IEA Discussion Paper No. 131

DEFANGING THE NANNY STATE

Christopher Snowdon
December 2024

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Institute of Economic Affairs

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About the author

Dr Christopher Snowdon is the Head of Lifestyle Economics at the Institute of Economic Affairs. He is a regular contributor to The Spectator, The Telegraph and The Critic and often appears on TV and radio discussing lifestyle regulation and policy-based evidence. He is the editor of the Nanny State Index and the author of six books: Polemics (2020), Killjoys (2017), Selfishness, Greed and Capitalism (2015), The Art of Suppression (2011), The Spirit Level Delusion (2010) and Velvet Glove, Iron Fist (2009). He has a PhD in economics from the University of Buckingham.

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Foreword

In 2016, the IEA and EPICENTER launched the first edition of Dr Christopher Snowdon's 'Nanny State Index', which tries to measure the degree of restrictiveness of paternalistic policies that interfere with personal lifestyle choices in various areas.

'Nanny state' is obviously a pejorative term, which already signals disapproval. Nanny-statists would not describe themselves in that way. They would describe themselves as 'public health activists' or as campaigners against 'the industry'. The Nanny State Index itself, though, is completely value-neutral. It simply measures the extent to which government policy deliberately raises the price and/or decreases the availability of particular products, irrespective of whether that is a good thing or a bad thing. If I published, say, a weather report, and labelled it in a way which signals a personal preference for cooler temperatures over heatwaves, you could still make use of the report even if you did not share my preference.

The same is true of the Nanny State Index. A public health activist could simply rename it the 'Public Health Protection Index', and use it for their own purposes. They could treat a high score on the index as a cause for celebration, rather than, as Dr Snowdon does, as an undesirable outcome.

Nonetheless – I have never seen a public health activist use the index, or a variant of it, in such a way, and this is probably not a coincidence. It would not suit them to draw attention to it.

Public health campaigners like to portray Britain as a laissez-faire economy, where producers of health-harming products can peddle their wares with minimal interference. In their version of events, British governments are in thrall to industry pressures, and therefore too timid to introduce the robust measures that would be required to improve people's health.

Dr Snowdon's index, however, has consistently shown the UK to be at the more restrictive end of the spectrum, certainly when it comes to the regulation and taxation of alcohol, food and soft drinks, and tobacco products. British governments are not at all reluctant to interfere with consumer choices via a wide range of fiscal and regulatory measures.

Dr Snowdon is a liberal in the John Stuart Mill tradition, so for him, the role of the state is to prevent people from doing harm to others, not to prevent them from doing harm to themselves. This means that, for him, the question of whether paternalistic policies 'work', on their own terms, is a secondary one. Most people, though, are neither Millian liberals nor hardline paternalists. For them, the perceived 'bang for the buck' will matter. If a minor interference with consumer sovereignty delivers major health gains, they will support it; if it takes major interferences with consumer sovereignty to deliver minor health gains, they will not. Dr Snowdon has repeatedly shown over the years that the latter is a much more accurate description of the reality of nanny statism. It is possible

to alter people's lifestyle choices through policy measures, but those measures need to impose severe costs and/or inconveniences on people to have more than a minimal effect.

This is true of individual measures, and it is also true of policy packages. The countries in the bottom five of the Nanny State Index (Germany, the Czech Republic, Italy, Luxembourg and Spain) do not resemble the 'Gin Lane' dystopias which the dire warnings of public health campaigners evoke. In four of them, life expectancy at birth is higher than in the UK, and the fifth one – the Czech Republic – is catching up fast. The same is true of healthy life expectancy, a measure of life expectancy adjusted for health status.

For the purposes of this paper, my question to Dr Snowdon was not what a libertarian laissez-faire solution would look like: that would have been a very short paper indeed. Rather, my question to him was: what would it take for the UK to move to the bottom of the Nanny State Index – but only just. I was not asking for a score of zero, but for a score slightly below that of the current best (or, depending on your perspective, worst) performer.

The Nanny State Index uses a scale from 0 to 100, with the German score of 10 being the lowest in the sample. Germany is not exactly a country that is known for being underregulated, or insufficiently law-abiding. It is still, in the broadest sense, a European nanny state, albeit a light-touch one.

Hence my question to Dr Snowdon: what would it take to match, and then slightly undercut that score?

Read his answer below.

KRISTIAN NIEMIETZ

Editorial Director, Institute of Economic Affairs

London, December 2024

Introduction

What would government regulation of food, alcohol, vaping, tobacco and soft drinks look like in a more liberal Britain? There would be a lot less of it, naturally, but there would not be none.

An ultra-libertarian approach would be to remove all sin taxes, abolish all health warnings, legalise all drugs, abolish age limits and sack every public health worker. But let us be realistic. Britain has been awash with nanny state policies for the last twenty years. Some of them are popular, and several of them can be justified on economic grounds. Rather than endorse a free-for-all, this paper sets itself the more modest task of making the UK the freest place in Europe for people who want to eat, drink, smoke and vape without being punished by the state.

Every two years I edit the Nanny State Index, a league table of 30 European countries showing how they compare with regard to the over-regulation of food, soft drinks, alcohol and nicotine products. None of these countries is a libertarian utopia by any stretch of the imagination. Public health paternalism exists in them all, not least because of EU regulation. But there is a wide variation between the freest and most paternalistic nations. Germany and the Czech Republic have been the best performers in recent years and sit at the bottom of the table, while the top of the table is dominated by countries in Scandinavia and Eastern Europe. The UK has always been in the top half, with high scores for everything except e-cigarette regulation.

