State Control of Alcohol: Protecting the Public's Health

ALCOHOL JUSTICE
The Industry Watchdog

When the 21st Amendment repealed national prohibition in 1933, states became responsible for regulating alcoholic beverages. While many states decided to license private businesses to sell alcohol, 18 states chose to control alcohol sales themselves. The goal was to provide a legal way for people to obtain alcohol, but also encourage moderate consumption by reducing economic incentives for maximum sales.[1]

States that currently have monopolies over control either beer, wine, or spirits (or some combination) are: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. In addition, Montgomery County, Maryland controls spirits, beer, and wine (the only jurisdiction that controls all three).

Benefits of State Monopolies

- Residents of control states consume 14% less spirits and 7% less total alcohol than residents of license states.[2]
- States with spirits retail monopolies have a lower prevalence of drinking and binge drinking among people between 12 and 25 years old.[3]
- Compared to states that license private sellers of alcohol, states with retail monopolies over wine and spirits have:
  - 14.5% fewer high school students reported drinking alcohol in the last 30 days;
  - 16.7% fewer high school students reported binge drinking in the last 30 days;
  - A death rate for people under age 21 killed by alcohol-impaired driving that is 9.3% lower.[4]
- As many as 45 deaths per year could be prevented by state monopolies over alcohol sales.
- Monopolies of both wine and spirits sales reduced consumption more than monopolies control over spirits alone.[4]
- When a beer sales monopoly was re-instated in Sweden, alcoholism, alcohol psychosis, and intoxication decreased by more than 20% among people 10-19 years old and by more than 5% among people older than 40. Motor vehicle crashes decreased by 14% in most age categories, and suicides decreased by more than 11% among people 10-19 and older than 40.[5]
- Control states programs provide millions of dollars in annual revenue for state services and programs.[6]

Effects of Privatizing Alcohol Sales

- Consumption of alcohol is higher in privatized jurisdictions.[7] Increased per capita consumption is a well-established proxy for excessive consumption and related harm.[8]
- A comprehensive review and analysis by the U.S. Task Force on Community Preventive Services found that privatization leads to higher alcohol outlet density,[9] greater physical availability, and a decline in the real price of alcohol.[10]
- A review of 17 studies found that after privatization, alcohol sales increased by an average of 42%.[9]

continued on page 2

- This review also found dramatic increases in outlet density in eight U.S. states and two Canadian provinces after retail monopolies were eliminated. Specifically, Alabama, Idaho, Iowa, Maine, Montana, New Hampshire, Washington, West Virginia, Quebec, and Alberta all saw outlet density increase after privatization.[9]

- After private retail licenses were introduced to British Columbia in 2002, the number of private alcohol retailers rose by 33% over six years.[11]

- Increasing privatization of liquor stores in British Columbia between 2003 and 2008 is associated with increasing per capita alcohol sales.[11]

- The number of non-government liquor stores in British Columbia increased by 40.3% between 2003 and 2008, while the number of state stores decreased by 10.4%.[12]

- A study of potential consequences associated with privatization in Sweden found that with privatization, alcohol consumption would likely increase between 17-37% and result in:
  - 770 to 2,000 more fatalities
  - 8,500 to 20,000 more assaults
  - 2,700 to 6,600 more drunk driving offenses per year.[13]

- Privatization also results in increased alcohol marketing, extended days and hours of sale.[14]

Bottom Line: The majority (71%) of Americans believe alcohol is different than other consumer products and requires state regulation.[15] Maintaining state control of alcohol sales helps lower alcohol outlet density, overall consumption, underage drinking, and deaths from drunk driving. A state considering privatization of its alcohol system must seriously consider the increased consumption and alcohol-related harm that will likely follow.

References

1. National Alcoholic Beverage Control Association. Historical Overview. Available at: http://www.nabca.org/About/Overview.aspx. Accessed January 25, 2010.

2. National Alcohol Beverage Control Association. The Effects of Privatization of Alcohol Control Systems. 2009.

3. Nelson, J. How similar are youth and adult alcohol behaviors? Panel results for excise taxes and outlet density. *Atlantic Economic Journal*. 2008;36:89-104. Summary accessed via An Annotated Bibliography and Review.

4. Miller T, Snowden C, Birckmayer J, Hendrie D. Retail alcohol monopolies, underage drinking, and youth impaired driving deaths. *Accident Anal Prev.* 2006;38(6):1162-1167.

5. Ramstedt, Mats. The repeal of medium-strength beer in grocery stores in Sweden – the impact on alcohol-related hospitalizations in different age groups. *The Effects of Nordic Alcohol Policies: What happens to drinking and harm when alcohol controls change?* Edited by Robin Room. Helsinki: Nordic Council for Alcohol and Drug Research. 2002:69-78. Available at: http://www.nordicwelfare.org/filearchive/8/87237/42publikation.pdf. Accessed January 21, 2010.

6. Alcohol Justice (formerly Marin Institute). Control State Politics: Big Alcohol's Attempt to Dismantle Regulation State by State. September 2010.

7. Holder, Herald. The state monopoly as a public policy approach to consumption and alcohol problems: a review of research evidence. *Contemporary Drug Problems*. Summer 2003:293-322.

8. The Task Force on Community Preventive Services. Preventing excessive alcohol consumption: Privatization of retail alcohol sales. 2011. Available at: http://www.thecommunityguide.org/alcohol/RRprivatization.html. Accessed June 21, 2011.

9. Campbell CA, Hahn RA, Elder R, et al, Task Force on Community Preventive Services. The effectiveness of limiting alcohol outlet density as a means of reducing excessive alcohol consumption and alcohol-related harms. *Am J Prev Med*. 2009;37(6):556-9.

10. Her M, Giesbrecht N, Room R, Rehm J. Privatizing alcohol sales and alcohol consumption: evidence and implications. *Addiction*. 1999;8:1125-1139.

11. Stockwell T, Zhao J, Macdonald S, Pakula B, Gruenwalk P, Holder H. Changes in per capita alcohol sales during the partial privatization of British Columbia's retail alcohol monopoly 2003-2008: a multi-level local area analysis. *Addiction*. 2009:33.

continued on page 3

12. Stockwell T, Zhao J, Macdonald S, et al. Impact on alcohol-related mortality of a rapid rise in the density of private liquor outlets in British Columbia: a local area multi-level analysis. *Addiction*. 2011;106(4):768-776.

13. Norström T., Miller T., Holder H., Österberg E., Ramstedt M., Rossow I., Stockwell T. Potential consequences of replacing a retail alcohol monopoly with a private license system: Results from Sweden. *Addiction*. 2010;105.

14. Fitzgerald JL, Mulford HA. Consequences of increasing alcohol availability: the Iowa experience revisited. *Brit J Addict.* 1992;87:267.

15. Center for Alcohol Policy. National survey finds broad support for alcohol regulations to keep the public safe. 2011. Available at: http://www.centerforalcoholpolicy.org/2011/03/24. Accessed June 14, 2011.