

How to sell alcohol? Nordic alcohol monopolies in a changing epoch

Introduction

Since the early 1980s, national regulation of markets in Europe has been transformed. Noticeable among the changes have been the privatization of state industries, new rules ending monopolies and an increased role for the EU (Thatcher 2002; Smith 2005). For example, monopolies on telecommunication, transport, energy, television broadcasting and postal services have been put in question or dissolved, in line with the liberalization measures taken by the European Commission and the Council to open up these sectors to competition and harmonization (Blum & Louge 1998). The growth of the EU internal market has resulted in collisions with other policies, both at the EU level and nationally (Hine & Kassim 1998). The development has made it more difficult, for example, to maintain effective national regulation in the public health arena (Holder et al. 1998).

The participation of Finland, Iceland, Norway, and Sweden in the European Economic Area (EEA) since January, 1994, and the membership of Finland and Sweden in the EU

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ABSTRACT

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The principles of the EU internal market have made it difficult to maintain effective national regulation in the public health arena. The EEA agreement and EU membership resulted in the abolition of all the monopolies on alcohol except at the retail level in the Nordic countries. The article examines how the Nordic alcohol retail monopolies have developed and reacted to national and international pressures on their activities from the mid 1990s to 2006. The article also analyzes what effects the changing surroundings of the Nordic alcohol monopolies have had on the monopolies' present tasks and positions. The method used in this study is document analysis and interviewing. The material analysed includes annual reports of the Nordic alcohol monopolies, their web pages, reports and brochures, and laws and regulations that pertain to the monopolies. The article shows that the monopolies have worked purposefully to make themselves popular among the population, with an increased focus on customer service. These changes are based upon both international pressures and changes in perspective within politics in general, where a slow transition from a collectivist solidarity perspective to a more individualistic lifestyle perspective can be discerned.

KEY WORDS

Alcohol retail monopolies, Nordic countries, EU

since January, 1995, have had a significant impact on the national alcohol control policies of these countries. Most of the Nordic countries, with the exception of Denmark, have a long history of state control and state monopolies on alcohol production, wholesale, import, export and alcohol retail sales. Since the Nordic alcohol monopoly systems were established, they have constituted the cornerstone of the national health and social policy-oriented alcohol control policies. As a consequence of the EU/EEA negotiations, Finland, Iceland, Norway, and Sweden were forced to abolish their import, export, wholesale and production monopolies on alcohol. Together with the Faroe Islands, these countries still have monopolies on retail off-sales of most alcoholic beverages. In a European context, the Nordic countries are the only ones operating with state-owned retail monopolies on the sale of alcoholic beverages.

The abolition of most of the monopolies has resulted in more private actors with amplified economic interests. These new circumstances, together with more open borders and increased possibilities to bring home cheap alcohol, particularly in Finland and Sweden, have put new pressure on the monopolies and forced them to adopt new strategies. Furthermore, some of the Nordic alcohol monopolies have been subject to criticism during the last few years, not only from the EU or EEA. The critique has dealt with lack of transparency in the companies' activities and regulation around product range, and in Norway and Sweden also with possible economic embezzlements.

The article examines the changing surroundings of the Nordic alcohol monop-

lies from the mid 1990s to 2006, which can be described as an eventful epoch in the history of the monopolies. In the article we discuss the alcohol retail monopolies in Finland, Iceland, Norway, and Sweden, as well as the Faroe Islands. The Faroe Islands have been connected politically to Denmark since the 14th century, but attained a high degree of self-government in 1948. When Denmark became a member of the European Community (EC) in 1973, the Faroe Islands chose to remain outside. Denmark is excluded from consideration in this article, since it does not have a retail monopoly on alcoholic beverages.

Previous research

Governments have traditionally often monopolized commodities or services, for instance gambling, prescription drugs, tobacco and alcohol, for various reasons (Room 1993). Among these reasons have been promoting health or public order. A historical argument for having monopolies has been to provide revenue for the government but, as Room (1993, 183) argues, "From the point of view of state revenue, it is the wholesale level that it is crucial to monopolize. [...] But from the point of view of public health and order interests, the wholesale level is almost irrelevant: it is the retail level that is crucial". Another general argument for monopolizing the handling of alcoholic beverages is to regulate the market and eliminate private profits. Government retail monopolies generally have a lower number of retail stores, fewer opening hours, a more effective system for enforcing legislated limits on sales, for example to intoxicated and underage persons, are more restrained in sales promotions, and result in less pres-

sure on the political and legal system from private interests (Room 1993; 2001; Holder 1993). The monopolies also fulfil an equality aspect when they offer the same products for the same price all over the country, something a competitive market would not do.

Historically, attitudes to alcohol policy in the Nordic countries have been shaped more by regional, cultural and religious distinctions than political ideologies. While earlier Nordic solutions above all focused on population-based measures – such as a high tax policy, retail monopolies, restricted availability and a restriction of economic interests – a liberal market discourse, more and more dominant, has been focusing on individual freedom based on individual control and responsibility. However, differences in attitudes towards market liberalism have had an increasing impact on the alcohol policies of the Nordic countries (Anttila & Sulkunen 2001). Furthermore, European intergration affects the beliefs and expectations of domestic actors as they are drawn into a process of cultural assimilation with shared European norms and values (Kurzer 2001). In the course of time, for example, political parties' attitudes to market liberalism have become more complex. This is, however, a process that cannot be blamed solely on the EU. Researchers argue, for example, that Swedish alcohol policy and Swedes attitudes towards alcohol changed already in the mid-eighties (Kühlhorn & Björ 1998; Holder et al. 1998; Sulkunen et al. 2000). The strong trends of privatization have worked against limitations in personal freedom. At the same time, an increased individualization of the alcohol question goes along with more negative attitudes

towards collective solutions (Kühlhorn & Björ 1998). We argue that the Nordic alcohol monopolies may be interesting cases for examining this interaction.

