

Sin Taxes, Public Health and Public Opinion

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Summary

In a ComRes survey commissioned by the IEA, 4,135 British adults were asked about their attitudes towards economic measures being used to encourage healthier lifestyles.

Most respondents felt that taxes on wine and spirits were too high. A relative majority felt that tax of beer was too high. Opinion was more split on tobacco taxes, which 32 per cent felt were too high and 21 per cent felt were too low.

Of those who expressed an opinion, a majority were opposed to levying new taxes on food and soft drinks that are high in salt, fat or sugar. 49 per cent opposed a new tax on fizzy drinks while 37 per cent supported it.

There was strong opposition to the use of taxpayers' money being used to incentivise people to give up smoking, stop drinking heavily and lose weight. Less than 30 per cent of the sample supported such policies.

Respondents were more supportive of health warnings, with a majority supporting some form of warning on food products that are high in fat, sugar or salt, and a smaller majority supporting graphic warnings on alcohol.

A majority of respondents supported an amendment to the smoking ban allowing pubs to open a private smoking room if their owners wished to do so. 71 per cent of respondents agreed with the statement 'Individuals should be responsible for their own lifestyle choices and the government should not interfere'. Only 21 per cent felt that 'there should be more government regulation to stop people making unhealthy lifestyle choices'.

Economic measures to tax unhealthy products or subsidise healthy behaviour tended to be unpopular across all demographic groups, but some groups were more resistant than others. Older people and those in wealthier socio-economic groups were least supportive of financial incentives being used to reward healthier lifestyles. People in poorer socio-economic groups were least supportive of 'sin taxes', the smoking ban and government intervention in lifestyles generally.

UKIP voters were consistently more hostile to taxes and subsidies while Lib Dem voters were consistently more supportive. The same proportion of Conservative and Labour voters felt that indirect taxes were too high and opposed the introduction of new taxes on food and soft drinks. Labour voters were somewhat more likely than Conservative voters to view existing taxes on tobacco and alcohol as regressive and unfair.

Introduction

In December 2014, the Institute of Economic Affairs commissioned ComRes to conduct an opinion poll looking at British attitudes towards several 'public health' policies (ComRes 2014). The survey focused on economic levers such as 'sin taxes' on food, drink and tobacco, and taxpayer-funded financial incentives for people to lead healthier lifestyles. Respondents were also asked about the smoking ban, health warnings and their opinion about government intervention to encourage healthy lifestyles in general.

The fieldwork for the poll was carried out between 9th and 14th December 2014 with a representative sample of 4,135 adult British residents. This briefing paper analyses the results.

Economic levers: sin taxes

Taxes on alcohol, tobacco, salt and sugar have been levied for centuries as a means of generating government revenue. In recent decades, such taxes have been raised with the explicit objective of reducing the consumption of the targeted product on health grounds. There is a strong presumption in economics that, *ceteris paribus*, higher prices lead to reduced consumption.

Taxes on tobacco and alcohol in the UK are amongst the highest in the world and many public health campaigners are eager to implement new taxes on sugar and soft drinks. Our survey found that most Britons feel that existing taxes on alcohol are too high. Fewer than ten per cent of respondents thought that taxes on beer, wine and spirits were too low. An absolute majority felt that taxes on wine and vodka were too high and a relative majority felt that taxes on beer were too high (see Figures 1-3). Opinion on tobacco duty was more mixed, but those who felt that tax on cigarettes was too high outnumbered those who thought it was too low by 3 to 2 (see Figure 4).

There was significant resistance to new taxes being levied on food and soft drinks. Of those who expressed an opinion, the majority were opposed to taxes on both fizzy drinks and food that is high in sugar and salt (Figure 5 and 6).

Figure 1: Do you think the current level of tax on a bottle of wine (56%) is too high, too low or about right?

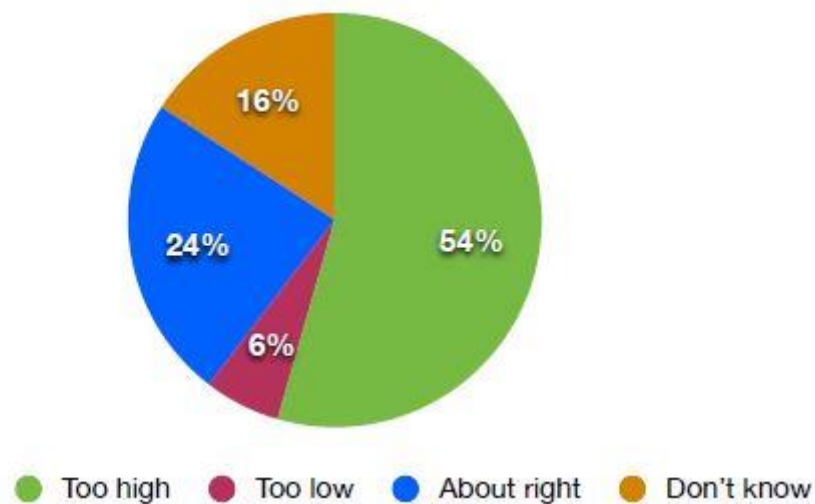


Figure 2: Do you think the current level of tax on a bottle of vodka (76%) is too high, too low or about right?

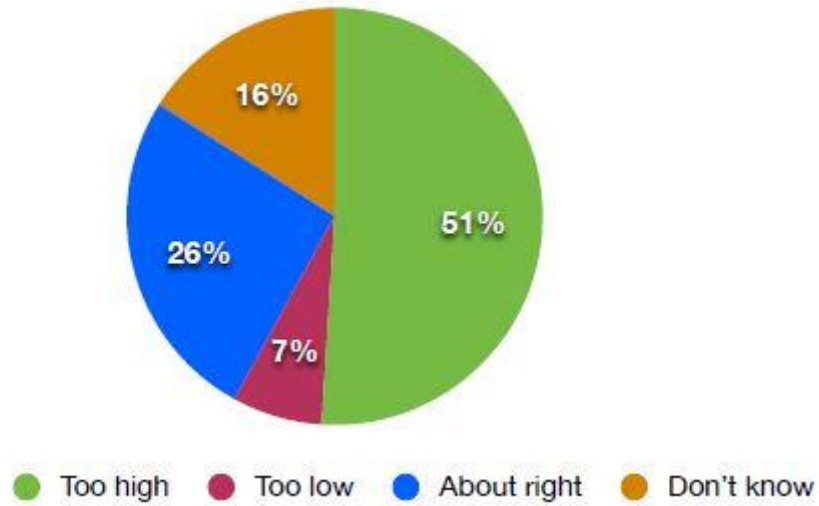


Figure 3: Do you think the current level of tax on a pint of 4.3% beer (31%) is too high, too low or about right?

