

## About the Institute of Alcohol Studies

The Institute of Alcohol Studies (IAS) is an independent institute bringing together evidence, policy and practice from home and abroad to promote an informed debate on alcohol's impact on society. Our purpose is to advance the use of the best available evidence in public policy decisions on alcohol.

## Consultation Response

- 1 We welcome the opportunity to participate in the Health, Social Care and Sport Committee's consultation on the Public Health (Minimum Price for Alcohol) (Wales) Bill. At the outset, we would like to endorse the measures and objectives of the Bill, and to emphasise that minimum unit pricing is an effective, evidence-based, targeted and proportionate way to improve the health and well-being of the Welsh people.
- 2 The Explanatory Memorandum accompanying the Bill is a thorough and well-researched piece of work, which clearly lays out the case for minimum unit pricing (MUP). We believe that it persuasively demonstrates:
  - Alcohol harm carries a vast toll in Wales
  - The wealth of academic research shows that raising the price of alcohol reduces consumption, which, in turn, leads to lower rates of harm
  - The evidence, both from the actual experience of minimum pricing in Canada and modelling of the effects of the policy in Wales, strongly suggests that MUP would save lives and reduce illness
  - MUP would reduce health inequality, as poorer groups would benefit most
  - Alcohol taxes would have to be raised dramatically to achieve equivalent health benefits to MUP, and would do so in a less targeted way
- 3 It is not our intention here merely to repeat the evidence and arguments of the Memorandum. Instead, we wish to use this opportunity to do two things. First, we wish to address some of the objections to MUP raised in the Memorandum. Second, we would like to draw your attention to evidence on certain issues omitted by the Memorandum, but which may be of interest to the inquiry.

### *Countering challenges to MUP*

- 4 To reiterate, the Memorandum arrays a large number of arguments and pieces of evidence in support of MUP. However, the memorandum cites some challenges to the policy that are not fully dismissed. We believe it would be helpful to explore these to demonstrate the strength of the evidence in favour, as opposed to against, MUP.

### *Challenge 1: Altering prices has a limited/weak effect on harmful consumption*

- 5 The first challenge to MUP cited in the memorandum is that certain studies suggest that altering prices may have limited or only weak effect on consumption, particularly among harmful drinkers.

- 6 The Memorandum rightly acknowledges that the vast bulk of academic research indicates that higher alcohol prices are associated with lower consumption and harm. However, it references three studies which call this consensus into question.
- 7 It is notable that all three of these studies were funded by the International Alliance for Responsible Drinking (previously the International Center for Alcohol Policies), a group with financial ties to the alcohol industry. Such studies are widely treated with suspicion, since industry-funded research has often been found to favour commercial interests, through a mix of deliberate and unconscious bias.<sup>1</sup> Moreover, studies from this research program have been accused of selective use of evidence, and reinterpretation of results to underestimate the impact of price on consumption.<sup>2</sup>
- 8 Even taken at face value, the studies referenced do not significantly undermine the case for MUP. For example, the Memorandum discusses Nelson & McNall's review of the impact of tax reductions in five countries, suggesting that "not all research shows this direct link between price and consumption".<sup>3</sup> Yet these Nelson & McNall are very different to MUP. Whereas MUP involves price increases, the study looks only at decreases. Especially at high levels of consumption ('saturation'), it is possible that drinkers are less likely to consume more in response to lower prices than they are to cut back in response to higher prices.<sup>4</sup>
- 9 The Memorandum also claims that there is "some disagreement over the extent to which harmful and hazardous drinkers are responsive to increases in the price of alcohol". This is correct, not least because of the difficulty of researching such groups.<sup>5</sup> Yet even if heavy drinkers are *less* price sensitive, MUP will still be effective so long as it achieves *some* reduction, which most analyses suggest is likely.<sup>6</sup> The fact that increasing alcohol prices has been consistently found to be associated with lower alcohol-related mortality, morbidity and crime is a further reason to believe that it must affect the most harmful drinkers.<sup>7</sup>
- 10 Moreover, much of the evidence of the consumption patterns of heavier drinkers comes from more modest changes than the introduction of MUP. In many cases, it is plausible that heavy drinkers may respond to an increase in prices by 'trading down' to cheaper products. However, as the Memorandum notes, under MUP there would be far less scope to do this, since the cheapest products would be far more expensive.
- 11 There is strong suggestive evidence from research with harmful and dependent drinkers, in the UK and abroad, that they would in fact reduce their consumption in response to a substantial increase in prices. For example, Chick & Gill's interviews with patients receiving