In the 1990s, research on the Nordic alcohol monopolies was invigorated by consideration of the changes that were expected to follow the imminent European integration (Tigerstedt & Rosenqvist 1995). Implications for the monopolies were pointed out, and the different responses and strategies of the Nordic countries were outlined (Österberg 1993; Ugland 1996, 2002; Horverak 1993; Ólafsdóttir 1993). Mäkelä and Tigerstedt (1993) reasoned that state alcohol monopolies were an outcome of an interplay of temperance movements with national and class movements. They concluded that the monopolies as a tool to reduce harm were threatened because the handling of the alcohol problem was no longer a social issue. Horverak (1993) questioned the future of the Norwegian retail monopoly when stating that: "[t]here is nothing to suggest that Norwegian alcohol policy will forevermore be based on a monopoly arrangement for retail sale of wine and spirits, and that the Norwegian people will be content with that. On the contrary, it is easy to imagine that the Vinmonopole will merely be a short-lived intermezzo in Norwegian alcohol policy". For natural reasons, much of the literature has focused on external threats, i.e., those posed by the EU in general and by the adjustment to the EU's regulations in particular (Holder et al. 1998; Ugland 2002; Kühlhorn & Björ 1998; Mäkelä & Tigerstedt 1993). European integration has also been studied by Tigerstedt (2001) in terms of the dissolution of the alcohol policy field. In addition to the Nordic perspective, a few national

studies have been carried out. In Finland, the phases of Alko's various strategic responses to European integration have been described, and the fall of "Big-Alko" has been examined (Österberg 2005; Warsell 2005). Another study has described how the Icelandic alcohol monopoly fought against internal threats of its demolition (Arndal 2005). Research focusing on strategic thinking in alcohol policy is scarce, but one exception is Tigerstedt & Sutton's (2000) article on Saturday closing and self-service stores, which illuminates calculated thinking in alcohol policy in the way the monopolies approached the consumers. Myklebust (2006) has also described tactical responses in her description of Vinmonopolet's rapid move towards a consumer orientation.

Aim

The planning prior to the implementation of EEA/EU regulations and the responses to the uncertainties in the early years of the membership have been discussed in many of the above-mentioned studies. Previous research has also chosen to see alcohol monopolies as an important part of a restrictive alcohol policy. How the monopolies responded to the new situations has been much less studied. The purpose of the article is to examine how the Nordic alcohol retail monopolies have developed and reacted to national and international pressures on their activities from the mid 1990s to 2006. Furthermore, the article also analyzes what effects these forces have had on the monopolies' present tasks, and positions. What we offer is a perspective on how flexible the alcohol monopolies have been in adapting to external and internal regulations. Our focus is on the monop-

lies as actors rather than on alcohol policy and political processes in general. The study was undertaken at the invitation of the Nordic Council for Alcohol and Drug Research (NAD), which considered that there was a need for a follow-up of the research on alcohol monopolies carried out in the 1990s.

Methods & Material

The methods used in this study are document analysis and interviews. Annual reports of the Nordic alcohol monopolies, their web pages, reports and brochures, and laws and regulations that pertain to the monopolies, have been collected and analyzed. All the Nordic alcohol monopolies produce documents and websites where they present themselves, and these self-descriptions have been approached as data. As this is a study of organisations in five countries with different traditions for public recording, the data for each monopoly varies in form and content. In order to collect information that could not be found in public documents, interviews with a number of key informants were carried out. Leading questions were posed in the interviews to generate useful information about how the monopolies are changing. Thus, data were produced and collected in an interaction between the key informants and the interviewers. The key informants were selected among directors, public servants and politicians and researchers with special knowledge in the area, and were interviewed in person or by e-mail by one of the researchers. Using a combination of documentary analysis and interviewing increased the possibilities to validate findings.

Nordic alcohol monopolies prior to EEA/EU regulations

The Nordic alcohol monopolies have a longer history than most other state monopolies. The Swedish Bratt system was a system of municipal monopolies, which were amalgamated into a single state monopoly Systembolaget (The Swedish Alcohol Retail Monopoly) in 1955¹. Vinmonopolet (The Norwegian Alcohol Retail Monopoly) and ÁTVR (The State Alcohol and Tobacco Company of Iceland) were both established in 1922, and the Finnish State Alcohol Monopoly Alko was formed ten years later. Rúsdrekkasölan (The Faroese Alcohol Monopoly) dates only back to 1992. As Holder et al. (1998, 29) note, the “alcohol monopoly systems in Finland, Norway and Sweden displayed considerable similarities with regard to functions and organizations. Their common and overriding objective was, and still is, to reduce individual and social harm as a result of alcohol consumption”. The Nordic alcohol monopolies were mainly regulated and administered on the basis of these principles until they came under pressure from the EEA (see Table 1).

The introduction of the alcohol monopoly system in the Faroe Islands (48,000 pop. on 17 inhabited islands) in 1992 replaced the old rationing system, where most of the alcohol was imported from Denmark with a very limited selection and a delivery time of 1–3 weeks. There was a strong opposition to open liquor stores in the Faroe Islands, but the monopoly was considered a feasible alternative to a free market of alcoholic beverages allowing for regulation of availability and alcohol consumption (Interview with Elsa Maria Olsen). The opening of stores on each of the bigger islands

meant a big change both in increased service and availability. The Faroese Alcohol Monopoly Rúsdrekkasölan opened after the adoption of a new Alcohol Act which stated that the most important role of the alcohol monopoly is to reduce alcohol consumption. Rúsdrekkasölan falls under the Ministry of Industry and has, unlike the other Nordic monopolies, never had a monopoly on production.

In Finland, the state-owned retail company is called Alko and is administered and supervised by the Ministry for Social Affairs and Health. Alko’s function was until 1995 laid down in an Alcohol Act from 1968. The stated purpose, was, and still is, to control alcohol consumption so as to prevent the harmful public, social and medical effects of alcoholic beverages.

The Icelandic law on the sale of alcohol and tobacco (No. 63/1969) provides ÁTVR with a monopoly of retail sales of alcoholic beverages. ÁTVR is a state-owned company and falls under the Ministry of Finance. The purpose of the Icelandic Alcohol Act is to work against the misuse of alcohol, but the role of the monopoly is to attend to matters related to the sales of alcohol (and tobacco).

In Norway, the retail sale of alcoholic beverages for off-premises consumption is reserved to AS Vinmonopolet, which falls under the Ministry of Health and Care Services. The management and activities of AS Vinmonopolet are regulated both by the Alcohol Act, No. 27 of June 2, 1989 and by the State Monopoly law, No. 18 of June 19, 1931. The Alcohol Act states that the purpose of regulating the importation and sale and serving of alcoholic beverages is to curb, to the greatest possible extent, the harm to society and the individual that

Table 1. Nordic alcohol monopolies before 1.1.1995

	Faroe Islands Rúsdrekka- sølan	Finland Alko	Iceland ÁTVR	Norway Vinmonopolet	Sweden Systembolaget + Vin & Sprit
Monopoly since	1992	1932	1922	1922	1919/1955 ¹
Tasks	Retail, whole-sale, import	Retail, whole-sale, production, import, export, research, licensing & control authority for alcohol production and sales in restaurants, pricing	Retail, whole-sale, import ¹	Retail, whole-sale, production, import, export	Systembolaget: Retail, whole-sale Vin & Sprit: production, import, export
Stores	6	248	24	110	375
% self-service	17%	78 %	88%	0%	c. 6%
Opening days	Mon-Fri	Mon-Sat	Mon-Fri	Mon-Sat	Mon-Fri
Opening hours	c. 27 h/week	c. 45.5h/week	c. 40 h/week	c. 41 h/week	c. 43 h/week
No. of products stocked	400	1 010	730	1 144	1 386
Monopolized Products	Alcoholic beverages over 2.8%	Wine, spirits over 2.8% and beer over 4.7%	Alcoholic beverages over 2.25%	Wine and spirits over 2.5 and beer over 4.75% ²	Wine, spirits over 2.25% and beer over 3.5%
Numbers employed	24	4 206	190	1 683	4 626
% of sales of recorded consumption 100% alc	100%	42%	100%	42 %	68%
Est. of % of sales of total consumption	-	35%	90%	32%	55 %

Sources: NOU 1995:24; Kühlhorn et al. (2000); Österberg & Karlsson, (2002); Holder et al. (1998)

1) ÁTVR closed down their production in 1992.