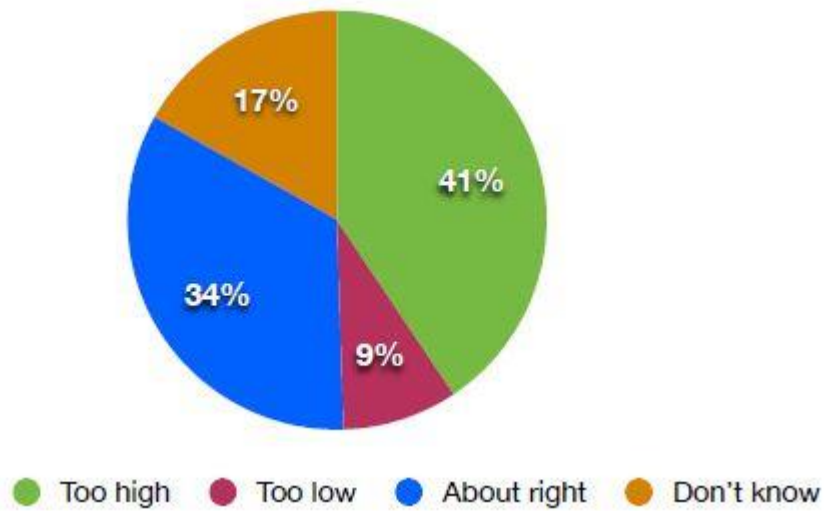


Figure 4: Do you think the current level of tax on a pack of cigarettes (77%) is too high, too low or about right?

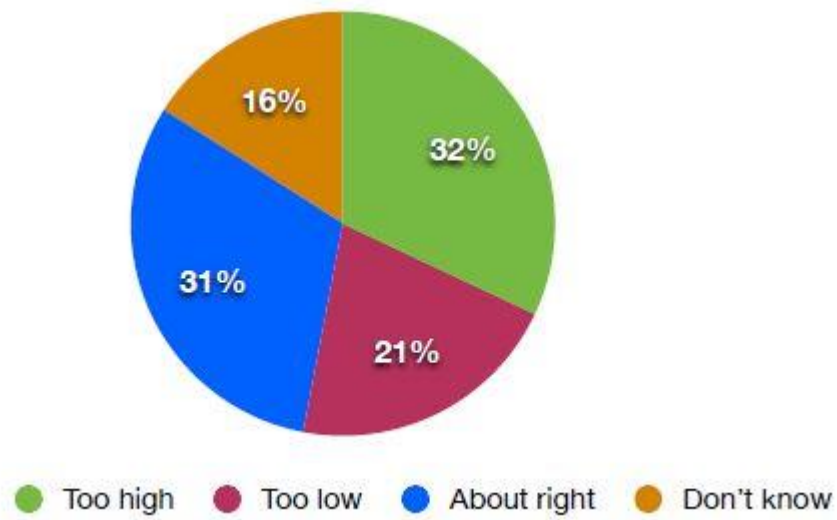
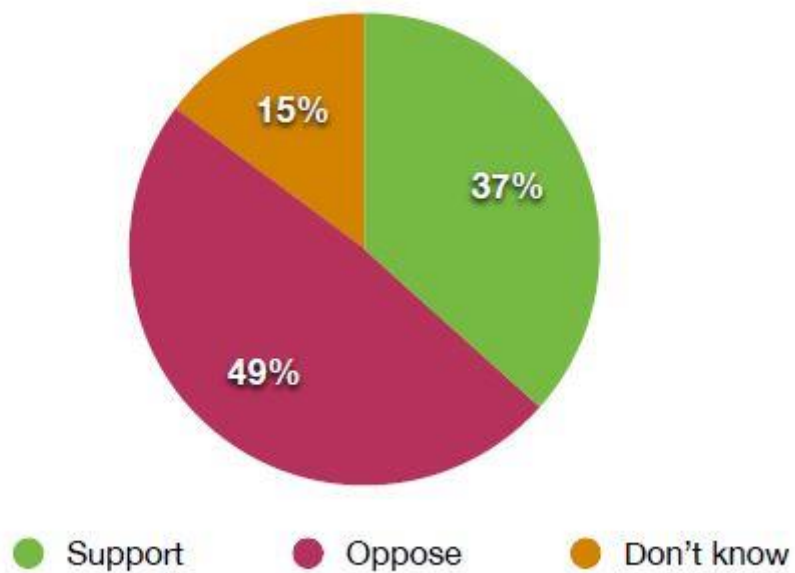
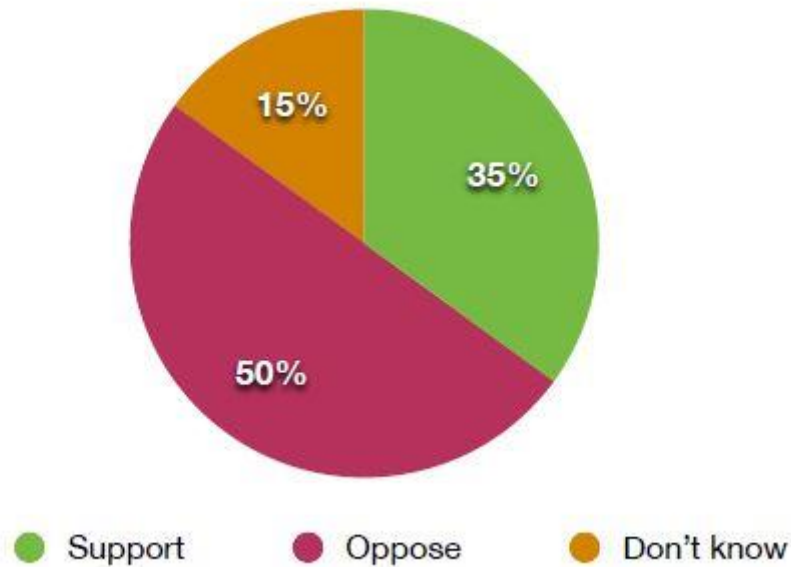


Figure 5: Do you support or oppose a new tax on fizzy drinks which would likely increase their price?