At the end of this paper, we will look at what needs to be done to get the UK to the bottom of the league table and make it the best country in Europe for lifestyle freedom, but first we need to define our terms and ask what problem we are seeking to solve.

What is the problem?

The Nanny State Index looks at the *over*-regulation of controversial lifestyle activities. It is not concerned with regulation *per se*. So how do we define over-regulation? Put simply, it is regulation designed to deter consenting adults[1] from buying and using certain products because the government has decided that the activity is not good for them, typically in relation to their health. It is paternalism backed up with the force of law.

The nanny state is a slightly frivolous term for the non-trivial problem of coercive paternalism. Nanny state regulation is not a minor nuisance. It creates significant costs to consumers. Some of these costs are financial; others are intangible costs to human welfare. Let us take the direct financial costs first.

Sin taxes

Excise taxes on supposedly demerit goods, otherwise known as 'sin taxes', are among public health paternalists' favourite weapons. They also tend to be popular with politicians, who see them as an easy way of raising extra revenue. These taxes are almost invariably regressive. Not only does expenditure on food, alcohol, tobacco and soft drinks make up a greater proportion of household spending for low-income groups, but these groups also tend to spend a larger share of their income on sugary drinks, tobacco and some 'junk food' (but not alcohol) in absolute terms. Sin taxes on these products are, therefore, doubly regressive. A study from the US found that 63 per cent of all sin taxes on tobacco, alcohol and soft drinks are paid by just 8 per cent of households and that these households are 'disproportionately from the bottom income quintile' (Conlon, Rao and Wang 2021: 3).

A systematic review of the literature on sugary drink taxes found that '[a]ll of these studies reported the tax to be financially regressive whereby lower-income households would pay a greater proportion of their income in additional tax' (Backholer et al. 2016: 11). Chouinard et al. (2015: ii) found that taxes on high-fat foods (in the US) are 'extremely regressive, and the elderly and poor suffer much greater welfare losses from the taxes than do younger and richer consumers'. Sassi et al. (2018: 2067) found that '[l]ow income households bear the largest tobacco tax burden consistently across all countries'. Alcohol taxes are less regressive because people on low incomes are more likely to be teetotal. Nevertheless, 'the burden borne by just the low-income households that consume alcohol is proportionately larger than the burden borne by high-income households consuming alcohol' (ibid.).

1 Children are a special case, of course. As in other areas of law, they are deemed to be incapable of making an informed choice.

It is occasionally argued that sin taxes are not regressive because the poor benefit the most from the resulting behavioural changes. This requires the concept of regressivity to be divorced from economics, where it belongs, and applied to health, but even if we accept this redefinition, the argument remains flimsy because the behavioural changes are modest at best. Sin taxes are typically applied to products for which demand is inelastic. This makes them reliable revenue raisers, but weak modifiers of behaviour. As Lockwood and Taubinsky (2017: 3) note: 'When the elasticity is low the tax has little effect on behaviour and thus little corrective benefit – and so its regressivity costs dominate.'

After decades of high taxes on alcohol and tobacco, people on low incomes are more likely to suffer alcohol-related harm and are far more likely to smoke. There is very little evidence that these consumers have disproportionately benefited from sin taxes in terms of health, and they have clearly suffered disproportionate harm financially.

Consumer welfare

The purpose of coercive paternalism is to make certain activities that have not been banned outright more expensive, less appealing and less accessible to people who wish to engage in them. In addition to the cost of sin taxes and the cost of excessive regulation to businesses, which is typically passed on to consumers, nanny state policies reduce consumer surplus.

This takes many forms. If the policies succeed in reducing the individual's consumption or deterring it altogether, she forgoes the pleasure of eating the cream cake, smoking the cigarette, drinking the pint of beer or whatever it may be.

More subtly, the smoker who has to look at a photo of diseased organs every time she opens her cigarettes enjoys smoking slightly less. The drinker who is denied a late-night drink enjoys his evening less. The food lover who is prevented from seeing advertisements for new products that are deemed to be high in sugar, salt or fat misses out on trying items of food he would otherwise have enjoyed. The economist Ed Glaeser has argued that the stigmatisation of certain activities by the state amounts to 'an emotional tax on behaviour that yields no government revenues' (Glaeser 2006: 150).

A proper cost-benefit analysis should include the loss of consumer surplus, but such costs are often ignored in government impact assessments. When the US's Food and Drug Administration (FDA) announced in 2014 that it would be counting the pleasure of smoking as a benefit forgone by consumers who quit the habit as a result of anti-smoking policies, public health campaigners were appalled. The prominent anti-smoking activist Stanton Glantz complained that including such costs 'makes it a lot harder to justify regulations on cost-benefit grounds'.[2] Indeed it does, but that is no reason to exclude them.

The FDA included an estimate of the costs of forgone pleasure from eating high-calorie food when it evaluated mandatory calorie counts in restaurants. This was also unpopular

2 Begley, S. 'FDA calculates costs of lost enjoyment if e-cigarettes prevent smoking', *Reuters,* 2 June 2014 (https://www.reuters.com/article/instant-article/idUKKBN0ED09E20140602).

with public health campaigners, but the principle is sound. Individuals weigh up the benefits (pleasure) against the costs (health risks) in their personal lives all the time. A paternalistic government might believe that the health risks outweigh the benefits, but it should not pretend that the benefits do not exist. Moreover, if individuals are reasonably well informed, the health risks are already baked into their decision-making. Since 'consumer surplus already reflects the consumer's valuation of any health gains resulting from the change in demand' (Levy, Norton and Smith 2016: 10), there is no need for paternalism in the first place.

