Affordability and Consumption

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Introduction

- Consumption: Focusing on overall consumption - why?
- Affordability: What does this mean?
- Bringing the two together
- Limitations
- Conclusions

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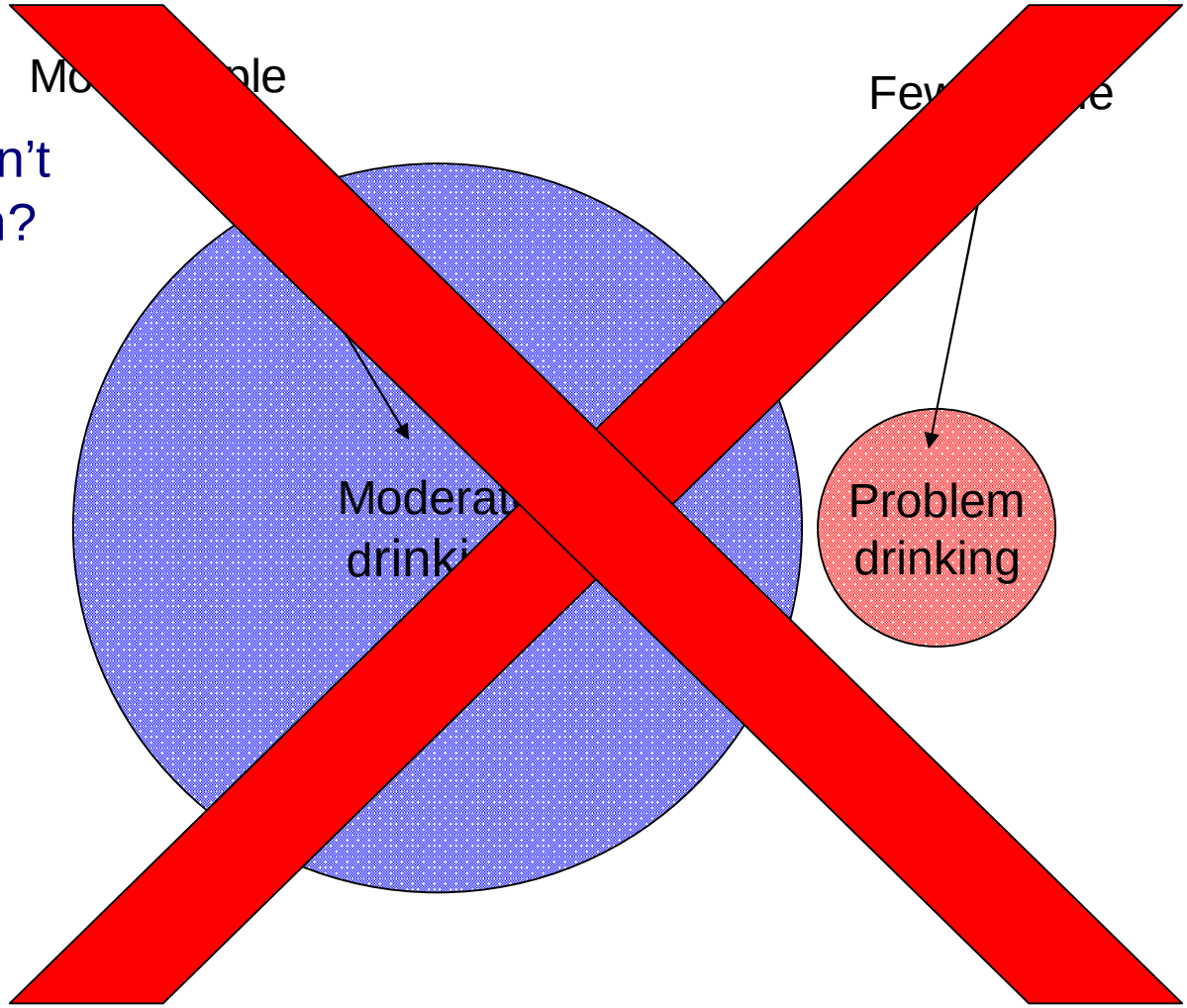
Why does overall consumption matter?