Although not strictly a health-related tax, we also asked respondents about taxes on air travel. These taxes amount to £71 on an economy class, long haul flight. 55 per cent of respondents said that this was too much, 20 per cent said it was about right, and just 4 per cent said it was not enough. The remaining 21 per cent offered no opinion.

Figure 6: Do you support or oppose a new tax on food and drinks which contain high levels of sugar and salt which would likely increase their price?



Taking all indirect taxation together, including VAT, tobacco duty, alcohol duty, air passenger duty, gambling duty and fuel duty, most respondents felt that these taxes were too high. Of those who expressed an opinion, those who thought indirect taxes were too high outnumbered those who felt that they were too low by more than 2 to 1 (Figure 7). When asked if these taxes should be higher, only 11 per cent agreed (Figure 8).

Figure 7: Do you agree or disagree that indirect taxes such as VAT, alcohol duty, fuel duty, tobacco duty, gambling duty, air passenger duty are too high?

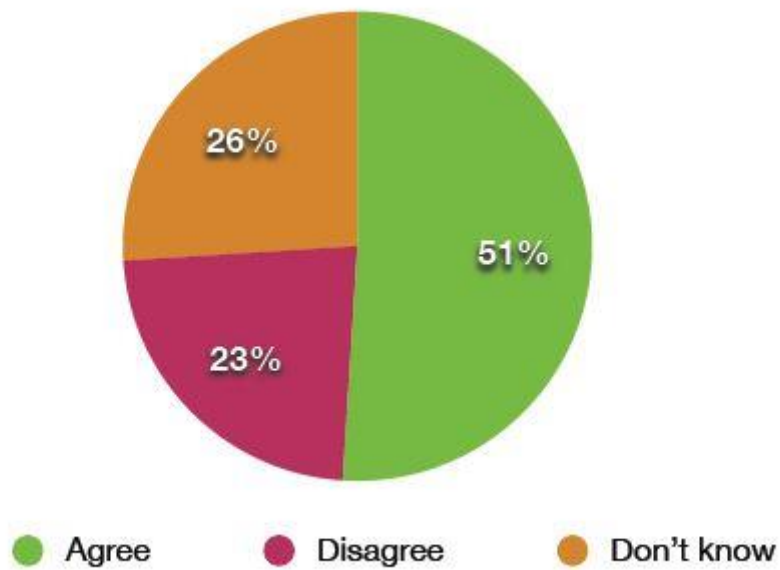
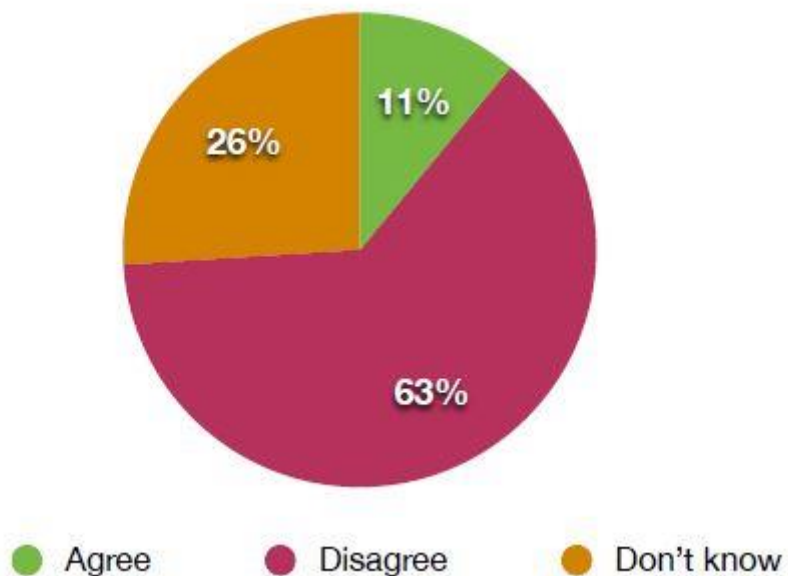


Figure 8: Do you agree or disagree that indirect taxes such as VAT, alcohol duty, fuel duty, tobacco duty, gambling duty, air passenger duty should be higher?



It is widely understood by economists that 'sin taxes' are economically regressive, ie. they take a greater proportion of income from the poor than from the rich (Chouniard et al 2007, Remler 2004). This regressive impact is particularly severe for products that are disproportionately purchased by people on low incomes, such as cigarettes (Snowdon 2013).

Our survey found widespread awareness of the regressive nature of indirect taxes. The majority of respondents agreed that they 'negatively impact the poorest people more than others'. Those who agreed with this statement outnumbered those who did not by more than 3 to 1 (Figure 9). Of those who expressed an opinion, the majority also agreed that such taxes 'are an unfair way of taxing people for doing things they enjoy' (Figure 10).

Figure 9: Indirect taxes such as VAT, alcohol duty, fuel duty, tobacco duty, gambling duty, air passenger duty negatively impact the poorest people more than others

