

Alcohol Taxation

Health Secretary Patricia Hewitt's comments in support of increasing alcohol taxation were warmly welcomed by doctors and public health specialists, who have long argued that price should be used as a lever to reduce consumption. This briefing looks at the arguments for and against raising taxation and asks whether the Treasury is likely to be influenced, whatever the evidence base.

What did Patricia Hewitt say?

In an interview with a children's newspaper, the Health Secretary said she had written to the Chancellor asking him to increase tax on alcohol in next year's budget. Though she did not go into detail about her proposal, she told the newspaper, she believed tax should be increased, especially on products like alcopops, to dissuade young people from drinking so much.

Anything surprising here?

Yes in short. Though it may seem like common sense, the Government to date has steadfastly refused to employ tax as a weapon to tackle alcohol-related harm. The Alcohol Harm Reduction Strategy states that while there is a "clear association" between price and availability, the "drivers of consumption are much more complex than merely price and availability". It continues that using price as a lever to reduce consumption "risked major unintended side effects", and suggested it would not have public support as the majority of people drink sensibly most of the time.

What's the case in favour of raising taxation?

A raft of reports by scientists and public health specialists have called for tax to be used as lever to drive down consumption. Their basic point is that alcohol has become increasingly affordable in recent decades - over the past 30 years, the price of alcohol has halved in relation to income - at a time when there has been a dramatic increase in drinking levels. While the low cost of alcohol is not the only factor pushing consumption levels upwards, they say it is a key factor, and that increasing the price will have the opposite effect.

Supporters of taxation argue there is a very strong relationship between the price of alcohol and consumption, and that any price increase will be matched by a corresponding decrease in drinking levels. Hence, an overall price rise of 10 per cent would result in a drop in consumption of 10 per cent. Different products and punters will respond differently. Beer is considered less responsive to price than spirits or wine, and drink at the higher end of the market is much less responsive than cheaper brands. People buying drink in supermarkets and off-licences are also more likely to be influenced by price than those in pubs and restaurants. But



BRIEFING

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complexities aside, experts say increasing tax will have the desired effect on consumption patterns, including among young people and heavy drinkers.

There is also an increasing amount of work being done on the relationship between price and levels of alcohol-related harm, such as alcohol-related deaths, incidents of violence and public disorder, drink drive accidents and levels of sexually transmitted infections. Again, many are concluding that there is a direct co-relation. For example, writing in the *Lancet* last year, a team of international scientists concluded that increasing the price of alcohol by 10 per cent, would result in a 7 per cent drop in the number of men, and 8 per cent drop in the number of women, who die every year from liver cirrhosis.

What do opponents say?

The most vociferous opponents of a tax hike are the drinks industry, who point out that tax is already high in the

UK. They also rely rather heavily on the case of Sweden to counter the argument that taxation is an effective tool to combat alcohol misuse. In Sweden, misuse remains high, despite considerable Government intervention, including on taxation, to curb drinking.

What's the Government's position?

The Government's own interim analytical report to the Harm Reduction Strategy made the case for raising taxation, when it concluded that there was "a close link between affordability and consumption". However, then as now, it seems intent on ignoring the advice, happy to use alcohol tax as a way of raising revenue rather than achieving broader health goals. Unlike with the previous Conservative Government, tax has not been linked with health objectives under Labour, and anonymous briefings from the Treasury, after Patricia Hewitt's interview was made public, suggest this will not change. The message was simple: taxation is a matter for the chancellor; alcohol misuse is Patricia Hewitt's department.

What part does the EU have to play in all this?

Quite a big one potentially. At the time of writing, a ruling was expected from the European Court of Justice on whether alcohol can be delivered from other EU countries to British homes free from UK excise duty. If, as expected, the court rules that people can buy cheap drink from abroad by mail order or over the internet, there will not be a lot the Government can do to stop people buying even cheaper drink. That is something neither the Treasury, alcohol industry or health specialists want.