Bad arguments for coercive paternalism

A common objection to the live-and-let-live approach to lifestyle choices is that healthcare costs are shouldered by taxpayers in systems such as the NHS, and the state therefore has a duty to stop people causing harm to themselves. You will sometimes hear people say something along the lines of 'I don't care if people want to drink/eat/smoke themselves to death, but why should I have to pay for them?'

There are several answers to this. Firstly, it could be argued that socialised healthcare does not create negative externalities in the same way as a factory which pollutes the air or a neighbour who plays loud music all night. One person having to pay for another person's heart operation is not an inevitable consequence of that person's smoking or eating habits. It is the result of the government forcing everyone to pool their healthcare expenditure. The external cost could be avoided if everybody paid for their own healthcare, either out of pocket or through private medical insurance. In the latter case, actuarial insurance premiums would be higher for smokers and obese people to reflect their higher risk.[3] If individuals had to pay for their own healthcare, this alone might be enough to make some of them change their behaviour. In other words, the existence of socialised healthcare could create moral hazard.

The proximate cause of you being forced to pay for a smoker's healthcare is not their smoking but the government's decision to force you to pay for other people's healthcare. It is not a law of nature and, insofar as it is a negative externality, it is what might be described as an induced externality.

One solution, therefore, would be to abolish socialised healthcare, but this is impossible in practice, because the British are slavishly devoted to the NHS despite its persistent failures and are led to believe that the only alternative is an expensive American-style model.[4] Since we are stuck with the NHS, we should at least ask whether it was the intention of politicians in 1948, when the system of universal healthcare free at the point of use was created, that the government would eventually start telling people how to live their lives in the name of saving money. It seems unlikely, and there was no murmur of it at the time. Are the goalposts being moved?

This leads us to the second response to those who complain about having to pay for other people's bad habits. Where does it end? By the logic of modern public health, any avoidable injury or disease is an unacceptable burden on taxpayers and should be taxed

3 This is assuming that health insurers are allowed to charge risk premiums: in practice, most insurance-based health systems do not allow this, so the problem we describe here is not unique to the NHS.

4 The idea of a European-type social health insurance (SHI) system has gained some traction in recent years. But even in this model, insurers are not allowed to charge risk premiums, so the pooling of healthcare costs and the cross-subsidisation issue described here remains the same.

and regulated out of existence. However, the pursuit of a risk-free life would be not only a joyless crusade, but also an almost endless one. Rock-climbing, skiing, motorcycling, driving, rugby, boxing and football are just a few of the activities that would have to be added to the list.

During the Covid-19 lockdowns of 2020–21, far fewer people attended Accident and Emergency, because there were fewer accidents and emergencies when people were stuck at home. Lockdowns reduced health risks but at a huge and unsustainable cost to human welfare. The justification for the lockdowns was that they prevented harm to others (by limiting transmission of the virus and ensuring healthcare was available). No one would justify them on the basis that they prevent people harming themselves by slipping on the pavement or having an accident at work.

This is an extreme example that illustrates a broader point: restrictions on liberty can be acceptable if they prevent one person harming another, but not if they are purely paternalistic. If we assume that people are reasonably rational and adequately informed, we must assume that the benefits they derive from their lifestyle choices outweigh the risks.

The third, and most powerful, rebuttal to the cost-saving argument is that it simply is not true. Smoking and obesity do not burden taxpayers. Excessive drinking *does* require extra spending by the state, but it is amply covered by alcohol duty revenues. Even if you believe that the costs of socialised healthcare are genuine externalities, and even if you believe that there should be no limit to the government's efforts to create a risk-free society, it is wrong to believe that longer and healthier lives will save the taxpayer money. They have never done so in the past, and it is most unlikely that they will do so in the future.

As Jane Hall explains in the *Oxford Handbook of Health Economics*:

"Although it is frequently argued (but not by economists) that prevention will save expenditure on future treatment, the current body of evidence demonstrates that it is more likely to generate additional health care costs" (Hall 2013: 564).

When the NHS was created in 1948, most people smoked, life expectancy was 68 and the NHS budget comprised less than 1 per cent of GDP. Today, only 14 per cent of the population smokes, life expectancy is 82 and healthcare spending consumes 12 per cent of GDP. One of the main reasons for the spiralling cost of healthcare is the ageing population. The population is getting older in Britain and around the world thanks to medical advancements and healthier lifestyles. While this is very welcome, it comes at a cost. Longer lives require greater expenditure on healthcare, social care and welfare. For reasons that have nothing to do with lifestyle, many old people require a lot of healthcare and every old person can draw a state pension.

It is not just that healthy people consume more healthcare by living longer. The diseases they develop tend to be more expensive than the diseases that kill smokers and the obese, as van Baal et al. (2008: 245) explain:

> Obesity prevention, just like smoking prevention, will not stem the tide of increasing health-care expenditures. The underlying mechanism is that there is a substitution of inexpensive, lethal diseases toward less lethal, and therefore more costly, diseases.

