Community Preventive Services Task Force

Preventing Excessive Alcohol Consumption: Privatization of Retail Alcohol Sales

Task Force Finding and Rationale Statement

Intervention Definition

The *privatization* of retail alcohol sales is the repeal of government (i.e., nation, state, county, city, or other geo-political unit) control over the retail sales of one or more types of alcoholic beverages, thus allowing commercial retailing of those beverages. States with government control of alcohol sales are referred to as *control* states, and states with privatized sale are referred to as *license* states. The privatization of retail alcohol sales generally applies only to *off-premises* alcohol outlets--retail locations, such as liquor stores, where alcoholic beverages are sold for consumption elsewhere. Privatization does not generally affect the retail sales of alcoholic beverages at *on-premises* alcohol outlets--locations such as bars and restaurants, where alcoholic beverages are sold for consumption on-site. *Re-monopolization* of retail alcohol sales is the re-establishment of government control over the retail sale of one or more types of alcoholic beverage.

Task Force Finding (March 2011)

Based on its charge to identify effective disease and injury prevention measures, the Community Preventive Services Task Force recommends against the further privatization of alcohol sales in settings with current government control of retail sales. This finding is based on strong evidence that privatization results in increased per capita alcohol consumption, a well-established proxy for excessive consumption and related harms.

Rationale

The Task Force finding includes evidence from 18 studies. Seventeen of these studies assessed the impact of privatizing alcohol sales on per capita consumption of the privatized beverage. Nine of the 17 studies also examined the effects of privatization on per capita consumption of alcoholic beverages that were not privatized. Following privatization, consumption of privatized beverages within the jurisdiction that underwent privatization increased substantially (median relative increase of 44.4%; interquartile interval [IQI]: 4.5% to 122.5%), and there was little effect on per capita consumption of nonprivatized beverages within jurisdictions that underwent privatization (median decrease of 2.2%; IQI: -6.6% to -0.1%), resulting in substantial net increases in per capita alcohol consumption. Most of the reviewed studies assessed the effect of privatization on per capita alcohol consumption as indicated by alcohol sales or tax data. One study (in Finland) found that the increases in consumption occurred among drinkers at all consumption levels. The 18th study, conducted in Sweden, found that re-monopolizing the sale of medium-strength beer was associated with a general reduction in alcohol-related harms.

According to the Single Distribution Theory, patterns, or distributions of alcohol consumption are similar across many societies, such that most people drink a small or moderate amount and some people drink a large amount. Because of this pattern, when per capita--or average--consumption changes in a society, consumption changes across the board, but mostly among those who drink excessively. There is extensive evidence supporting the Single Distribution Theory, which allows the inference made in this review that when privatization results in substantial per capita increases in consumption, there are at the same time substantial increases in excessive consumption. One study in the body of evidence on privatization exemplifies the single distribution theory: a cohort study in Finland found that, following the privatization of medium-strength beer, there were increases in alcohol consumption at all levels, including excessive consumption.

Only two studies in the body of evidence on privatization assessed the effects of privatization on alcohol-related harms (i.e., cirrhosis mortality and motor vehicle fatalities). However, these studies had several methodological limitations (e.g., poor exposure measurement, short follow-up time, and weak proxy outcome measures) and yielded mixed, statistically non-significant results. The only available study of re-monopolization assessed the effects of this policy change on medium-strength beer consumption in Sweden and found decreases (most statistically non-significant) in rates of hospitalization for a variety of alcohol-related harms.

Most of the evidence regarding the effects of privatization is from Canada and multiple U.S. states. Although the specifics of privatization differ across U.S. states, consistent results across locations indicate that these findings are likely to apply broadly to U.S. control states.

The privatization of retail alcohol sales may lead to an increase in per capita alcohol consumption by several means. Privatization commonly results in increases in the number of off-premises outlets and of days and hours of sale, all of which have been shown in previous Community Guide reviews to lead to increases in excessive alcohol consumption and related harms. Increased alcohol outlet density is also associated with increases in social harms, including interpersonal violence and vandalism. Privatization may be associated with increased alcohol advertising, increases in the number of brands sold, and more lax enforcement of sales regulations, including enforcement of the minimum legal drinking age. In contrast, privatization also has generally been associated with an increase in the price of privatized beverages, which may be expected to lead to a decrease in consumption.

Barriers to maintaining government control of retail alcohol sales include commercial interests, consumer interest in greater choice and greater convenience with privatization, and the perception by governments that they may benefit economically from privatization (e.g., through sale of licenses), at least in the short term. One peer-reviewed study evaluating the economic effects of this intervention in Canada concluded that the healthcare and law enforcement costs and costs of lost productivity due to disability and premature mortality outweigh the potential gains in tax and mark-up revenues from the privatization of alcohol sales. However, no specific information on potential revenue gains from privatization was provided.

In the United States, as of 2010, two states (Utah and Pennsylvania) and Montgomery County, Maryland retained exclusive government control over off-premises wine retail sales. Those states and eleven others (Alabama, Idaho, Maine, Montana, New Hampshire, North Carolina, Ohio, Oregon, Vermont, Virginia, and Washington) and Montgomery County, Maryland retain exclusive government control of off-premises retail sales of distilled spirits.

This Task Force finding is based solely on evidence related to the public health consequences of privatization, which may be one of several factors considered in making decisions on whether to privatize retail alcohol sales. The maintenance of government control of off-premises sale of alcoholic beverages is one of many effective strategies to prevent or reduce excessive consumption which is one of the leading causes of preventable death and disability.

Publications

Hahn RA, Middleton JC, Elder R, Brewer R, Fielding J, Naimi TS, Toomey TL, Chattopadhyay S, Lawrence B, Campbell CA, Community Preventive Services Task Force. Effects of alcohol retail privatization on excessive alcohol consumption and related harms: a Community Guide systematic review. *Am J Prev Med* 2012;42(4):418-27.

Community Preventive Services Task Force. Recommendations on privatization of alcohol retail sales and prevention of excessive alcohol consumption and related harms. *Am J Prev Med* 2012;42(4):428-9.

Cook PJ. Alcohol retail privatization: a commentary. *Am J Prev Med* 2012;42(4):430-2.

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