



## National Public Health Task Force Recommends Against Privatization of Retail Alcohol Sales

By Stephen Herzenberg • June 2, 2011

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### Overview

A new report from a task force of national public health experts recommends against further privatization of retail alcohol sales.

The report, released in April, is the most definitive statement on retail alcohol privatization issued to date by U.S. public health researchers. It deserves close examination as Pennsylvania lawmakers consider a proposal to privatize state wine and spirits stores.

In [a statement](#), the researchers wrote: “The Task Force on Community Preventive Services recommends against the further privatization of alcohol sales in settings with current government control of retail sales, based on strong evidence that privatization results in increase per capita alcohol consumption, a well-established proxy for excessive consumption.”<sup>1</sup>

To help Pennsylvania lawmakers and the public digest the significance of the Task Force statement in the context of the privatization debate, this Keystone Research Center policy brief provides an overview of the Task Force, its findings in this report and the basis for its findings.

### Who Is the Task Force on Community Prevention Services?

The Task Force was established in 1996 by the U.S. Department of Health and Human Services (HHS) in conjunction with “The Community Guide,” an organization that helps staff the Task Force and provides guidance on public health issues.<sup>2</sup> The Task Force is an independent, nonfederal, volunteer body of experts in public health and prevention research, practice and policy appointed by the Director of the Centers for Disease Control (CDC). Although supported in part by CDC staff, the Task Force is *not* the CDC itself and its findings and conclusions are independent of the CDC.

### What Does the Task Force Do?

The Task Force oversees “systematic reviews” done for The Community Guide in 18 topic areas, including “Excessive Alcohol Use,” and makes recommendations based on the evidence gathered from these reviews.

### What Is the Basis for Task Force Recommendations?

The Task Force bases its recommendations on “systematic reviews” of all available research. These reviews are conducted by an interdisciplinary team of Community Guide staff, in collaboration with federal (including CDC) and nonfederal experts in research, practice and policy. The systematic reviews

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<sup>1</sup> <http://www.thecommunityguide.org/alcohol/RRprivatization.html>

<sup>2</sup> <http://www.thecommunityguide.org/about/slides.html#overviewslides>

represent the “gold standard” when it comes to finding research, evaluating its quality and arriving at consensus conclusions based on the best available evidence. Towards the end of each systematic review process, the team produces “summary evidence” tables detailing the studies that meet its quality standards for inclusion.<sup>3</sup>

### **After Systematic Review, What Options Are Available to the Task Force to Make Recommendations?**

On any policy under consideration, the Task Force has three options at the end of its review:

- recommended,
- recommended against: strong or sufficient evidence that the intervention is harmful or not effective, or
- insufficient evidence: the available studies do not provide sufficient evidence to determine if the intervention is, or is not, effective.

### **What Studies Did the Task Force Rely on in Its Consideration of Retail Alcohol Sales?**

The Task Force has a rigorous process for identifying the research studies that it considers as part of its systematic review. It only considers studies published in peer-refereed journals and uses explicit criteria for inclusion designed to avoid the cherry picking of studies that come to particular conclusions. In addition, in its report on retail alcohol privatization, the Task Force only used as primary evidence studies that evaluated the effects of an actual privatization (or re-monopolization) of retail alcohol distribution. The Task Force found 12 research papers that analyzed 21 privatization “events” (some papers analyzed more than one event).<sup>4</sup>

These studies analyzed retail alcohol privatizations in seven U.S. states, two Canadian provinces, and two European countries (Finland and Sweden). Studies of these types of “natural experiments” are preferable to studies comparing different jurisdictions at a single point in time (“cross-sectional studies”). Studies of “before-and-after” natural experiments are also preferable to large panel data sets that include many states over time. In such panel data sets, it can be difficult to separate out the impact of any particular factor on alcohol consumption (or health and social indicators) from all other factors.

“Natural experiments” make it easier to separate the impact of privatization from other variables that impact alcohol consumption and which may be difficult to measure consistently across time and place (e.g., religious and other cultural differences, the density of bars or restaurants that serve alcohol on premises). When there is a significant change in the extent of privatization over a short period of time, other variables that impact consumption are unlikely to change a lot and are less likely to confound the analysis.

In the highest-quality studies (16 of 21 studies) considered by the Task Force, changes in the consumption of the privatized beverage were analyzed in conjunction with concurrent changes in consumption of other beverages that were not privatized, either in the same place (state, province or

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<sup>3</sup> The tables summarizing the studies used as primary evidence in analyzing the impact of retail alcohol sales privatization are at <http://www.thecommunityguide.org/alcohol/supportingmaterials/index.html> (click on “Privatization of Retail Alcohol Sales,” in the sub-section entitled “Summary Evidence Tables”).

<sup>4</sup> For the Task Force description of why it selected these 12 papers, and a list of studies, see <http://www.thecommunityguide.org/alcohol/supportingmaterials/ISprivatization.html>.

country) or in a neighboring state or province. Trends in consumption of the beverages that were not privatized, thus, served as a control group against which changes in the consumption of privatized beverages could be compared.

