

*European alcohol policy conference
Barcelona, 3-5 April 2008*

Alcohol, economics and public health

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Context

Research reports

- Comparative Risk Assessment project (WHO, 2002)
- *Alcohol in post-war Europe* - European Comparative Alcohol Study (Norstrom, 2002)
- *Alcohol – no ordinary commodity* (Babor et al, 2003)
- *Alcohol in Europe* (Anderson and Baumberg, 2006)

Policy developments

- European Alcohol Action Plan (WHO Regional Office for Europe, 2000)
- Public-health problems caused by harmful use of alcohol (WHA Resolution 58.26, 2005)
- WHO Framework for Alcohol Policy in the European Region (WHO, 2005)
- European Union Alcohol Harm Reduction Strategy (EC, 2006)
- Strategies to reduce the harmful use of alcohol (Recommendation EB122.R2, 2008)



WHO Executive Board recommendation to the World Health Assembly (Jan 2008)

Strategies to reduce the harmful use of alcohol

URGES Member States:

- (1) to collaborate with the Secretariat in developing a draft **global strategy on harmful use of alcohol based on all evidence and best practices**, in order to support and complement public health policies in Member States, with special emphasis on an integrated approach to protect at-risk populations, young people and those affected by harmful drinking of others;
- (2) to develop, in interaction with relevant stakeholders, **national systems for monitoring alcohol consumption, its health and social consequences and the policy responses**, and to report regularly to WHO's regional and global information systems;
- (3) to consider **strengthening national responses**, as appropriate and where necessary, to public health problems caused by harmful use of alcohol, **on the basis of evidence on effectiveness and cost-effectiveness of strategies and interventions** to reduce alcohol-related harm generated in different contexts.



Outline

A. Alcohol-related harm - the size of the problem:

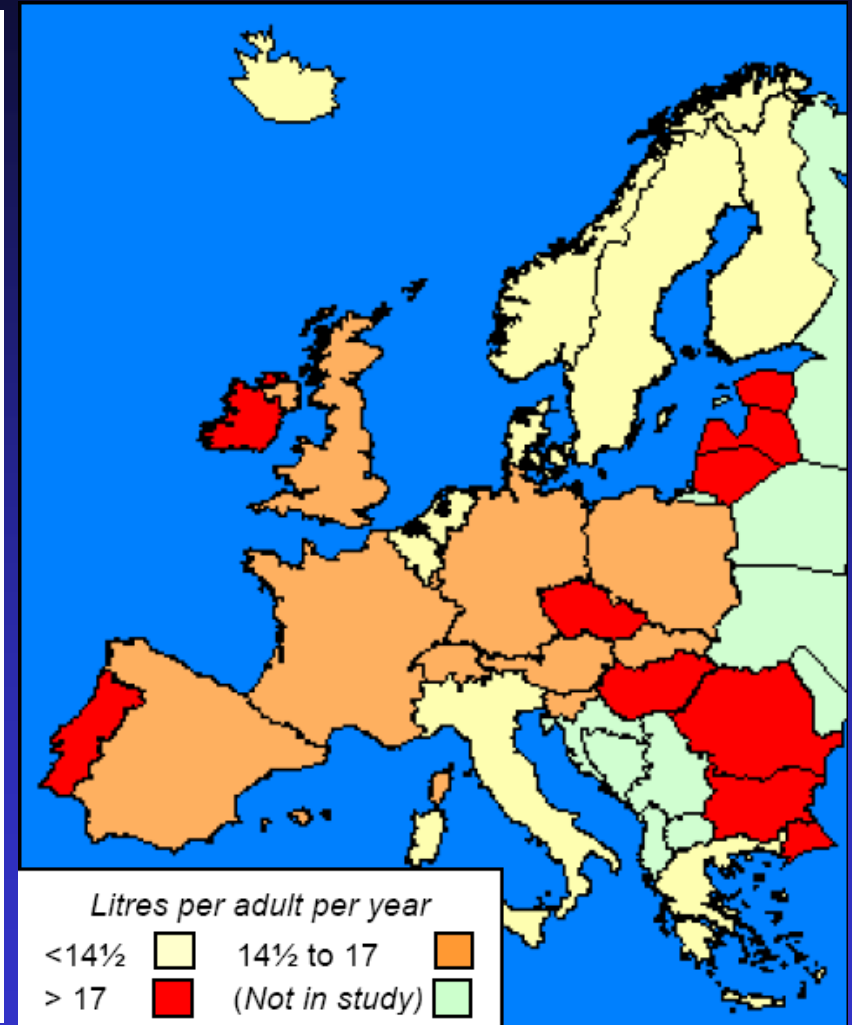
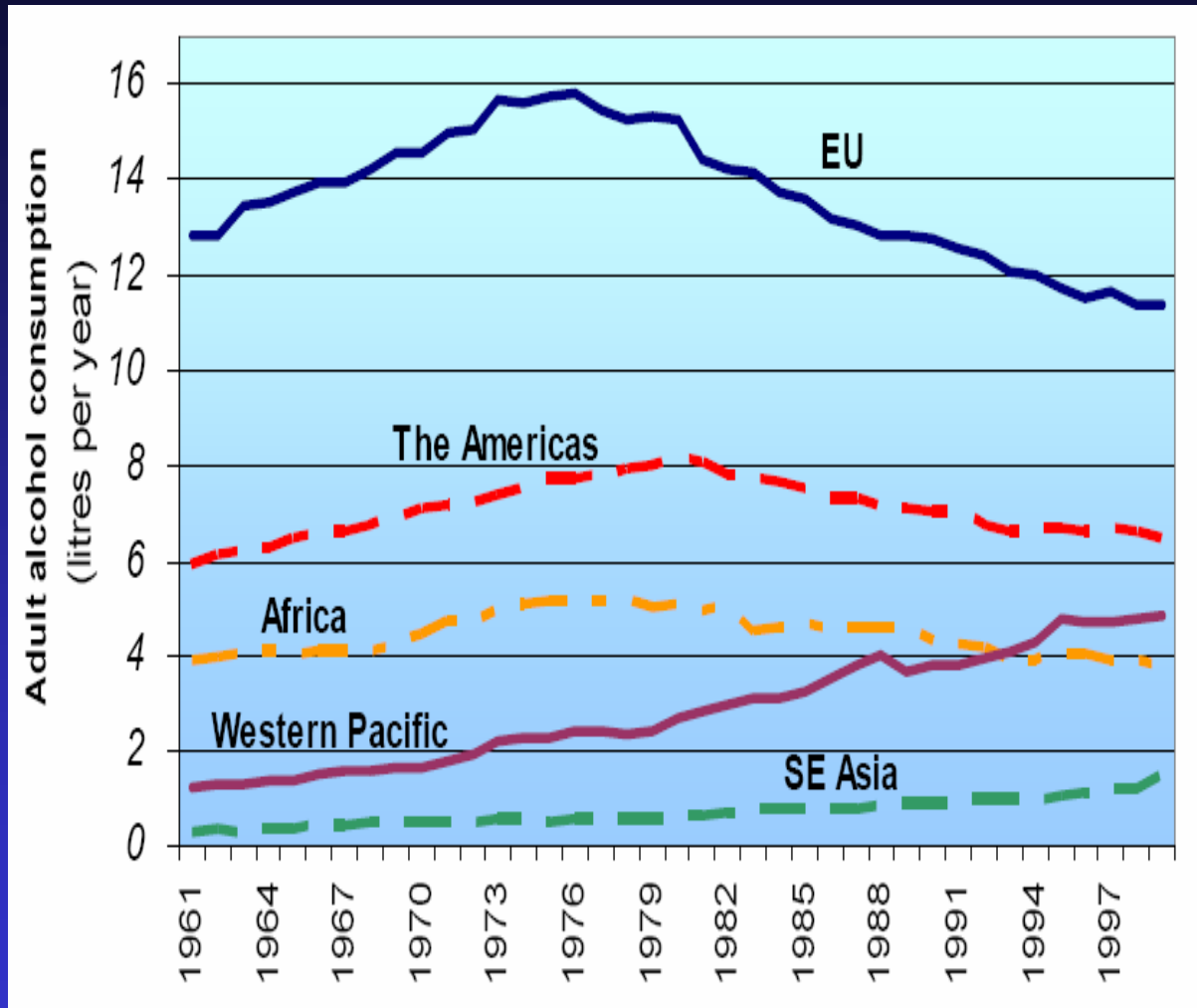
- Current / future trends in consumption & burden of disease
- The costs and benefits of consuming alcohol
- Economic consequences of alcohol-related harm

B. Alcohol-related harm - countering the problem:

- The economic rationale for government action
- Policy options - what works best?
- Economic evaluation of interventions - what is most efficient?



