

Raising Alcohol Taxes Reduces Harm



Increasing taxes and prices on alcoholic beverages is an effective public health strategy for reducing alcohol consumption and alcohol-related harm.¹

- Higher prices result in lower consumption, which reduces alcohol harm overall.²
- Increasing alcohol taxes is a highly effective tool in reducing a wide range of harm and consequences among all age groups.²
- Types of alcohol-related harm that are reduced with higher taxes include: alcohol dependence,³ liver cirrhosis,⁴ risky sexual behaviors leading to STDs,⁵ and traffic fatalities.²
- Significant reductions in the numbers of deaths (ranging from 11 - 29%) were attributed to alcohol tax increases in 1983 and in 2002 in the state of Alaska.⁶

Alcohol-related Car Crashes

- Adjusting the federal beer tax for the inflation rate since 1951 would have reduced auto fatalities among youth between the ages of 18 and 20 by 15%.⁷
- A 10% increase in price would reduce traffic crashes by 5 - 10%, with even larger reductions (7 - 17%) for youth.²
- A 10% increase in price would reduce drinking and driving by 7.4% among males and by 8.1% among females, with even larger reductions (12.6% and 21.1%) among those 21 years or younger.⁸

Alcohol-related Illness

- A 10% increase in price would reduce cirrhosis mortality from 8.3 - 12.8% after the levels of heavy drinking adjusted to the price change in future years.⁹
- A \$1 increase in state alcohol taxes would reduce gonorrhea rates by 2.1%, while a 20-cent increase in the tax on a six-pack of beer would reduce gonorrhea rates by 8.9%, with similar effects on syphilis rates.¹⁰
- A 10% increase in the average state excise tax on beer reduced AIDS rates by a range of 5.1 - 8.5% in males between the ages of 12 and 21.¹¹

Alcohol-related Violence

- Higher alcohol prices can reduce rates of homicide and suicide.¹²
- A 10% increase in beer tax would reduce the probability of any child abuse by 1.2%, and reduce the probability of severe child abuse by 2.1%.¹³
- Increased prices on alcohol would reduce the rate of domestic violence.¹⁴
- A 10% increase in beer tax would reduce the overall number of college students involved in some sort of violent behavior by 200,000 or about 4%.¹⁵



continued on page 2

Academic Achievement

- Increased prices on alcohol would improve study habits among college students.¹⁶
- A 10-cent per case of beer price increase would improve a student's probability of attending and graduating from a four-year college or university by 6.3%.¹⁷
- A 10% increase in beer tax would raise the probability of high school graduation by approximately 3%.¹⁸

Bottom Line: Raising alcohol taxes and prices is one of the most effective public health policies available to reduce alcohol-related harm. Even heavy drinkers will consume less when prices go up.

References

1. Cook PJ, *Paying the Tab: The Costs and Benefits of Alcohol Control*. Princeton: Princeton University Press, 2007.
2. Chaloupka FJ, The effects of price on alcohol use, abuse, and their consequences. In Bonnie RJ, O'Connell ME. *Reducing Underage Drinking: A Collective Responsibility*. The National Academies Press, Washington, DC. 2004:541-564.
3. Farrell S, Manning WG, Finch MD. Alcohol dependence and the price of alcoholic beverages. *J Health Econ*. 2003;22:117-147.
4. Cook PJ, Tauchen G. The effect of liquor taxes on heavy drinking. *Bell J Econ*. 1982;13:379-390.
5. Markowitz S, Kaestner R, Grossman M. An investigation of the effects of alcohol consumption and alcohol policies on youth risky sexual behaviors. *Am Econ Rev*. 2005;95:263-266.
6. Wagenaar AC, Maldonado-Molina MM, Wagenaar BH. Effects of Alcohol Tax Increases on Alcohol-Related Disease Mortality in Alaska: Time-Series Analyses from 1976 to 2004. *Am J Public Health*. 2009;99(1):1-8.
7. Saffer H, Grossman M. Beer taxes, the legal drinking age, and youth motor vehicle fatalities. *J Legal Stud*. 1987a;16:351-374.
8. Kenkel DS. Drinking, driving and deterrence: The effectiveness and social costs of alternative policies. *J Law Econ*. 1993;36: 877-914.
9. Grossman M. The economic analysis of addictive behavior. In Hilton ME, Bloss G. Economics and the prevention of alcohol-related problems. *National Institute on Alcohol Abuse and Alcoholism Research Monograph No. 25*, NIH Publication No. 93-513. Rockville, MD: National Institute on Alcohol Abuse and Alcoholism. 1993:91-123.
10. Chesson H, Harrison P, Kassler WJ. Sex under the influence: The effect of alcohol policy on sexually transmitted disease rates in the United States. *J Law Econ*. 2000;43:215-238.
11. Grossman M, Kaestner R, Markowitz S. An investigation of the effects of alcohol policies on youth STD's. *Am Econ Rev*. 2004;95:263-266.
12. Sloan FA, Reilly BA, Schenzler C. Effects of prices, civil and criminal sanctions, and law enforcement on alcohol-related mortality. *J Stud Alcohol*. 1994;55:454-465.
13. Markowitz S, Grossman M. Alcohol regulation and domestic violence towards children. *Contemp Econ Pol*. 1998;16:309-320.
14. Markowitz S. The price of alcohol, wife abuse and husband abuse. *South Econ J*. 2000;67:279-303.
15. Grossman M, Markowitz S. Alcohol regulation and violence on college campuses. In M. Grossman and C.R. Hsieh (Eds.), *Economic analysis of substance use and abuse: The experience of developed countries and lessons*. 2001.
16. Powell LM, Williams J, Wechsler H. Study habits and the level of alcohol use among college students. Impact Teen Research Paper Series #19. Chicago: University of Illinois. 2002. Available at: http://www.alcoholpolicy.md.com/pdf/studyhabits_powellfinal.pdf. Accessed August 18, 2009.
17. Cook PJ, Moore MJ. Drinking and schooling. *J Health Econ*. 1993;12:411-429.
18. Yamada T, Kendix M, Yamada T. The impact of alcohol consumption and marijuana use on high school graduation. *Health Econ*. 1996;5:77-92.

