

**REMARKS OF GUY L. SMITH, EXECUTIVE VICE PRESIDENT, DIAGEO,
ON THE OCCASION OF THE ANNUAL CONFERENCE
OF THE RESPONSIBLE RETAILING FORUM, THE LIBERTY HOTEL, BOSTON,
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[Slide numbers in brackets]

[Title slide 1] Good afternoon.

[2] I appreciate the opportunity to talk with this diverse group of stakeholders in alcohol issues as we all celebrate Alcohol Awareness Month. Seeing you all here is a real tribute to Brad's vision for the Responsible Retailing Forum. The best way to solve a problem like underage access: bring all those with an interest in the problem together to help find a solution.

We very much believe in collaboration and cooperation like that. It is the reason we at Diageo have supported the work of RRF from its beginning in 2003, expending more than \$1 million in the process.

This afternoon, I want to borrow Brad's vision to talk more broadly about the value we see of collaboration across the industry and with all stakeholders who are serious about alcohol abuse.

[3] I want to look at:

- What has been accomplished through collaboration and a common vision
- A threat to these accomplishments from the alcophobes
- How we can overcome that threat

[4] Let's look at roughly the last decade.

If you were a senior in high school in 2000, about 50% of your friends drank. If you were a tenth grader, something like 41% of your friends drank. And if you were an eighth grader, about 22% of your friends drank.

(University of Michigan, *Monitoring the Future Study*, <http://monitoringthefuture.org/data/11data.html#2011data-drugs>, as cited in Anheuser-Busch InBev's "Alcohol Stats, Signs of Progress" <http://www.alcoholstats.com/uploads/SOP-Charts.pdf>; accessed 4/9/2012)

Those are teenagers. That's what your world was like if you were a high school senior, sophomore or middle schooler just a little over a decade ago.

If you were on the road, you might have had the deep misfortune of being one of the 13,300 people in 2000 killed in a drunk-driving crash. If you were a teenager, you could have been among the 1,720 killed the same way.

(US Department of Transportation, National Highway Traffic Safety Administration, as cited in Anheuser-Busch InBev's "Alcohol Stats, Signs of Progress" <http://www.alcoholstats.com/uploads/SOP-Charts.pdf>; accessed 4/9/2012)

Now, if you want to take some good news out of these otherwise grim statistics, they actually represent milestones of progress in the decades-long battle against underage drinking and drunk driving.

Take high school and middle school drinking, for instance.

- In 1975, nearly seven out of ten high school seniors said they had had a drink in the last 30 days.
- In 1991 the numbers for seniors were down. Nonetheless, more than half of all seniors said they were drinkers.
- More than 4 in 10 sophomores drank that year.
- Almost three in ten eighth graders drank.

[5] Now, let's take a look at today.

- Today, four in ten high school seniors say they drink. That's a drop of 41% since 1975 and 18% since 2000.
- Among sophomores, fewer than three in ten now drink. That's a drop of 36% since 1991 and 30% since 2000.
- And as for eighth graders, just slightly more than one in ten now say they drink. That's a drop of 49% since 1991 and 38% since 2000.

(University of Michigan, *Monitoring the Future Study*, as cited in Anheuser-Busch InBev's "Alcohol Stats," accessed 4/9/2012)

Any amount of underage drinking is too much. But we can say with some pride that the numbers are trending in the right direction and that underage drinking problems are getting better, not worse.

[6] We can see similar trends in drunk driving, both in the near term and longer term.

- Total fatalities in drunk driving have declined to just over 10,000. That's 52% lower than 1982 and 23% lower than 2000.
- Fatalities in teen drunk-driving crashes declined 74 percent between 1982 and 2009 and 37% between 2000 and 2009.

(US Department of Transportation, National Highway Traffic Safety Administration, as cited in Anheuser-Busch InBev's "Alcohol Stats," accessed 4/9/2012)

[7] And those declines have been happening even as the number of miles that Americans drive has gone up. The total drunk-driving fatalities per billion vehicle miles traveled has dropped by 74 percent between 1982 and 2010 and 30% between 2000 and 2010.

(US Department of Transportation, National Highway Traffic Safety Administration, as cited in Anheuser-Busch InBev's "Alcohol Stats;" accessed 4/9/2012)

Even one death caused by a drunk driver is one too many. Yet we can look at these trends, too, and say that we are headed in the right direction. We just have to keep on going.