- If the heavy drinkers have the problems, shouldn't we focus on them?
- But humans are social animals



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Collectivity of Drinking Culture (Skog)

- Humans are social and drinking is a particularly social behaviour
- Each of us is influenced by how those around us drink and we, in turn, influence how they drink
- Drinking habits spread through social networks

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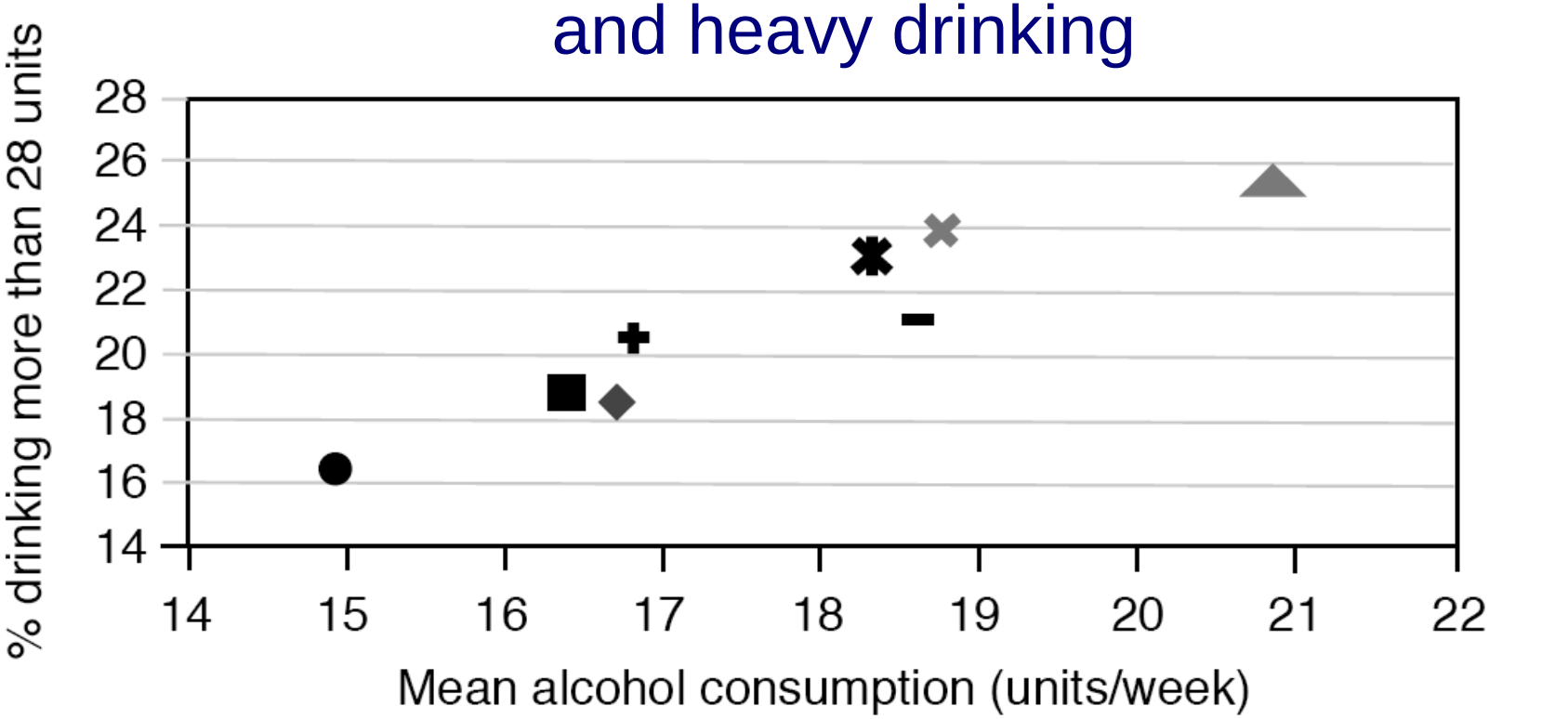
Relationship between overall consumption and heavy drinking



◆ Anglia
✖ North & Yorkshire
✚ Trent
■ North Thames
✱ South Thames
▬ West Midlands
▲ North West
● South & West

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Source: Primatesta et al., 2002

Reproduced in The Academy of Medical Sciences (2004) "Calling Time"

Relationship between consumption and problems at an individual level

- For many diseases, including several cancers, the risk of getting the disease increases with the amount of alcohol consumed

- There is some evidence of a benefit of moderate alcohol consumption but not for under 35s

- For over 65s, optimal consumption levels are 3 units per week for women and 8 units per week for men

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Source: White et al (2002) "Alcohol consumption and mortality: modelling risks for men and women at different ages". BMJ vol 325

What do I mean by Affordability of Alcohol?

- Roughly, how much alcohol can we afford?
- Specifically, income divided by price
- Calculated from HMRC figures for total amount of alcohol bought and ONS figures for total households' disposable income, adult population of the UK and total amount spent on alcohol
  - Calculated in litres of pure alcohol so that figures for wine, cider, beer and spirits could be added up

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HMRC: HM Revenue and Customs
ONS: Office for National Statistics

Definition of Affordability

$$\frac{\text{Disposable income / UK population}}{\text{Amount spent / Amount bought}}$$

- Result gives number of litres of pure alcohol the average person could buy if they spent all their money on booze!