2) Strong beer was moved into the monopoly in 1993, in preparation for entering the EEA.

may result from the consumption of alcoholic beverages. To this end the Act aims at limiting the consumption of alcoholic beverages.

Until 1st of January 1995, the law covering commerce with beverages (1977/293) was directed at the activity of the retail monopoly, Systembolaget. The law stated that for retailing of alcoholic beverages

there has to be a particular corporation owned by the state. Directions on the activity and management of the retail monopoly and the state control of the company are regulated in a special agreement between the company and the state. The retail monopoly falls under the Ministry of Health and Social Affairs

As Table 1 shows, there were a lot of similarities between the Nordic retail monopolies in 1994. The opening hours of the retail monopolies were, for example, regulated by law in all the Nordic countries, with Finland and Norway as the only countries with Saturday opening. However, it is also important to acknowledge that there are differences between the countries regarding the scope and opportunities for action by the monopolies. In the Faroe Islands and Sweden it is the monopoly that decides on the opening of new stores in Finland it is Alko that decides if new stores should be opened, but with the approval of the National Product Control Agency for Welfare and Health (STTV). In Iceland, the Minister of Finance decides on the opening of new stores. In Norway, the opening of new stores is made in consultation with the political authorities, both centrally and locally. Norway had also for a long time a nationwide plan for how many stores could be opened within a certain timeframe. Furthermore, the opening of self-service stores in Norway and Sweden were preceded by political decisions, while this has not been the case in the Faroe Islands, Iceland and Finland. This could explain the differences in percentage of self-service stores in the different countries. Another difference is that the retail monopolies in the Faroe Islands and Iceland sell all alcoholic beverages, including the weakest beer, in their stores, whereas medium strength beer is sold in grocery stores in the Finland and Norway. In Sweden, medium strong beer up to 3.5% is sold in the grocery stores.

Characteristics of the five Nordic alcohol monopolies today

As has been demonstrated, the Nordic alcohol monopolies were not all alike prior to the EEA/EU regulation, and their roles and their relationship with the state administration and with general alcohol policy varied somewhat from country to country. An overview over the main characteristics of the five Nordic alcohol monopolies today is presented in Table 2.

■ Faroe Islands

Unlike the other Nordic alcohol monopolies, the Faroese alcohol monopoly, Rúsdrékkasølan, has not been under any outside pressure. The premises for the Faroese alcohol monopoly are a bit different from the other Nordic alcohol monopolies, because it was so recently established, and therefore there was no need to revise the regulations at the time the other Nordic monopolies were preparing for changes. However, in 2003, the profit from sales of wine and beer was lowered for the purpose of promoting alcoholic beverages with lower alcohol content. No other changes of alcohol policy relevance have taken place since 1992. This relatively new system has not come under any political attack, but Rúsdrékkasølan has received some criticism that its range is still too small and that the selection of goods were lacking in quality (Interview with Elsa Maria Olsen). Even though Rúsdrékkasølan increased the opening hours with 12 hours on average, it is now the only Nordic country without Saturday opening.

Table 2. Nordic alcohol retail monopolies in 2006

	Faroe Islands Rúsdrekka- sölan	Finland Alko	Iceland ATVR	Norway Vinmonopolet	Sweden Systembolaget
Tasks	Retail, whole-sale, import	Retail	Retail	Retail	Retail
Stores	6 stores + web store	327 stores, 139 order points	46 stores + web store	198 stores + web store	411 stores, 560 order points
% self-service	83%	100%	67%	c. 90%	61%
Opening days	Mon-Fri	Mon-Sat	Mon-Sat	Mon-Sat	Mon-Sat
Opening hours	39 h/week	54 h/week	41h/week	43 h/week	45 h/week
Monopolized Products	Alcoholic beverages over 2.8%	Alcoholic beverages over 4.7%	Alcoholic beverages over 2.25%	Wine & spirits over 2.5% and beer over 4.75%	Wine & spirits over 2.25 % and beer over 3.5%
Assortment General selection	450	1927	1000	1528	2298
Sale-to-order selection	400	940	2200	9198	3700
Credit cards	Accepted	Accepted since 1999	Accepted since 1998	Only accepted in the internet store since 2001	Accepted since 2000
Web-page	1997	1996	1999	2001	1997
Internet sale	Yes	No	Yes	Yes	No
Numbers employed	35	2 584	586	1 701	4 397
% of recorded consumption 100% alc (2005)	69	44	75	47	74 (76% 2006)
Estimated % of total consumption (2005)	54	34	70	37	48 (51% 2006)

Source: Alko, 2006; Interviews with Elsa Maria Olsen, Mika-Pekka Miettinen, Ivar Arndal, Jens Nordahl, Sturla Nordlund and Björn Rydberg

■ Finland

After Finland became a member of EU, the state's organization of the administration of the alcohol field and of alcohol policy was restructured. A new Alcohol Act and Degree came into force in January 1995 (1143/1994). According to Österberg (2005), Alko had no clear plan for how to

meet the impact of the European integration. In the reorganization process, Alko lost its position which was close to being autonomous in the alcohol policy area at the state level. The guidelines for the coming Finnish alcohol policy were therefore not laid down by Alko's experts (Interview with Ismo Tuominen). Finnish adminis-

trators developed a strategy that differed from the Swedish negotiation policy on the issue of keeping the alcohol monopoly system, as the board of Alko was more interested in preserving the concern in its entirety than in keeping the monopoly system (Interview with Gabriel Romanus). However this was not the general opinion in the Finnish parliament and the strategy failed. In 1995, Oy Alko Ab became the Alko Group Ltd. and was to continue the production side of the former Alko, and tried to gain a significant position in the international alcohol industry, but the plans for expansion were unsuccessful (Social- och hälsovårdsministeriet 2004). In 1998, the government decided to split the Alko Group Ltd. and Alko Oy became an independent monopoly retail company (Alavaikko & Österberg 2000).

The number of Alko retail stores had begun to increase rapidly in the late 1980s in harmony with the economic upswing. But it was in the early 1990s that the aim was developed to make Alko a more vigorous competitive enterprise which should concentrate on customer requirements. In the following years, a further expansion took place and the number of stores increased by 32 percent from 1994 to 2006.

