

SHAKIN' the system



KATE ANDREWS on proposals to tax milkshakes

The milkshake, once desecibed as tasting of watered-down ice cream, can now be desecibed as the taste of freedom.

Targeted as the next treat to have a "sin tax" imposed on it, the milkshake and its consumers have found a new ally in the shape of Boris Johnson – who said he would oppose a milkshake tax, noting that he didn't think it would be effective.

More importantly, he called for halting the roll-out of all sin taxes, until it could "be clearly demonstrated that such taxes actually make a real difference to people's behaviour and don't unduly penalise the lowest paid".

If Mr. Johnson is serious about basing tax policy on clear evidence, fans of freedom should be relatively optimistic.

The empirical evidence overwhelmingly suggests the poorest in society are disproportionately affected by these taxes.

Nearly all sin taxes take a greater share of income from the poor than from the rich. In some cases, poorer households can be paying up to 10 times

more in sin taxes than richer households as a share of their income.

And while these taxes are clearly regressive by nature, some also fail in their objective to change behaviour. Case studies from around the world have failed to show that a sugary drinks tax helps to reduce overall calorie intake or obesity.

While Mr. Johnson is willing to defend our sugary drinks and milky ice cream, he has stopped short of rolling back the original sin taxes on alcohol and tobacco.

Possibly, he feels that is a step too far – but equally likely is that he understands the financial black hole it would create for the Treasury.

Despite supporters of sin taxes claiming that higher prices encourage users to "improve" their behaviour, many people continue to smoke and drink.

Perhaps some policymakers recognise the taxes don't work, but still support the increased tax take.

In the last fiscal year, the UK government brought in over £11.4bn in alcohol duty receipts.

When bundled together, IEA research shows that the taxes more than cover the costs that smoking and drinking impose on public finances.

Excessive drinking and smoking is unhealthy and often dangerous behaviour, but the vilification of adults choosing to take up such activities is itself another form of harm – especially when you consider that their tax money is topping up health resources, not depleting them.

Whether it's a cut in sin taxes, a change in rhetoric, or a simple acknowledgement that both children and adults can see an advert for strawberries and cream on the Tube without the world coming to an end, perhaps it's time for a shake-up of this nannying mentality.

Perhaps it's begun. Maybe the shake-up starts with the milkshake. ●

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