

[There's stupidity and then there's idiocy](#) [1]

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The massed ranks of the *bien pensant* hordes seem to be gathering behind the idea that there should be windfall taxes upon the profits of the energy companies. One exemplar much quoted across the newspapers is [Tony Woodley](#) [3]:

Tony Woodley, joint leader of the union Unite, said: 'These latest vast profits now put the case for a windfall tax on big oil companies beyond argument.'

'The Government should grasp the nettle and do what it did in 1997 by taxing grotesque profits and put the proceeds into helping the millions of people struggling with their fuel bills.'

Let's see if we can disentangle this argument shall we? Firstly, yes, we have high fuel prices: as we know prices change to balance supply and demand and so those prices are simply reflecting that balance point. So, if we would like to lower prices, we would want to reduce demand, increase supply or some mixture of the two.

Increasing supply would require more money to be spent on the problems of discovering and extracting more of those energy sources: reducing demand could be done by reducing the amount that people either do or have available to spend on purchasing such. Perhaps not the way we'd like to do that latter, but it would work.

So Mr. Woodley is suggesting that we should do something rather different. We should reduce the amount being spent to discover and produce more. That's what greater taxation of the profits would mean: both the profits which the current companies would no longer have to finance such and also by dissuading new capital from entering the industry if they think they won't be allowed to earn from what they discover. He further thinks that we should give this money to consumers so that they can continue to buy the products which are in short supply.

Now stupidity isn't something in short supply, but this idea goes right through that. We would like to increase supply and reduce demand so as to bring prices down. This suggestion is that we should reduce supply and increase demand as a method of reducing prices. That's well past stupidity, that's idiocy.

Might I suggest that Mr. Woodley make sure that he wears slip ons from now on? Given the amount of mature intelligence he's displaying here he's clearly at risk of strangling himself if he were to attempt to tie his own shoelaces.

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