Alcohol etc (Scotland) Bill

Response from Dr Peter Anderson to questions from the Health and Sport Committee

Q1) Why does the report Alcohol in Europe not mention minimum unit pricing?

The Alcohol in Europe report reviewed the available published scientific literature up until and including the beginning of 2006. At that time, there had been no scientific publications on minimum pricing. As we noted in the report, the only related publication was that of Gruenewald et al. As we noted in the report:

“Examining a series of purposeful price adjustments by Systembolaget (the Swedish alcohol monopoly) throughout the years 1984 to 1993, allows the responses of consumers to changes in patterns of prices to be examined (Ponicki et al. 1997; Gruenewald et al. 2000a). Beverages were classified into “low”, “medium” and “high” quality groups by beverage type (beer, wine and spirits, based on 1990 real prices) and the impacts of changes in the real prices of these beverages within quality classes upon consumption within and between quality classes were examined. Increasing the prices within quality classes decreased sales within classes, increased sales in lower quality classes within beverage types, and increased sales in lower quality classes between beverage types. A flat price increase across all beverages led to a 1.7% drop in sales, a price increase that resulted in higher prices for higher quality beverages led to a 2.8% increase in sales, and a price increase that resulted in higher prices for lower quality beverages led to a 4.2% drop in alcohol sales.”

Minimum pricing is one amongst many price measures that effectively increases the price of alcohol. And there is an extraordinarily extensive and consistent literature base which demonstrates that if the price of alcohol increases, alcohol consumption, harmful alcohol consumption, alcohol-related harm due to both intoxication and regular heavy drinking; including alcohol-related mortality comes down. This is consistent with economic theory, is the same for tobacco products and is solid evidence. There is no doubt that introducing a minimum price would reduce the harmful use of alcohol and alcohol-related deaths as suggested by the modelling studies.

Q 2) Page 245 of the report describes feasibility studies and initiatives relating to alcohol “locks”. Do you have any more up-to-date information on this matter?

The most experience with alcohol locks is in Sweden. They can be used as a preventative measure, for example in case of public service and heavy goods vehicle drivers. When used as a measure in the case of identified drink drivers, they work so long as they are fitted to the vehicle; when removed, they do not seem to have much impact in preventing further drinking and
driving. The drink driving measures, for which there is the most evidence for the greatest impact, are those measures which reduce the legal limit for driving, backed up by enforcement, including high profile breathalysers tests. The evidence is that such measures have good public support, which increases following introductions of or changes to the measures.

Q3) Please read the transcript of the evidence session with Dr Petra Meier and make any commentary that you would wish to make.

The Sheffield modelling study for Scotland (similar to the modelling studies for the London Department of Health and NICE) is recognized as an exceptional piece of work from a scientific point of view that is well-based on evidence. Such modelling approaches are common practice in public health and are recognized as robust. I fully agree with Dr. Meier’s responses to the questions posed to her. I will comment on two points.

One of the questioners raised a point about Finland and cross-border trade: ‘In Finland, when high prices were applied to drinks, it was discovered that people actually consumed more, because of cross-border trading with Estonia. All that happened was that the duties were lost. The issue is the overall consumption of alcohol’. This is actually incorrect. What happened, as reported in a 2009 WHO publication was:

‘Finland, which joined the EU in 1995, was allowed to continue to restrict alcohol imports until 2003. After that, alcohol imports were expected to increase heavily, due not only to opening borders but also because neighbouring Estonia, well-known for its low alcohol prices, was scheduled to join the EU in 2004. The Finnish government therefore decided to lower alcohol taxes: on 1 March 2004, the alcohol excise duty rate was reduced by an average of 33% to prevent excessive imports and thereby losses in alcohol tax revenues. The reduction in tax was greatest on distilled spirits (-44%) and more moderate on wines (-10%) and beer (-32%). In 2004, both imports of alcohol from Estonia and retail sales of alcohol in Finland went up. The total consumption of alcohol per capita increased by 10% from 9.4 litres in 2003 to 10.3 litres in 2004, with recorded consumption increasing by 6.5% from 7.7 litres to 8.2 litres per capita, and unrecorded – and thus untaxed – consumption by an estimated 25% from 1.7 litres to 2.1 litres per capita. The recorded consumption of spirits increased by 18%, but the increase in sales did not cancel out the effects of the tax cuts on tax revenues. The impact on health associated with Estonia joining the EU was not statistically significant, but the impact of alcohol tax cuts in March 2004 was significant, resulting in an estimated eight additional alcohol-positive deaths per week, which was a 17% increase compared with the weekly average in 2003. Overall alcohol-related mortality increased by 16% among men and by 31% among women; 82% of the increase was due to chronic causes, particularly liver diseases. The increase in absolute terms was greatest among men aged 55–59 years and women aged 50–54 years. Among people aged 30–59 years, it was greatest among the unemployed or early pensioners and those
with low education, social class or income. Those in employment and those aged over 35 years did not suffer from increased alcohol-related mortality during the two years after the change. In response to the worsening situation, alcohol taxes were raised in Finland at the beginning of 2008 by an average of 11.5%.

The second point is about the industry sponsored CEBR criticism of the Sheffield modelling studies. The CEBR critique contains a fundamental misunderstanding about price responsiveness. The argument put forward is that raising prices may have little impact on alcohol related harm or harmful consumption. This argument fails to take account of the disproportionate share of consumption of hazardous and harmful drinkers. In the UK in 2008, for example, the 24% of hazardous and harmful drinkers accounted for the consumption of over 75% of the alcohol sold. This implies that even small impacts of price on harmful and hazardous drinkers will have a large absolute impact on consumption and alcohol related problems. An argument made in CEBR critiques is that policy changes that increase taxes impact on the welfare of non harmful drinkers. The argument is that consumers will as a result of the price changes loose the welfare they would have gained from the higher consumption they would have had if prices had not risen (the technical name is loss of consumer surplus). This economic argument has some grounds and is true for any legislative policy where changes in behaviour are not undertaken voluntarily. However, the first counter argument that can be made is that even moderate drinking is not completely risk free. Only if consumers are fully aware of all the harms of alcohol and those harms do not impact on third parties (externalities) can the loss of consumer surplus be considered in full. Further, whilst any change in consumption might bring about changes in employment and spending shifts, the overall impact in any country on employment is hard to predict as it depends on the labour intensity and import mix of the different consumer goods. Studies of falls in tobacco consumption suggest that overall the number of jobs in the economy rise in all countries other than a small number of tobacco growing countries. While alcohol production is more spread across the world it has become very capital rather than labour intensive, and analyses have suggested that policy changes in Europe would have no impact in the long run on jobs, although there might be some short term readjustments. The ethical and economic arguments for public health policies like alcohol revolve around the public good and the compensation moderate drinkers may enjoy from the drop in third party alcohol related harm such a pricing policy may bring. So if public drunkenness, alcohol related violence and accidents reduce there are gains to moderate drinkers as there are if alcohol related public expenditure on health care, criminal justice costs etc reduce. If as well as such individualistic arguments there is some public ethos (caring externalities) that the state does have a stewardship role in individual behaviour there could be gains even if the impact of the policy was only on improving the quality and quantity of life of the hazardous and harmful drinker.
Some conclusions

What is perhaps a straightforward issue seems to have been muddled by some of the muddled comments and questions.

The first question that the Scottish parliament has to decide is, does it take on a role of stewardship or not. The concept of stewardship implies that liberal states have a duty to look after the important needs of people both individually and collectively. The stewardship-guided state recognizes that a primary asset of a nation is its health: higher levels of health are associated with greater overall well-being and productivity.

If the answer to the first question is yes, then the second question is, what can the Scottish Parliament do about this that is evidence-based and likely to be impactful. The extensive and available evidence shows that the most cost-effective of all alcohol policy options is to increase the price of alcohol. Since Scotland is unable to raise taxes on alcohol, then introducing a minimum price is the best policy option. A minimum price is estimated to reduce deaths, crime and unemployment.

If the answer to the first question is no, and the Scottish Parliament does not introduce a minimum price, then it has to accept the consequences of its inaction: more Scottish deaths, more crime and more unemployment.

Dr. Peter Anderson, MD, PhD, FRCP, MPH
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