<sup>1</sup> Babor, T. & Robaina, K. (2013), Public Health, Academic Medicine, and the Alcohol Industry's Corporate Social Responsibility Activities, *American Journal of Public Health* 103, pp. 206–14

<sup>2</sup> Ludbrook, A. et al (2014), Gender differences in alcohol demand: a systematic review of the role of prices and taxes. Comment on conclusions by Nelson. *Health Economics* 23, pp1281-3.

<sup>3</sup> Nelson, J.P. & McNall, A.D. (2017), What happens to drinking when alcohol policy changes? A review of five natural experiments for alcohol taxes, prices, and availability, *The European Journal of Health Economics* 18:4, pp417-34.

<sup>4</sup> Ibid.

<sup>5</sup> Nelson, J.P. (2013), Does Heavy Drinking by Adults Respond to Higher Alcohol Prices and Taxes? A Survey and Assessment, *Economic Analysis & Policy* 43:3, pp265-91.

<sup>6</sup> Wagenaar, AC et al, op. cit.

<sup>7</sup> Ludbrook, A. et al, op. cit.

treatment for alcohol-related conditions in Glasgow and Edinburgh revealed that some had previously cut down in response to a fall in income, while others had traded down to cheaper drinks (which of course would be less possible under MUP).<sup>8</sup> Similarly, a study of New Zealand drinkers in treatment found that 25% reported ‘going without’ alcohol when they were unable to afford any more – again, the authors note that this would likely be higher if there were less scope to trade down to cheaper products.<sup>9</sup> These findings were replicated in a Canadian study, which found 80% of homeless drinkers have gone without alcohol when unable to afford it.<sup>10</sup>

### *Challenge 2: MUP will lead to illicit consumption and/or crime*

12 The second challenge to MUP referenced in the Memorandum is the possibility that MUP would lead to an increase in illicit alcohol consumption or crime. Again, interviews with harmful and dependent drinkers suggest that such fears are likely overstated. Chick & Gill found widespread suspicion of products of unclear provenance. As one participant put it: “I’m scared of what I put in my body. I know if it’s on sale in a supermarket, then it’s relatively safe. I wouldn’t know what I’d be buying, and I wouldn’t know what was in it, and that would scare me”.<sup>11</sup> The aforementioned studies in New Zealand and Canada also found that non-beverage alcohol use was very uncommon when heavy drinkers were unable to afford alcohol, as were reports of crime to support drinking.<sup>12</sup> Crucially, the evidence from Canada suggests that any such substitution – if it did occur – would be more than offset by the benefits to those who lower their drinking, since overall the number of deaths decline.<sup>13</sup>

### *Additional Evidence in Support of MUP*

13 While it is entirely appropriate that the Memorandum has focused on the health arguments for MUP, we would like to take this opportunity to draw your attention to the growing evidence of the wider harmful effects of cheap alcohol, so as to demonstrate the full range of potential benefits to the well-being of the Welsh people from the policy.

14 First, we would like to point out that there is widespread public support for MUP. According to the Alcohol Health Alliance’s most recent polling, 51% of Welsh residents support the policy, with only 15% opposed (the rest were neutral).<sup>14</sup>

15 Second, we would like to emphasise the potential economic benefits of reducing harmful alcohol consumption. As the Memorandum notes, alcohol negatively affects the economy in a number of ways, including absenteeism through sickness, lower productivity at work, higher unemployment. Of these, absenteeism alone is estimated to cost the Welsh economy £290m over 20 years.<sup>15</sup> Perhaps the most significant economic consequence is premature death:

<sup>8</sup> Chick, J. & Gill, J. (2015), *Alcohol pricing and purchasing among heavy drinkers in Edinburgh and Glasgow*. London: Alcohol Research UK.