Campaigners often cite estimates claiming that obesity and smoking cost the health service many billions of pounds a year. The implication is that the tax burden would fall if there was less obesity and fewer smokers. But such estimates look only at the direct costs of treating lifestyle-related health conditions. They do not look at the counterfactual and ask the relevant question of how much healthcare expenditure would be required if the individuals had never been obese, never smoked, and had lived another ten or twenty years.

The answer, on average, is that more money would be required. The bulk of an individual's healthcare costs typically come at the end of their life. The costs of dying cannot be prevented, only postponed. Since death is inevitable, reducing your risk of dying from one disease necessarily increases your risk of dying from another. If nobody died of cancer, more people would die of dementia. In Britain, dementia and Alzheimer's disease have already overtaken ischaemic heart disease to become the leading cause of death.

It may seem paradoxical that the prevalence of cancer increases as societies become healthier, but age is the biggest risk factor for most forms of cancer. Smoking is the biggest *avoidable* risk factor for cancer, and yet the steep decline in smoking rates since the 1970s has not led to fewer cases of cancer overall. On the contrary, the lifetime risk of getting cancer in Britain has risen from one in three in the 1990s to one in two today.

The epidemiologist Geoffrey Rose, a leading proponent of preventive health, noted the same paradox in relation to heart disease:

> the avoidance of cigarettes will greatly reduce the risks at each age of suffering a heart attack, but as a result non-smokers live longer and so more of them are exposed to the particularly high risk of heart attack in old age. The paradoxical result is that, even though smoking indeed causes heart attacks, non-smokers are more likely than smokers to die (eventually) of such an attack" (Rose 2008: 36).

In most respects, this is good news. More people are living long enough to die of a disease of old age. If one looks at the *age-standardised* mortality rates for heart disease, they have been in steep decline for decades. But this does not save the health service money. Geoffrey Rose concluded that preventive health only yields a 'net economic advantage if it applies to children or young adults, and beyond the age of 50 the economic outcome is increasingly negative' (ibid.: 38).

Few people want to acknowledge this cold economic fact, despite it being supported by a wealth of evidence. Mention it in polite company and you will draw gasps of horror from people who will infer that you are calling for a cull of the elderly to save the taxpayer money. Nobody is suggesting that, of course. The only reason it needs mentioning is that advocates of the nanny state routinely and wrongly claim that unhealthy lifestyles are a drain on the public purse. They see this as their strongest argument for government intervention in a liberal society without having to confess to naked paternalism. If they

were forced to admit that the costs of bad habits fall squarely on the individual, they would have to admit that what people do to their own bodies is none of the government's business. Flawed claims about costs to the NHS create the illusion of a negative externality where none exists.

Excessive alcohol consumption is the exception. Drinking kills far fewer people than smoking or obesity, but the average age of death is lower and drinking is associated with many avoidable visits to hospital. Furthermore, heavy drinking is associated with a number of negative externalities related to crime and disorder. However, alcohol is heavily taxed in the UK and previous IEA research has shown that revenues from alcohol duty far exceed any conceivable costs to the government (Snowdon 2015). The reality is that drinkers subsidise teetotallers, just as smokers subsidise non-smokers.

Paternalism is not working

'But the strongest of all the arguments against the interference of the public with purely personal conduct is that, when it does interfere, the odds are that it interferes wrongly, and in the wrong place.' So wrote John Stuart Mill in *On Liberty* (Mill 1987 [1859]: 151). This brings us to the final point that needs to be made about the nanny state. Mill's chief complaint in *On Liberty*, which still resonates today, is that many people value freedom only when it benefits them personally and they are quite happy to see activities banned for no other reason than they dislike them. Mill cited the US states that had introduced prohibition for alcohol as an example of this.

Those who do not partake in an activity have no self-interested reason to protect it or even think much about it. Their natural attitude is indifference, but indifference can be easily turned into hostility and a demand for action when they hear histrionic claims from campaigners, such as 'the NHS will be bankrupted unless something is done'. Mill argued that the feelings of a person with certain tastes and opinions were of far greater importance than the feelings of the person who disapproved of them. The right to do and the right to stop others doing were, he said, no more comparable than 'the desire of a thief to take a purse and the desire of the right owner to keep it' (ibid.). He wrote *On Liberty* to warn people that democracies would descend into tyranny ('the tyranny of the majority') if governments legislated on the basis of shallow but febrile public opinion which was easily manipulated by zealots.

Nanny state policies today rarely come from the ground up. They are usually promoted by small pressure groups and activist-academics who substitute their judgement for that of the individual. The right to stop others doing things is taken seriously, and activists who have no skin in the game beyond their own personal dislike of certain activities are elevated to the role of 'stakeholder', whereas those who partake in the activities are largely ignored.

The essence of paternalism is the belief that one knows what is best for other people, but people's tastes and desires are so varied that this can never be true for everybody and may not be true of anybody. It is sometimes argued that the masses require nudging and prodding towards a healthier lifestyle because they lack the information and rationality to do so themselves. But the elites who develop nanny state policies are fallible humans too, prone to bias, groupthink and mission creep. What if they are wrong?

Individuals make mistakes and suffer the consequences, but when governments make mistakes, we all suffer. Grand population-wide experiments are risky when politicians are acting on inadequate and distorted information. In the field of nutrition, there are too many unanswered questions about the causes of obesity and the impact of salt, fat, sugar and artificial sweeteners on health to justify mass reformulation of the food supply. It was not long ago that the British government used the tax system to encourage people to drive diesel cars. It now uses the tax system to discourage them.