Current trends in consumption & disease burden

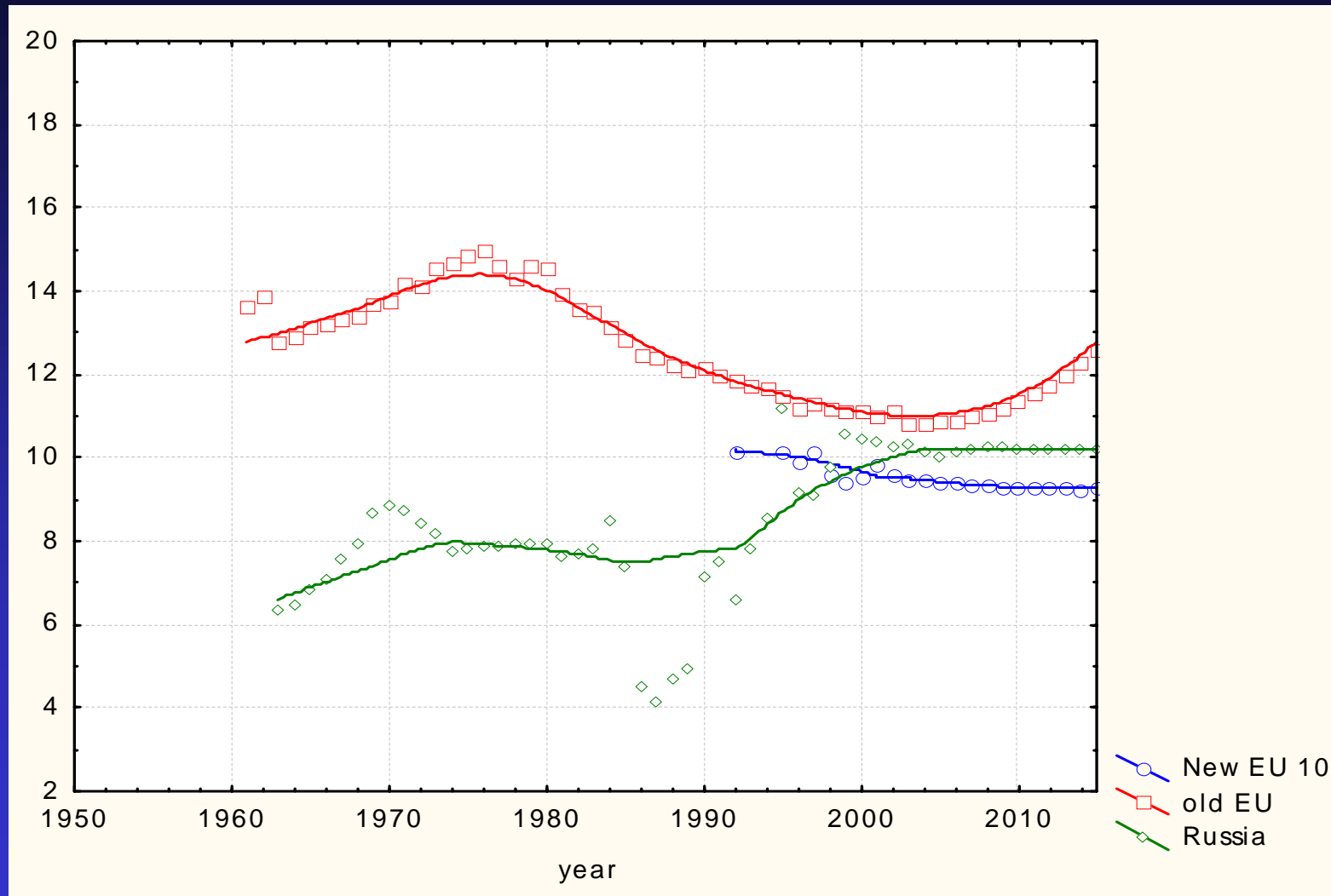


Source: Anderson & Baumberg (2006). Alcohol in Europe.

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Adult per capita consumption in Europe - past, present & future



