

## The cost of alcohol – briefing for 17<sup>th</sup> April debate

Of motion [S6M-11787](#) - ‘Celebrating Scotland's Iconic Scotch Whisky Industry’

Scottish Health Action on Alcohol Problems (SHAAP) is a partnership of the Medical Royal Colleges in Scotland and the Faculty of Public Health and is based at the Royal College of Physicians of Edinburgh (RCPE). SHAAP provides the authoritative medical and clinical voice on the need to reduce the impact of alcohol-related harm on the health and wellbeing of people in Scotland and the evidence-based approaches to achieve this.

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### Scotland's alcohol crisis

Alcohol harms are one of Scotland's most pressing health and social issues. Deaths from alcohol in Scotland increased from 1,245 in 2021 to 1,276 in 2022.<sup>i</sup> Additionally, in 2022/23, there were 31,206 alcohol-related hospital stays.<sup>ii</sup> This means that every day in Scotland, more than 3 people lose their lives and over 85 more are hospitalised because of alcohol. All of these devastating harms are avoidable.

While these figures convey the scale of harm caused by alcohol in Scotland, they do not tell the whole story. These figures only include those deaths and admissions which are solely the result of alcohol. Taking account of the many other conditions, such as cancer and stroke, in which alcohol plays a role, gives a much higher figure. The statistics also mask the damage and pain caused in the lives of people who are living with an alcohol problem, as well as that in the lives of their loved ones and in wider communities. This harm is immeasurable.

Scotland's alcohol crisis is also a major source of inequality in our society. Alcohol widens our existing health inequalities, as those living in the most deprived communities are worst affected: there are 4.3 times as many deaths from alcohol-specific causes in the most deprived communities as in the least deprived,<sup>i</sup> and anyone living in one of our most deprived areas is seven times more likely to be hospitalised because of alcohol-related conditions.<sup>ii</sup>

### The cost of alcohol

Scotland's relationship with alcohol is complicated: we have a global reputation for producing alcohol (particularly whisky), but that is now accompanied by high levels of drinking and harm, which do themselves bear significant costs.

An estimated 4.9% of the Scottish economy (£8.1bn) can be attributed to the sale of alcohol, around 60% of which comes from whisky exports.<sup>iii</sup> However, the cost to the Scottish economy of alcohol-related harm, alcohol-related sickness, unemployment and the loss of workers through premature death outweighs these gains.





The societal costs of alcohol go far beyond the yearly £1.2bn estimated economic cost - including the economic value put on lost life, the costs are comparable to alcohol's contribution to Scottish GDP – amounting to between **£5-10bn every year**.<sup>iii</sup> Effective alcohol harm reduction policies can help recover some of that lost potential.

## Alcohol also generates substantial societal costs: estimates suggest they could amount to £5-10bn, with around £1.2bn cost to the economy

### Societal and economic cost of alcohol in Scotland

- Putting a monetary value on the harm caused by alcohol is complicated, and sensitive to a range of methodological judgements.
- In 2010, the Scottish Government commissioned the York Health Economics Consortium to estimate the societal cost of alcohol in Scotland, which they calculated to be £3.6 billion in 2007.
- In 2012, researchers at the University of Aberdeen carried out their own assessment, and found the figure to be higher: £7.2 billion in 2010:
  - The discrepancy is mainly due to the inclusion of morbidity costs (the cost to sufferers of non-fatal alcohol-related illness), but the Aberdeen method also underestimates crime costs due to data limitations.
- The figures opposite present the estimates from those studies, updated in line with inflation. They do not account for changes in drinking patterns or levels of harm
- With over a decade since the last systematic analysis of the societal cost of alcohol in Scotland, the Government should commission an update of its previous analysis.

