State Control of Alcohol: Protecting the Public's Health

When the 21st Amendment repealed national prohibition in 1933, states became responsible for regulating alcoholic beverages.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 with state monopolies. (Here, a "monopoly" just means that alcohol is under state control.) 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 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 has a monopoly over spirits, beer, and wine (the only jurisdiction that controls all three).

Benefits of state monopolies

- States with spirits retail monopolies have a lower prevalence of drinking and binge drinking among people between 12 and 25 years old.[2]
- Compared to states that license private sellers of alcohol, states with retail monopolies over wine and spirits have:
  - 14.5% fewer high school students reporting drinking alcohol in the last 30 days;
  - 16.7% fewer high school students reporting 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.[3]
- As many as 45 deaths per year could be prevented by state monopolies over alcohol sales.
- Monopolies of both wine and spirits sales reduce consumption more than monopolies over spirits alone.[4]
- When a beer sales monopoly was reinstated 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 ages 10-19 and older than 40.[5]

Effects of privatizing alcohol sales

- Consumption of alcohol is higher in privatized jurisdictions.[6]
- A comprehensive review and analysis by the U.S. Task Force on Preventive Medicine found that privatization leads to higher alcohol outlet density,[7] greater physical availability, and a decline in the real price of alcohol.[8]

continued on page 2

- The task force review of 17 studies found that after privatization, alcohol sales increased by an average of 42%.[9]

- 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.[10]

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

- Privatization results in increased alcohol marketing and extended days and hours of sale.[12]

Bottom Line: Maintaining state monopolies over alcohol sales helps lower alcohol outlet density, overall consumption, underage drinking, and deaths from drunk driving. A state considering changing its monopoly system to a privatized one must seriously consider the increased consumption and alcohol-related harm that will likely follow.

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