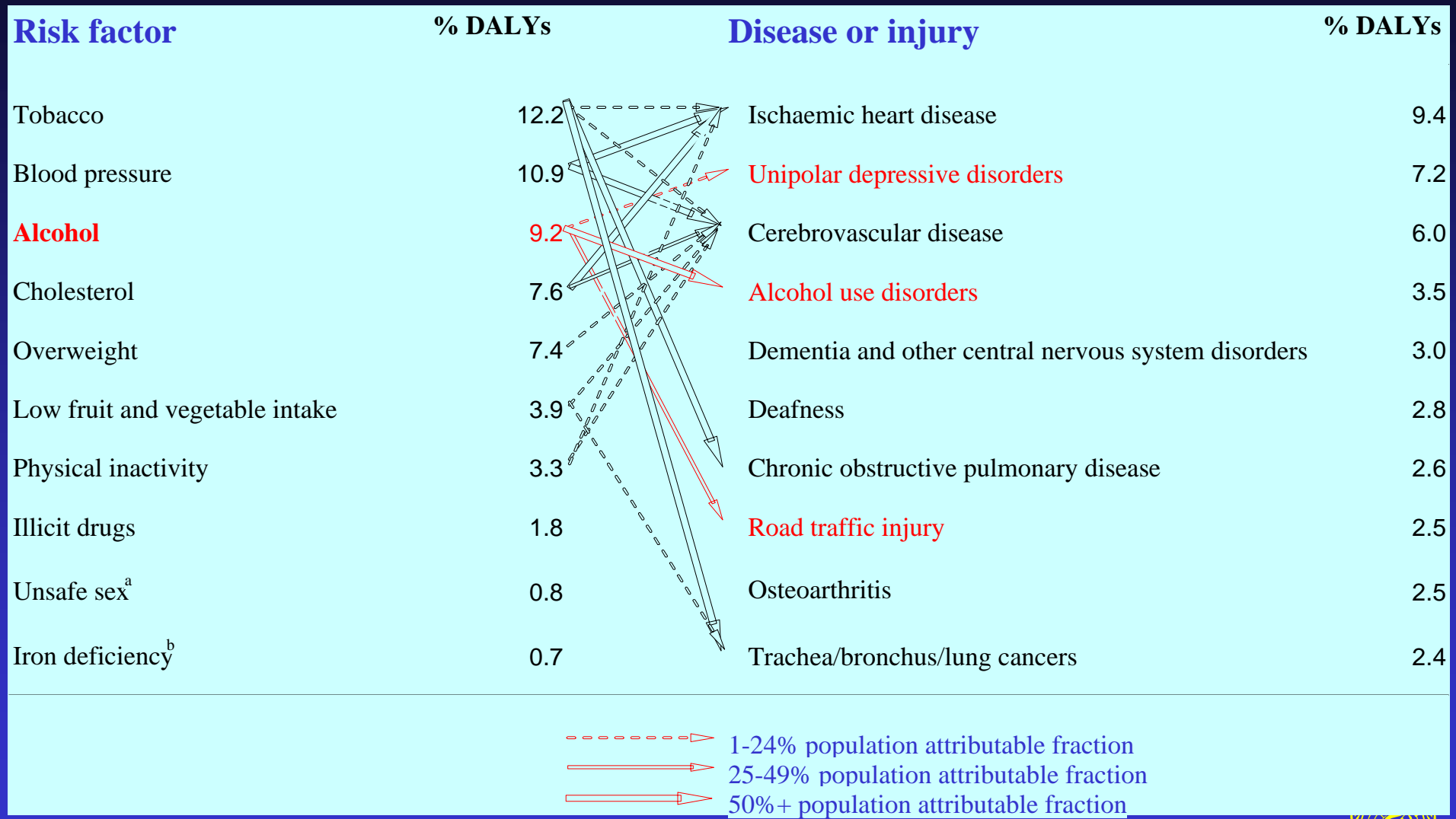
Source: Rehm, personal communication

World Health Organization



Burden of Disease in Europe

(measured in % of total lost years of healthy life)



Source: Comparative Risk Assessment project (WHO, 2002)

World Health Organization



Alcohol – 'no ordinary commodity'

Advertising bans

Alco-pops

'Happy hours'

Free trade

Lost productivity

Sin taxes

Personal choice

'Utility' (pleasure)

Liver cyrhosis

Drink-driving

Social

Industrial
production

Binge-drinking

'lubrication'

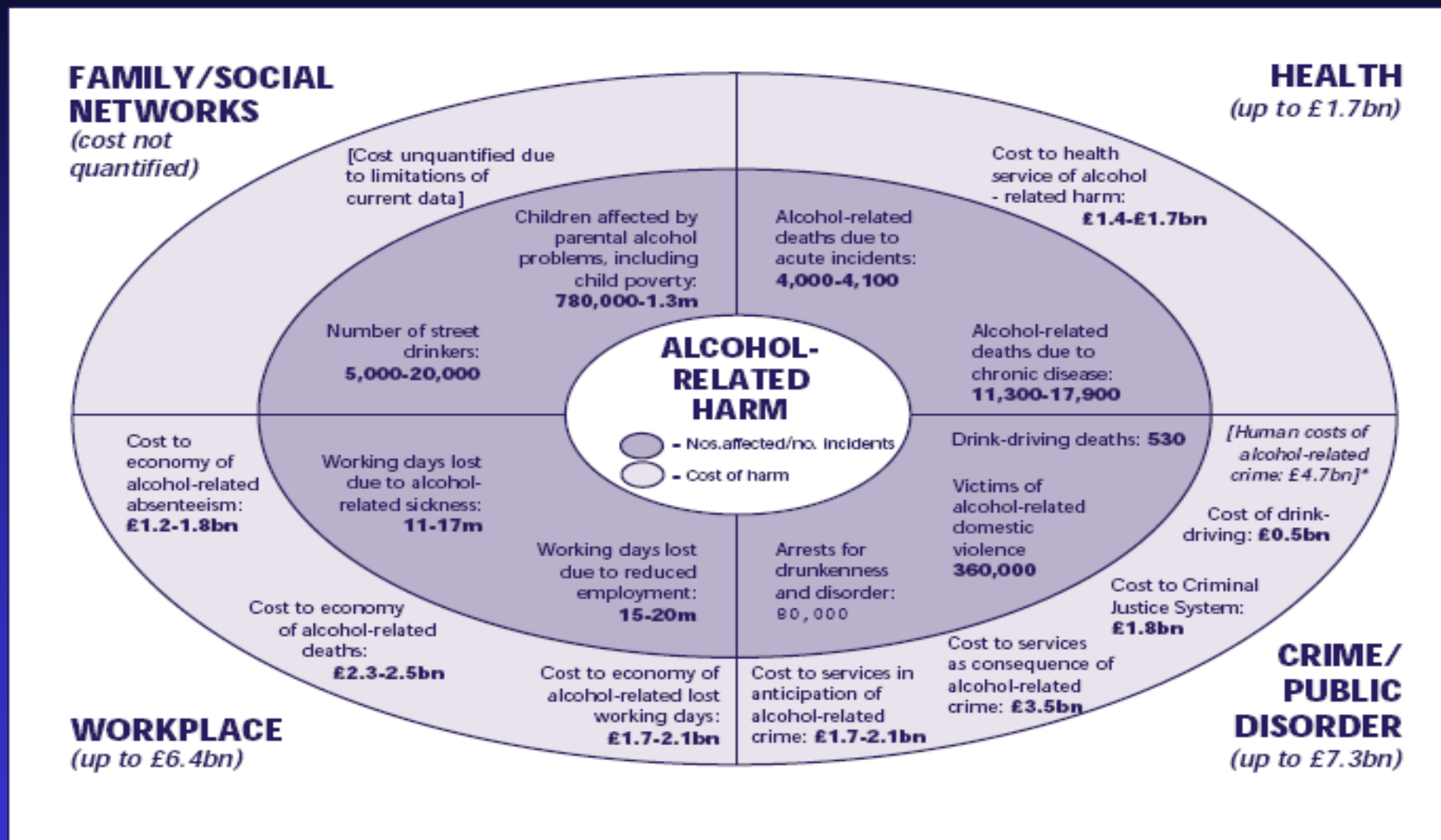


The costs and benefits of consuming alcohol

Type	<i>Benefits</i>	<i>Costs</i>
<i>Private</i>	'Utility' / pleasure Health benefits	Expenditure Morbidity & mortality
<i>External</i>	Social networks	Criminal damage Violence Reduced productivity Health system costs



The costs of alcohol-related harm in the UK (£18-20 billion)

