thus, alcohol was 44% more affordable in 2010 than in 1980. Just looking at the last few years, there was a decline in 2007-8 but an increase in the following period. [4, p.16]
Cheap alcohol continues to foster “pre-loading” in homes before going out. Pub closures continue. In the past, UK drinkers were primarily males who drank beer in pubs. Currently, a majority of both men and women are drinkers. While the most common beverage for men is beer (47%), women prefer wine (57%). [4, p. 18] Finally, consumption at home has become the major pattern. Purchase of alcohol for home consumption increased substantially between 1992 and 2009, while purchase for consumption outside the home declined 39% [4, p. 16]. This has been driven by price wars among the large grocery chains, which in turn have fostered a trend of “pre-loading”, or drinking at home before going to bars and pubs. In a study of this practice, two-thirds of 17-30 year olds arrested in a city in England claimed to have “pre-loaded.” In another study, “pre-loaders” were two and a half times more likely to be involved in violence than other drinkers. The decrease is primarily in beer sold by pubs as there has been a 45% decrease in the volume of beer purchases. [5, p. 3]

The change in drinking patterns has had a deleterious impact on the traditional British pub. Since 1980, the British pub has been on the decline. There are approximately 20,000 fewer of them as of 2010 and the trend seems to be continuing. Not only has the change in drinking patterns fostered the decline, but large tax increases are making it difficult for pub owners to remain profitable. [6]
Underage drinking: Youth alcohol use has declined somewhat, but more for boys than for girls. According to the 2011 European School Survey Report (ESPAD 2011), the percent of UK 15-16 year olds who have been intoxicated in the past 30 days dropped from 33% in 2007 to 26% in 2011. While the rate for girls did decrease (29% v 34%), the boys’ decline was greater (24% v 31%). [7] For the US, the percentages also dropped to the point where they are lower than most European countries and are about half the UK rates. More disturbing is the percent of students who binge drink. For the UK, 52% said they had consumed 5 or more drinks in the past 30 days versus a European average of 39%. In the US, the number was only 14%. Among the 36 countries in the study, only Iceland was lower in the percentage of binge drinking youth. In the UK, more girls than boys reported binge drinking; the reverse is true for the US. [7, pp.78-79]

Previous, laws and enforcement for this issue were very weak. This has changed as ID checking is more of a standard practice. ID checking is mandatory for off-premise locations in Scotland but not in the rest of the UK, although it has been adopted by many licensees. UK bars and pubs now must check ID. Enforcement for sales to underage youth has increased, which has also encouraged more licensees to implement ID checking programs.

Risky Drinking: A recent survey by Eurobarometer illustrates that drinkers in the UK typically drink more at one time compared with their counterparts in other EU countries. Risky drinking is a prevalent pattern of consumption in the UK. In an article in The Economist, the authors commented on the Eurobarometer data: "Britons drink almost as regularly as Mediterraneans but binge like Scandinavians." A comparison with Italy shows the difference. In that country, 25% of drinkers drink daily versus 11% for the UK. However, Italians rarely drink more than two drinks in a setting. Only 6% said they drink 3 to 4 drinks and none reported drinking more than that. In contrast, 24% of UK drinkers drank 3 to 4 drinks, 12% drank 5 to 6 drinks and 12% drank even more. [8]
Hospital admissions for alcohol-related problems have increased even though overall consumption has declined. In 2009-10, hospital admissions for alcohol exceeded 1 million for the first time. In 2010-11, it increased again by 9%. This compares with 510,780 in 2002. Obviously, recent consumption declines have not impacted hospital admissions. [10] The death rate from alcohol-related causes remains high at approximately twice that of 1991. For males, the rate peaked in 2007-2008. The peak in 2007 was 16.7 and dropped to 16.1 in 2010. For females, it peaked in 2007 at 8.0 and dropped to 7.5 in 2010. That still means a doubling of male rates since 1991 when it was 8.3 and almost the same for women.