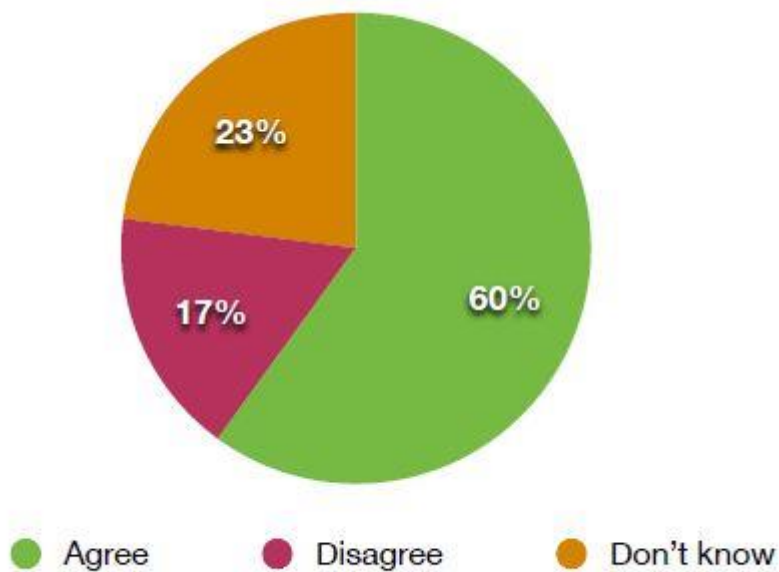
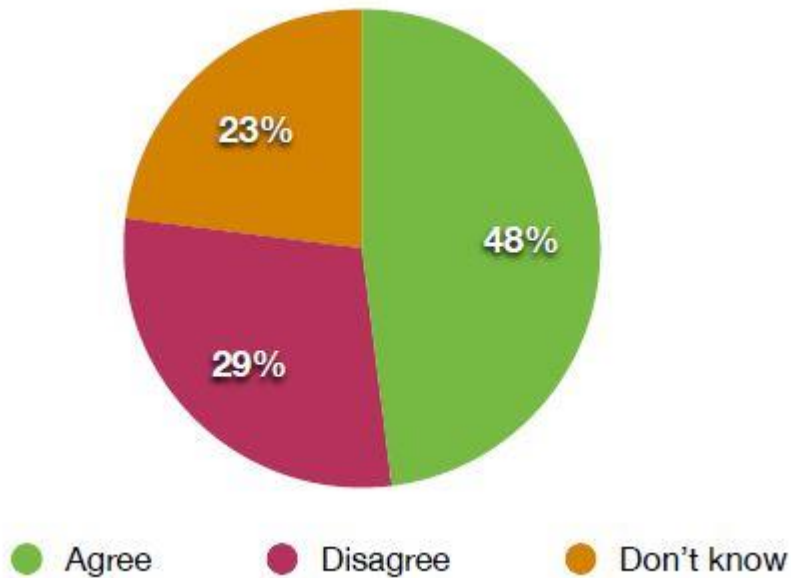
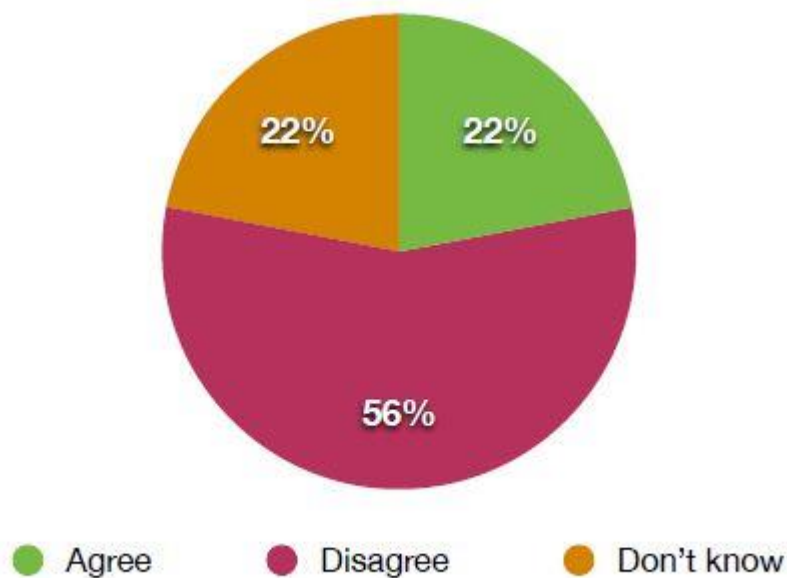


Figure 10: VAT, alcohol duty, fuel duty, tobacco duty, gambling duty, air passenger duty are an unfair way of taxing people for doing things they enjoy



Finally, most respondents were sceptical about the ability of 'sin taxes' to achieve their stated purpose of making people healthier. Those who agreed that 'indirect taxes such as VAT, alcohol duty, fuel duty, tobacco duty, gambling duty, air passenger duty are an effective way of stopping people from making unhealthy lifestyle choices' were outnumbered by more than 2 to 1 by those who disagreed (Figure 11).

Figure 11: Do you agree or disagree that indirect taxes such as VAT, alcohol duty, fuel duty, tobacco duty, gambling duty, air passenger duty are an effective way of stopping people from making unhealthy lifestyle choices (eg. smoking, drinking)?



Economic levers: Financial incentives

From time to time, it is suggested that smokers, heavy drinkers and the obese be offered financial incentives to lead healthier lifestyles. Some NHS trusts have already trialled schemes in which smokers are paid to stop smoking and obese people are paid to lose weight (Smith 2010, BBC 2012).

Our survey found little support for taxpayers' money being used in this way. The results were consistent in finding around 60 per cent of respondents opposed to the government paying people to lose weight (Figure 12), stop smoking (Figure 13) or stop drinking excessively (Figure 14). Of those who expressed an opinion, opponents of such policies outnumbered supporters by more than 2 to 1.

Figure 12: Do you think the government should or should not offer financial incentives to those people who are trying to lose weight?

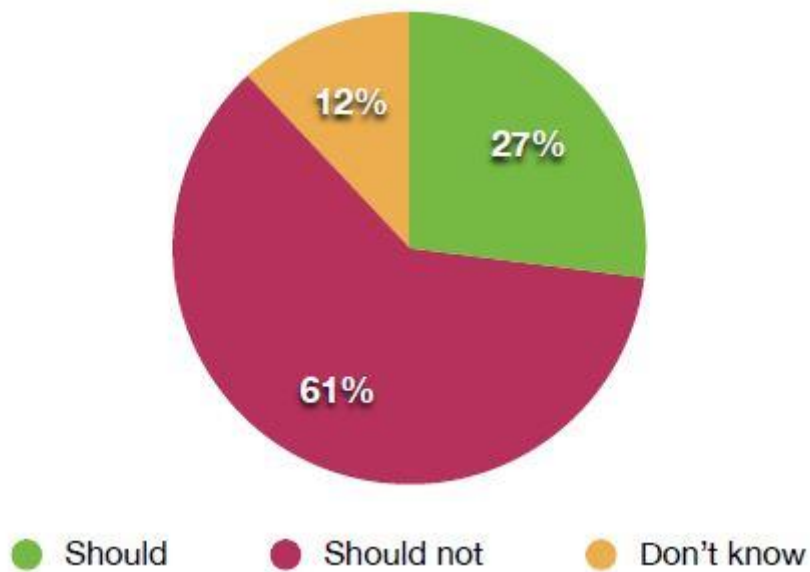


Figure 13: Do you think the government should or should not offer financial incentives to those people who are trying to stop smoking?