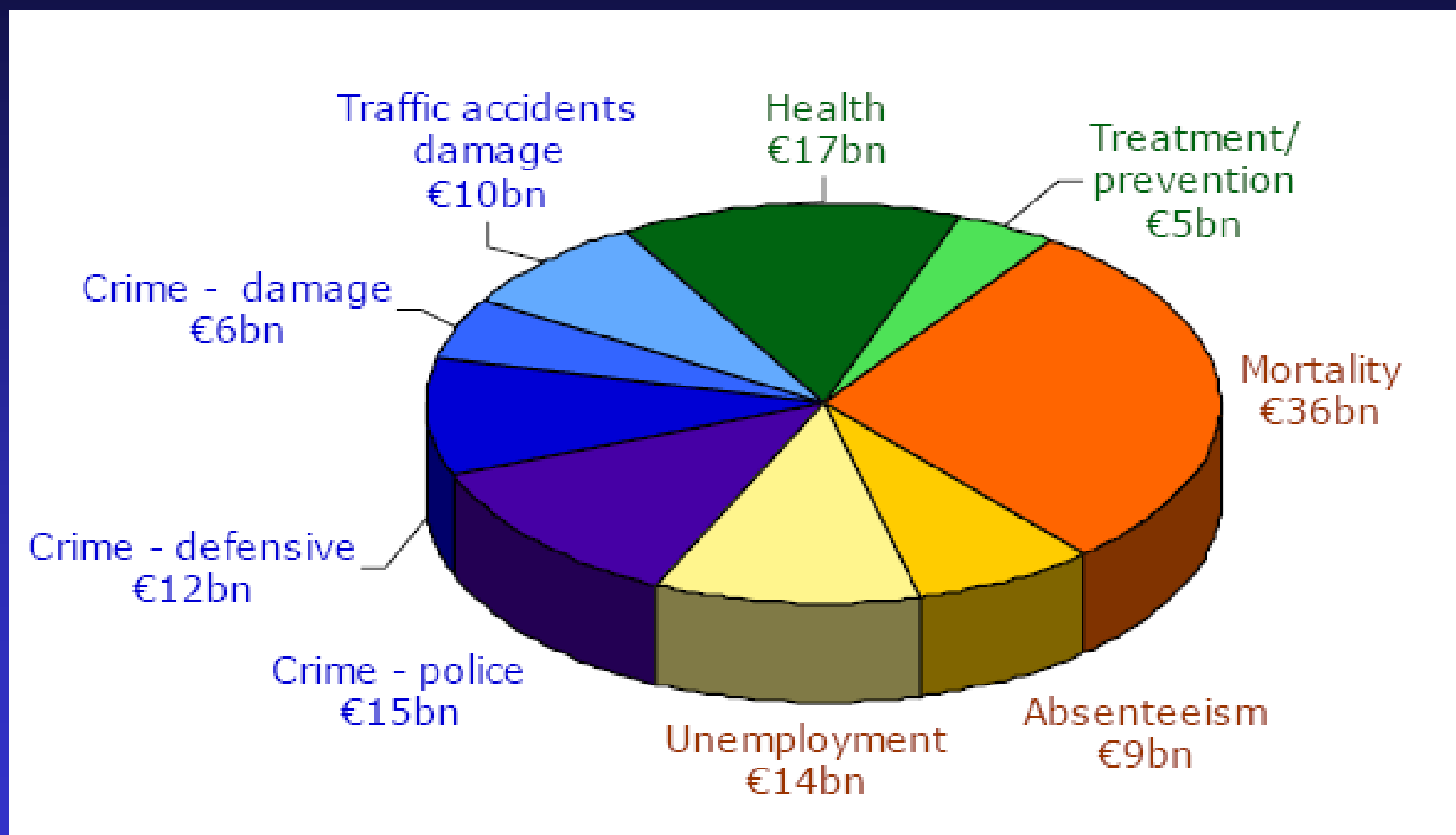


Source: UK Cabinet Office (2003)

World Health Organization



Economic consequences of alcohol-related harm: economic losses to the EU, 2003 (Euros 125 billion)



Source: Anderson & Baumberg (2006). Alcohol in Europe.

World Health Organization

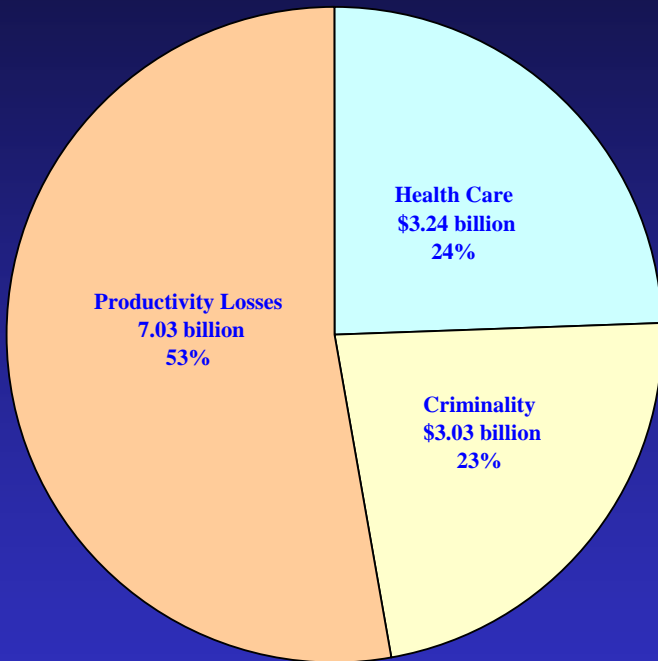


Attributable versus avoidable burden of alcohol-related harm

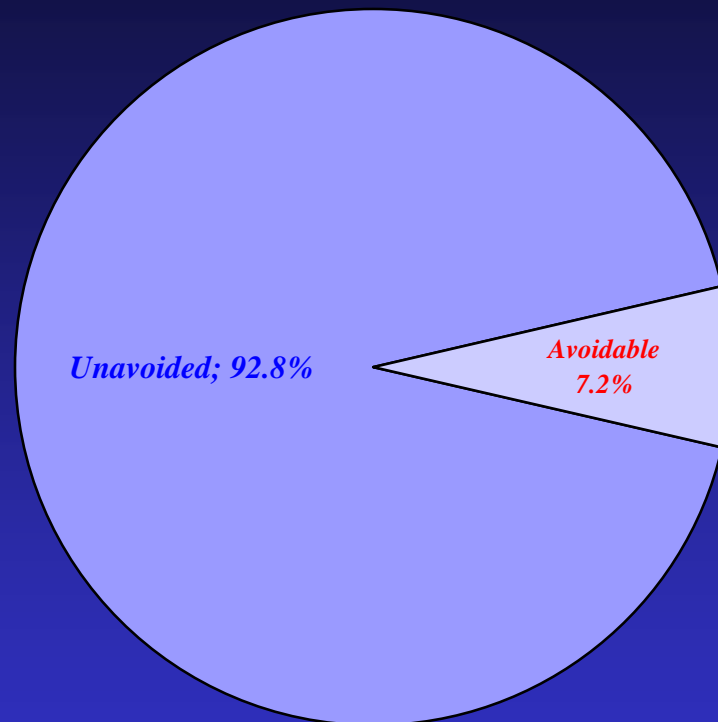
- **Attributable burden** - current burden due to past exposure
- **Avoidable burden** - future burden avoidable if current and future exposure levels are reduced (by effective intervention)
 - Health benefits: reduced deaths, ill-health, injuries
 - Economic benefits: reduced health costs, increased production, etc



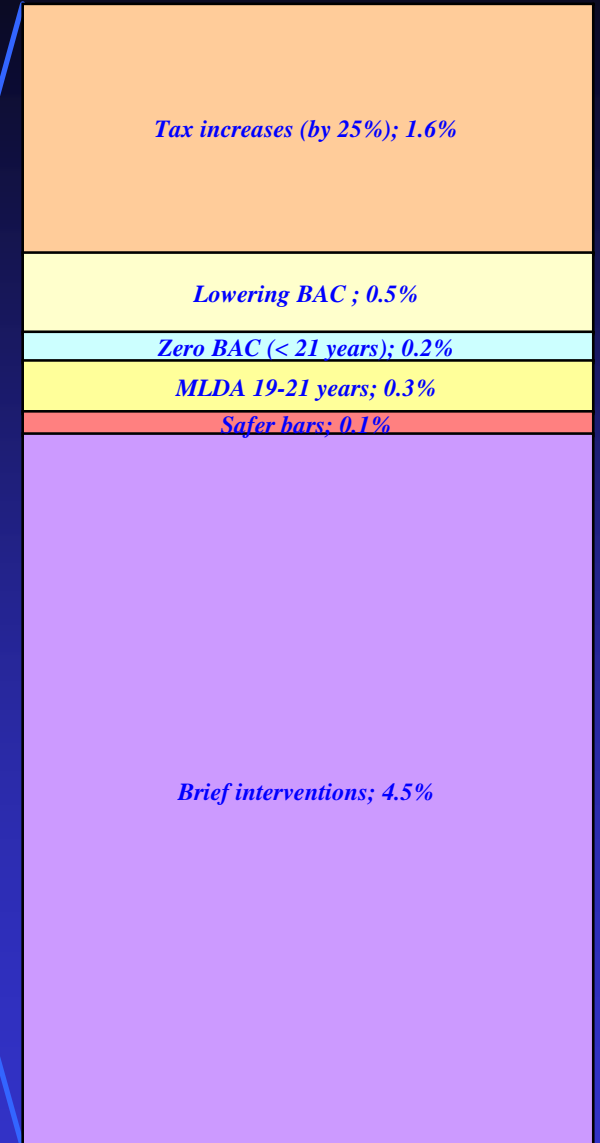
Economic benefits of reduced alcohol-related harm (Canada, 2002)



