

GENERAL POLICY # 3

Increase Prices and Reduce the Availability and Use of Alcohol and Tobacco

Policies that reduce young people's access to alcohol and tobacco can reduce crime, violence, injuries, and death. There are several effective strategies for achieving this. First and foremost, increasing alcohol and tobacco taxes is a straightforward way to lower consumption of both products among young people. The tax rate must be based on empirical facts, be kept as simple as possible, and be enforceable. In some places, smaller units are produced (such as 5 or 10 cigarettes per package in the case of tobacco) to reduce the effects of price increase. These practices should be prohibited. Second, policy makers can intervene by enforcing sales restrictions, including controls on hours of operation, density, and location of sales outlets. Imposing a minimum age for purchasing tobacco and alcohol can also be effective, but sometimes difficult to monitor and enforce. A partial solution is to limit the licensing only to large stores (such as supermarkets), which are more likely to comply with the restrictions, and to avoid licensing of small kiosks and shops to sell these products. Finally, prohibitions on using alcohol at community and sporting events or in public areas, such as parks and streets, are other restrictions that can be introduced.

A key factor in the success of the restrictive approach is the credible threat of sanctions. Ensuring that merchants in violation of regulations receive appropriate sanctions can reduce future violations. These sanctions can include both administrative and criminal penalties (on the individual salesperson and the retail establishment). The most effective sanctions include progressive penalties, which can include warnings, fines, firing of individuals, closing establishments, and imprisonment of violators. Tax increases and sales restrictions should be implemented at the same time to have the maximum possible impact on youth alcohol and tobacco consumption.

How Does Increasing Prices and Reducing the Availability of Alcohol and Tobacco Prevent Risky Youth Behavior?

Alcohol has consistently been identified as a contributing factor to a host of negative outcomes including the three leading causes of death for young people in the world—homicide, suicide, and motor vehicle crashes. In addition to precipitating crime, violence, and injury, alcohol use is linked to depression, poor academic performance, the acquisition of STIs, and gang involvement, among others. Similarly, the negative effects of tobacco use include general health problems and, more importantly, a propensity to experiment with illegal drugs. For young people, whose brains are still developing, the danger involved in abusing either substance is of particular concern. As a result, policies that limit young people's access to alcohol and tobacco can have a positive impact on their behavior and outcomes.

One of the most important policy determinants of young people's smoking and alcohol use is price. Young people, and particularly poor young people, typically have very little money to spend. Consequently, prices have a disproportionately strong impact on their consumption decisions compared with adults. Even more significant, economically disadvantaged people who are inherently more prone to engage in risky behavior are even more sensitive to price. Thus, as cigarette prices increase, young people are less likely to take up smoking, and those who have begun smoking are more likely to quit. The same is true for alcohol consumption. Importantly, research has shown that alcohol tax increases have a bigger impact on heavy drinking among teenagers than occasional drinking, which is a positive outcome as heavy drinking is more closely linked to violent and other risky behavior. In addition, the increased revenue from higher alcohol and tobacco price increases can be invested in enforcing the sales restrictions as well as other alcohol and tobacco

prevention strategies (such as treatment centers, public health campaigns, and/or restricting the advertising and promotion of such products to youth).

Research Findings: Providing the Evidence Base

There are two main ways to curb the consumption of tobacco and alcohol among young people—price increases and sales restrictions. Here are some examples of the effectiveness of each method.

Price Increases. International evidence verifies the impact of alcohol and tobacco prices on risky behavior among young people. In the United States, it was estimated that a 10 percent increase on the tax for alcohol-containing beverages in 1995 reduced binge drinking episodes among youth by 8 percent per month.¹ While price changes explained most of the observed increases and decreases of binge drinking patterns for high school seniors between 1975 and 2003, a 10 percent alcohol tax also is believed to have reduced homicides and other violent crimes among American college students by four percent.² Other studies from the United States estimated that a 10 percent increase in alcohol prices reduced youth fatality rates by as much as 17 percent³ and that a beer tax increase of \$0.20 per six-pack reduced gonorrhea rates by 8.9 percent and syphilis rates by 32.7 percent.⁴ In Australia's Northern Territory, increases in alcohol taxes and tax coverage in 1992 resulted in a 22 percent reduction in per capita consumption, as well as significant reductions in hazardous drinking patterns, illnesses, and deaths among young people.⁵ Malaysia and the Philippines have had similar experiences.⁶ Regarding tobacco prices, studies have shown that a 10 percent tax on a pack of cigarettes decreases demand by about 4 percent in the United States and between 6 and 10 percent in China.⁷ Analysis of tax increases on tobacco in Canada, South Africa, the United Kingdom, and a number of other countries also verifies that increasing taxes can reduce youth consumption.⁸