One of the clearest examples of counter-productive government folly involves a product that has its own category in the Nanny State Index. It seems strange to describe anti-vaping policies as paternalistic, since their main effect of these policies is to keep people smoking, but those who campaign against e-cigarettes do so in the name of protecting public health. A wealth of evidence shows that e-cigarettes are direct substitutes for combustible cigarettes and that policies which deter people from using e-cigarettes lead to more people smoking. Harming both liberty and health, governments that seek to suppress vaping are a case study in interfering wrongly and in the wrong place.

Paternalistic policies are often oversold to the public and fail in practice. Sugar taxes have been remarkably ineffective at reducing sugar consumption, let alone calorie consumption and obesity. Minimum pricing for alcohol and plain packaging for tobacco were both portrayed as game-changing public health interventions but turned out to be damp squibs. Mandatory calorie labelling in restaurants did not change how much people eat. It is therefore perhaps unsurprising that there is no correlation between a country's Nanny State Index score and its life expectancy, smoking rate, per capita alcohol consumption or any other relevant metric.

In the final analysis, individuals are the best judge of their own interests. They might not always make the healthiest choices, but there is no reason why they should always prioritise health. They may make mistakes, but so do governments. Individuals know their tastes and preferences better than any bureaucrat or activist. 'If a person possesses any tolerable amount of common sense and experience,' wrote John Stuart Mill, 'his own mode of laying out his existence is the best, not because it is the best in itself, but because it is his own mode' (ibid.: 132–3).

The liberal alternative

Alcohol

In the 2023 Nanny State Index, the UK came in 13th place (i.e. was the 13th worst) for alcohol regulation. Although it does not have the extreme restrictions on alcohol advertising seen in Scandinavia and much of Eastern Europe, it has high taxes and relatively strict licensing laws.

Taxation

Two thirds of the UK's points in the alcohol category came from exorbitant taxation. Of the 30 countries in the 2023 edition, 15 have no duty on wine at all whereas the UK has the fourth highest tax on wine. The UK also has the fourth highest tax on beer and the fifth highest tax on spirits.

As noted above, there is a case for Pigouvian taxation on alcoholic beverages, although the UK's current tax take is roughly three times higher than it needs to be (Snowdon 2015). The current system particularly penalises wine and spirits drinkers. A more rational approach would be to tax every unit of alcohol at the same rate. In 2017, the rate required to balance out the costs of government of alcohol misuse was estimated to be 9p per unit (Snowdon 2017). Allowing for inflation, I propose increasing this to 13p per unit. This amounts to £5.20 on a litre of whisky, 39p on a pint of beer or cider (5% ABV) and £1.30 on a standard bottle of wine (13.5% ABV). To achieve this, we need to roughly halve the tax on wine and spirits, cut beer duty by around 30 per cent and *increase* cider duty by around 50 per cent.

This would provide annual alcohol duty revenues of at least £7 billion per annum (plus VAT), comfortably offsetting any realistic external costs. It would reduce the UK's score in this part of the alcohol category from 11.3 points to 6.1 points.

Closing times

In 1944, George Orwell bemoaned Britain's strict licensing laws:

> Whenever I suggest that pubs might be allowed to open in the afternoon, or to stay open till midnight, I always get the same answer: 'The first people to object would be the publicans. *They* don't want to have to stay open twelve hours a day.' People assume, you see, that opening hours, whether long or short, must be regulated by the law, even for one-man businesses. In France, and in various other countries,

> a café proprietor opens or shuts just as it suits him. He can keep open the whole twenty-four hours if he wants to; and, on the other hand, if he feels like shutting his café and going away for a week, he can do that too. In England we have had no such liberty for about a hundred years, and people are hardly able to imagine it. (Orwell 1970: 242–3)

Even today, it comes as a surprise to many British people that most Western European countries have no law dictating when bars and restaurants must close nor what time they must stop selling alcohol. In 2003, Tony Blair's government went some way to modernising the hospitality industry with the Licensing Act. Its many critics claimed that this would lead to '24-hour drinking' and anticipated a rise in alcoholism and public disorder. This did not occur. After it came into force in 2005, many pubs stayed open an hour or two longer, usually at the weekend, but alcohol consumption and violent crime both declined.

When Queen Elizabeth II had her platinum jubilee in April 2022, the government allowed pubs to stay open until 1 a.m. This special concession exposed the myth that pubs can stay open as long as they like. They cannot, but they should be able to. Of the 30 countries in the 2023 Nanny State Index, 18 have no national legislation dictating when licensed premises have to close. As in Orwell's day, restaurants and bars stay open for as long as it makes economic sense for them to do so. The UK should allow them the same freedom.

Minimum pricing

In May 2018, Scotland became the first country in the world to introduce a floor price (50p) for every unit of alcohol sold. Wales followed suit in April 2020. England decided against it, and the evidence from Scotland has justified that decision. A series of studies has shown that minimum pricing led to a small reduction in alcohol consumption but had no impact on crime, A & E visits and hospital admissions. For the most part, heavy drinkers did not reduce their consumption and some of the heaviest drinkers drank more (Rehm et al. 2022).

The policy cost Scottish consumers £270 million in the first four years (Duffy, Snowdon and Tovey 2022). It was associated with a decline in expenditure on food (Kopasker et al. 2022) and on other essentials, particularly among heavy drinkers for whom 'reducing alcohol consumption was a last resort' (Holmes et al. 2022: 22).