### Total Costs, 2021/22

	York method	Aberdeen method
 <b>Intangible costs</b> e.g. value of lost life	£2.0bn	£7.2bn
 <b>Health &amp; social care costs</b>	£0.7bn	£0.5bn
 <b>Labour &amp; productivity costs</b>	£1.2bn	£1.2bn
 <b>Crime costs</b>	£1.0bn	£0.1bn
<b>Total</b>	<b>£4.9bn</b>	<b>£9.6bn<sup>1</sup></b>

<sup>1</sup> Does not sum to total because of unattributed costs

Source: Scottish Government (2010), *The Societal Cost of Alcohol Misuse in Scotland for 2007*; Johnston et al (2012), *Inequalities in the distribution of the costs of alcohol misuse in Scotland*; SMF analysis

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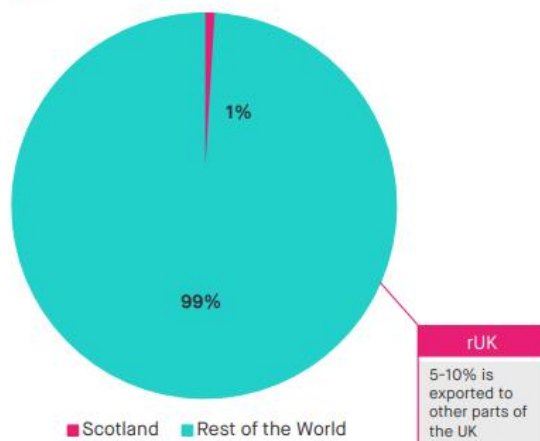
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While Scotland has a well-established reputation as a producer of whisky, 99% of whisky is exported.<sup>iii</sup> Vodka is Scotland's most consumed spirit: people in Scotland consume more vodka, beer and wine than they do whisky.<sup>iii</sup>

## Yet whisky is fairly marginal in the domestic Scottish market: 99% of scotch leaves the country, and Scots drink far more vodka than whisky

### Scotch in its domestic market

#### Scotch whisky sales by location



#### Breakdown of Scottish off-trade volume sales by drink type, 2021



Source: Public Health Scotland, MESAS monitoring report 2022; Scotch Whisky Association; SMF analysis

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Scotland faces an apparent tension between taking steps to reduce harmful drinking and supporting its economy through the alcohol and whisky industry, and policies to reduce alcohol consumption and harms in Scotland have been resisted by the alcohol industry.<sup>iv</sup> The potential economic impact of such measures have been a prominent part of the debate

in relation to population-wide harm reduction policies such as Minimum Unit Pricing and restrictions on alcohol marketing. However, as 99% of whisky is exported, Scottish policies to reduce consumption and harms (and stricter regulation of the domestic market) is likely to have minimal economic impact on the whisky industry.

It is important to remember that if people choose to spend less on alcohol, they are likely to spend more on other goods and services. Modelling generally suggests that the overall effect of these shifts in spending on the economy is likely to be modest, and the economic costs of reducing alcohol sales in Scotland can be largely offset by gains to other sectors and by having a healthier, more productive population.<sup>iii</sup>

## Conclusion

Scotland's global reputation as a producer of whisky must be balanced with the need to ensure that societal alcohol harms are minimised. Scotland is facing a crisis with alcohol - which is costing our nation around the same as the alcohol industry is contributing in GDP. Reducing alcohol harms in Scotland does not necessarily mean economic damage to society. In fact, the reverse is likely true, as reductions in the cost associated with alcohol harms (e.g. health care, social care, policing, criminal justice, etc.) and related gains in economic productivity will financially benefit all sectors of the Scottish economy.

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<sup>i</sup> National Records of Scotland (2023). [Alcohol-specific deaths 2022.](#)

<sup>ii</sup> Public Health Scotland (2024). [Alcohol related hospital statistics.](#)

<sup>iii</sup> Bhattacharya, A (2023). [Getting in the Spirit? Alcohol and the Scottish economy.](#)

<sup>iv</sup> McCambridge J., Hawkins B. & Holden C. (2014). [The challenge corporate lobbying poses to reducing society's alcohol problems: insights from UK evidence on minimum unit pricing.](#)