

Alcohol Taxation, Minimum Unit Pricing and the Regulation of Drinking: A Historical Perspective on Alcohol Pricing Interventions

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Introduction

- MUP is widely seen as a “novel” policy (Katikireddi *et al* 2014, p.1) or potential “turning point” (McCambridge 2012, p.377; Nicholls 2012: p.355).
- But, through other interventions in price, British governments have been trying to shape alcohol consumption for centuries.
- This paper focuses on England and Wales.

Regulation

- Regulation as “the sustained and focused attempt to alter the behaviour of others... with the intention of producing a broadly defined outcome or outcomes” (Black, cited in Smith et al 1992: 26).
- Direct or indirect, economic or non-economic, state or non-state (see Koop & Lodge 2015).
- Alcohol regulation thus includes: licensing, criminal law/policing, public health policies, anti-alcohol social movements, addiction treatment and taxation.

Alcohol Excise Duties (AEDs)

Fiscal Function

- Targeted commodity taxes that are collected from producers/wholesalers.
- Created in 1643. Initial function is fiscal.
- Very effective at providing state with revenue. In 1800s, alcohol taxes account for 32-43% of total tax revenues per year (Harrison, 1971: 246).

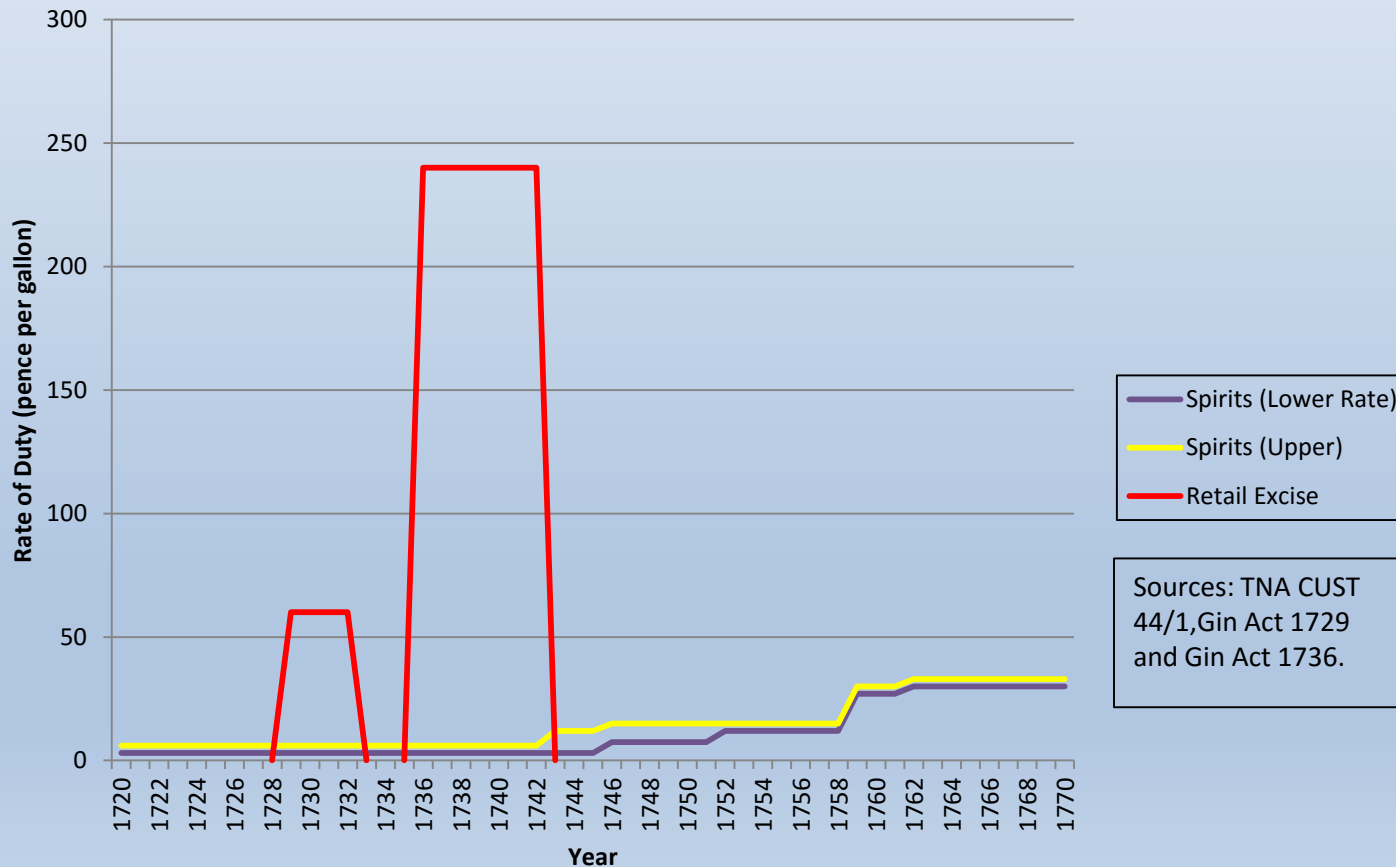
Regulatory Function

- Increasingly, AEDs possess a regulatory, as well as fiscal, function.
- This gradual shift is related to the emergence of governmentality (Foucault, 1991).
- AEDs generate knowledge about production, consumption and population. This knowledge is tied to greater exercise of regulatory power.