It seems unlikely that England will attempt to replicate this, but Scotland and Wales should admit defeat and repeal minimum pricing. This would reduce the UK's score in the alcohol category by a further two points (out of 100).

Food and soft drinks

Although food has become the new battleground for nanny statists in recent years, most countries in the Nanny State Index have a low score for food and soft drink over-regulation. Eleven countries score no points at all.

The UK is in second place with 21 points out of 100 thanks to its tax on sugary drinks, restrictions on food advertising and controls over where retailers can place certain foods in-store. Under policies introduced by Boris Johnson, the UK is set to rise further up the rankings, with a more extensive food advertising ban and a ban on volume price discounts. These policies have been postponed until 2025 due to high inflation and the weak economy.

For the UK to drop into the bottom half of the table for this category, the government needs to remove all restrictions on when and where food can be advertised and repeal the sugar tax. There has been no decline in childhood (or adult) obesity since the sugar tax was introduced in 2018. On the contrary, rates of childhood obesity rose in 2019 and rose sharply in 2020.

Advocates of the tax argue that it encouraged some soft drink manufacturers to take some or all of the sugar out of their products. While this is true of a few products, including Irn-Bru, Ribena and Lucozade, it has been unpopular with many consumers and has not resulted in any health gains. All these brands had low or zero sugar alternatives on the market before the tax was introduced. Reformulation of the flagship brands has given consumers less choice. For consumers of brands that have not been reformulated, the tax has simply increased the price and left them with less money to spend. We should follow Norway's lead and abolish the tax on sugary drinks.

Doing so would decrease the UK's Nanny State Index score in the food and soft drinks category from 21/100 to 1/100.

Tobacco

During the last days of the Theresa May administration in July 2019, the government issued a Green Paper pledging to make England 'smoke-free' by 2030. 'Smoke-free' is defined as having fewer than 5 per cent of the adult population smoking, down from 14 per cent in 2019.

In 2022, Dr Javed Khan, the former CEO of Barnardo's, was commissioned by the Department of Health to develop some policies to achieve this target. In the event, he concluded that the target was insufficient and issued a set of proposals aimed at eradicating all tobacco use by 2040. Published in June 2022, his report took the tax-and-ban approach to tobacco control to ludicrous extremes. His recommendations included the idea of painting all cigarettes green or brown, raising the age at which tobacco can be purchased by one year every year 'until no one can buy a tobacco product', banning smoking outdoors, putting health warnings on individual cigarettes, banning the depiction of tobacco use on television before 9 p.m., and immediately raising tobacco taxes by more than 30 per cent so a pack of cigarettes cost around £20 (Khan 2022).

Although Khan's review was titled 'Making Smoking Obsolete', his policy proposals focused almost entirely on supply-side interventions designed to make smoking as unappealing, expensive and inconvenient as possible. This misunderstands the nature of obsolescence.

Popular products generally only become obsolete when a better alternative comes along. Cars made the horse and cart obsolete. DVDs made VHS obsolete, and streaming services made DVDs obsolete. Old technology is made obsolete by new technology serving the same purpose in a cheaper or better way.

Cannabis and heroin have never become obsolete despite being subject to tougher laws than even Khan envisages. So long as demand exists, neo-prohibitionist policies will result in endemic black-market activity, crime and secondary poverty[5] without coming close to eradicating smoking.

As often happens, the economics of smoking were misrepresented in the Khan review. He claims that: 'the annual cost to society of smoking is around £17 billion … with the cost to the NHS alone about £2.4 billion – this dwarfs the £10 billion income from taxes on tobacco products' (Khan 2022: 4).

The £17 billion figure comprises £3.6 billion of health and social care costs plus £283 million for various costs related to smoking-related fires, with the remainder coming from lost productivity costs. Lost productivity should properly be defined as an internal cost since it is the individual who receives lower pay if they are less productive. 'Lost productivity due to smoking-related early deaths' (£1.44 billion) is no more of an external cost than lost productivity due to early retirement or contraception. Insofar as it can be portrayed as a monetary cost at all, it falls on the individual. The costs of 'reduced employment levels' (£5.69 billion) and 'reduced wages for smokers' (£6.04 billion) also fall on smokers themselves and are not negative externalities. Moreover, it is doubtful that the full cost of either can be attributed to smoking *per se* rather than socio-economic factors associated with smoking.

These spurious lost productivity costs make up £13.2 billion of the £17 billion figure that Khan cites as the 'annual cost to society'. When restricted to the £3.8 billion that can be plausibly seen as external costs, it is clear that smokers subsidise non-smokers to a significant degree via tobacco taxation, revenues of which have been falling as a result of the black market in tobacco growing but still exceed £10 billion per annum when the VAT on the duty is taken into account. Moreover, a full account of the *net* health, social care and welfare costs would show that smoking is associated with a net gain for the public finances (Snowdon and Tovey 2017).

These facts do not imply that the government should encourage people to smoke cigarettes, but they do show that the financial case for cracking down on smoking does not stack up. The argument for 'making smoking obsolete' cannot be made on the basis of fiscal economics and cannot justify coercion. Only 56 per cent of British smokers say they want to quit at some point in the future (ONS 2024a), and the real figure is likely to be lower since findings from surveys tend to be inflated by social desirability bias. Even if every smoker who *said* they wanted to quit succeeded in doing so, the smoking rate would be 6 per cent, above the government's target for 2030. It is well known that many

5 'Secondary poverty' describes a situation where somebody has an income that is, in principle, sufficient to afford all the basic essentials of life, but since they spend some of their budget on non-essentials, they still end up lacking some essentials.

smokers find it hard to quit even when they are motivated to do so. The government's target requires not only all the smokers who want to quit to do so, but also many smokers who have no intention of quitting to change their mind. It is a big ask, and increasingly absurd regulations are simply not up to the job.