Sales Restrictions. A number of countries have successfully affected youth behavior by restricting alcohol sales. In Diadema, a violent suburb of São Paulo, Brazil, a municipal law forced bars to close at 11 p.m., and violators became subject to progressive penalties (from warnings to fines to license revocation). While controversial at first, the alcohol restrictions now enjoy widespread public support and are credited with having brought about a 55 percent reduction in homicides and a 26 percent reduction in violence against women.⁹ In Cali, Colombia, a semi-dry law in the mid-1990s closed bars and nightclubs at 1 a.m. on weekdays and at 2 a.m. on Fridays and Saturdays. An evaluation of this policy showed that homicide rates declined by 30 percent over a six-year period.¹⁰ Across Scandinavia, sizeable reductions in hazardous alcohol consumption and alcohol-related traffic fatalities resulted after retail outlets were prohibited from selling alcohol for one day during the weekend.¹¹ An indigenous community in Australia achieved long-term reductions in a wide range of alcohol-related problems when the local Aboriginal Council limited sales of alcohol on Thursday paydays.¹² Other studies in locales and populations as diverse as Greenland, Micronesia, and the former Soviet Union have demonstrated the dramatic reductions in mortality, injuries, and crime that can be achieved when alcohol becomes less available in a society.¹³

Moving Forward: Factors for Success

- ***Increased taxes and sales restrictions must be implemented jointly*** to maximize impact.
- ***The optimal level at which to set alcohol and tobacco taxes must be based on empirical facts*** and will widely differ from country to country.
- ***Alcohol taxes must be kept as simple as possible*** to make them efficient and effective to administer (specific rates defined in terms of alcoholic content and adjusted periodically for inflation are considered best practice from many international economic studies).
- ***Regulation and taxation are complementary***, and more efforts should be made to enforce regulations that aim to reduce the social costs of alcohol and tobacco consumption.
- ***Sales restriction laws must be bolstered by strong enforcement and credible sanctions*** (administrative and criminal) on consumers, salespeople, and retail establishments.

- ***Policy makers should consider using a percentage of increased tax revenues to train and increase the number of enforcement bodies***, especially during the early phases of tax increases and/or sales restrictions.
- ***An alcohol and tobacco surveillance system will be an important tool for monitoring the impact of alcohol and tobacco policies*** (including the frequency of youth crime, violence, and injury related to alcohol use; consumption sales and trends among young people; and the effectiveness of sanctions on violating merchants). Data from the system can also be used to make any necessary policy changes during the implementation of the intervention.

Endnotes

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Key Implementation Considerations	
Anticipated Outcomes	<ul style="list-style-type: none"> • Reductions in alcohol-related youth crime, violence, injury, and death
Secondary Effects	<ul style="list-style-type: none"> • Fewer suicides • Better academic performance among youth at risk • Enhanced productive human capital • Lower health system costs • Lower judicial system and rehabilitation costs
Responsible Agency/ Sector	Ministries of Health, Justice, or Finance; law enforcement agencies
Targeted Risk Group	Types I and II
Targeted Age Group	12–24
Cost Elements	According to the World Health Organization, the estimated per capita cost of implementing tax increases and restrictive sales enforcement, in addition to alcohol and tobacco advertising bans, is between US\$0.05 and US\$0.50.
Necessary Initial Conditions	<ul style="list-style-type: none"> • Institutional tax collecting capabilities • Enforcement bodies • Legislative support
Specific Examples	<ul style="list-style-type: none"> • Australia, Malaysia, the Philippines, and the United States: Price increases for alcohol • Canada, China, South Africa, the United Kingdom, and the United States: Price increases for tobacco • Australia, Brazil, Colombia, former Soviet Union, Greenland, Micronesia, and Scandinavia: Sales restrictions
Level of Effectiveness (Strong Evidence or Emerging Evidence)	<ul style="list-style-type: none"> • Price increases—Strong evidence • Sales restrictions—Strong evidence
Issues to Consider for Replication and Sustainability	<ul style="list-style-type: none"> • Careful analysis is needed to impose appropriate alcohol and tobacco tax rates. • Sales restrictions are only as good as the ability to enforce sanctions. • Reducing the consumption of alcohol and tobacco can have unintended consequences (such as encouraging home-brewed alcohol or solvent use). • Tax increases can have a regressive impact on incidence if they are accompanied by a rise in the already high level of unrecorded (and therefore untaxed) consumption.