Total social cost
(\$13.5 billion)



Total avoidable cost
(~\$1 billion)



Source: Rehm et al (2006, 2008)

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- Policy options - what works best?
- Economic evaluation of interventions - what is most efficient?
- Information gaps and implementation challenges



Economic rationale for intervening in alcohol markets (1)

- **Consumer sovereignty**

If drinkers choose to consume alcohol with full information about health consequences and addictive potential, and bear all costs and benefits themselves, there is no good justification on economic grounds for governments to intervene



The costs and benefits of consuming alcohol

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Economic rationale for intervening in alcohol markets (2)

- **However...market failures abound**
 - Information failure on consumer's part re: health risks
 - Information failure re: addictive potential
(resulting in high private costs, e.g. death, disease and/or injury)
 - External costs of alcohol consumption
 - Environmental (e.g. crime, anti-social behaviour, injury to others)
 - Financial (health care, criminal justice)



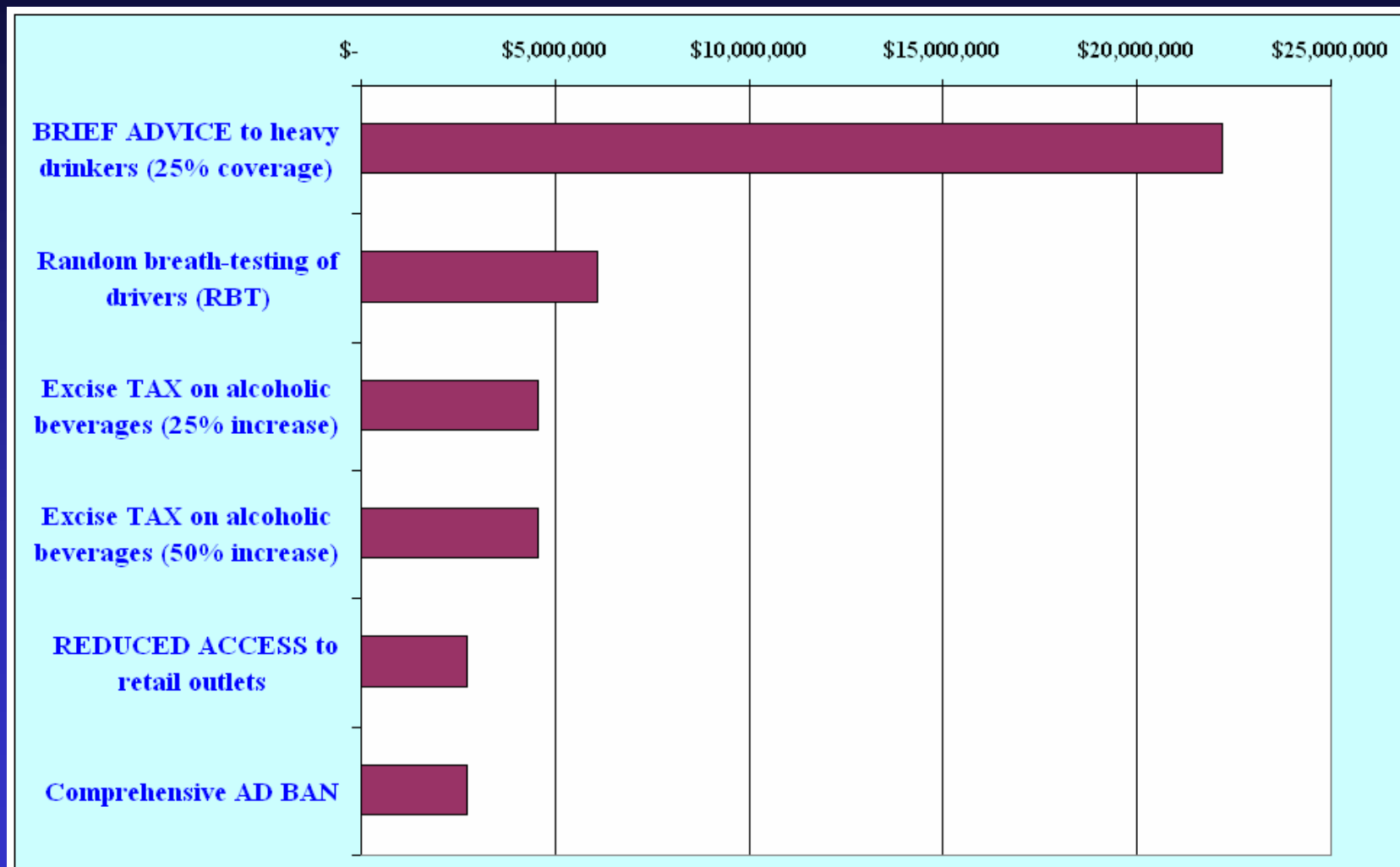
Policy responses - what are the options?

Action taken	Examples
Regulation	Self-regulation by industry
Education	School-based awareness campaigns
Legislation	Minimum drinking age laws <i>Drink-driving laws</i> <i>Opening hours laws</i> <i>Advertising bans</i> <i>Taxation</i>
Enforcement	<i>Random breath-testing</i>
Treatment	<i>Brief interventions for high-risk drinkers</i>



WHO-CHOICE analysis of alcohol control strategies: Western Europe

(annual cost per 10 million population; international dollars, 2000)



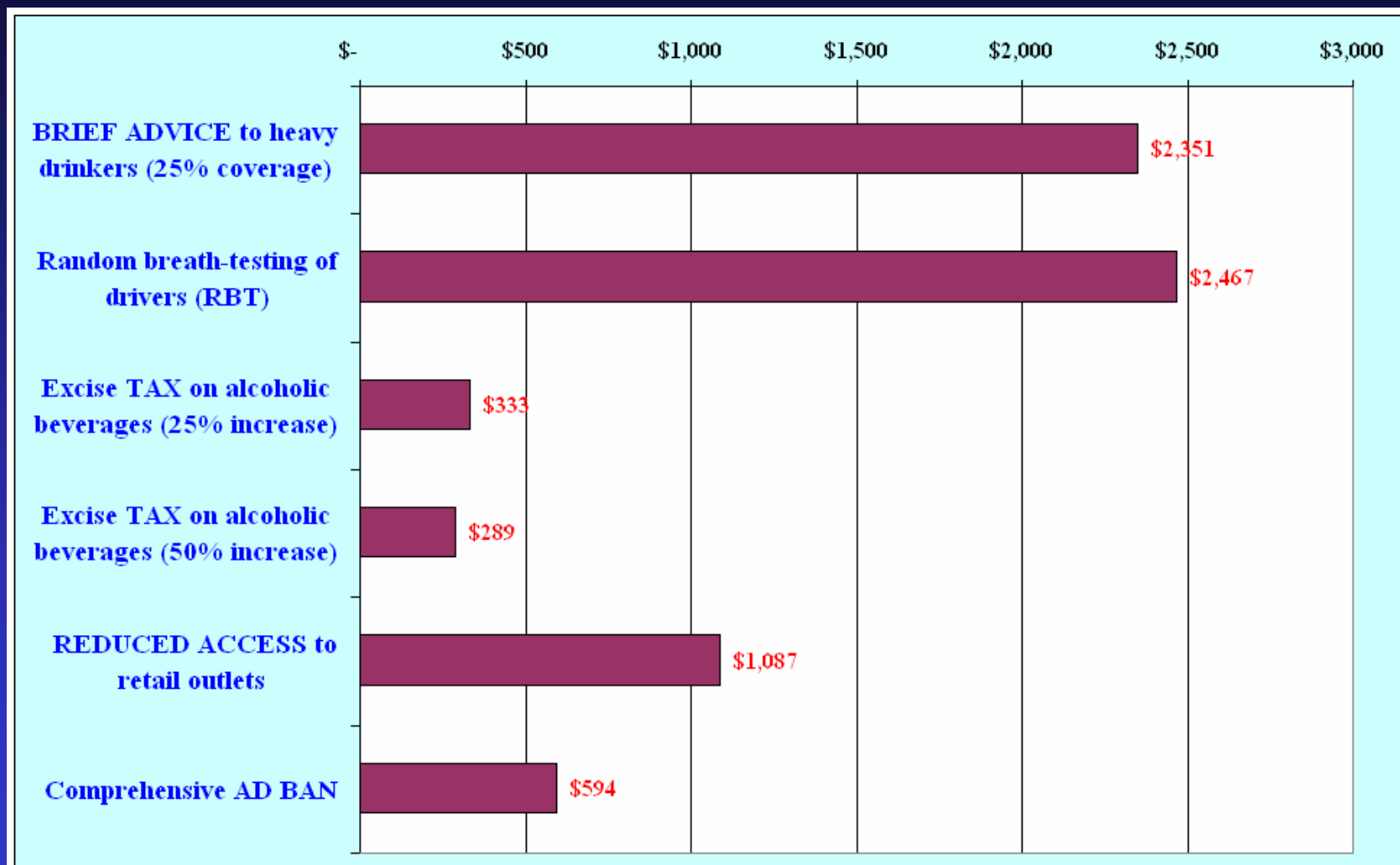
Source: Chisholm et al (*J Studies Alcohol*, 2004)