All in all, progress has been slow. This is not unexpected as most of the alcohol-related deaths are attributed to liver disease which takes time to develop. Therefore, high rates of alcohol abuse are likely to have consequences for years to come even if abuse rates were to drop dramatically.
What impact has government action had?

The original UK report included a review of effective measures to reduce alcohol problems. These measures came from global health experts who base their recommendations on credible research. As noted by the WHO, the most effective strategy is to apply multiple methods systematically to the entire drinking environment. [11, p.12] According to Babour et al, the “strong strategies” are: restrictions on affordability, availability, accessibility as well as drunk-driving deterrence measures. [12, p. 24]

In recent years, the UK has mistakenly focused on a single measure, such as a tax increase, or programs of dubious effectiveness, such as education. While research studies usually find that tax increases curb consumption by increasing prices, that has not happened uniformly in the UK. The reason is that the grocery market is so dominated by four large supermarket chains that they are able to absorb the increase or require their suppliers to do so. As a result, the tax is not necessarily passed on to consumers. The tax appears to have contributed to pub closures because many pubs were not in a financial position to absorb a tax increase nor do they have the economic clout to pass the tax back to the supplier. Alcohol affordability data indicates that affordability dropped for a brief time, but went back up.

Research on education programs indicates limited effectiveness. While knowledge of alcohol health concerns is important in and of itself, possession of such knowledge does not necessarily have a major impact on behavior.

Let’s review recent government actions:

In 2004, the government's new strategy focused on education, coaxing people into treatment, new enforcement powers and working with the alcohol industry. Although consumption declined beginning in 2004, risky drinking and anti-social behavior continued with hospital admissions and deaths increasing. Underage drinking enforcement did have an impact as the "test-purchase failure rate" dropped from 50% in 2004 to around 20% [13, p.7] But other enforcement powers did not seem to get utilized. The Licensing Act of 2003 made it illegal to knowingly serve a drunk person. However, there were only three convictions for this offense in 2010. [5, p.13]

Given the lack of progress, yet another strategy was announced in 2007 called Safe. Sensible. Social. This strategy promised more focus on drunken behavior, more help for people who drink too much, more guidance for parents, more education, and more action in local communities. Also included was toughened enforcement of underage sales. Finally, the strategy included "consultation on alcohol pricing and promotion" to see if "pricing and promotion cause people to drink more." [13, p. 7] Once again, this initiative did not focus on the “strong strategies” recommended by public health officials; it only aimed at “discussing” such things as pricing and promotion. Such discussions continue to this day.
As binge drinking continues to be a national problem, Prime Minister David Cameron introduced a more comprehensive approach in February 2012.

Generally, there is bi-partisan agreement that alcohol problems must be curbed. However, there is considerable disagreement about how to accomplish this. The new prime minister has taken the lead by developing a comprehensive 27-page strategy. It cites “cheap alcohol” that is “too readily available” and previous governments’ failure to tackle the problem as reasons for the alcohol epidemic. It aims to:

1. End availability of cheap alcohol and irresponsible promotions by setting a minimum unit price (MUP) and banning multi-buy promotions in stores.
2. Tackle problem premises with more local power and control outlet density. It will increase powers to limit hours and levy a late-night fee for extended hours.
3. Foster stronger industry responsibility via such steps as producing lower strength products, labeling, training, underage drinking prevention and fostering good bar-serving practices.
5. Measures to curb fake and tainted alcohol, including the possibility of licensing wholesalers.

Whether all of these elements will be enacted remains to be seen, and to date, much of the official discussion has focused on MUP. But the Prime Minister is proposing an approach more akin to that recommended by public health authorities. It also should be recognized that when delegating functions to local governments and communities, change takes considerable time to implement.

Is the US moving toward a similar alcohol epidemic?

In the US we have seen some disturbing trends to deregulate alcohol that would increase availability, affordability and decrease emphasis on enforcement. Let’s review the data.