We shall discuss a more practical and liberal way towards the smoke-free goal in the next section. Suffice to say that there are so many alternative nicotine products on the market that anybody who wishes to quit smoking should be able to do so and the choices of those who do not want to quit should be respected.

Smokers are currently treated like pariahs in the UK. They are hounded out of every indoor space and a growing number of outdoor spaces. Cigarettes are taxed so exorbitantly that many smokers have little choice other than to buy on the black market. Of the countries in the Nanny State Index, the UK has the second highest tobacco duty in absolute terms and the third highest after adjusting for income.

Tobacco duty

The first step is to lower the tax rate and strike a blow to the illicit trade. The size of the black market in tobacco is unknown. HMRC's own figures suggest that is worth £1.7 billion a year, but this relies on a lot of optimistic guesswork. To establish a better estimate, the government should introduce empty-pack surveys, which examine discarded cigarette packs in litter bins. It should then halve tobacco duty, bringing it in line with Italy and Cyprus (after adjusting for income).

Smoking ban

The UK has one of the most extensive smoking bans in the world. There are almost no exemptions; even vehicles and some outdoor spaces are included. Restrictions in countries such as Portugal, Denmark and much of Germany (where they vary from state to state) are far less draconian.

There is clearly demand for smoke-free spaces, but this demand can be met through market mechanisms rather than government diktat. If the smoking ban were repealed tomorrow, it is likely that far fewer pubs, offices and restaurants would accommodate smokers than they did when the ban was introduced in 2007, but that should be the choice of the owners.

A more liberal approach would be to have smoking bans in all state-owned buildings open to the public ('public places' in the true sense of the word) and have no-smoking as the legal default in privately owned buildings unless the owner explicitly permits it. Business owners who choose to allow smoking in any part of their building would be required to post a sign on the door saying 'designated smoking area' and meet a minimum standard of ventilation. In the absence of explicit permission to smoke, smoking would be banned by law in all indoor places where smoking is currently banned, but fines would be paid

by the person who violates the law rather than (as is currently the case) the owner of the premises.

All outdoor smoking bans would be abolished, including on train platforms and on council property, as would the ban on smoking in vehicles. Government buildings would have indoor smoking rooms for staff and visitors.

Advertising

Tobacco advertising is largely prohibited across Europe. EU law bans all tobacco advertising in media that can cross borders, including magazines, newspapers, the internet and television, and few European countries make significant exemptions for other media, although point-of-sale advertising is often permitted. Such bans have little or no effect on cigarette consumption (Capella, Taylor and Webster 2008) and are a violation of commercial speech, but since the aim of this paper is merely to make the UK more liberal than its neighbours, we shall stop short of demanding a total rollback and instead propose a more modest liberalisation. As will be discussed in the following paragraphs, snus and heated tobacco are far less hazardous to health than smoking and yet cannot be advertised under existing regulations. Allowing these products to be promoted would alert smokers to the existence of these products and might encourage them to switch away from cigarettes. This reform would reduce the UK's score in this subcategory from 10 out of 10 to 8 out of 10 and should be welcomed by public health campaigners.

Snus

The EEC banned the smokeless tobacco product snus across the common market in 1992, although Sweden negotiated an exemption when it joined the EU in 1995. At the time, the product was assumed to cause oral cancer, but it has since been shown that it does not (Gupta et al. 2022). In response to growing epidemiological evidence showing the very low risk profile of snus, the EU took the highly unusual step of removing the cancer warning from Swedish snus in 2003, and yet the ban remains in place. Snus has been credited for Sweden having the lowest smoking rate in Europe (Clarke et al. 2019). Similar benefits have been seen in Norway where snus is also legal.

Sweden, Norway and Turkey are the only countries not to score points for a snus ban in the Nanny State Index. Now that Britain is out of the EU, the government could legalise snus by repealing the Oral Snuff (Safety) Regulations Act (1989) and the Tobacco for Oral Use (Safety) Regulations (1992).

Heated tobacco products

Heated tobacco products (otherwise known as 'heat not burn' products) emit aerosol rather than smoke and therefore produce fewer 'harmful and potentially harmful compounds' than

cigarettes do, with reductions of 50 per cent for some chemicals rising to more than 90 per cent for others, according to the UK's Committee on Toxicity (2017). However, the evidence for this comes mainly from research commissioned by the manufacturers, and this has allowed critics to cast doubt on the findings. The government should commission its own research into heated tobacco products as it did with e-cigarettes. If this research confirms that there are substantial health benefits for smokers who switch to these products, heated tobacco should be exempt from the Tobacco Advertising and Promotion Act (2002) and be regulated differently from cigarettes. Cutting tax on heated tobacco by two thirds, as I recommend, would bring it in line with countries such as Spain and Austria.

