

Recommendations on Privatization of Alcohol Retail Sales and Prevention of Excessive Alcohol Consumption and Related Harms

Community Preventive Services Task Force

Summary: The Community Preventive Services Task Force recommends *against* privatization of alcohol retail sales in settings with current government control of retail sales, based on strong evidence that privatization results in increased per capita consumption of alcoholic beverages, a well-established proxy for excessive consumption and related harms.

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The *privatization* of retail sale of alcoholic beverages is the repeal of government (i.e., nation, state, county, city, or other geopolitical unit) control of off-premises wholesale or retail sales of one or more types of alcoholic beverages, enabling 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. *Off-premises* alcohol outlets (e.g., liquor stores) are places where alcoholic beverages are sold for consumption elsewhere, in contrast to *on-premises* alcohol outlets (e.g., bars, restaurants), where alcoholic beverages are sold for consumption on site. *Re-monopolization* of retail sale of alcoholic beverages is the re-establishment of government control over retail sales of one or more types of alcoholic beverages.

The effects of privatization on excessive alcohol consumption in the U.S. were recently examined by the Community Preventive Services Task Force (Task Force). To date, the Task Force has issued eight recommendations to reduce excessive alcohol use (www.thecommunityguide.org/alcohol/index.html) and nine recommendations to reduce alcohol-impaired driving (www.thecommunityguide.org/mvoi/AID/index.html). In this article, new findings are presented on the effects of privatization. The systematic review on which these findings are based¹ explored effective ways to prevent excessive alcohol consumption and related harms by regulating access to alcohol.

The Task Force, an independent, nonfederal group, continues to develop, expand, and update the *Guide to Community Preventive Services (Community Guide)* with

the support of DHHS in collaboration with public and private partners. The CDC provides staff to support the Task Force, but the recommendations presented here were developed by the Task Force and are not necessarily the recommendation of the CDC, DHHS, or collaborating agencies or partners. Specific methods for and results of the review of evidence on which this recommendation is based are provided in the accompanying article.¹ Methods for conducting systematic evidence reviews and translating the evidence on effectiveness into recommendations for the *Community Guide* have been previously published.²

Intervention Findings and Recommendation

The Task Force concludes on the basis of strong evidence of effectiveness that privatization results in increases in excessive alcohol consumption and related harms. Evidence for effects of privatization on excessive alcohol consumption and related harms derives from 17 studies of changes in per capita alcohol consumption of the privatized beverage following privatization, including one cohort study of privatization (in Finland). A study of re-monopolization (in Sweden) is analyzed separately.

In addition to assessment of effects of privatization on the privatized beverage, 9 of these studies also examined effects of privatization on changes in per capita consumption of alcoholic beverages that were not privatized. Studies consistently indicate a substantial increase in consumption of privatized beverages (median relative increase of 44.4%; interquartile interval [IQI]= 4.5%, 122.5%) and negligible effects on concurrent sale of non-privatized beverages (median decrease of 2.2%; IQI= –6.6%, –0.1%), resulting in large net increases in per cap-

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ita alcohol consumption. The study of re-monopolization found decreases in rates of hospitalization for a variety of alcohol-related harms.

Privatization of retail sale of alcoholic beverages commonly results in an increase in the number of off-premises outlets, increased advertising, and more days and/or hours of sale. Increases in numbers of outlets and days and hours of sale have been shown in previous *Community Guide* reviews^{3–5} to lead to increases in excessive alcohol consumption and related harms. Privatization may also be associated with more lax enforcement of sales regulations and changes in the price of alcoholic beverages—generally, but not always, an increase in average price, but also an increased range of brands that may include more low-priced alcohol products.

Therefore, the Task Force recommends *against* privatization of alcohol retail sales in settings with current government control of retail sales, based on strong evidence that privatization results in increased per capita consumption of alcoholic beverages, a well-established proxy for excessive consumption and related harms.

Interpreting and Using the Recommendation and Findings

Barriers to maintaining government control of retail alcohol sales include commercial interests, consumer perception of greater choice and greater convenience with privatization, and perception by governments that they may benefit economically from privatization. The systematic review found no peer-reviewed studies evaluating economic effects of this intervention, including both its potential costs and benefits.

Government control over retail alcohol sales generally results in lower alcohol outlet density. In addition to potential public health benefits, lower outlet density may improve quality of life by reducing property damage and public disturbance (e.g., public intoxication). Studies reviewed did not assess these effects. The review team did

not postulate any serious harms associated with maintenance of government control over retail alcohol sales. One economic study in Canada used simulation modeling and concluded that healthcare and law enforcement costs, and costs of lost productivity due to disability and premature mortality, were substantially greater than the tax and mark-up revenue gained from increased sales associated with privatization.

The 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. 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 a leading cause of preventable death and disability.

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