The opening hours have also increased between 1994 and 2006 by ten hours a week on average. Alko has also increased availability by establishing order points in sparsely populated districts where the customers can order Alko's products for a small charge. Order points were first introduced in 1995, but now cover the whole country. It was also in the 1990s that self-service became definitely established, and the last counter store was changed to self-service in 1998. In 1995, the limits of which

products were monopolized changed in Finland. Ordinary grocery stores, kiosks and gas stations could sell not only beer but also other fermented alcoholic beverages that were under 4.7 per cent alcohol by volume (Österberg & Karlsson 2002).

According to the new Alcohol Act, Alko still constitutes a central factor in the Finnish alcohol system in terms of diminishing alcohol-related harm. Finnish alcohol policy had earlier been based on a close collaboration between the Ministry for Social and Health Affairs and Alko, with the latter responsible for research on alcohol policy and for information on harms caused by drinking. After 1995, Alko no longer had responsibility for research. In the Alko stores, high quality information on harms caused by alcohol is available and the sales personnel deny service to intoxicated and underage customers. These are two factors that are probably the most important for legitimating of the alcohol policy of the retail monopoly. Furthermore, Alko supports projects within the frame of social and health ministerial affairs (Interview with Ismo Tuominen). However, even if alcohol policy is still high on the agenda within the country, the monopoly is today scarcely discussed in the political debate.

■ Iceland

In 1991, a new government came to power, and as part of the implementation of New Public Management, the Minister of Finance made attempts to privatize the alcohol monopoly. Changes were made in the legislation on the alcohol monopoly in 1995 that implied that the Minister of Finance should appoint a board of the company. This new board was then given

the task by the minister of transforming the monopoly for the purpose of privatizing the sales of alcohol. However, this idea did not get political support in the Althing, the national parliament, and the monopoly was preserved.

The privatization plans came to light at the same time as the EEA negotiations were in process. However, internal pressures rather than European harmonization were the factors that the employees of ÁTVR fought energetically against (Arndal 2005). In their opinion, the future of the alcohol monopoly was threatened by their own board. The staff's reactions led to implementation of increased quality control, and more service-minded and consumer-friendly practices. A process was started to demonstrate that ÁTVR is run by competent and dynamic staff who know how to please their customers. In this process a new logo, a new name and a slogan "live, learn and enjoy" were introduced. ÁTVR has continued on its liberalizing track; it has almost doubled the number of outlets between 1994 and 2006, and lengthened and adapted the opening hours to the service hours of the shopping malls. In 1998, a new Alcohol Act (No. 75/1998) was passed that made it possible for ÁTVR to decide their opening hours themselves. In order to accommodate customers in the sparsely populated parts of the country, ÁTVR has established so-called collaborative stores, where the shop manager is employed by the company but can run another business as well, such as children's clothes, dry cleaning and hairdressing. In 2006, 26 out of 46 stores were run in this way. This arrangement makes it economically acceptable to run an alcohol outlet which is adapted to local circumstances with

counter sale, restricted opening hours and a limited product range. However, it has been pointed out that this arrangement could also clear the way for privatization.

ÁTVR has always been under the jurisdiction of the Ministry of Finance, with the main function to collect revenues for the state, so the monopoly has no direct alcohol preventive roles. Decisions about the company's activities are therefore based on economic arguments, which makes the ÁTVR the only alcohol monopoly in the Nordic countries where alcohol tax changes are not based on health considerations. As a part of the changed image, the monopoly has increasingly participated in alcohol preventive campaigns, particularly against drink driving. Thus, an increased emphasis on the social responsibility of the company has become a factor in its defence strategy.

■ Norway

The EEA agreement that came into force on 1st of January 1994 implied a readjustment of the Norwegian alcohol monopoly. In 1996, a new state-owned company, Arcus, was established to take over importing and wholesale functions, spirits production and bottling. Subsequent to this division, Vinmonopolet continued to operate the retail stores as a state-owned trading company with special structural conditions. According to a national report (NOU 1995:24), one of the most important functions of a state alcohol monopoly is to continue to keep private profit and competition away from the distribution system for wines and spirits. The main theme in the alcohol policy in recent years has been how to find a good balance between the measures to limit the availability of wines

and spirits, and efforts to make the stores attractive and convenient for the buyers (Myklebust 2006). However, instead of reducing availability, Vinmonopolet aimed at expansion with the opening of more outlets, longer service hours and experimentation with self-service. From 1994 to 2006 the number of stores increased by 80 percent and the share of self-service stores increased from 0 to 90 percent.

A customer survey carried out in 1996 showed that the customers were displeased with how long they had to wait to be served (Myklebust 2006). In 1998, the Norwegian Parliament decided that Vinmonopolet should have the opportunity to experiment with self-service in some of the alcohol outlets. In connection with this approval, it was determined that the experiment should be evaluated after two years. SIRUS (National Institute for Alcohol and Drug Research) was asked to study its effects. However, the decision to abolish the counter sale of alcoholic beverages was taken in 2001, irrespective of the evaluation. The reason was that the government believed that an expansion of self-service would strengthen public support for the monopoly arrangement, which was considered to be a central measure in the alcohol policy (Horverak 2002). Opening of new stores and the implementation of self-service were also considered important in order to counteract the illegal sale of alcohol. Expanding the services was therefore a political decision taken both on alcohol-political and customer-oriented grounds (Myklebust 2006).

■ Sweden

In Sweden a new Alcohol law came into force in January 1995 (SFS 1994:1738),

abolishing the monopoly of Vin & Sprit on import, export, production and wholesale.

At the same time there has been a rather big general and political support for keeping the retail monopoly on spirits, wine and strong beer. In the negotiations on the EU membership, preservation of the retail monopoly became an important issue. When the monopolies of Vin & Sprit was dismantled, Systembolaget suddenly had 159 suppliers, instead of one. In 1996 the number of suppliers had increased to more than 200.

Systembolaget started to convert their stores to self-service in 1991, allegedly to make the visit a "more pleasant experience and to make it easier for you to find what you want." Other motives were to increase the legitimacy of the monopoly and to prevent sales of smuggled alcohol. Self-service was, as in Norway, also a response to the criticism of the long customer queues, and a way to reduce costs. By 2006, 61 percent of the stores were self-service stores. The political decision to start with Saturday opening was in the beginning presented as an experiment that would be scientifically evaluated before it was to be introduced in all stores (Norström & Skog 2001). The experiment became a permanent arrangement before it was fully evaluated, and in 2001 all Systembolaget stores were open on Saturdays.