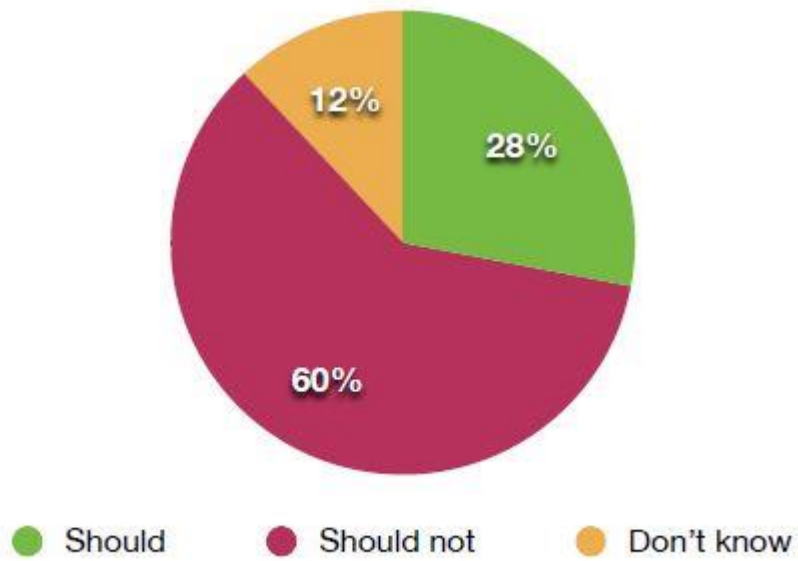
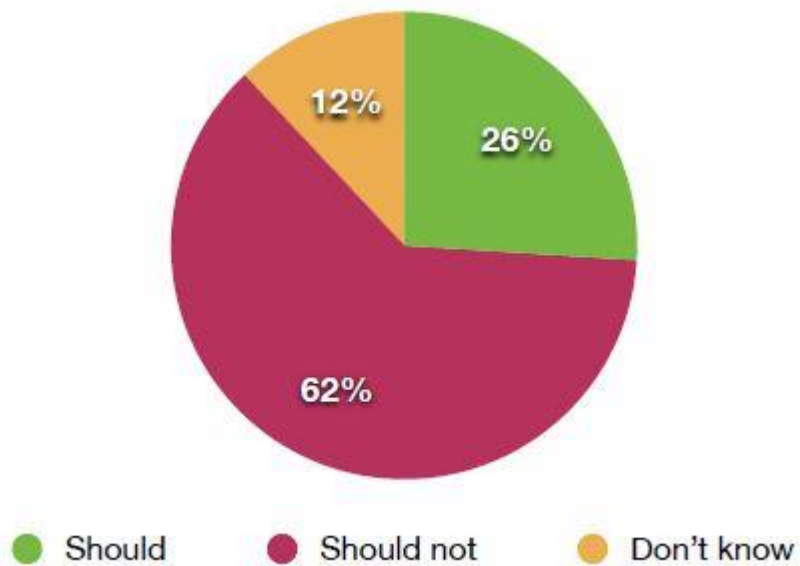


Figure 14: Do you think the government should or should not offer financial incentives to those people who are trying to stop drinking excessively?



Other policies: health warnings

The British public seem to be less resistant to the use of health warnings than they are to 'sin taxes'. Tobacco products have had mandatory health warnings since the 1960s. These warnings have become larger and more explicit in the years since and, in 2008, incorporated 'graphic' photographs. Although it is not a legal requirement, the packaging for most alcoholic beverages includes advice about government drinking guidelines and a pictorial warning against pregnant women drinking.

Some organisations, such as the British Medical Association, would like to see stronger warnings on alcoholic beverages, including the kind of graphic warnings that appear on tobacco products. Others would like to see some form of health warning on 'unhealthy' food products.

Our survey found a surprisingly large amount of support for these suggestions. Although we did not specify what kind of warnings might be used, 72 per cent of respondents supported mandatory health warnings on food and drinks which are high in sugar, fat and salt (Figure 15). A smaller number, but still a majority (54 per cent) supported the use of images such as diseased livers on alcohol packaging (Figure 16).

Figure 15: Do you support or oppose compulsory health warning labels on food and drinks which are high in sugar, fat and salt?

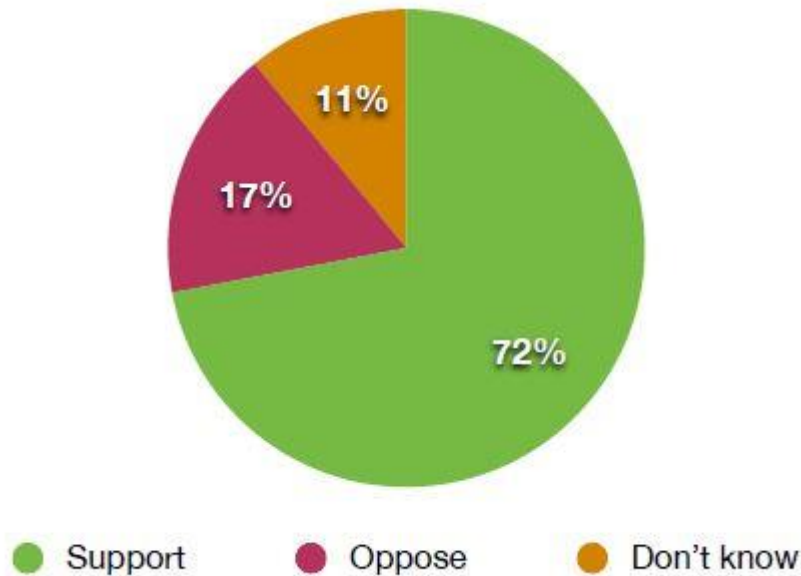
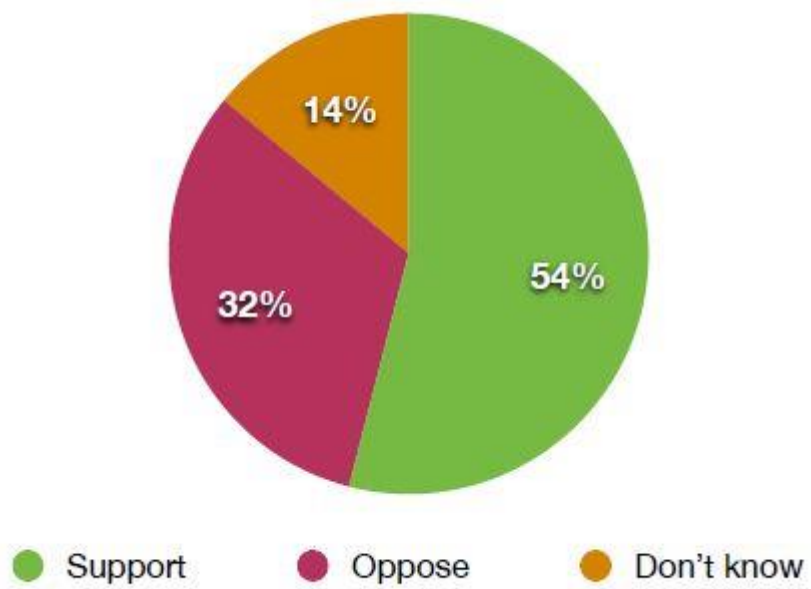


Figure 16: Do you support or oppose health warning labels with images such as diseased livers on alcohol packaging?