[8] The one place where we have seen less progress is in college binge drinking. The number of college students who have reported binge drinking has declined only 14% since 1991, and has barely budged since 2000.

(<http://www.centurycouncil.org/binge-drinking/statistics> from the Monitoring the Future study; accessed 4/9/2012)

This problem is so complicated that there has even been some discussion among college presidents about changing the legal purchase age.

While we do not embrace that solution, those numbers do tell us that we all have much more to do – individually and collectively – to attack this problem among young people in college. Fortunately, there are approaches like Social Norms marketing that are getting promising results, about which I'll have more to say in a moment.

Now, the fact that I can say we all have individual and collective interests in bringing down college binge drinking implies a great deal about the change in relationships among all of us since the beginning of the last decade.

[9] Let me give you just one example. At the beginning of that decade, it would have been anathema for an executive of MADD to be seen with an executive of my industry, much less talking about mutual cooperation. Yet as the decade progressed, we continued to look for, and found, common ground, starting with our decision to join MADD and others in both the industry and the highway safety community to support .08 BAC laws.

[10] More and more, those who have a stake in alcohol issues have found, and do find, ways to work together or to work in parallel toward the same goals: bringing down abusive drinking, whether that is underage drinking, drunk driving, or binge drinking on college campuses or elsewhere. We may not all be in the same boat, pulling at the same set of oars. But each of our boats is heading the same direction with the same goal: to end abusive drinking.

Frankly, we will have to do that if we are to keep the progress going. I say that because I firmly believe that the progress on abusive drinking – especially underage drinking and drunk driving -- can be attributed in large part to the actions of the people in this room and those that we represent here today.

For the decline in underage drinking, we can thank law enforcement, retailers and parents who are keeping kids from purchasing illegally. Their efforts have been helped by the work of this Responsible Retailing Forum. The RRF systems approach has yielded strong improvements in age-verification rates in cities throughout the US. The approach is viewed as so promising that RRF has been the recipient of grants from the Center for Substance Abuse Prevention, and, most recently, from the NIH to further develop its model.

The decline in underage drinking also owes a debt to the laws that punish adults who supply kids with alcohol. Laws like these are important because the vast majority of minors do not purchase alcohol for themselves.

That is especially true for 12- to 14-year-old teens. In the National Survey on Drug Use and Health published last year, only 6.6% paid for alcohol. Nearly 94% got it for free -- from a parent, other adult relative, from an unrelated adult, from another underage person, or they simply took it from their own home or someone else's home.

(Center for Behavioral Health Statistics and Quality, *Data Spotlight*, February 17, 2011)

[11] Many of us in this room, including members of our industry, have supported state legislative changes to suspend drivers licenses of adult providers of alcohol to minors, and for underage drinkers themselves. So far, we've passed laws in eight states with legislation pending in more. We're also working on state legislation to permit law enforcement to take action against house parties where underage drinkers drink, often at hazardous levels.

[12] I believe the decline in underage drinking also owes something to programs like the FTC's, "We Don't Serve Teens." That program has brought together the energy of the federal government, beverage alcohol suppliers, distributors and retailers to powerfully deliver that message to parents, consumers and teens themselves. It is complemented by the Miller Coors' "Respect 21" program implemented through RRF.

[13] And the decline in underage drinking owes a very great deal to programs that enable parents to have powerful conversations with their kids. Those conversations empower young people to make smart choices. Our friends at Heineken support one of the best of these kinds of programs, the Health Alliance on Alcohol. This joint effort with the New York Presbyterian Healthcare System, the Columbia University College of Physicians and Surgeons and the Morgan Stanley Children's Hospital has created extraordinarily effective tools for parents. The Facts & Conversation book series offers a practical guide to having ongoing conversations with children that prepare them for alcohol issues and situations.

[14] We can see similar examples of cooperation and collaboration in the decline in drunk driving. It, too, can be attributed to the work of many, many hands. Law enforcement has played a big role in getting drunk drivers off the road. And the judiciary has taken both a tougher and more nuanced approach to getting and keeping drunk drivers off our streets.

[15] Their work has been complemented by that of a broad range of members of the beverage alcohol industry. For instance, early in the last decade, we joined NHTSA in actively supporting .08 legislation, which is now the standard in all 50 states, the District of Columbia and Puerto Rico. Since then, we have supported tougher laws against hard-core drunk drivers. They repeatedly drive with a BAC of .15 or higher. They cause 63% of drunk-driving fatalities.

