



NEWSLETTER September 2008

What is this campaign?

This campaign is designed to stop efforts to de-regulate the sale and marketing of alcohol. Because alcohol is not an ordinary commodity, such as tires or mayonnaise, it must be sold with care and restraint. Examples from other parts of the world demonstrate that alcohol and the “free marketplace” are a bad mix and come with major social problems.

Why do we need it?

Since the 1980’s de-regulation has become a popular by-word. It is seen as a way to invigorate business and facilitate the benefits of a national or global marketplace. However, as we have seen with the recent mortgage meltdown, an unregulated market is not without problems. Such problems are even greater with alcohol, as increased sales and consumption will likely lead to increases in abuse and a great deal of social harm. Nevertheless, there are very active efforts to deregulate the sale and marketing of alcohol in places like Washington and New York. Deregulation advocates claim that our current marketplace regulations are “antiquated” and should be eliminated. They are wrong.

What business practices can produce social harm?

Several normal business practices—legitimate for other commodities—can be harmful with the sale of alcohol.

- Marketing to frequent buyers to get them to increase purchases: A large portion of frequent buyers of alcohol are alcoholics, heavy drinkers and underage youth. Efforts to market to these populations will likely increase addiction, heavy use and underage drinking.
- Volume discounts, coupons and price incentives: These techniques are usually used to gain new customers or encourage current customers to enter the “frequent buyer” category. With alcohol, this could induce minors to start drinking and other people to become heavy users or addicts.
- Marketing for the future: Forward-looking businesses often try to capture the hearts of young people as future customers. However, with alcohol that would mean marketing to an underage audience where alcohol is already a major problem.

What do marketplace regulations do?

The overarching goal is to prevent large quantities of cheap alcohol from being heavily promoted to vulnerable populations. This is accomplished by regulations which keep prices reasonable, prevent marketing to youth and heavy consumers and curtail marketplace domination. Marketplace domination will likely result in lower prices, heavy promotion and efforts to push others out of business. Those who are being pushed out may be tempted to violate rules in order to survive.

Costco Pushes for a “Free Market”

The state of Washington has been the site of major deregulation efforts led by Costco. Understandably, Costco wants to use its “wholesale” business strategy to sell alcohol like it sells other products. Costco challenged several regulations through the legal system and lost on most counts. Now they have turned to the political arena. They and others, seeking to increase their own profits by increasing the volumes of beer and wine they sell, convinced the Washington Legislature to set up an interim Joint Select Committee on Beer and Wine Regulation to study these issues. This Committee will meet twice in September. At their first meeting in June, all testimony from “stakeholders” came from industry representatives. There was no testimony from prevention, enforcement or public health.

A “Free Market” and Alcohol are a Bad Mix

- Great Britain has deregulated sales of alcohol and now is faced with huge problems. Heavy drinking is a major problem for both youth and adults. The intoxication rate for 15-16 year olds in the past 30 days is 46% for Great Britain and 18% for US youth. Cirrhosis of the liver has doubled since 1987.
- Brazil has very few marketplace regulations. Alcohol is very cheap and problems are significant. The murder rate is very high as is bar violence. There is high youth drinking and 50% of traffic fatalities are alcohol involved. The U.S. traffic fatality rate is less than 40%.

Who manages this campaign?

Pamela S. Erickson, former Executive Director of the Oregon Liquor Control Commission and a prevention advocate, now runs Public Action Management. It is a business dedicated to helping people establish and preserve good public policies that will keep alcohol problems in check.

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She is currently working on these issues in Oregon and Washington.

How to learn more about the campaign?

- Use the email address to request additional educational information and get on the newsletter email list.. It will be issued quarterly with interim “Action Alerts” when needed.