Consumption for adults has edged up to a 25-year high and binge drinking “is a bigger problem than previously thought.”[14]

The Gallup organization has been tracking alcohol consumption for many years. From its July 2010 survey, the percentage of “drinkers” went from 63% in 2008 to 67%. Nevertheless, “Despite some yearly fluctuations, the percentage of Americans who say they drink alcohol has been remarkably stable over Gallup’s 71 years of tracking it. The high point for drinking came in 1976-1978, when 71% said they drank alcohol. The low of 55% was recorded in 1958.”[15]

The Centers for Disease Control and Prevention (CDC) recently reported that 38 million US adults binge drink about 4 times a month and the largest number of drinks per binge is on average 8. Sixteen percent of US adults binge. Rates of binge and heavy drinking are stable, but have not declined.[14]
Consumption rates for youth have declined.

Based on data from the 2011 Monitoring the Future Survey, both alcohol use and heavy drinking among youth are at historic lows. [16] “In general, there has been a long-term decline in alcohol use by teens going back to the 1980s. The early to mid-1990s saw a pause in this decline as their alcohol use rose for several years. However, a sustained further decline resumed in the latter half of the 1990s and continued into 2011 when all grades showed a further drop in all measures of alcohol use. The cause has been attributed to a number of factors, including an increase in the minimum drinking age, campaigns to reduce drunk driving, personal disapproval of heavy drinking, lower availability, zero tolerance laws for drivers under 21, higher beer taxes and restrictions on alcohol promotion to youth. It should be noted that underage drinking rates are still unacceptably high.

Affordability and accessibility increase.

Alcohol is more affordable in stores but less affordable in bars, taverns and restaurants. Data from the Bureau of Labor Statistics revealed that the price for all forms of alcohol for home consumption decreased from 1978 to 2004, but increased for alcohol consumed away from home. [17] While there is no national repository that tracks the number of on- versus off-premise establishments, it seems clear that off-premise outlets have increased. The Walgreens drugstore chain made the decision to sell alcohol nationwide. In Indiana alone, that amounted to an addition 168 off-premise outlets. [18]

While the UK grocery market is hyper-competitive with four large supermarket chains dominating the market, the US is hyper-competitive in a somewhat different way. According to DSR Marketing, supermarkets controlled 58.9% of the grocery market share, while 23.2% went to warehouse clubs and supercenters, 1.7% to discount department stores, 1.5% to drugstores, 1.5% to general merchandise stores and 13.2% to other store types. [19] While Wal-Mart, Kroger and Costco continue to dominate as the top three grocers; many new entrants are scrapping for the profits. These include Target, health/natural food chains, and deep discount chains such as Dollar General and Family Dollar. Chain drug stores have made a concerted effort to add alcohol to thousands of stores across the country in a bid to take market share from convenience stores.

As large-format stores try to provide one-stop shopping, shoppers have changed their habits to shop at several different format stores: traditional grocers, discount retailers and healthy food stores. Profits
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have taken a hit. In 2010 net profit after taxes was .98%! And, they all want to sell alcohol. Alcohol has become a more important commodity for the bottom line. In 2005, alcohol was 3.71% of total sales. By 2010, it had risen to 4.03%. Grocery companies are also clambering for deregulation of alcohol. In Washington State, Costco spent $20 million to pass a ballot measure deregulating wine and spirits. The measure changed 60 pages of regulation most of which were written to favor Costco. Other grocery retailers are joining lawsuits and lobbying legislature to allow all forms of alcohol to be sold in more places whenever the store is open. They also want greater ability to market, promote and advertise.

During the recession, on-premise establishments were hard-hit as people cut their entertainment budgets. Some states have reacted by proposing to extend closing hours in town centers to boost business and tax revenue. Many states have eliminated bans on sale of alcohol on Sundays and holidays and extended closing hours, even while the CDC advised against it. Only Indiana now has a statewide ban on Sunday sales.