Other policies: smoking ban

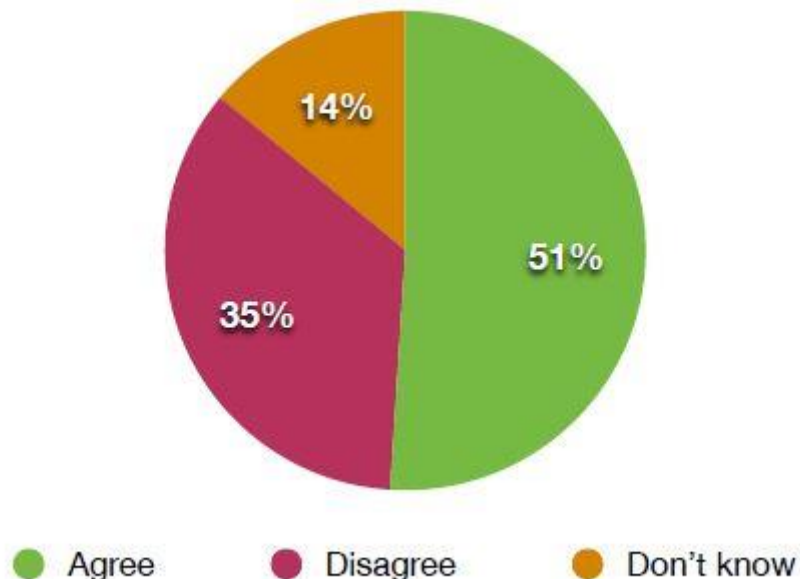
By July 2007, the whole of the United Kingdom was covered by one of the world's most extensive smoking bans. Smoking is against the law in all pubs, restaurants, offices and private members' clubs without exception. Anti-smoking groups claim that there is widespread support for this legislation, but the surveys they commission limit respondents' choice to two options: having the ban as it exists or having no ban whatsoever. On the other hand, surveys conducted by Populus and the Office for National Statistics, which have given respondents a broader range of options, found that 'mainly non-smoking pubs with smoking areas' is the most popular choice. As Anthony Wells of YouGov explained in 2005:

'The simple picture is this - if you conduct polls that ask a straight yes or no question about whether people would approve of a complete smoking ban in pubs, about two-thirds say yes.

If, on the other hand, you ask people what they would like done about smoking in pubs, and give them a list of options such as a complete ban, or making all pubs have a no-smoking area, or better ventilation or so on, then most people opt for making pubs have no smoking sections (or making pubs no smoking with special smoking sections, which amounts to much the same thing) and against having an overall ban' (Wells 2005).

Wells was writing before the smoking ban was implemented but our survey shows that his observation still holds. Our survey asked the public if they were in favour of allowing pubs and private members club to have a private room for smokers if the proprietor wished to create one. A majority of respondents approved of this idea with only 35 per cent opposed (Figure 17).

Figure 17: Owners of pubs and private members clubs should be allowed to have a private room for people to smoke in if they want to



Attitudes to government intervention

When asked explicitly whether they believe in personal responsibility or government intervention, our survey showed that the British public strongly supports personal responsibility and opposes 'nanny state' regulation. As Figure 18 shows, 71 per cent of respondents agreed with the statement 'Individuals should be responsible for their own lifestyle choices and the government should not interfere'. Only 16 per cent disagreed. Excluding the 'don't knows', the proportion of respondents who think 'the government should not interfere' rises to 81 per cent.

Figure 18: Individuals should be responsible for their own lifestyle choices and the government should not interfere

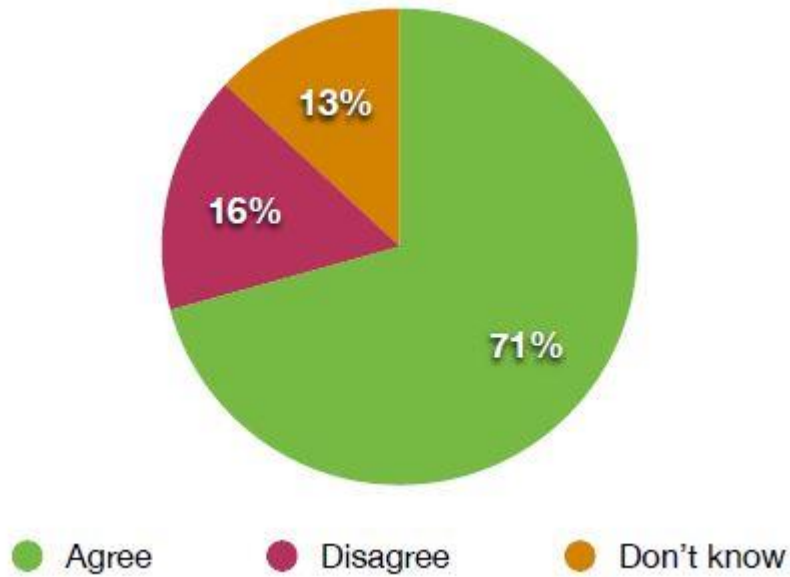
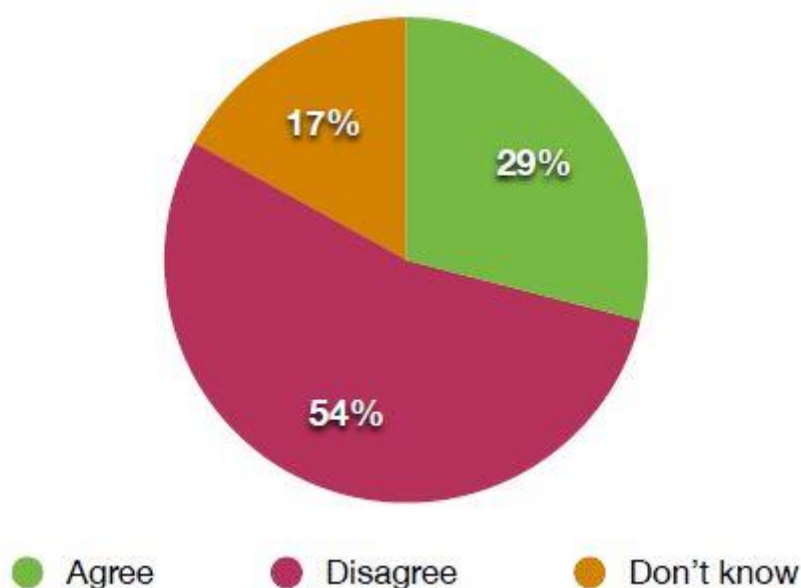