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WHO-CHOICE analysis of alcohol control strategies: Western Europe

(cost per healthy life year gained; international dollars, 2000)



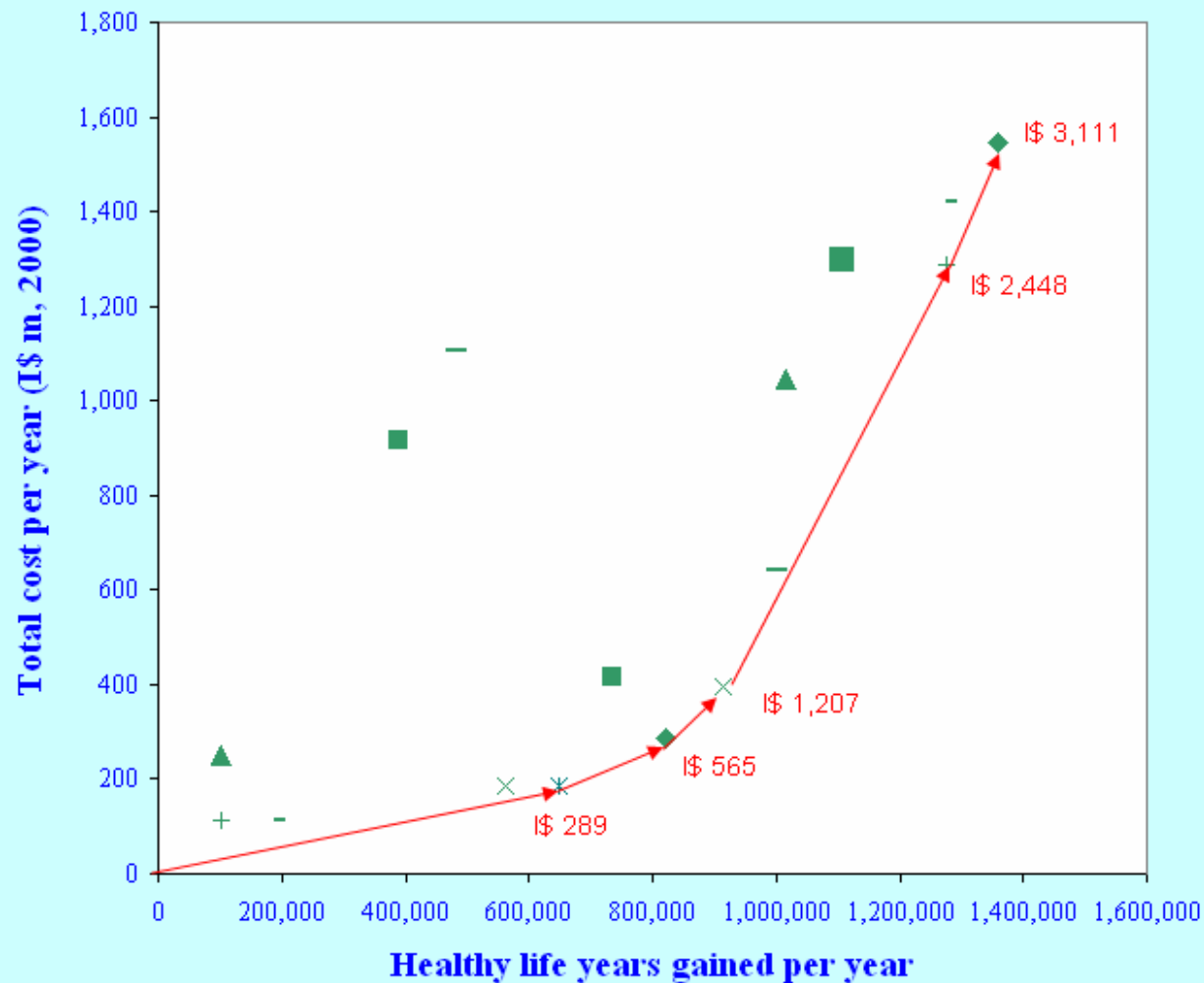
Source: Chisholm et al (*J Studies Alcohol*, 2004)

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Regional-level analysis of alcohol control strategies: Western Europe

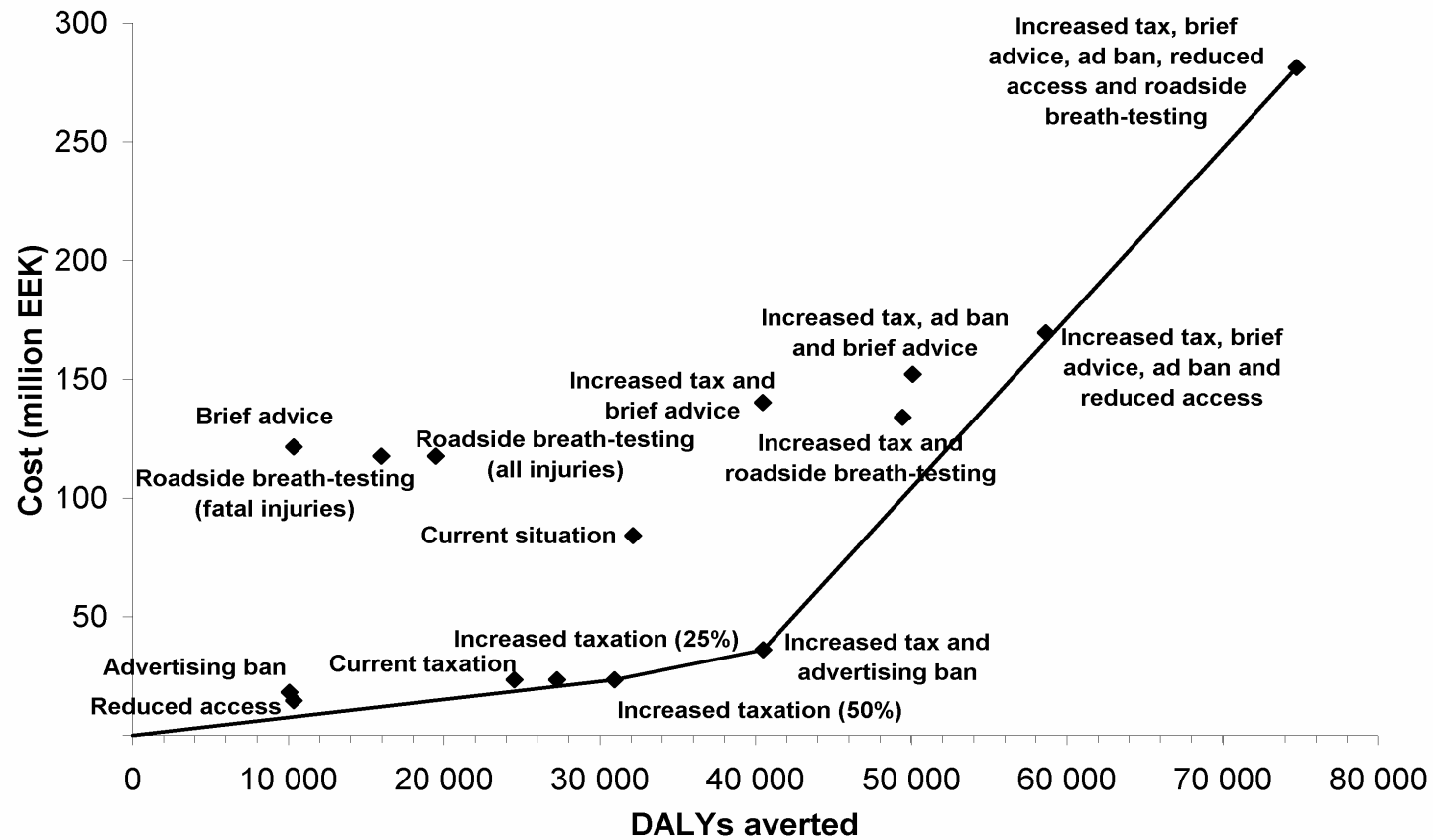
Costs and effects of combining alcohol control measures in Western Europe