- Converted to an index, showing percentage change since 1980

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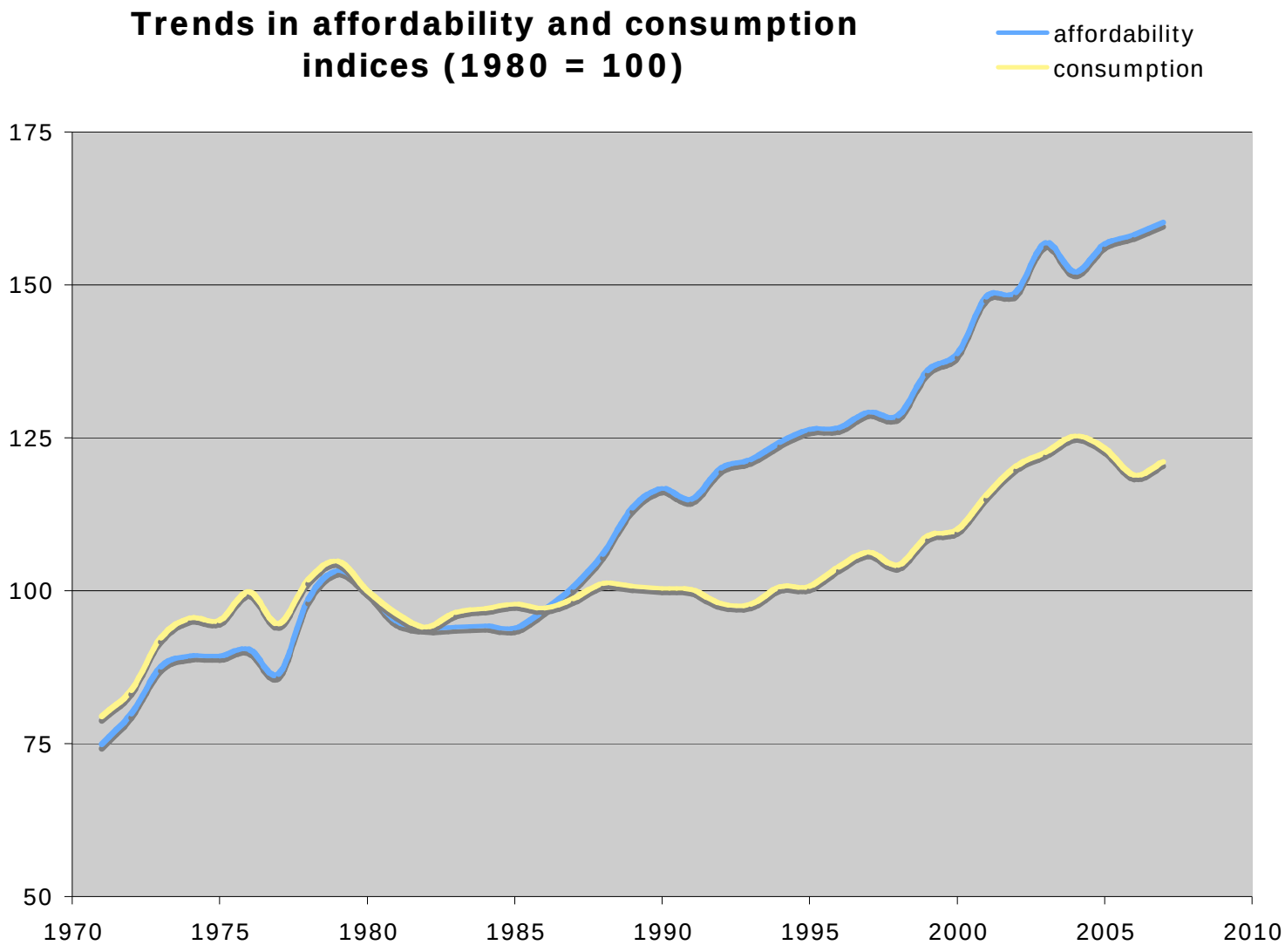

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Elasticity

- If affordability and consumption are so closely related, why don't the lines stay together?
- Economists have two kinds of 'elasticity': price and income. Affordability includes both.
- Alcohol is not perfectly elastic, e.g. if the price rises by 10%, consumption falls, but not by as much as 10%

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Limitations

- Affordability is not the only thing that affects consumption
- Culture is very important
  - In comparisons between cultures, affordability gets overshadowed by cultural differences
- Whole-population approach misses differences between different sectors of the population
  - Trade-off between reliability and detail of data

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Conclusions

- Overall consumption matters because of social networks - heavy drinkers are not isolated
- Affordability of alcohol is closely linked to overall consumption

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