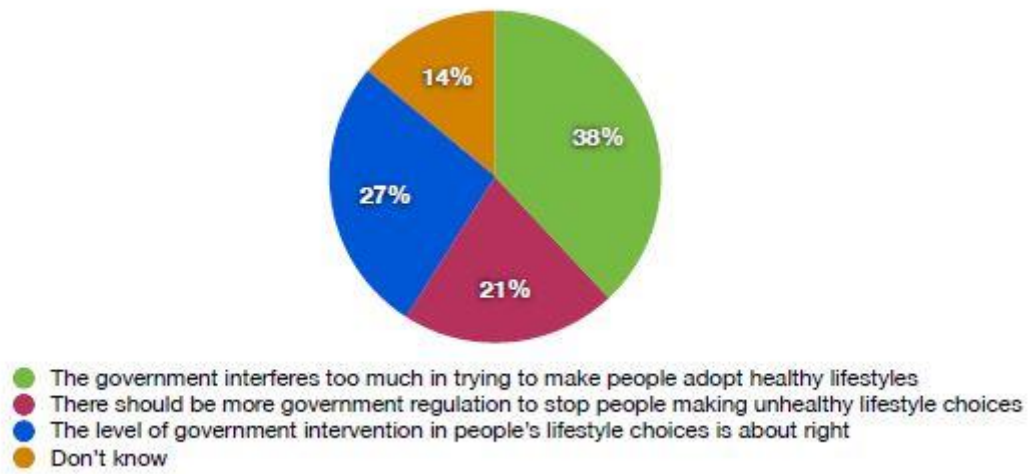
Figure 19: It is the government’s responsibility to influence people’s behaviour by regulating and taxing high-calorie food and drink



Government ‘interference’ means different things to different people, however. When asked a similar question, but with a specific example of government intervention added, the proportion of respondents who objected to regulation fell from 71 per cent to 54 per cent (Figure 19). A majority continued to oppose government intervention, with only 29 per cent agreeing that it is the government’s responsibility to influence people’s behaviour by regulating and taxing high-calorie food and drink, but the size of the majority fell. It appears that there is a sizeable minority of people who oppose government interference in the abstract, but support it in specific instances because they are prepared to make an exception in certain circumstances or because they do not see certain interventions as ‘interference’ in the first place.

Nevertheless, opponents of ‘regulating and taxing high-calorie food and drink’ still outnumber proponents by nearly 2 to 1 and there appears to be little appetite for further intervention in lifestyles. 38 per cent of respondents in our survey said that the government already ‘interferes too much in trying to make people adopt healthy lifestyles’ whereas only 21 per cent thought that ‘there should be more government regulation to stop people making unhealthy lifestyle choices’. The remainder either didn’t know or felt that the balance was about right (Figure 20).

Figure 20: Does the government interfere too much?



Demographics and politics

ComRes's fieldwork was carried out on a large, representative sample of British adults whose voting intentions, age and socio-economic group were known to the pollsters. Certain groups had noticeably different attitudes.

Age

In general, young adults in our survey were the least likely to oppose economic measures to encourage healthier lifestyles, but this is largely because they were least likely to offer an opinion at all. The 18-24 year olds in our survey were most likely to answer 'don't know' to any of the questions. Sometimes the rate of 'don't knows' was as high as 40 per cent amongst this group.

In fact, it was the 65+ year old group that was most supportive of government interventions. This is surprising because they tended to be more likely than average to oppose 'interference' in the abstract. 75 per cent of them claimed to believe that 'individuals should be responsible for their own lifestyle choices and the government should not interfere', and they were less likely than any other age group to believe that 'There should be more government regulation to stop people making unhealthy lifestyle choices'.

Despite these protestations, the 65+ year old group was more likely to support health warnings on food and new

Taxes on 'unhealthy' food and drink than the younger people in our survey. They were more likely to oppose a relaxation of the smoking ban than any other age group (44 per cent) - although, as with the other age groups, a relative majority would still support it (48 per cent). They were also least likely to believe that tax on beer and vodka (but not wine) was too high.

The 65+ age group was, however, the most resistant to financial incentives for people to give up smoking, lose weight and cut down on drinking. Financial incentives were unpopular with every age group, but support was strongest amongst 18-24 year olds (36 per cent) and declined incrementally for older age groups.

Socio-economic groups

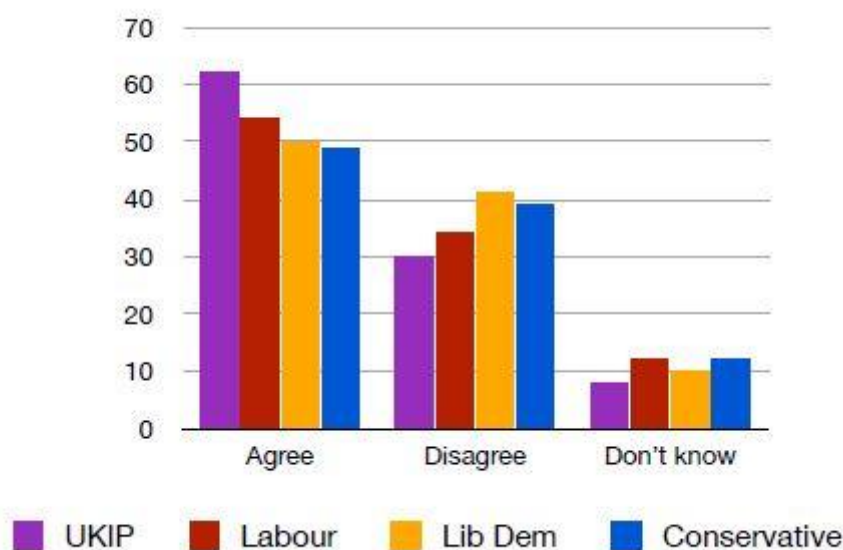
People in the poorest socio-economic group (DE) were least likely to support government intervention in lifestyles (12 per cent) and least likely to support a new tax on fizzy drinks (33 per cent). They were also most likely to support a relaxation of the smoking ban (57 per cent) and most likely to believe that taxes on cigarettes were too high. They were, however, most likely to support financial incentives for healthy living.