- A. Brief physician advice (25% coverage)
- ▲ B. Random Breath Testing
- × C1. Taxation (25% increase)
- * C2. Taxation (50% increase)
- + D. Restricted access (sales)
- E. Advertising ban
- F1. Brief advice + RBT
- ◆ F2. Tax (50%) + Ad Ban
- F3. Tax (50%) + RBT
- ▲ F4. Brief advice + Tax (50%)
- × F5. Tax (50%) + Ad Ban + Restrict access
- F6. Brief advice + Tax (50%) + RBT
- ◆ F7. Brief advice + Tax (50%) + Ad Ban
- + F8. Brief advice + Tax (50%) + Ad Ban + Restrict Access
- F9. Brief advice + Tax (50%) + Ad Ban + RBT
- F10. Tax (50%) + Ad Ban + Restrict Access + RBT
- ◆ F11. Brief advice + Tax (50%) + Ad Ban + RBT + Restrict access

Source: Chisholm et al (*J Studies Alcohol*, 2004)

National-level analysis of alcohol control strategies: Estonia



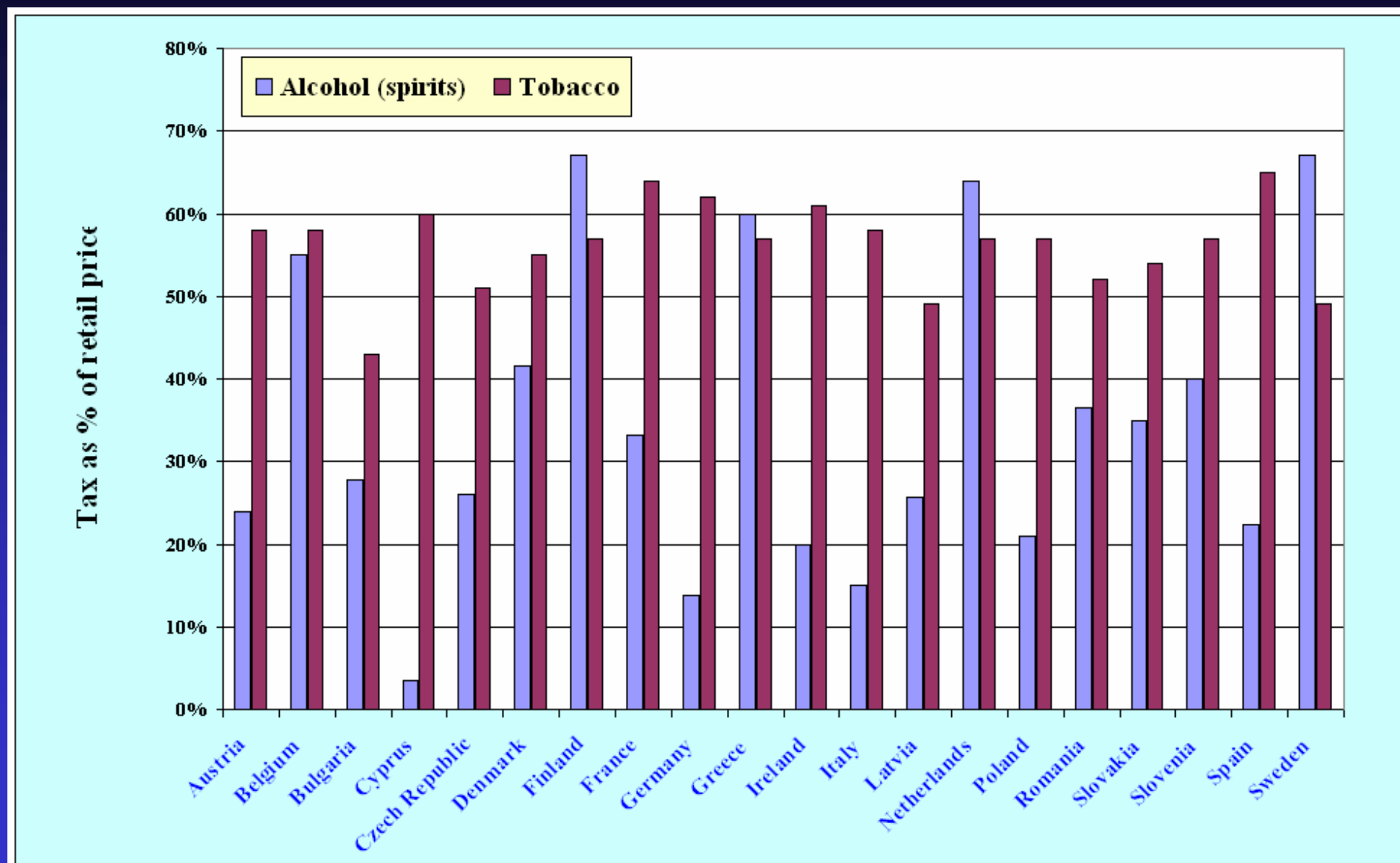
Source: Lai et al (*Health Policy*, 2007)

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Comparative tax rates for alcohol (spirits) and tobacco