[16] We've funded, through The Century Council, programs to help judges, prosecutors and probation officials find and implement more effective strategies to deal with drunk drivers.

[17] We have also gone directly to our consumers to combat drunk driving through Safe Ride programs and designated driver programs. One of the more comprehensive programs was introduced recently by Brown-Foreman for the Jack Daniel's brand. They've created what they are calling the "Jack Daniel's Drinking School" online to educate consumers about responsible consumption. The program is clever and smart.

[18] Their program is complemented by the "Champions Drink Responsibly" program from Bacardi with tennis pro Rafael Nadal as the company's new Global Social Responsibility Ambassador.

[19] And the messages of both those programs are reinforced by the comprehensive alcohol education material found on Diageo's own responsible drinking website, www.DrinkIQ.com.

Members of our industry have also been working to make headway against the recalcitrant problem of binge drinking among college students.

[20] For example, over the past 20 years, Anheuser-Busch InBev has partnered with and provided funding to more than 16 university groups to support their campus-specific social norms programs in the US. Social norms marketing corrects the misperception that abusive drinking is the norm and sets the expectation for positive behavior, reinforcing that most people are doing the right thing by drinking responsibly.

The social norms approach works. It has produced documented reductions of more than 40% in irresponsible consumption and a comparable reduction in injuries.

(National Social Norms Institute report on case studies, <http://www.socialnorms.org/CaseStudies/alcohol.php>; accessed 4/9/2012.)

Finally, we in this industry have been working with members of our communities to combat over-consumption in very targeted ways.

Here are just two examples.

[21] The first is our support of the Responsible Hospitality Institute, a group that builds partnerships in city centers to address problems like over-consumption through a systems approach, much like RRF. The innovation and creativity that the RHI approach has brought to more than 40 cities around the US has meant more vibrant and safer areas for people to socialize.

[22] The second example is our support of Screening and Brief Intervention programs to reduce hazardous drinking. Screening and Brief Intervention works by having a physician or other provider ask a patient a series of simple questions in a non-judgmental way. Through this approach patients are allowed to arrive at their own conclusions about potentially problematic drinking patterns and get the help they need.

SBI has been endorsed by the World Health Organization and other health authorities worldwide and has a proven track record of changing abusive drinking behavior. The challenge for spreading the use of SBI has been funding for training and dissemination. Diageo and DISCUS are helping to address that need, in part by providing grants to train physicians and other providers in this technique.

Our most ambitious SBI initiative so far is to fund the Brief Intervention Group, which intends to train every employee assistance clinician in the country in SBI.

[23] I think we can all take pride in what we have done over the past decade. Working sometimes individually and sometimes in partnership we have implemented actions that are making a measurable difference to alcohol abuse in this country. Underage drinking is down. Drunk driving is down. And we are now making the kind of targeted interventions that will bring down overconsumption.

[24] There is a threat, though, to the progress we have been making and to the underlying spirit of collaboration and partnership that has made that progress possible. The threat is what a member of the AMA's late office of alcohol policy calls "advocacy science."

Advocacy science doesn't start from a search for truth, or even just knowledge. Advocacy science starts from a search for "evidence" to support an already firmly held premise and policy goal. It doesn't really start from a hypothesis that the scientist will test to find the truth. The "scientist" says, "I know what I want to demonstrate before I even start my investigation. I just need to find, or conjure, some facts to fit my notion of the truth."

The problem with advocacy science is that it is diverting. It diverts energy and resources from a legitimate search for truth and knowledge. It diverts attention from strategies that are truly effective. In the field of alcohol policy, advocacy science and the alcophobes who perpetrate it redirect all that energy and attention to support policy positions that will have no real impact on reducing hazardous drinking or underage drinking. This is just wrong.

Here are just a few examples that are probably familiar to many of you here.

- [25] A “peer-reviewed analytic essay” in the *American Journal of Public Health* sets forth a truly fantastic conspiracy theory about people I know and work with asserting that flavored malt beverages were designed to switch underage drinkers to distilled spirits and had that effect.

(Mosher, 2011)

The author of the essay, Jim Mosher, a known serial alcophobe, studiously ignores FTC findings on the effects of alcohol advertising, the steady decline in underage drinking during the period in question, and the effective programs we support to reduce underage drinking, drunk driving and adult hazardous consumption. In another era, he might have joined Joe McCarthy in ranting about the number of known Communists in the State Department. The demagoguery, sadly, is similar.

