

[Minimum alcohol pricing is an irredeemably stupid idea](#) [1]

Written by [Tim Worstall](#) [2] | Friday 10 January 2014



Much fun and games as we here at the ASI are attacked in the pages of the [British Medical Journal](#) [3]:

The opening public salvo of a concentrated lobbying offensive with the sole objective of killing off minimum unit pricing was a report published by the Adam Smith Institute on 26 November, two days before the consultation opened. The institute is a self appointed opponent of 'big government . . . regulating businesses [and] interfering with lifestyle choices,' and has a long record of resisting regulation on behalf of the tobacco industry.^{16 17} For the institute, opposition to minimum pricing was a perfect fit, and its report, *Minimal Evidence for Minimum Pricing*, declared that predictions based on the Sheffield alcohol policy model were 'entirely speculative and do not deserve the exalted status they have been afforded in the policy debate.'¹⁸

It is of course joyous that we here are able to get so far up the noses of these appalling little health fascists that they start to lash out in such a fashion. The author of that report, Chris Snowden, responds quite magnificently [here](#) [4]. And Chris has shown that the original statistics used to justify the idea were wrong, that the plan won't actually do much if anything about the perceived problem being addressed and all in all it's simply a loss of freedom to no benefit whatsoever. It's also, as both Chris and I have pointed out over the years, illegal under EU law.

But I would go that one step further. It's also an irredeemably *stupid* idea. Even if we accept the evidence being proffered by the enthusiasts it is still entirely barking mad. For the effect of the plan, this minimum alcohol pricing, will be to *increase the profits* of those who make, market and sell cheaply made alcohol. Which is, as I hope all those with an IQ above their shoe size can see, not really the very bestest manner of reducing the incentives to make, market and sell cheaply made alcohol.

Let's just take as read everything those enthusiasts are telling us. That cheap booze kills, that we can reduce the number dying by making alcohol more expensive. OK. So, we have two ways of making booze cost more: we can have regulated (and high, as they demand) prices. Or we could raise the tax on booze.

The effects of high regulated prices are that the profit margins of those who make cheap booze rise. Because there is now no price competition in the retailing of the booze of course. Thus the makers of cider, the retailers of it, don't have to indulge in price cutting to compete their way into the shopping baskets of boozers. Thus we get high, and fixed, profit margins in the grotty booze business. Sure, volumes sold might fall but the margins on what is sold will be attractively eye-watering. This isn't notably a desirable outcome: recall, we're liberals so we're on the side of the consumers, not the producers.

Or we could raise taxes. We end up with the same prices as in option one. We end up with the same

reduction in boozing, whatever that amount is. But we've not just fattened profit margins for the producers. We've also raised cash money for the Treasury and can thus cut taxes elsewhere to compensate. Or, if you must, we can increase public spending or cut the national debt.

Option two is clearly and obviously the better one: and that is already assuming that we agree with everything else that the campaigners are suggesting. When we relax that assumption of course their case falls apart entirely but that's not what I'm trying to point out here.

What I am pointing out is that even by their own (paltry) standards of evidence and logic their plan for minimum alcohol pricing is still irredeemably stupid. And we're really not supposed to be basing public policy on such idiotic suggestions now, are we?

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