Drunk driving rates continue to decline.

Between 1991 and 2010, the rate of drunk driving fatalities per 100,000 population has decreased 44% nationally, and 58% among those under 21.

However, we should recognize that the number of people killed by drunk drivers annually still exceeds the number of service personnel killed in the two recent wars. And, this is an area where we compare poorly against the United Kingdom where deaths due to “road traffic accidents” are much fewer.

Drunk driving fatalities per 100,000 population decreased 48% from 1991 to 2010.

“"The most powerful wine buyer in the world, Costco's lead wine buyer Annette Alvarez-Peters doesn't understand why wine is any different than toilet paper."

"The Costco Craze: Inside the Warehouse Giant," CNBC TV, April 2012
Conclusions:

1. **The US is on a similar path as the UK with affordability, accessibility and marketing on the increase.** These trends are worrisome because research shows they typically increase consumption particularly among price-sensitive youth. These trends are accelerated by government entities which seek additional revenue for budget shortfalls without a full discussion of the costs of increasing alcohol consumption.

2. **Equally troubling is the increasing normalization of alcohol and willingness to ignore alcohol problems.** There is increasing pressure to sell alcohol like any other consumer product at off-premise establishments. Representatives of large grocery chains have expressed a desire to sell it like their other commodities with few restrictions. This is the model currently employed by the United Kingdom.

3. **Deregulation efforts, such as those that occurred in Washington State, can undermine the current system functions of preventing fake/tainted alcohol, efficiently collecting taxes and balancing prices.** The media and the general public have a limited understanding of the complexities of the alcohol regulatory system. Simplistic ideas adopted wholesale will likely have unintended consequences. Any change to such a system should be made carefully with sufficient time to consider the impact on public health and safety as well as all business stakeholders.

4. **Once deregulation occurs, it will take considerable time to revert.** Generally, democracies do not make changes quickly. They allow time for input and deliberation by citizens and stakeholders. Therefore, once a regulation is gone, getting it back may be difficult, impossible or just take a lot of time. The United Kingdom has been working on “re-regulation” for almost a decade. Meanwhile, the harm continues.

5. **We’ve shown some success in reducing problems like underage drinking and drunk driving through focused programs.** However, these problems remain very serious. Drunk driving still kills and injures such large numbers of people that we must not become complacent. Underage drinking has declined but remains at high levels and the character of such drinking is quite dangerous.

6. **Efforts for good serving practices and strict regulations are promising.** Today many programs are designed to prevent on-premise practices that foster intoxication and abusive drinking. Several states have mandatory server training. In contrast, several local governments are considering loosening alcohol regulations to establish entertainment districts. They need to look to the UK as a cautionary tale.

7. **Popularity of high end spirits, wine and craft beer may turn out to foster moderation.** There is some evidence that consumers are increasing their purchase of higher priced products such as craft beer, craft spirits and high-quality wines. With higher prices and an advertising emphasis on taste and quality, this may turn out to be a moderation trend.
Notes:


About the Author

The author of this paper is a former alcohol regulator. From 1996 to 2003, she was the executive director of the Oregon Liquor Control Commission. She left that position to work for Oregon Partnership in the non-profit field of alcohol abuse prevention, specializing in the reduction of underage drinking. As a prevention advocate, she gained an increased appreciation for the value of alcohol regulation and its effectiveness as demonstrated by credible research.

In 2007, she began development of the “Campaign for a Healthy Alcohol Marketplace.” She became concerned that few people really understood alcohol regulatory systems in the United States and how they work to reduce alcohol consumption and attendant problems. She realized that even as a regulator she did not entirely understand many of the complex regulations that govern the alcohol market. The concern was that important regulations could be lost merely out of ignorance. Her aim with the “Campaign for a Healthy Alcohol Marketplace” is to educate those involved with alcohol issues about the important role these regulations play.