Systembolaget developed a plan with the purpose of meeting future challenges and being better equipped when the new EU rules for travellers' alcohol imports came into effect in 2004. Systembolaget's response to the challenge of EU membership has placed a strong emphasis on informing the general public about the role

and advantages of the monopoly system. This information has stressed controlling underage drinking, discouraging moonshine, and diminishing the risks following alcohol consumption. Systembolaget established an affiliated company for the purpose of drawing attention to positive examples of alcohol prevention (www.iq.se). Systembolaget often underlines the importance of its non-profit principles and explains how profit and competition are to be avoided in its stores. However, in the interest of increasing its share of total alcohol sales, Systembolaget supported a lowering of the alcohol taxes on spirits. The company has also participated in the national debate by recommending a higher alcohol tax on alcopops than the former government suggested (Svenska Dagbladet 2006-11-01).

Swedish alcohol policy has not only focused on the national level, but has also aimed to make Swedish views on alcohol policy visible in other countries. Systembolaget celebrated its 50-year anniversary with advertisements in international newspapers, with the aim of influencing alcohol policy making at an EU-level (www.dearmrB.se). This was a new method by Systembolaget to try to influence policy making at the international level, but according to Systembolaget an isolated phenomenon (Interview with Björn Rydberg).

Pressure and developments from 1994

In this following part we will try to summarize national and international tendencies and events that have been important for or affected the Nordic monopolies since the watershed years of 1994–95.

■ International level

Finland and Sweden's accession to the EU and the Icelandic and Norwegian signing of the EEA-agreement have resulted in changes in national regulations and adaptation to rules existing at the EU level.² The EEA agreement, EU and WTO are all economic agreements that are based on rules on free trade, requiring any impediment to free trade such as public health to be justifiable, necessary and proportional, all of which can have a major impact on alcohol policy. The Faroe Islands are neither a member of the EU nor a signatory of the EEA-agreement, and have therefore not been forced to make changes in the same way as the rest of the Nordic countries. On the other hand, the Faroese alcohol policy in general might, as well as the other Nordic states, be affected by the development within the WTO (Gould & Schacter 2002). When it comes to the retail monopolies is it mainly the General Agreement on Trade in Services (GATS), an agreement in the WTO framework, that have been discussed. In principle, GATS includes all services, but all WTO members choose which service sectors to open up for trade and foreign competition. The Nordic countries have all exempted alcohol from their commitments in distribution services, and the retail monopolies should therefore not be affected (Hellebø 2003).

Attempts at the political level to co-ordinate Nordic alcohol policy during the negotiations leading to accession were scarce. In Norway, the government did not want to endanger the support of the Christian People's Party for the EEA application by bringing up the monopoly system at all, since the CPP was conservative on alcohol policy. In Finland the political will

to uphold the retail monopoly was rather weak, and in Sweden the management of the state-owned production and importing company, Vin & Sprit, with a monopoly on producing spirits and importing wine, spirits and strong beer, and with a lucrative export trade in spirits (Absolut vodka), was first and foremost focused on their vodka exports, and had their own commercial reasons to dissolve the monopoly. Through individual members of their Board, Vin & Sprit has had strong connections with those in political power, especially in the Ministry of Finance (Nycander 2001). The directors of the Nordic state monopolies did have meetings discussing the threats that the EEA and the EU constituted, but no common Nordic platform was developed. The managements followed the developments to varying extents, and wanted to be prepared for future changes that would be required in their companies (Österberg 2005). As a consequence of the EEA agreement and the EU membership negotiations, Finland, Norway, Iceland, and Sweden were forced to abolish all monopolies on alcohol except the retail monopolies. In the Restamark case (E-194) the EFTA Court found that the import monopoly contravened the EEA agreement, a decision that helped unravel the Nordic import, export and wholesale monopolies (Anderson & Baumberg 2006). The retail companies could be kept, since the European Commission did not intend to take action against them. In the years following accession, the longevity of this settlement was in question, since it was challenged in court cases filed by Nordic citizens. But the retention of the retail monopolies was supported in 1997 by the European Court of Justice (ECJ) in the Franzén case

(C189/95, 1997). The ECJ announced that the Swedish retail monopoly, and thereby alcohol retail monopolies based on public health reasons in general, was compatible with EU regulations, as long as the rationale for the companies was based on a public health argument and they operated in a non-discriminatory way. In the same year, the EFTA Court's decision in the so-called Gundersen case (E-1/97) also supported the continuation of the Norwegian retail monopoly as well as in the previous Wilhelmson case (E-6/96). This means that international threat against retail monopolies on alcohol is not still impending.

The non-discrimination principle of the EU and the EEA agreement has also resulted in changes in the product range and pricing in the retail monopolies. Myklebust (2006) writes that the explanation for the rapid increase in product range in the Norwegian Retail Monopoly was the non-discrimination principles introduced by EEA, and this explains the same development in the other Nordic countries. When beer was introduced in Iceland in 1989, national products were priced lower to promote local breweries. Under the EEA agreement, this favoured national beer over international and was discriminatory, which led to a change where local and imported beer was equally priced. Similar levelling of beer prices were also implemented in the other Nordic countries. Norway had to allow alcopops (sweet premixed spirits-based drinks) up to the same strength as allowed for beer to be sold in ordinary grocery stores. In Sweden, the EU membership also resulted in a new committee (Alcohol Assortment Authority), to which producers and manufacturers could appeal against decisions on what

was stocked at Systembolaget. This forced a larger range of products, including products like alcopops and cask wine (in cardboard boxes up to 3 litres). These products had earlier been refused as products at Systembolaget, since they were considered to promote higher alcohol consumption. Furthermore, the Swedish limits on the alcohol content in beer and distilled spirits were abolished, based on EU regulations (Österberg & Karlsson 2002).

Another change due to the EU membership was in travellers' allowances between EU countries. This has been described as a big threat to alcohol policy in general, but also to the retail monopolies specifically. When Finland and Sweden entered the EU in 1995, the countries secured a temporary agreement that the countries could limit travellers' import of alcoholic beverages from other EU countries, below the general EU levels. However, in further negotiations, the EU did not agree to extend this beyond 31 December, 2003 (Cisneros Örnberg 2004), so the general EU provisions concerning import of alcoholic beverages by travellers took effect at the beginning of 2004.³ The import allowance created pressures on the national alcohol retail monopolies in Finland and Sweden (Holder 2007). As members of the EEA, Iceland and Norway could keep their old travellers' allowances which in Iceland were 1 litre of spirits, and 1 litre of wine or 6 litres of beer and in Norway 1 litre of spirits, and 1 litre of wine, and 2 litres of beer. However, on 1 July 2006, Norway increased the tax free quota to 3 litres of wine or 1.5 litres of wine and 1 litre of spirits. The argument for the changes were that the quotas were not in accordance with the size of the wine bottles (0.75 litres) and wine boxes (3.0)

litres) that are for sale. Although Norway still has small legal quotas, cross-border alcohol shopping does stimulate Norwegian border trade, especially from Sweden (Nordlund 2007). The increased travellers' allowances has constituted a substantial pressure on the alcohol taxes in the Nordic countries, except for Iceland and the Faroe Islands.

