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Is Alistair Darling on drugs? [1]

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Wednesday?s budget continued the tradition of Chancellors raising excise duties on alcohol, with these so-called ?sin taxes? being the acceptable face of government paternalism. Mr Darling raised the rates on beer, wine and spirits by 2 per cent above inflation, but the real victims were drinkers of cider and alcopops, which were subject to a 10 per cent hike in excise duties. Ostensibly, this is aimed at making us behave ourselves. As with so many other government attempts to change behaviour, this may have profoundly negative unforeseen consequences.

The recent hysteria over the ?legal high? mephedrone has seen predictable government promises to ban the substance. Some of my colleagues have already [3] discussed [4] the counter-effectiveness of this type of measure, and this is undermined even further by Mr Darling?s budget. If we accept the dubious proposition (accepted by the government) that mephedrone is more dangerous than alcohol, then making it relatively cheaper than alcohol may cause a great deal of harm.

Mr Darling may be unaware of the economic concept of ?substitute goods?, but the principle is simple: if the price of one product rises, consumers will switch to cheaper alternatives to take that product?s place. For price-sensitive young people, mephedrone is a cheap substitute for alcohol: the cost of a night?s dosage of mephedrone is less than that of three pints of lager at my local pub.

So, faced with the problem of a legal and potentially dangerous alternative to alcohol, what does Mr Darling do? He raises the price of relatively safe alternatives. Is the Chancellor in the pay of mephedrone barons, is he simply ignorant of basic economics, or is he just on drugs himself?

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