- [26] A now-infamous CDC study projected that a 20-cent per six-pack hike in the beer tax would reduce gonorrhea rates by 9%

<http://www.cdc.gov/mmwr/preview/mmwrhtml/mm4916a3.htm>, accessed 4//9/2012).

The study still gets dusted off and referenced often. Unfortunately, the study’s authors, in pegging their projection on the 1991 doubling of the excise tax on beer, neglected to take into account the concomitant impact of AIDS and the widespread adoption of safer sex practices during that period.

That’s a little like doing a study of the Titanic and finding a correlation between drinking on the upper decks and the

sinking – all the while ignoring the effects of that giant ice berg out there.

- [27] A storied study by the Center for Addiction and Substance Abuse, still regularly quoted today, asserted that 20 to 25% of US alcohol consumption is by underage drinkers.

(Foster, JAMA, 2003)

In this particular case, the Substance Abuse and Mental Health Services Administration, whose numbers CASA manipulated, refuted the report, leading to a *New York Times* front-page retraction. Nonetheless, as I said, that figure still lives in the media today.

(“Teenage Drinking A Problem But Not In Way Study Found,” *New York Times*, February 27,2002)

- [28] A decade’s worth of reports from the Center for Alcohol Marketing and Youth claims alcohol advertising “overexposes” youth even though the FTC has confirmed, “The primary audience for alcohol advertising is of legal drinking age. For example, under the 70 percent placement standard, young LDA adults see more alcohol advertising than do youth.”

(FTC, “Self-Regulation in the Alcohol Industry,” <http://www.ftc.gov/os/2008/06/080626alcoholreport.pdf>, accessed 4/9/2012)

[29] Every time CAMY publishes one of those things, it reminds me of Ronald Reagan’s famous quip: “There you go again.”

[30] Underlying all this “advocacy science” is a fundamental disagreement between two points of view on how to address alcohol problems. On one side you have advocates of the control of total consumption (or population-level approaches) -- and let’s call them what they are: serial alcophobes.

On the other side you have advocates of targeted approaches that focus on the individuals, groups and settings where alcohol problems arise, and this approach clearly produces good results.

[31] The alcophobes have produced study after study that they claim support positions like the following:

- Higher alcohol taxes will reduce binge drinking and underage drinking as well as traffic fatalities and sexually transmitted diseases.
- Advertising bans and restrictions will reduce binge drinking and underage drinking

As for the effectiveness of higher alcohol taxes in reducing alcohol problems, we have only to look at the experience of the Nordic countries and the Soviet Union to see the futility of that approach. The Nordics have very high taxation with little effect on problem drinking. In Gorbachev's Soviet Union large price hikes and many other dramatic restrictions did lower overall consumption in the short run, but consumption quickly went up again with the explosive growth of the illicit market.

(Osterberg, E., & Karlsson T. (Eds.). (2003). *Alcohol policies in EU Member States and Norway. A collection of country reports*. Helsinki, Finland: (STAKES); Hibell, et. al., (2000). *The 1999 ESPAD Report: Alcohol and other drug use among students in 30 European countries*. The Swedish Council for Information on Alcohol and Other Drugs (CAN); Norstrom, T. (2001) Alcohol and mortality: The post-war experience in the EU countries. *Addiction*, 96: (Suppl. 1): S1-S129.; McKee, "Alcohol in Russia," *Alcohol and Alcoholism* (1999) 34 (6): 824-829.

And as for advertising bans, Professor Jon Nelson's thorough review of the nine major longitudinal studies on ad bans makes clear the unlikelihood of that approach to reduce abusive drinking. As Nelson, an economist from Penn State University, says, "My conclusion is that the emphasis on advertising bans and similar regulations in the public health literature is misplaced.

More effective policies need to be sought to deal with issues of youthful risk-taking associated with alcohol." Indeed, Professor Nelson adds, ""The studies, in fact, are deficient in so many respects that the big question is whether there's any influence of marketing at all, especially the mass media."

("What is Learned from Longitudinal Studies of Advertising and Youth Drinking? A Critical Assessment," *Int. J. Environ. Res. Public Health*, 2010, 7, 870 – 926)

Now, the alcophobes are pulling the CDC into this debate in ways that put the agency's well-earned reputation for grounding its work in solid science, not pseudo-science, at risk. The Community Preventive Services Task Force funded by the CDC has been publishing papers that promote harsh population-level control measures, which the Task Force claims, "according to [its own] ... rules of evidence," are effective.

