

## Do liquor control rules fail public?

While the Snyder administration has reported consistent progress on pruning Michigan's regulatory thicket, the matter of how much to regulate the liquor market has proven to be more ticklish than most. [As Bridge reported in April](#), "The one exception to the smooth process of developing (reform) recommendations could be the Liquor Control Advisory Rules Committee, where there are indications some of the wholesaling interests have strong objections to what other members are proposing."

Last fall, [Bridge also noted](#) the political implications of making major changes to how the state regulates liquor, including the nearly \$900,000 handed out by the political action committee of the Michigan Beer and Wine Wholesalers Association.

In May, the Mackinac Center released a report arguing that Michigan's current control regime isn't helping make the state safer.



**No: Looser alcohol rules mean more bad news for state**

**By Mike Tobias/Michigan Alcohol Policy Promoting Health and Safety**

The Mackinac Center [claims that alcohol control](#) in Michigan artificially raises prices and reduces the availability of alcohol to Michigan's consumers. The Mackinac Center seems to assume this has a negative effect on business, even though the alcohol industry in Michigan is growing and there are more than 16,000 licensed retail outlets where consumers can get alcohol.

Michigan Alcohol Policy Promoting Health and Safety is glad that the alcohol industry in Michigan is doing well and that adults of 21 years of age or older who consume alcohol in moderate amounts ([less than two drinks a day for men and one drink a day for women](#)) can easily get alcoholic beverages.

However, MAP knows that alcohol is costing the citizens of Michigan more than \$2 billion a year for alcohol-related harm and that price and availability are two of several factors that matter most to protecting public health and safety.

Furthermore, from October 2009 to September 2010, there were 11,909 alcohol-attributable hospitalizations among Michigan residents. The median charge of an alcohol-attributable hospitalization was \$10,760. During this 12-month period, the estimated total charge of alcohol-attributable hospitalizations was \$193.1 million, [state figures show](#).

The relationship between alcohol price and overall consumption was reviewed by the [Task Force on Community Preventive Services](#), an independent panel put together by the federal Centers for Disease Control and Prevention, as was the relationship between price and individual consumption.

Also reviewed were effects of alcohol prices or taxes on several alcohol-related health outcomes, including motor-vehicle crashes that involved alcohol-impaired driving, non-motor-vehicle mortality outcomes and violence outcomes.

The reviewed studies provided consistent evidence that increases in alcohol prices and alcohol taxes are associated with decreases in both excessive alcohol consumption and related harms.

The Task Force also found sufficient evidence of a positive association between outlet density and excessive alcohol consumption and related harms. In addition to outlet density, they looked at research examining the impact of hours and days of service and found that the more available alcohol was, the greater the excessive consumption and related harms.

To combat such harms, the Task Force recommends: increasing alcohol taxes; maintaining limits on days and hours of sale; regulation of alcohol outlet density; maintaining minimum legal drinking age laws; and enhanced enforcement of laws prohibiting sales to minors.

Gov. Rick Snyder and the Legislature can do much more to protect its citizens and promote public health and safety. A good start would be to increase the tax on beer.

The tax on a 12-ounce beer is less than 2 cents and has not been raised since 1966. The Legislature and governor recently approved a bill to reduce the tax on spirits for off-premise consumption ([Public Act 166 of 2011](#)). Not only did the state give up \$14 million in revenue with the change, but it went against public health and safety to do so.

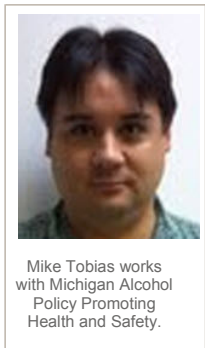
Michigan appears to be going in the wrong direction — if we care about the health and safety of our citizens.

**Yes: State rules aren't making streets any safer**

**By Antony Davies/Duquesne University**

Economists warn us to evaluate public policies according to their results, not their intentions. Virtually no one will argue with the stated intentions behind alcohol-control policies — principal among them, to reduce alcohol-related fatalities and to keep alcohol out of the hands of minors.

A look at the data, however, shows Michigan's alcohol-control policies are not delivering results. The benefit of allowing individual states to decide whether and how to regulate alcohol markets is that we have a slate of 50 experiments. By comparing states that heavily regulate alcohol markets to those that don't, we can see how well alcohol-control policies work.



Numerous studies, most recently one by the [Mackinac Center for Public Policy](#), have shown alcohol-attributable death rates are not lower in states that more heavily regulate their alcohol markets. According to Mackinac research, average alcohol-attributable fatality rates are actually lower for states that license private firms to manufacture and sell alcohol than for states like Michigan that maintain state-run wholesale liquor monopolies.

Antony Davies is an economics professor at Duquesne University and co-author of the Mackinac Center study.

Comparing DUI fatalities across states is complicated by the fact that differences in the number of miles that people drive, weather conditions, road quality and traffic congestion across the states contribute to differences in fatality rates. But, because these factors affect all traffic fatalities — regardless of whether or not alcohol is involved — the right way to measure DUI fatalities is as a percentage of all traffic fatalities.

Data from the National Highway Traffic Safety Administration provide a telling comparison.

Among states that control alcohol markets most heavily, 33 percent of traffic fatalities are alcohol-related. Among states that license private firms to manufacture and sell alcohol, 33 percent of traffic fatalities are alcohol-related. The figures are the same for states that mix partial control with partial private licensing.

Alcohol doesn't just contribute to traffic deaths. It contributes to deaths from liver disease, fetal alcohol syndrome, alcohol poisoning, aspiration and numerous other acute and chronic causes.

According to data from the federal Centers for Disease Control and Prevention, states that impose the heaviest controls on alcohol markets experience 5.8 alcohol-related deaths per 100,000 people annually, while states with the least restrictions experience 5.5 alcohol-related deaths per 100,000 people. Similarly, previous studies have found no difference in the rates of underage drinking or underage binge drinking between the most heavily and least heavily controlled states.

In the face of this data, control proponents argue for maintaining the status quo because "it is better to be safe than sorry." At a minimum, they argue, heavy controls limit the number of alcohol sellers, whereas they claim a free market would put a liquor store on every corner.

The data show this claim also is false. States that control their alcohol markets actually have more off-premise alcohol establishments than do states without alcohol controls (14.5 vs. 9.9 per 10,000 adults). States with alcohol controls also have more on-premise alcohol establishments than do states without alcohol controls (16.0 vs. 14.1 per 10,000 adults). On a per-capita basis, the free market actually places fewer alcohol sellers on the streets than do state-run alcohol monopolies.

Looking at the entire body of research on alcohol controls, one clear theme emerges: There is no consistent or compelling evidence that state-run alcohol monopolies reduce alcohol-related fatalities, prevent underage drinking or limit retail outlets.

There is repeated evidence that state-run monopolies actually do the reverse. Everyone concerned with policy realities, rather than policy intentions, should take note.