By contrast, people in the wealthiest group (AB) were most likely to support higher taxes on alcohol and tobacco, and were most likely to support new taxes on food and soft drinks. They were most likely to believe that taxes on cigarettes, beer and vodka (but not wine) were too low. Interestingly, they were also least likely to see these taxes as unfair, regressive and ineffective.

Voting intention

In our survey, Lib Dem voters were almost always more likely to support government intervention and UKIP voters were almost always the most resistant. This was not always the case, however. Conservative voters were slightly less likely to support smoking rooms (49 per cent) than Lib Dem voters (50 per cent) and Labour voters (54 per cent) (Figure 21).

Figure 21: Owners of pubs and private members clubs should be allowed to have a private room for people to smoke in if they want to



Labour is often portrayed as the nanny state party, even by its supporters (Toynbee 2004), but Labour voters in our survey were not especially supportive of the public health policies they were asked about. They were more likely than Conservative and Lib Dem voters to agree that ‘the government interferes too much in trying to make people adopt healthy lifestyles’ and were more likely than supporters of either party to consider taxes on alcohol and tobacco to be too high. They were also more likely than supporters of any other party to regard ‘sin taxes’ as ‘an unfair way of taxing people for doing things they enjoy’.

Our survey showed a clear divide between those who support interventions which raise money for the government (taxes) and those which involve spending money (financial incentives). Conservative voters were more strongly opposed to financial incentives for healthy living than supporters of other parties, including UKIP, but were somewhat more sanguine about the impact of ‘sin taxes’ on the poor. Labour voters, by contrast, were more concerned about the impact of indirect taxation on the poor and were more likely to regard them as being too high.

There was some evidence of a traditional class divide, with Conservative voters more likely than Labour voters to view tax on wine and air travel as excessive whilst Labour voters were more likely than Conservative voters to regard tax on beer and cigarettes as excessive. These differences were quite small, however, and the proportion of Labour and Conservative voters who believed that indirect taxes were too high and that new taxes on food and drink were a bad idea were exactly the same (52 per cent and 38 per cent respectively).

There was a much greater divide between Lib Dem voters and UKIP voters. Lib Dem voters tended to be most supportive of government interventions regardless of whether they involved raising money or spending money. UKIP voters were their mirror image, opposing lifestyle interventions whether they be bans, taxes or subsidies. Lib Dem voters were consistently most likely to believe that taxes on cigarettes, air travel and all forms of alcohol were too low whereas UKIP voters were consistently the most likely to believe that these taxes were too high. However, even amongst Lib Dem voters, higher taxes and financial incentives were supported by only a minority.

Other demographic trends

Differences between male and female attitudes in our survey were negligible. There was also little difference between regions, although people in Scotland, Wales and Northern England were somewhat less likely to support government intervention in lifestyles than the rest of the UK.

Public sector workers were consistently more likely to support 'sin taxes' and warning labels than private sector workers, although both sectors were equally hostile to financial incentives being given to smokers, heavy drinkers and the obese. The public sector was significantly more likely to support graphic warnings on alcohol (64 per cent against 51 per cent) and more likely to support new taxes on food and drink (43 per cent against 31 per cent).

Conclusion

There is a broad consensus amongst economists that taxes on tobacco, food and soft drinks are regressive (Chouniard et al 2007, Remler 2004), and the evidence that economic measures can effectively tackle obesity, in particular, is very weak (Maniadakis et al. 2013, Shemit et al. 2013). Our survey shows that the British public is aware of the regressive nature of these taxes and is sceptical about their efficacy as health measures. An absolute majority of respondents felt that such taxes negatively affect the poor and a relative majority felt that they were an unfair way of taxing people for doing things they enjoy.

71 per cent of the British adults surveyed - and 81 per cent of those who gave an opinion - believed that it should be the individual's responsibility to make their own lifestyle choices and that the government should not interfere. This echoes the results of a 2013 Ipsos MORI poll which found that only 30 per cent of British adults agreed that 'It is the government's responsibility to influence people's behaviour to encourage healthy lifestyles' (Ipsos MORI 2013). This view was largely reflected by respondents' opposition to economic measures, including taxes and incentives, being used to encourage healthy lifestyles.

Of those who expressed an opinion, 69 per cent felt that indirect taxes were too high and 59 per cent felt that pubs should be able to accommodate smokers in a private room. Of the new 'public health' policies mentioned in the survey, only health warnings enjoyed majority support, perhaps because they are not perceived to impinge on freedom or impose a cost on consumers and taxpayers.

Although people of different ages, socio-economic status and political inclination had different attitudes towards government intervention in lifestyles, these differences were often quite trivial. There was very little desire for higher taxes on alcohol, tobacco and air travel amongst any group. A firm majority of those who gave an opinion were in favour of pubs being allowed to open a smoking room and were opposed to new taxes being levied on 'unhealthy' food and soft drinks. The idea of using taxpayers' money to incentivise healthy living also faced strong, majority opposition.

It is not difficult to see an element of self-interest in some of the responses. Poorer groups tend to be more supportive of financial incentives, perhaps because they expect to be the recipients of them, while wealthier groups may oppose them because they expect to pay the bill. Similarly, tobacco taxes may be more popular with the general public than alcohol or food taxes because most people do not smoke and will not have to pay them. But self-interest only explains so much. Non-smokers make up 80 per cent of the population. If they wished to exploit smokers, 80 per cent of our survey's respondents would have supported higher cigarette taxes. In fact, only 21 per cent did so.

In any survey, it is easy for people to say that think a certain tax is too high. Opinion polls, including this one, tend not to ask which taxes they would like to see raised for another tax to be lowered. But the results shown above indicate that the public is aware of the negative effects of indirect taxation. The shared opposition of rich and poor alike to giving financial incentives to smokers, drinkers and the obese suggests that they are not under the illusion that the government has an endless pot of money, nor that such policies come without a cost. The public's scepticism towards taxes and subsidies as health measures seems to be backed up by a broader conviction that individual responsibility is better than government interference.

All in all, our survey found the British public to be generally liberal (in the uncorrupted sense of the word) when it came to individual lifestyle choices. They tend to prefer free choice rather than government intervention, and there is little demand for new or higher taxes on alcohol, tobacco, food and soft drinks.

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