Regulatory Tax 1: Taxation as Prohibition

Mounting concerns about gin-drinking 1720-1750 led to a flurry of reforms.

Figure 2: Spirits Duties 1720-1770



Sources: TNA CUST 44/1, Gin Act 1729 and Gin Act 1736.

These included retail excises. However, both retail excises were ineffective, unenforceable and short-lived.

Regulatory Tax 2: Governing through Choice

Use of normal excises to shape consumption decisions has a longer history. It is possible from at least 1671 but emerges most strongly in the C19th:

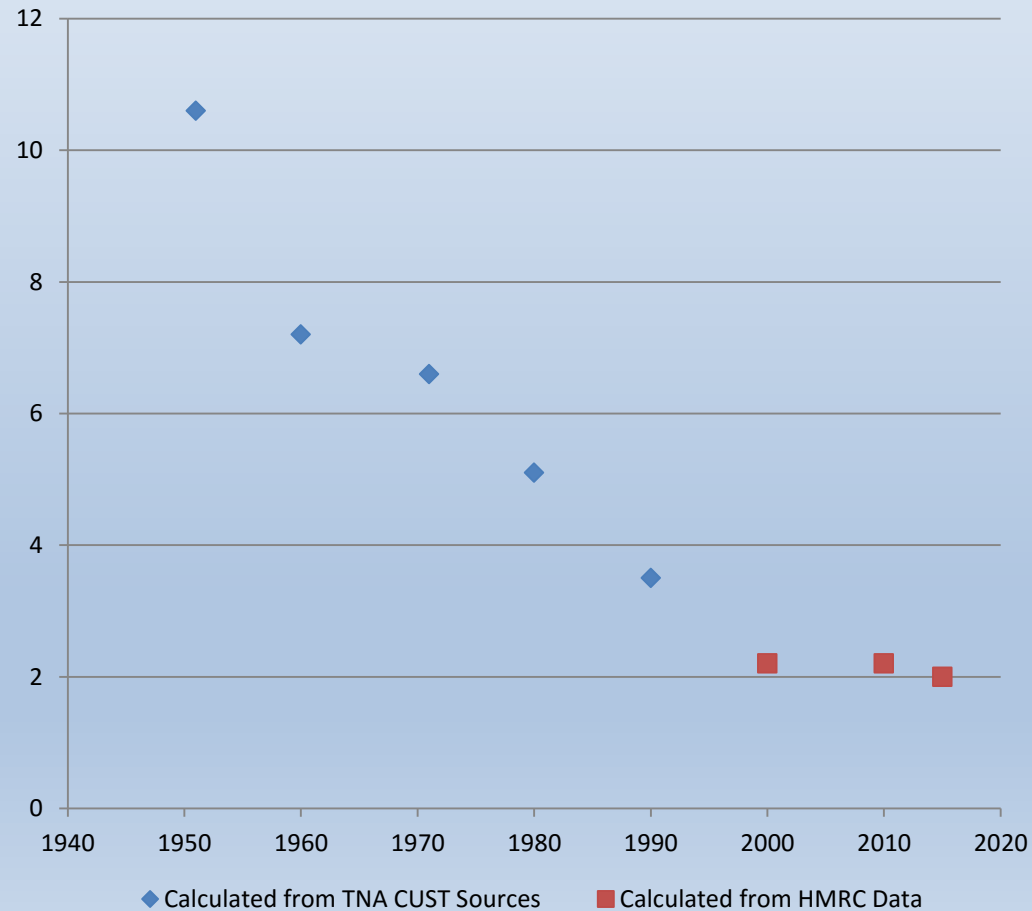
- Abolition of beer duty in 1830;
- Lowering of wine import duties 1860;
- Relative rates of duty on beer and other drinks 1880+.

Taxes intended to affect consumption by altering price and/or taste. They aimed to shape the choices of rational actors.

Alcohol Excise Duties Today

- Fiscal: £10-11bn per year. Around 2% of total revenue.
- Regulatory: Still used to govern choice e.g. Coalition's higher taxes for 'binge drinks' in 2011 linked to tackling "problem drinking" and giving "responsible drinkers additional choice" (Justine Greening MP, in Seeley, 2014: 19).
- Plus, regulatory taxes seem to be effective (Meier et al, 2008; Wagenaar et al, 2009; Babor et al, 2010).

Figure 1: Alcohol Tax (Excise and Import Duties) as % of Total Government Revenue



Implications

- AEDs and MUP are both price-based interventions aimed at regulating the drinking habits of the population.

	Objective	Mechanism	Target
Taxation as Prohibition	Prevent, or radically reduce, spirits drinking	Direct. Price inflation to deterrent levels	Irrational actors
Taxation as Governance through Choice	Consumption of less problematic drinks	Indirect. Varied duty levels to weight prices in favour of desired outcome	Rational actors
Minimum Unit Pricing	Lower consumption generally	Direct. Minimum unit price to increase prices	Irrational/non-rational actors

- Thus, MUP is less a ‘turning point’ and more a potential next step along a regulatory path that British governments have been walking for centuries.

Publications

- Yeomans, Henry, 'Regulating Drinking through Alcohol Taxation and Minimum Unit Pricing: A Historical Perspective on Alcohol Pricing Interventions', *Regulation and Governance* (forthcoming).
- Yeomans, Henry, 'Alcohol Taxation, State Formation and Governmentality: The Historical Development of Alcohol Excise Duties in England and Wales', *Social Science History* (forthcoming).

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