



NEWSLETTER

SEPTEMBER 2010

Action Needed from Alcohol Abuse Prevention Advocates!

Our alcohol regulatory systems are starting to break-down. Opponents of alcohol regulation are using the poor economy as a reason to jump-start existing plans to deregulate alcohol and treat it like pencils or chewing gum! The recession has fueled new efforts to reduce regulation, recklessly privatize alcohol regulatory systems and dramatically increase revenue for strapped governments. If these efforts are successful, the progress we have seen with underage drinking, drunk driving and other negative consequences of alcohol misuse will most likely be reversed.

Do not be fooled by claims that we all need to be “business friendly”. In fact, our regulatory systems are “business friendly” because states usually require fair and equal business dealings. For example, many states have a “uniform pricing” regulation that requires wholesalers to offer the same price to all retailers. This levels the playing field so no wholesaler or retailer is able to dominate the market. This prevents cut-throat competition which would foster heavy promotion, volume purchase and extremely cheap prices. While we all like low prices, so do youth which research has shown to be very price sensitive. Our fair pricing system allows a vibrant market where small wineries, craft brewers, independent grocers and small wine shops can be successful along with the large corporate chain retailers.

Do not be swayed by arguments that alcohol should be sold like any other “legal product.” We regulate hundreds, if not thousands, of legal products. How about the automobile which can’t be sold without a long list of specified equipment? How about food products? All of these products must comply with pages of Food and Drug Administration regulations. In fact, it’s hard to think of a product on the market that is completely unregulated.

Do not succumb to the retailers’ demand for greater “customer convenience.” There is no public majority demanding customer convenience because only a small percentage of Americans are frequent customers of alcohol products. According to a Centers for Disease Control survey, 39% of Americans do not drink at all and 12% drink only 1-11 drinks per year. Another 29% drink 3 or less drinks per week. “Greater customer convenience” usually means greater convenience for heavy drinkers, a category that includes underage youth. Privatization is just a way to transfer the profits from these limited drinkers from the state to Fortune 500 companies.

Do not be tempted to support increased revenue by making alcohol more available. By adding a large number of new outlets, you risk increases in consumption and an additional burden on law enforcement. Research shows that social problems, including violence and underage drinking, are connected to the number of alcohol outlets in our communities. (See July 2010 Healthy Alcohol Marketplace Newsletter, www.healthyalcoholmarket.com) When dealing with alcohol, the lowest cost to the consumer is not the lowest cost to society.

Do not think that deregulation arguments are just inter-industry fights. The alcohol regulatory system was not set up to make industry happy; it was created to protect the public. Therefore, any effort to deregulate must first consider the impact on public safety. Our regulatory systems are designed to balance the strong market forces that would promote low prices, high volume consumption and heavy promotion... especially to high drinking populations such as youth and alcoholics. Our systems also foster drinking products of lower alcohol content by making hard liquor, and often strong beer and wine, less available and more tightly controlled. Most states require these products to be sold in a limited number of liquor stores versus widespread availability in grocery stores.

Understand that the supermarket business model relies on high volume, not profit margin to make money.

According to the Food Marketing Institute, “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. Low markup to stimulate high volume is the fundamental principle of mass merchandising...” Using this business model is a recipe for disaster for alcohol problems as it will use low prices to promote high volume sales.

Do not think that regulation doesn't work because a tightly regulated state can have as many problems as a less regulated state. Alcohol abuse is a complex social problem with many causes requiring a comprehensive public policy approach. No set of laws will completely eliminate any social problem. After all, our laws against robbery and burglary have not eliminated these problems...and no one would suggest we eliminate these laws because they haven't. Laws are effective in minimizing problems particularly if they are well enforced. Even then, they can be affected by external forces over which we have little control. Alcohol Abuse is higher in Northern states and Northern European countries. We don't know exactly why. Alcohol consumption is heavily impacted by religion. The influence of the Mormon religion is a likely reason why Utah has the lowest per capita consumption in the United States. We are all affected by national advertising. Certain population segments have much lower drinking patterns. Youth and males drink at higher rates, so a state with a higher percentage of young males may have higher drinking rates. Simplistic comparisons by state are not very helpful in understanding this wide array of factors.

Without the help and support of the prevention, law enforcement and public health communities, we could lose our effective state regulatory systems. Your help and support is urgently needed. Here are some things you can do:

1. Learn as much as you can about your state's regulatory system, including any local control measures.
2. Become active in your community to advocate for science-based, public health and safety measures. If you live in Washington or Virginia, get involved in advocating against current privatization measures.

3. Contact your legislators and indicate your concern that public health and safety be the first priority for alcohol regulation.
4. Help educate legislators about science-based public policies that are effective in alcohol control and provide credible sources for information. One resource is the World Health Organization's, "What are the most effective and cost-effective interventions in alcohol control?" available on their website.
5. Visit the Healthy Alcohol Website periodically to obtain new educational materials as they are developed. Several simple explanatory pieces will be available for the coming legislative sessions in 2011. (www.healthyalcoholmarket.com).