Published on *Adam Smith Institute* (http://www.adamsmith.org)



# Something to strike about [1]

Written by **Sam Bowman** [2] | Friday 30 March 2012

It's probably been the most shambolic week in the government's history. "Pastygate" was fun, but Francis Maude has nearly sparked a fuel crisis by warning people to stock up before an impending strike by fuel lorry drivers.

I don't have much sympathy for the striking fuel drivers' demands. The regulations they want "minimum standards covering pay, hours, holiday and redundancy for fuel tanker drivers", essentially a way of entrenching existing lorry drivers in their jobs, driving up costs for consumers and creating barriers to entry for prospective drivers. It's a private dispute, and the drivers have the right to strike if they wish (although I don't think the state should stop employers from sacking them if they do so), but it's not really something the government should be getting involved with.

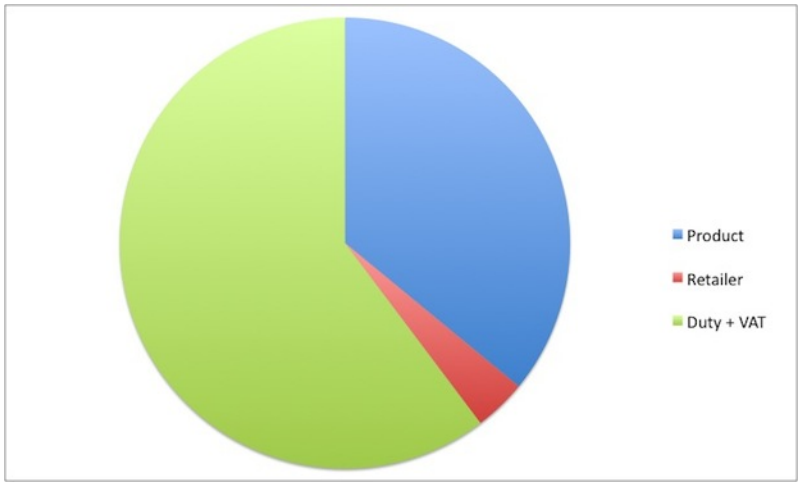
On the other hand, there is a legitimate fuel that the rest of us should be getting a lot angrier about. Petrol prices are at an all-time high, and even adjusted for inflation things are tough. The immediate cause of this spike may be things like demand from China and turbulence in the Middle East, but all this is only actually hurting consumers because of the taxman. Here's a breakdown of the cost of a £1.38 litre of petrol:

*Product: 47.8p*

*Retailer: 5p*

*VAT: 22.15p*

*Excise duty: 57.95p*




In other words, around 64% of the price of petrol [3] at the pump is down to tax.

What's more, the only real reason that this fuel strike would cause so much disorder is because of "anti-hoarding" laws that ban people from keeping more than 10 litres of petrol in their garages. Panic-buying petrol may be stupid, but it's not surprising when people are blocked from building up a private reserve in normal times. [*Update:The story this morning of a woman catching fire trying to decant petrol in her kitchen underlines this point: If private stockpiling were legal, there would be a market for safer containers and equipment that would help to avoid this kind of accident.]*

Transport costs make up a signficant proportion of a lot of food and other essential goods. So fuel taxes don't just hurt people at the petrol pump, they also make up a signficant proportion of the cost of everything else we buy. If there's something worth striking about, it's that.

blog comments powered by Disqus [5]

---

**Source URL:** http://www.adamsmith.org/blog/tax-spending/something-to-strike-about

**Links:**
[1] http://www.adamsmith.org/blog/tax-spending/something-to-strike-about
[2] http://www.adamsmith.org/taxonomy/term/5809
[3] http://www.petrolprices.com/the-price-of-fuel.html
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com