<sup>9</sup> Falkner, C. et al (2016), The effect of alcohol price on dependent drinkers’ alcohol consumption, *New Zealand Medical Journal* 128: 1427, pp9-17.

<sup>10</sup> Stockwell, T. et al (2012), Working and waiting: Homeless drinkers responses to less affordable alcohol, *Drug & Alcohol Review* 31, pp823-4.

<sup>11</sup> Chick, J. & Gill, J., op. cit.

<sup>12</sup> Falkner et al, op. cit.; Stockwell et al, op. cit.

<sup>13</sup> Stockwell, T. & Thomas, G. (2013), *Is alcohol too cheap in the UK? The case for setting a Minimum Unit price for alcohol*. London: Institute of Alcohol Studies.

<sup>14</sup> Alcohol Health Alliance opinion Polling 2017. Conducted August 2017 on a nationally representative sample of 110 respondents

<sup>15</sup> Meng, Y. et al (2014), Model-based appraisal of minimum unit pricing for alcohol in Wales. An adaptation of the Sheffield Alcohol Policy model version 3. Cardiff: Welsh Government.

Public Health England estimates that in England 167,000 years of working life are lost each year due to drinking – 16% of the overall total.<sup>16</sup> The burden in Wales is likely to be similar. Despite concerns that reducing alcohol consumption negatively affects industry, econometric analysis has shown that higher alcohol taxes are in fact associated with faster income growth.<sup>17</sup>

16 A common misconception regarding MUP is the concern that it would negatively affect pubs. In fact, almost all pub prices are well in excess of proposed minimum prices – for example, a 50p MUP would require a typical pint of beer to be sold for no less than £1. Less than 1% of pub sales would be affected by MUP.<sup>18</sup> On the contrary, MUP would have greatest impact on the cheap supermarket alcohol that is widely held to be the greatest threat to the survival of pubs. When we surveyed publicans earlier this year, we found that they favoured MUP by a ratio of 2:1, 41% in favour, 22% against.<sup>19</sup>

17 A further, often neglected consequence of cheap alcohol is its impact on emergency services – although the Memorandum describes the impact of alcohol on hospitalisations on page 30. When we investigated the issue in 2015, we found that over half of police time is spent dealing with alcohol-related incidents and that fear and harassment were rife.<sup>20</sup> For example, 76% of police and 50% of ambulance staff had been injured by a drunken member of public; and 52% of ambulance staff had suffered sexual harassment or assault. There was a sense that these services were at breaking point, and MUP was often mentioned as part of the solution. As one police constable put it, “Alcohol price needs to be regulated to be price per unit across the board it would lead to less people drinking at home. At present alcohol is so cheap in supermarkets it is causing a real big issue”.

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<sup>16</sup> Burton, R. et al (2016), The Public Health Burden of Alcohol and the Effectiveness and Cost-Effectiveness of Alcohol Control Policies: An evidence review. London: Public Health England.

<sup>17</sup> Cesur, R. & Kelly, I. R. (2014), Who pays the bar tab? Beer consumption and economic growth in the United States, *Economic Inquiry* 52:1, pp477-94.

<sup>18</sup> Meng, Y. et al (2013), Modelled income group-specific impacts of alcohol minimum unit pricing in England 2014/15: Policy appraisals using new developments to the Sheffield Alcohol Policy Model (v2.5). Sheffield: ScHARR, University of Sheffield.

<sup>19</sup> Bhattacharya, A. (2017), *Pubs Quizzed: What publicans think about policy, public health and the changing trade*. London: Institute of Alcohol Studies.

<sup>20</sup> Institute of Alcohol Studies (2015), Alcohol's impact on emergency services. London: Institute of Alcohol Studies.