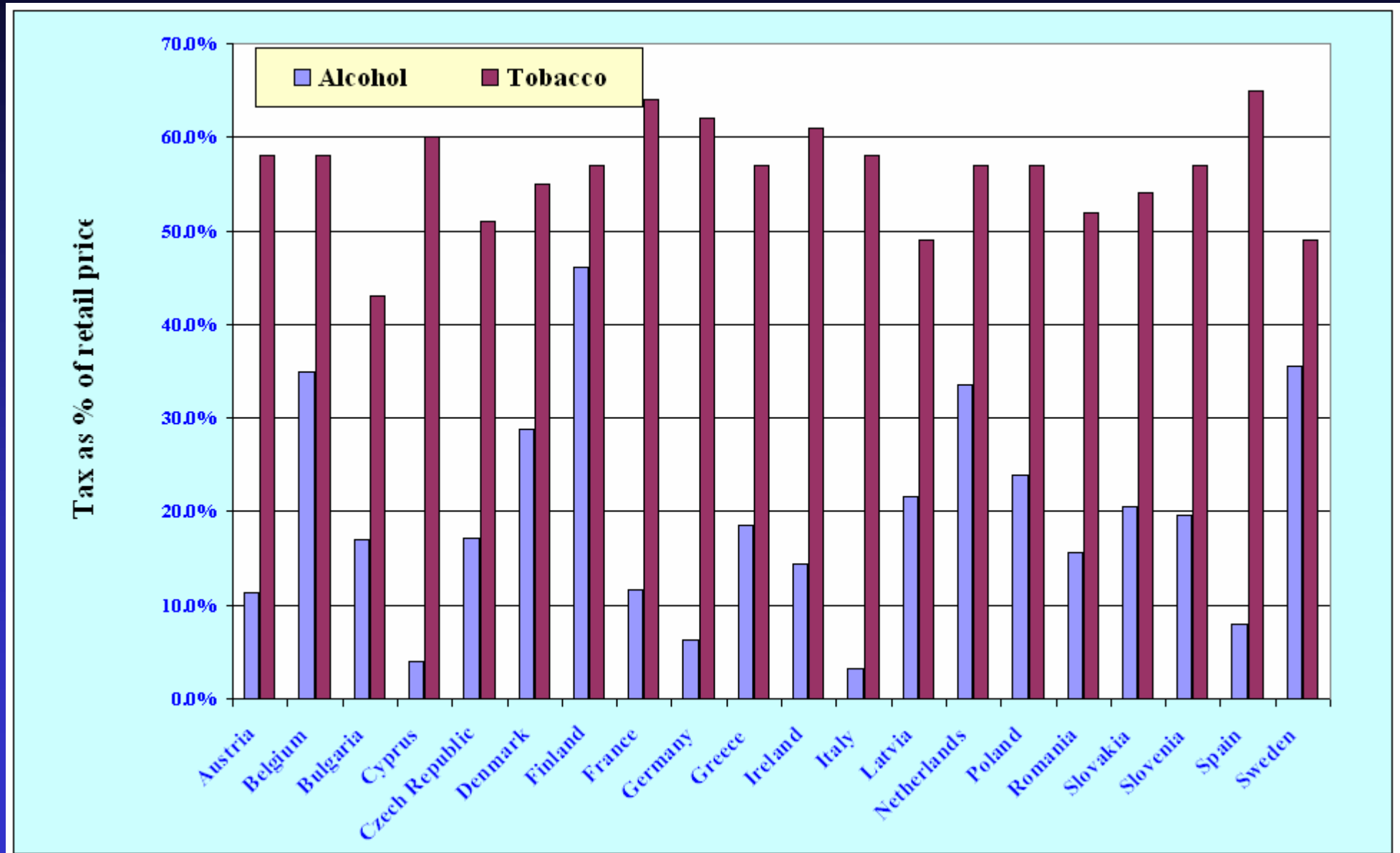
(% of retail price *[excl. VAT]*)



Sources: WHO Global alcohol database; European Tobacco Control Report 2007

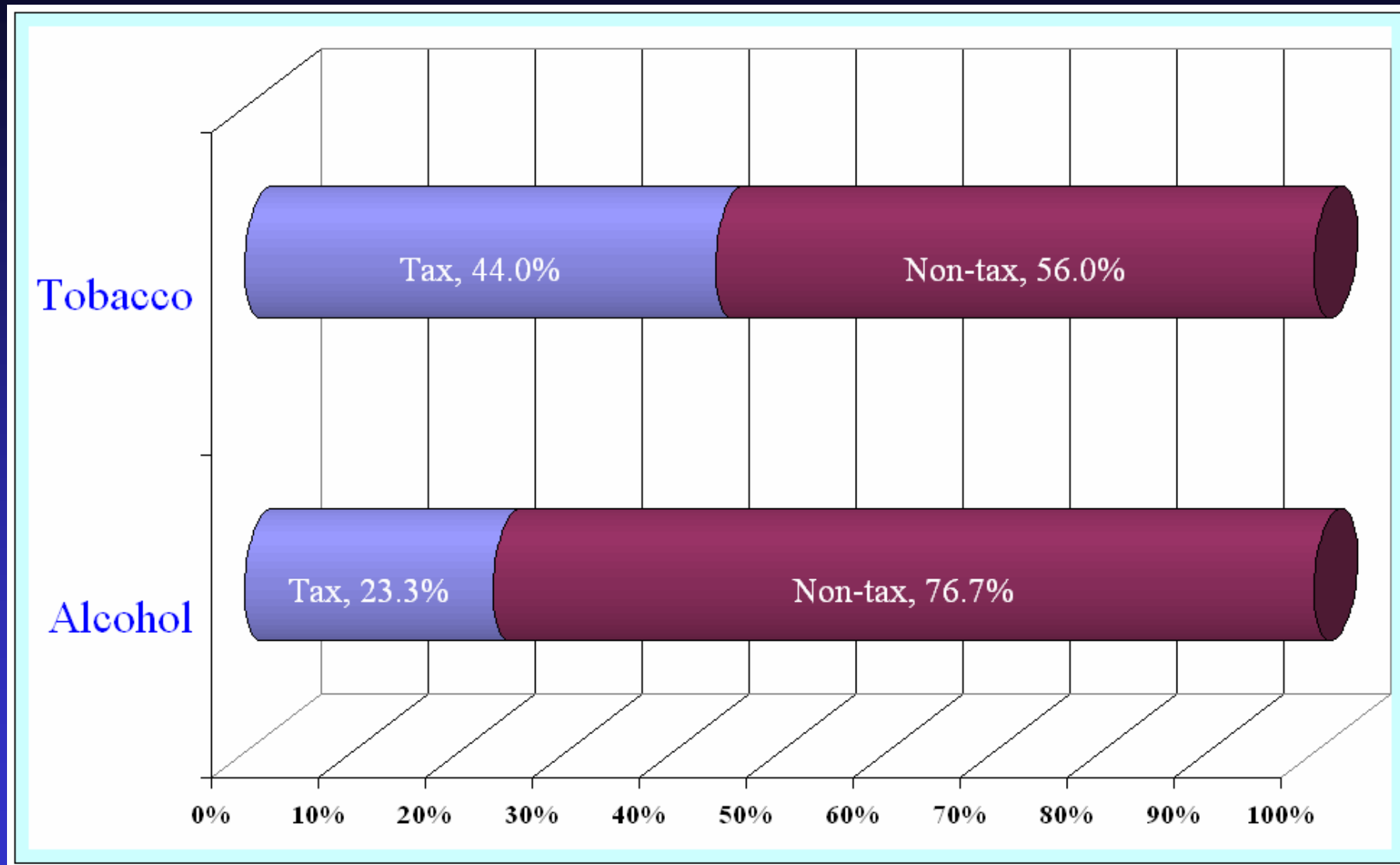
Comparative tax rates for alcohol and tobacco

(% of retail price *[excl. VAT]*; alcohol estimates are weighted averages across beverage types)



Sources: WHO Global alcohol database; European Tobacco Control Report 2007

Tax as % of final retail price in selected European member states



Sources: WHO Global alcohol database
European Tobacco Control Report 2007

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Conclusions and implications for policy

Economic consequences: Large, growing and multi-faceted
(health, crime, work performance, road safety, etc.)

Rationale for intervening: Strong, given the market failures present
(imperfect information, negative spillover effects, etc.)

Public policy responses: Implementation of cost-effective strategies
(tax, availability / marketing countermeasures, etc.)

Development of stronger information systems
(consumption, patterns, effective coverage)



Thanks for your attention

... and ...

have a great conference!