After privatization, consumption of privatized beverages increased “substantially” (the median increase was 48.2%). Meanwhile, consumption of non-privatized beverages increased very little (the median change was a fall of 2%). Thus, overall consumption of alcohol increased a lot.

Having documented large increases in consumption with privatization, the Task Force inferred based on “extensive evidence” that “when privatization results in substantial increases in alcohol consumption, there are at the same time substantial increases in excessive consumption.” The extensive evidence referred to consists of a body of literature documenting across many societies that most people drink a small or moderate amount, while a few people drink a large amount. Since most adults drink less than once per month, and the top 10% of drinkers account for the bulk of consumption, any sizable increase in consumption means that excessive consumption must have increased. This conclusion was borne out in Finland, where, after the sale of medium-strength beer was privatized, there were increases in alcohol consumption at all levels, including among the heaviest drinkers.

The Task Force acknowledged that only three of its “highest quality” studies—two of privatization and one study of “re-monopolization”—directly assessed the health effects of privatization and other alcohol-related harms (i.e., motor vehicle fatalities). Two of these studies had methodological limitations; the third did find decreases in alcohol-related hospitalizations when Sweden re-monopolized alcohol distribution, but the findings were not statistically significant.<sup>5</sup>

Although the “highest quality” natural experiment studies have not focused much on health effects and other alcohol-related harms, a large body of cross-sectional and panel studies show direct effects of privatized retail alcohol distribution on public health, binge drinking, DUI citations, traffic fatalities, etc. The Task Force lists 16 such cross-sectional or panel studies that met its quality criteria to be included as “secondary evidence.”<sup>6</sup> In most of the studies used as secondary evidence, the effect of private alcohol distribution was to increase health and other social problems. Most of the studies which showed statistically significant effects also indicated that privatization increases health or other social problems.

The Task Force concluded its “Finding and Rationale Statement” by writing: “The maintenance of government control of off-premise sale of alcoholic beverages is one of many effective strategies to prevent or reduce excessive consumption which is one of the leading causes of preventable death and disability.”

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<sup>5</sup> Since the Task Force finished its literature review, an analysis has been published that estimates during British Columbia’s privatization of liquor stores from 2003 to 2008, there was an increase in alcohol-related deaths of 3.25% for each 20% increase in private store density. See Tim Stockwell et al., “Impact on Alcohol-related Mortality of a Rapid Rise in the Density of Private Liquor Outlets in British Columbia: a local area multi-level analysis,” *Addiction*, 2011.

<sup>6</sup> Go to <http://www.thecommunityguide.org/alcohol/supportingmaterials/ISprivatization.html> for a full list of the 16 cross-sectional or panel studies included as “secondary evidence.”

## Implications for the Debate about Privatizing Pennsylvania’s Wine and Spirits Retail Operation

From its review of the most careful studies, the Task Force finds consensus in the scientific and public health communities that privatization will increase alcohol consumption and is likely, therefore, to increase problems associated with excessive consumption.

During the debate about privatization, a contrary view has been expressed in a number of writings by Antony Davies and John Pulito that have been published by the Commonwealth Foundation and George Mason University’s Mercatus Center.<sup>7</sup> In addition, Davies published a letter to the editor of the *Pittsburgh Post-Gazette* that called the Task Force study (misidentified as being from the CDC) “misguided.”<sup>8</sup>

Davies, however, did not address the strength of the evidence and logic behind the Task Force conclusion: typical increases of nearly 50% in alcohol consumption associated with actual instances of privatization; and the fact that since heavy drinkers account for such a large portion of consumption, major increases in consumption must be associated with increases in excessive consumption. In addition, Davies’ own studies of the alcohol-related harms of privatization have not been published in any peer-refereed scholarly journal and his conclusions based on the secondary literature are at odds with others in the field. (Note that none of Davies’ research made it through the quality screens necessary to be included as primary or secondary evidence by the Task Force.)

## Conclusion

The Community Guide Task Force provides policymakers with well-timed expert input into the debate about the privatization of retail wine and spirits operations in Pennsylvania. Based on a systematic and comprehensive review of the highest-quality, peer-refereed research, the Task Force recommended against privatization because it is likely to increase alcohol consumption and alcohol-related social problems.

When considering the health and other social impacts of retail alcohol privatization, the Task Force findings and recommendation deserve careful consideration as the definitive statement of the public health and scholarly research communities.

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<sup>7</sup> See, for example, John Pulito and Antony Davies, *Government-Run Liquor Stores: the Social Impact of Privatization*, Commonwealth Foundation Policy Brief, 21(3): 1-16; Antony Davies, “Review of studies on liquor control and consumption,” *Commonwealth Foundation*, 2010; Antony Davies and John Pulito, “Binge Thinking: A Look at the Social Impact of State Liquor Controls,” *Mercatus Center Working Paper*, no. 10-70.

<sup>8</sup> Davies’ letter is online at <http://www.post-gazette.com/pg/11114/1141259-110.stm>.