

Summary

Alcohol, tobacco and gambling create costs for Swedish society in the form of production losses and extra expenditure for the public sector, for example. At the same time, these goods are valuable to consumers.

The alcohol market is in need of a thorough review

The alcohol market basically fulfils the same conditions that earlier characterised the gambling market as a ‘Wild West’ market and forced a re-regulation, not only in Sweden but also in most other EU countries. Almost 20 per cent of both the volume and value of alcohol consumed is not taxed in Sweden, but is instead the result of private imports, smuggling or home brewing. The international coordination of alcohol markets is weak, and consumers do not pay the extra costs they cause for others.

Swedish alcohol policy cannot be said to achieve its own objectives. Alcohol consumption per capita has increased instead of decreased over the past three decades. The reason is that the two main measures to control alcohol consumption – the alcohol tax and Systembolaget’s monopoly – both have limited possibilities to further reduce consumption. The alcohol tax increases of recent years have been possible because the price of alcohol in Sweden’s neighbouring countries increased during the same period. Alcohol tax increases that go beyond such support in the foreign alcohol price risk giving rise to an increase in private imports and smuggling. At the same time, it is difficult to reduce the number of alcohol outlets and restrict opening hours because outlet density is already very low and opening hours are already limited. Further restrictions may instead cause consumers to question Systembolaget’s monopoly and undermine its legitimacy.

The effectiveness of the alcohol monopoly in reducing alcohol consumption beyond what is possible in a competitive market can be questioned. There is no strong evidence to indicate that fewer outlets would result in lower alcohol consumption. This is evident, among other things, from the fact that alcohol consumption, with few exceptions, has not increased to any great extent in states that have abolished their alcohol monopoly. Moreover, the higher alcohol consumption in European countries without alcohol monopolies can be fully explained by the lower price of alcohol. In other words, if European countries raised their alcohol prices to the same levels as in Sweden, consumption would be at the same level as in Sweden, or even lower.

In addition, the alcohol monopoly is constantly questioned on various grounds, the latest example being the question of whether to create exemptions from the retail sector monopoly by allowing farm sales. Finland's previous alcohol market regulation was very similar to the Swedish regulation. However, the new Finnish regulations that entered into force in 2018 have opened up for a number of exceptions, creating competitive distortions in the alcohol market. The risk of such a partial and targeted deregulation is that these distortions lead to further changes over time and that the regulation in the end would essentially consist more of exemptions from the monopoly than being a well thought-out and efficient competitive market regulation. The risk of allowing farm sales in Sweden is therefore primarily due to the fact that more exceptions arise over time, which complicates a well-balanced re-regulation of the alcohol market as a whole.

All in all, there are a number of problems with the current Swedish alcohol market regulation that justify a thorough review. The purpose of a review should be to find a new market regulation with better possibilities for achieving the objectives of Swedish alcohol policy. This should be done by finding a combination of policy instruments that can help regain control of Swedes' alcohol consumption.

Information on the harmful effects of alcohol must be improved

Information on the harmful effects of both tobacco and gambling is important to help consumers make well-balanced choices. The information on tobacco packaging is considered so important that this is regulated by the EU. The new Swedish gambling law entails a comprehensive information obligation with, among other things, requirements to provide the contact details of organisations that offer information and support. The reason for the information obligation is that such information can help consumers make better decisions and reduce the risk of excessive gambling.

Alcohol is thought to cause far more harm and extra costs than both tobacco and gambling combined. Despite this, there are no requirements to inform the consumer of the risks and the harmful effects. Against such a background, it is reasonable to call for mandatory information on the harmful effects of alcohol in the same way as for tobacco and gambling. The information should be mandatory on alcohol packaging and outlets and should include combined health warnings about the risks of alcohol and its adverse effects, information on recommended consumption and contact information for help and support lines.

Tobacco policy has been successful in reducing smoking

Since the early 1990s, several measures have been implemented to reduce smoking and the damage caused by smoking. In most cases, these instruments are supported by EU regulations and WHO conventions. International cooperation has been a crucial prerequisite for the successful regulation of tobacco internationally and in Sweden. The consequence of this coordination is that smoking has decreased both in the EU as a whole and in Sweden.