So far, no general tax harmonization in the EU has taken place, despite a long history of attempts at this (Sulkunen 1982), but the trend goes towards a lower tax level on alcohol for the traditional high-tax countries. Sweden reduced their taxes on strong beer with 39 per cent in 1997, followed by a reduction on wine by 19 per cent in 2001. Finland lowered their taxes on wine and intermediate products in 1998 by 17 per cent. Later on, both Finland and Denmark reduced their tax levels substantially, Denmark by 45 per cent on spirits in October 2003, Finland by 33 per cent on average across all alcoholic beverages in March 2004. One motivation for the Danish adjustment was the change in travellers' allowances to take effect 3 months later, which would increase the travellers' imports from Germany. In the case of Finland, it was the Estonian membership in the EU, and the prospect of large travellers' imports from there, that made the biggest impact on their alcohol policy development. In Sweden, two official reports (SOU 2004:86, SOU 2005:25) have suggested tax reductions on all alcoholic beverages, to counter the cross-border effects of the Danish change, but there has so far not been any parliamentary majority for a decision on the matter. For the purpose of curbing the border trade between Norway and Sweden, Norway decreased

its tax on spirits by 15 per cent in January 2002, and by a further 9 per cent in January 2003. For fiscal reasons, Iceland raised the tax on spirits by 7 percent in December 2004.

Another development considered to undermine the Swedish alcohol monopoly was the so-called private import on the internet. According to Swedish law, all alcoholic beverages should be ordered through Systembolaget, so that tax and age-controls can be applied. In June 2007, the European Court of Justice presented a decision in the so-called Rosengren case (C-170/04) concluding that the Swedish prohibition against private import was in conflict with EU rules on free movement of commodities. However, the public relations officer of Systembolaget did not consider the decision to be of great importance (Dagens Nyheter 2007-06-05), because the ECJ in 2006 established in the so-called Joustra case (Case C-5/05) that only products acquired and transported personally by private individuals are exempt from excise duty in the state of importation.

Nevertheless, what we can see is increased work on an international level both between Nordic politicians and the Nordic retail monopolies. In August 2004, the Nordic prime ministers agreed on an initiative for a joint Nordic alcohol policy in the EU and WHO (Nordic Council 2004). Based on the view that alcohol is no ordinary commodity, this initiative indicates a joint political willingness to support the prevailing control structure. Furthermore, since 2005 there is a cooperation agreement – called the Borealis Partnership – between Systembolaget, Alko, Vinmonopole, the Swedish public health institute and the temperance movement IOGT-NTO

with the purpose of following the development of questions at the EU level that can be of importance for Nordic alcohol policy and the retail monopolies. This indicates an increased strategic interest in EU policies that probably has increased the possibilities to analyse their situation.

■ National level

It was European integration that put the alcohol monopoly issue on the political agenda, by referring to a gap between the obligations arising from the liabilities from the EEA Agreement and EU membership and the established state alcohol monopolies (Ugland 2000). Consequently, the accession to the European market opened up footholds for national forces to challenge the prevailing alcohol monopoly structures.

Within the areas that can be decided at national and administrative monopoly level, limitations have gradually been loosened. What we can see is an increased focus on the positive sides of alcohol consumption in magazines and newspapers, an increased product range, emphasis on the design and interior of self-service stores, with longer opening hours, development of web pages and in general more customer-oriented services as in other commercial services. The justifications have been good service, respect for consumers, increased freedom of choice and the wish to retain the retail monopolies.

The following section will discuss the changes in public opinion polls, decreasing market share, and the relevance of smuggling for the Nordic retail monopolies.

■ Public opinion polls and media

An increased understanding of the importance of public support has resulted in regular public opinion polls, either carried out by marketing firms for the monopolies or by national research institutes.

Finnish surveys from 2006 on attitudes towards the monopoly show that a majority of the population agree that strong beer and distilled spirits should only be sold at Alko monopoly stores (65 and 93 percent respectively). When it comes to wine, 52 percent were of the opinion that it should only be sold at Alko, an increase from 31 percent in 1998. The rate of those willing to see wine sold in grocery stores was highest around the years 1995–1998 (Österberg 2007). A similar trend was discerned in a study of Finnish print media, where it was found that claims for liberalisation of alcohol policy peaked in 1996 and 1997 (Törönen 2001).

In 1996, a survey carried out for the ÁTVR in Iceland showed that 56 percent of the respondents were in favour of selling beer and wine in stores other than the monopoly stores. When the survey was repeated in 2000, the results were almost the same (Áfengis- og tóbaksverslun ríkisins 1996; 2000). In a poll carried out in 2005 for Samstarfsráð um forvarnir (Icelandic Education Center for Drug Prevention), 59 percent of the respondents wanted beer and wines to be offered in grocery stores, but only 35 percent favored selling all alcoholic beverages (beer, wine and spirits) in grocery stores (Samstarfsráð um forvarnir 2005). This indicates that attitudes to selling beer and wine in grocery stores have not changed for the past decade.

From 1990 to 1999, the proportion of those in favour of selling wine in grocery

stores in Norway rose from 47 to 65 percent, but had declined to 56 percent in 2004. However, in 2004 as few as 18 percent were in favour of selling strong spirits in Norwegian grocery stores. The support for the monopoly system in the country declined during the 1990s, but has had a trend of increased support after the year 2000.

In 2002, a big story in the Norwegian media was the so-called methanol case, where as many as 13 people were killed after drinking illegal alcohol. The incident led to a public discussion about the quality control of alcoholic beverages, and probably increased the public support for the Norwegian retail monopoly. Three years later, Vinmonopolet experienced a turbulent period, with allegations of unethical contact between a few of Vinmonopolet's employees and one of the wholesalers. Despite much coverage, surveys did not show this scandal to have much impact on customers' opinions on the Vinmonopolet. It is, therefore, possible that the changes in Vinmonopolet's focus, with self-service becoming more common, and the increasing trend to accommodate customers, have contributed to breaking a negative trend in attitudes to the monopoly system (Østhus 2005).

In Sweden, also, the legitimacy of the retail monopoly is considered to depend more and more upon the customers' confidence and appreciation. At the direction of Systembolaget, the Swedish Institute of Public Opinion Research asks a representative sample of the Swedish population every month: do you want Systembolaget to have a monopoly on the retail sales of wine, spirits and strong beer? The average value for 2006 was 57 per cent posi-

tive responses and 38 percent negative responses.

An extensive bribery scandal at Systembolaget that went to court during 2005 and was widely covered in the media in the succeeding months might have undermined the legitimacy of the monopoly. In the beginning of 2003, Systembolaget reported 92 persons to the police – 77 shop managers and 24 suppliers from four different companies, one of them the state-owned Vin & Sprit – for bribery or corruption. The employees were accused of having received payments for favouring selected brands of alcohol products in their product range. The prosecutions have been divided into seven trials, with final outcomes still uncertain. All of the 77 shop managers, however, have been discharged or left voluntarily (Dagens Nyheter 2006-11-22 & 2004-11-27).