(Hahn et. al., " Effects of retail privatization on excessive alcohol consumption and related harms: A Community Guide Systematic Review," *Am J Preventive Medicine*, Vol 42, No 4, 2012, pp. 418-427)

The Task Force borrows – and besmirches -- the credibility of the CDC by regularly injecting itself into public debates, advocating higher taxes, advocating against privatization of government monopolies and advocating for restrictions on days and hours of sale and reducing the number of outlets, all in the name of reducing overall consumption.

<http://www.thecommunityguide.org/alcohol/index.html>, accessed 4/9/2012)

[32] The truth is that some of these measures might reduce overall consumption. But they would have precious little impact on hazardous and underage drinking. That's because 1) NIAAA research has shown that the heaviest drinkers do not reduce their drinking in response to tax hikes; they simply move to cheaper brands or varieties of alcohol

(CHALOUPKA et. al., " The effects of price on the consequences of alcohol use and abuse" In: Galanter, M., Ed. *Recent Developments in Alcoholism. Volume 16: The Consequences of Alcohol*. New York: Plenum, 1998, pp. 331–346.),

And 2) Since, as we saw a moment ago, a large majority of underage drinkers do not pay for their alcohol, it is difficult to see why a tax hike would significantly reduce underage consumption.

[33] Unlike the blunt, population-based policy approaches suggested by these studies, targeted interventions have proven effective in actually combating the problems associated with alcohol abuse. Targeted interventions are pragmatic, flexible, efficient, and culturally sensitive approaches to the complex issue of why some individuals drink too much.

[34] By targeting only those people with problematic drinking patterns, rather than society at large, and understanding the factors leading to individuals' inappropriate alcohol consumption, alcohol abuse and its consequences can be significantly reduced while the rest of society is able to enjoy the benefits of moderate consumption.

[35] Frankly, we have tried control of consumption of alcohol in the United States. It was called Prohibition.

[36] So how do we overcome this threat from the serial alcophobes and their "advocacy science" and what it represents? By doing more of what we are already doing: doing what we have been doing for the past decade – making sure all of our boats are going in the same direction.

There are many kinds of targeted intervention programs that have well-documented success in changing drinking patterns and behavior. As I mentioned earlier, SBI strategies are extremely important. Other kinds of targeted intervention programs can be tailored to address particular issues, including drinking and pregnancy, "binge drinking" and responsible hospitality.

Targeted interventions are an important way in which governments, public health organizations and the alcohol industry can partner together in fighting alcohol abuse and underage drinking. Just to take one instance: the work of the RRF is a targeted intervention, and a good one at that.

[37] Partnership doesn't mean that we will always agree on everything. Partnership is about finding that common ground and agreeing on the contribution that each stakeholder can make. Preventing underage drinking, drunk driving and irresponsible drinking are issues we can all agree to work on together.

[38] To paraphrase Bill de Jong in one of his blogs, to partner with each other, all we have to do is be pragmatists and not moralists.

("Can the Prevention Community Work with the Alcohol Industry?" Posted by William DeJong on Tue, Sep 21, 2010; accessed 4/9/2012)

If we focus our energies on what works to reduce alcohol problems with targeted interventions, the society that we all serve will be the better for it. The positive trends that we have helped nurture will continue. And the country will be a safer place for all of us, most especially our children.

[39] To get to that safer place, I know I can speak for the entire alcohol industry that we all will keep doing what we have been doing. Whether we work individually or collectively, we will continue our part in taking action that will measurably reduce the harms from abusive drinking.

[40] And to those serial alcophobes out there, I call on you to turn in your blue coats and your crusades for Blue Laws. Put on your white coats as scientists and help us all better understand the actions that have a chance of helping individuals who abuse alcohol. Stop trying to harm those who consume and enjoy beverage alcohol responsibly.

We need all your attention and skills directed at finding real, pragmatic solutions to problematic drinking.

[41] Overall, we have made a stunning progress in the past decade in reducing the harms from abusive drinking. Together, we can keep that progress going. We have proven over the past decade that we can make progress against what many called an impossible task. It's not impossible. But it will continue to be interesting...

Thank you.