The reduction in smoking can largely be explained by the increased efficiency of the Swedish tobacco tax in reducing demand in Sweden at a time when tobacco taxes in other countries have also increased. The relative price of foreign tobacco has increased, thus reducing the incentives for both smuggling and private imports. The smoking bans from the early 1990s have contributed to reduce harm from, and costs of, passive smoking. The information-based

instruments, such as warning texts, may also have contributed to lower consumption.

All in all, Swedish tobacco policy can be said to have achieved its objectives for smoking. Smoking has decreased overall, as well as among children and adolescents. The number of people who are harmed or who die as a result of smoking has also decreased.

This development implies that smokers can be said to pay the extra costs smoking causes for others. The extra costs are paid by the smokers through the excise duty on cigarettes and by the smokers' increased mortality. The increased mortality due to smoking is so large that it significantly reduces public sector costs for pensions and elderly care. This is because smokers are less likely than non-smokers to reach costly old age. Instead, the significant extra costs of smoking are paid for by smokers themselves and to a large degree by a lower lifecycle income compared to if they had not been smokers. In addition to this there are intangible costs, such as the smokers' suffering and poorer quality of life due to smoking-related diseases.

Tobacco policy has not succeeded in reducing the use of snus

Tobacco policy has not been as successful with regard to snus. While snus users compensate for the extra societal costs, the use of snus has not decreased but rather increased over an extended period of time. The lack of success can be explained by the unique properties of snus. Tax on snus has increased, but without any larger corresponding reduction in use. This means that snus users are relatively insensitive to price increases. By extension, this presents an opportunity for the state to tax snus higher than other goods. This is apparent from the fact that the state's revenue from the excise duty on snus is about 4.5 times as high as the extra costs the use of snus causes for others.

The public health policy goals for alcohol, tobacco and gambling should be adjusted

As alcohol, tobacco and gambling result in diseases and harm, these goods and services fall within the framework of public health policy.

The focus of public health policy is to counteract diseases and limit harm. This is a reasonable starting point when it comes to diseases or accidents that create costs for both the individual and society. However, consumers of alcohol, tobacco and gambling find value in their consumption. Such positive values are not included in the principles of public health policy. It is therefore reasonable that public health policy should involve more discussion of alcohol, tobacco and gambling within a socio-economic framework.

By including alcohol and tobacco in the public health framework, both alcohol and tobacco policies aim to reduce consumption. The relevance and sustainability of such a goal can be questioned on a number of grounds. Among other things, if consumption is limited to levels that are lower than what is socio-economically desirable, society wastes resources in the same way as if consumption was too high. This implies that the state sanctions the use of resources for purposes that do not contribute to social welfare, and indirectly excludes other measures with positive contributions. The politically determined consumption targets should therefore be reviewed and amended so that they instead express that consumption of alcohol, tobacco and gambling should be limited, but to more socio-economically desirable levels.

Extending help to those who want to quit or reduce their use

Primarily it is the users themselves who pay the extra costs of their consumption through impaired health, premature death and lower lifecycle income. At the same time, some consumers express their desire to reduce their use or stop altogether. However, the needs are different depending on the person, and different opportunities for help may be required. Furthermore, there is also a need to access help easily. The state should therefore allocate increased funds for the development of support lines, support groups, therapies, withdrawal methods, binding technologies and other possible methods to help consumers reduce their consumption or quit altogether.

The statistics on alcohol, tobacco and gambling should be reviewed and coordinated by one authority

Objective and relevant information about alcohol, tobacco and gambling is crucial for evaluating the extent of the societal problem, as well as determining whether the objectives have been met and the measures have been effective. There is a large amount of data regarding the level of consumption of alcohol, tobacco and gambling. In many parts, the statistics are not quality-assured in such a way that is customary for data of such importance. This may be the reason why parts of the statistics suffer from flaws and ambiguities. Parts of the statistics are also duplicated by different organisations. It is also noteworthy that a non-profit association, with the clear goal of reducing the consumption of alcohol and tobacco, and with members who have clear special interests in alcohol and tobacco, is responsible for important parts of the statistics. However, the problems can be remedied relatively easily by including the statistics for alcohol, tobacco and gambling in the Official Statistics of Sweden, with clear minimum requirements for quality, methods and documentation. The responsibility for statistics in the different areas should be assigned to one authority so as to effectively coordinate the production of the data.