Besides damaging the image of Systembolaget, the scandal could have been a threat to the monopoly's existence, since according to EU directives it must be brand neutral and unbiased when it comes to product range criteria.

The above mentioned surveys on attitudes towards the monopolies all seem

to point in the same direction. The inclination among the general public towards favouring privatisation of alcohol sales that was observed in the late 1990s has not increased, and in some places has decreased. A large part of the population in each of the Nordic countries is in favour of a continuation of the sale of spirits in alcohol monopolies, but the proportions are smaller particularly for wine (Table 3).

■ Decreasing market share

A lack of studies on unregistered alcohol sales in the Faroe Islands and Iceland makes it impossible to estimate to what extent the black market competes with the retail alcohol monopolies. Some smuggling cannot be ruled out, but geographical location is a hindrance; smuggling may be more tempting in countries such as Finland with neighbouring countries such as Estonia with low-priced alcohol. After Finland signed the EEA agreement and became a member of the EU, the volume of smuggling and of alcoholic beverages imported duty-free increased (Alavaikko & Österberg 2000).

Competing with and curbing the illegal market has for a long time been a task for

Table 3. Proportion of the population in favour of selling alcoholic beverages in alcohol monopoly stores in 2006

	Faroe Islands ¹	Finland	Iceland	Norway	Sweden
Strong beer	-	65	41 ²		-
Wine	-	52	41 ²	44 ³	-
Spirits	-	93	65 ²	72 ³	-
Support for monopoly	-	61	64	47	57

1) There have been no opinion polls in the Faroe Islands

2) 2005

3) 2004

Sources: Samstarfsráð um forvarnir (2005); Østhus 2005; Interview with Björn Rydberg; Interview with Sturla Nordlund; Österberg (2007)

the Norwegian alcohol monopoly and in the period from 1999 to 2004 Vinmonopolet has increased its share of the market and unregistered sales have diminished (Vinmonopolet 2006).

The Swedish Social Democrats, together with some of the right wing parties, were for some years of the opinion that the taxes should be lowered, to be more in line with the neighbouring countries of Finland and Denmark. The argument was that if the share of alcohol sold by Systembolaget shrinks too much, it is uncertain for how long the public health argument that was accepted in the Franzén case (C-189/95) would remain valid (SOU 2005:25). Other arguments have been that different price levels between the countries are an incitement to smuggling and a black market, and that the business of Systembolaget in the long run would be undermined. Population surveys found that the consumption of smuggled or home distilled alcohol in Sweden increased from 2.5 percent of the total consumption (0.2 litres) to 10 percent of total consumption (1.0 litres) between 1996 to 2005 (Boman et al. 2006). However, the demands for a tax reduction have calmed down somewhat since the sales figures for Systembolaget have shown an upward trend in 2006, even though overall alcohol consumption was not rising (Boman et al. 2006).

■ Comparison

The differences between the countries regarding the scope and opportunities for action by the monopolies make it hard to distinguish between alcohol policy in general and the changes of the monopolies in particular. At the same time we see a similar development in all the Nordic countries.

As can be observed by comparing Tables 1 and 2, there have been considerable changes for and by the alcohol monopolies in the Nordic countries during the time period analyzed, with the alterations due to the EEA-agreement and EU membership the most noticeable ones. The Faroe Islands is the only country that has not been affected in this regard.

A big change not attributable to EU or EEA membership is that all the countries, except the Faroe Islands, have had a substantial increase in the number of stores. The number of retail sale shops in relation to the population is highest in Iceland and the Faroe Islands. In Finland the number of stores per capita is slightly higher than it is in Sweden, although there are notably more order points in Sweden than in Finland. By 2005 all stores were self-service store in Finland. The number of self-service stores has increased rapidly in all other Nordic countries in recent years. It is only for practical reasons that the smallest stores in the Faroe Islands and Iceland still have over-the-counter sale, and the proportional decline in self-service stores in Iceland has its explanation in the increase in the collaborative stores in the smaller towns, where counter sale suits the collaborative business better than self-service. Furthermore, during the period studied all the countries also increased their product range; in most of the countries this was in part because of the non-discrimination principle enforced by the EEA and EU.

Finland and Sweden are the only countries of the five Nordic countries that do not offer the possibility to buy from the retail monopolies on the internet. In Sweden, ordering by internet, with the order to be picked up in a store, was an experiment

that lasted for 8 months in 2000–2001, but this was not considered to be successful and was abandoned. Norway is the only country today that does not accept credit cards as payment in the retail stores.

All of the countries have introduced web-pages for their companies during this time period. On the web pages of the retail monopolies in Finland, Norway and Sweden, the expressed purposes of their companies are described with wordings like social responsibility, quality, availability of commodities and service, and equal or neutral handling of suppliers and products. The Swedish retail monopoly also wants to promote a “favourable drinking culture”. In Iceland and the Faroe Islands the home pages of the retail monopolies are not as developed, and most of the information is on price and product range, but a strong emphasis is also laid on the relationship between food and alcohol. In the beginning these web pages were developed as price lists for buyers who wanted to buy by internet because they lived far away from the alcohol outlets. Other attempts to accommodate consumers put into effect in all countries have been the publishing of brochures and wine magazines, and courses in wine tasting have also been arranged.

The Finnish and Norwegian monopolies are using almost the exact same wordings and word order when they describe their goals; emphasizing Customer satisfaction, Responsibility, Transparency, Expertise and Profitability. All retail monopolies mention their large product range and its high quality, and that they are available over the whole country, even if some brands have to be ordered in advance.

When it comes to numbers employed,

the biggest difference can be seen in Finland. The decrease of personnel reflects the big change that Alko experienced in connection with EU membership. Norway has had, on the other hand, a slight increase in personnel, even though the figures from 1994 include personnel working with production.

The market share of the monopolies in the Faroe Islands and Iceland is very high, as they sell medium strong beer in their retail stores, which in Finland and Norway is sold in grocery stores. It has been estimated that only about one third of all alcohol consumed in Finland (34 percent) and Norway (37 percent) is bought in the retail monopoly stores. According to the same source (Alko 2006), about half of the alcohol Swedes consume is bought in Systembolaget. Increased travellers' alcohol imports could explain why the market share is not higher.

However, what may, in a historical perspective, be regarded as the most astonishing thing about the retail monopolies today is that they are all still running, more or less intact. Few people regarded that as a sure thing before the Franzén decision in 1997 (see for example Horverak 1993; Leifman 1998). Despite this, the Nordic alcohol monopolies are in a stronger position than they were 5 years ago, and much more assured of continuing than it was in the beginning of the time period analysed. This could be based on the more secure legal status of the retail monopolies vis-à-vis the EU and the EEA, but also on the evidence of their strength as alcohol political tools (Anderson & Baumberg 2006; Babor et al. 2003). All the countries emphasize careful age controls, not selling to intoxicated persons and counteracting

bootlegging, and the social control aspect seems to have increased in importance. In Norway, for example, the period after 1995 was characterized by a steady and strong expansion of Vinmonopolet, both regarding its popularity and sales. At the same time 19,000 people were denied service for being under age or intoxicated in 2002, compared to 1,000 people in the 1990s (Myklebust 2006).

■ Conclusion

The purpose of this article has been to analyze how the Nordic monopolies have developed and reacted to national and international pressures on their activities. All Nordic countries except Denmark share the same alcohol policy fundamentals, with retail monopolies that have the somewhat contradictory dual aims to sell but not to promote sales. In the last decade, however, the trend has more and more gone from “To sell or not to sell” to “How to sell”, and from having a policy that should be as restrictive as possible to putting a focus on how the transaction can be as pleasant as possible. In all the Nordic countries, the physical setting has grown in importance: a pleasant milieu; self-service arrangements where the customer can spend time browsing through the large product range; impeccable service by informed trained personnel who offer expert information; courses in wine tasting and glossy magazines. Measured by public polls, this approach has been successful so far, as the general support for the monopoly systems has not declined in the last decade. Bribery scandals related to the monopolies, frequently discussed in Norwegian and Swedish media, do not seem to have had an effect on general attitudes

towards the monopolies. However, it could be questioned whether public support may suffice to keep the monopolies going in the long run in a world where free trade is the dominant ideology (Norström & Ramstedt 2006). Although, the retail monopolies today stand strong legally, it would not be automatic that a monopoly would still be considered to be proportionate to its purpose if the development goes towards prioritizing new high-profile products and increased availability (Meyrowitsch et al. 2005; se also SOU:2005:25).

The development of the retail monopolies is hard to separate from the general alcohol policy development in the country. Alcohol is still a subject for moral regulation (Kurzer 2001) but alcohol policy today is more focused on drinking by special groups like children and adolescence and pregnant women rather than on drinking by the common public. There is still a willingness to admit that alcohol creates social and health problems, but the possibilities and the political will to use restrictive measures have diminished considerably. These changes are based upon both international pressures and changes in perspective within national politics in general, where a slow transition from a collectivist solidarity perspective to a more individualistic lifestyle perspective can be discerned.

The EEA agreement, bound by the EU internal market principles, resulted in the abolition of the monopolies on alcohol except on retail sales in all the Nordic countries. Sweden and Finland are the countries that have had to adapt the most to European legislation when it comes to the alcohol policy area. The EU membership implied increased travellers' allow-

ances in Finland and Sweden, causing an increased pressure for tax reductions to prevent decreasing market shares in the retail monopolies. Norway has in many respects the same development as Finland and Sweden, but has not been exposed in the same way to international pressures, mostly because of the lower travellers' allowances.

However, a difference can be observed between Sweden and Norway, on the one hand, and Finland, on the other hand, concerning the process of adaptation to the European harmonisation. Both in Sweden and Norway, the preservation of the alcohol monopolies became the main issue, whereas for a time the Finns responsible were more preoccupied with the future of the Alko company rather than safeguarding the alcohol monopoly system.

Contrary to the dividing lines of EU membership, the Swedish and Norwegian monopolies are those that hold on to the social policy arguments the most, although the social control aspect seems to have increased in importance in all the countries. Of all the Nordic monopolies, Systembolaget has most actively operated as an alcohol policy actor. By this tactic, the Systembolaget may have increased its popularity not only among the public but also among politicians. Political support for the monopolies seems to be particularly strong in Sweden, and also in Norway. Sweden is the country that has had the strongest commitment to legitimizing its own policy internationally.

Furthermore, the monopolies in Iceland and the Faroe Islands differ from the other Nordic monopolies in several ways in for example that the Icelandic monopoly falls under the Ministry of Finance and the

Faroese monopoly falls under the Ministry of Industry. This accentuates the role of the monopolies in collecting revenues for the state. They are, therefore, more estranged from the public health and prevention perspectives on alcohol policy than the other Nordic alcohol monopolies. Iceland and the Faroe Islands are also very small markets of little importance for international corporate and industrial interests. The Icelandic monopoly has, for example, been more exposed to national pressure than international. Additionally, the geographical location of the Faroe Islands and Iceland make the incitement for private import and smuggling less tempting.

Initially, a major motive behind the establishing of the Nordic alcohol monopolies was to eliminate private profit from alcohol sales. Later, a greater emphasis was laid on the monopolies' possibilities to regulate and control the consumption of alcohol (Bruun 1973). In this paper, we have described how the alcohol monopolies have played down the factor of control of demand, and how they have developed into consumer-oriented enterprises. However, government stores still provide possibilities to limit the promotion and profit of alcohol sales, even if their control of the market has been diminished in the last decade.

Recently, alcohol policy has been under international debate in WHO and EU, and with many issues unresolved, alcohol policy will continue to be on their agenda. Nordic cooperation in the alcohol policy field has been growing, and the Nordic countries have been active in introducing alcohol policy to international forums. The Nordic alcohol monopolies have responded to this internationalization by

establishing their own information channel, the Borealis network. By this initiative they are attempting to have a quick and direct access to information on policy actions that may have effects on the monopolies. This may increase their possibilities to respond to future challenges and in general strengthen their strategic position.

Finally, the limitations of this study are both related to the framing of the research questions and the selectivity in the people who were interviewed. Even if the

focus has been on the alcohol monopolies as actors, there are still many questions about their activities and networking that remain unanswered.

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NOTES

- 1) The development of a Swedish alcohol monopoly has a long history, with the first municipal monopoly starting in 1850. In 1905 all aquavit was managed by certain companies under some state control. All wholesale was taken over by AB Vin & Spritcentralen in 1917. In 1919 the rationing system (the so-called Bratt system) was introduced in the whole country. In 1955 the rationing system was abolished and Systembolaget became a nationwide company.
- 2) The basic idea in the EEA-agreement is that the EFTA countries (except Switzerland, which did not sign the agreement) are a part of the internal market, but outside the institutional system and decision-making process of the EU. With a few exceptions, the set of rules and regulations for free movement of goods, services, people, and capital, also apply for the EFTA-countries. The regulations in the EEA-agreement are therefore very similar to the treaties of the EU, and the EFTA countries are continuously adapting to the changes in legislation that are made within the EU.

- 3) The indicative levels for travellers between EU countries are 10 liters of spirits, 90 liters of wine and 110 liters of strong beer. However, the limits are indicative and, for example, Finnish customs are nowadays using 50 litres of distilled spirits as the amount for personal use.

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