Other regulation

Since 2007, the UK has introduced a range of neo-prohibitionist anti-smoking policies of questionable merit. Cigarettes have been put in plain packaging and hidden behind shutters in shops. Most countries in the Nanny State Index have not gone to such extremes, and a more liberal Britain would repeal these laws. It would also repeal the ban on cigarettes being sold from vending machines. To prevent underage sales, customers would be required to obtain authorisation from staff on the premises before they could use the machine.

Overall, these liberalisation measures would reduce the UK's score in the Nanny State Index's tobacco category from 81/100 to 20/100.

Vaping

If cigarettes become obsolete in the years ahead, it will not be because they have been prohibited but because nicotine users will have found better alternatives. Many of these alternatives already exist and only require sensible regulation and informed consumers for them to flourish. If smokers can derive a similar amount of enjoyment from using safer nicotine products as they derive from smoking, encouraging them to switch to such products will produce a net gain in societal wellbeing.

Although scare stories continue to appear in the media, no serious acute risks from vaping have been identified and the Royal College of Physicians has concluded that the long-term risks are 'unlikely to exceed 5% of the harm from smoking tobacco'.[6] There is very little evidence to support the theory that vaping acts as a 'gateway' to smoking. Only 2.8 per cent of people who have never smoked currently vape and most of them do not vape daily (ONS 2024b). The British Medical Association has admitted that its earlier concerns about vaping 'renormalising' smoking 'have not materialised' (BMA 2017: 10).

6 'RCP advice on vaping following reported cases of deaths and lung disease in the US', *Royal College of Physicians*, 25 October 2019 (https://www.rcplondon.ac.uk/projects/outputs/rcp-advice-vaping-following-reported-cases-deaths-and-lung-disease-us).

Studies from economics' literature have helped to resolve some important questions. The observation that e-cigarettes are a substitute for, not a complement to, combustible cigarettes is now well established. Unsurprisingly, therefore, it has been shown that policies designed to deter e-cigarette use have the unintended consequence of increasing both cigarette consumption and smoking prevalence. Pesko, Courtemanche and MacLean (2020) found that 'higher e-cigarette tax rates increase traditional cigarette use' and that an e-cigarette tax of US$1.65 per ml would increase the number of daily smokers by one per cent. Cotti et al. (2020) studied e-cigarette taxes in eight US states and found that a decline in e-cigarette pod sales led to an increase in the sale of traditional cigarettes. Saffer et al. (2020) concluded that a large tax on e-cigarettes in Minnesota prevented 32,400 smokers from quitting. Abouk et al. (2019) found that e-cigarette taxes lead to more women smoking in pregnancy. Friedman (2015) found that banning the sale of e-cigarettes to minors increased the underage smoking rate by 0.9 percentage points.

The UK's relatively liberal approach to vaping has already produced impressive results and it is joint bottom of the e-cigarette table in the Nanny State Index with 18 out of 100 points, the same as Ireland and Germany. Those 18 points are mostly the result of EU legislation that has not been repealed since Britain left the EU. We could easily get rid of it – and we should.

The UK gets ten points for sales restrictions imposed on it by the EU's Tobacco Products Directive, which most British MEPs voted against at the time. In the 2017 Tobacco Control Plan for England, the government specifically mentioned the EU Tobacco Products Directive (TPD) as a set of regulations in need of review:

the government will review where the UK's exit from the EU offers us opportunities to re-appraise current regulation to ensure this continues to protect the nation's health. We will look to identify where we can sensibly deregulate without harming public health or where EU regulations limit our ability to deal with tobacco.

In particular, the government said it would assess recent legislation such as the Tobacco Products Directive, including as it applies to e-cigarettes, and consider where the UK's exit provides opportunity to alter the legislative provisions to provide for improved health outcomes within the UK context. (Department of Health 2017: 27)

Article 20 of the TPD contains a range of unnecessary and damaging regulations of e-cigarettes. In 2018, the House of Commons Select Committee on Science and Technology criticised the legal nicotine limits on e-cigarettes, the EU's advertising ban, and restrictions on tank size. It called for a review of these 'regulatory anomalies'.[7] The Tobacco and Related Products Regulations (2016) is the statutory instrument that transposed the TPD into law. It should be repealed and replaced with evidence-based regulation.

7 'Conclusions and recommendations: Reducing harm', www.parliament.uk, 17 August 2018 (https://publications.parliament.uk/pa/cm201719/cmselect/cmsctech/505/50508.htm).

The following areas offer opportunities for improvement:

Warnings/leaflets

Under the TPD, e-cigarette products must be sold with a warning on the packaging and with a leaflet in the box informing the buyer about 'possible adverse effects' and information about 'addictiveness and toxicity'. The front and back of the box must show a warning about the 'highly addictive' nature of nicotine, covering at least 30 per cent of the surface area. Although intended for bottles of e-cigarette fluid, the legislation is so badly worded that atomisers and empty vape devices have to be sold with a warning that falsely states: 'This product contains nicotine which is a highly addictive substance.'

The leaflets are unnecessary and the warnings are excessive. According to a study by Cox et al. (2018), the EU's health warnings on e-cigarette products make smokers less willing to purchase them. Relevant information, such as advising people to keep the bottle out of reach of children, could be placed on the label.

Bottle size limits

The TPD imposes a limit on the size of vape juice bottles of just 10ml. The justification for this is unknown, although it might be to reduce risk if the fluid is drunk. If so, it is not a policy that has been applied to fluids which pose a much greater risk if swallowed, such as bleach and rubbing alcohol (which, like vape juice, have to be sold in childproof containers by law). The practical consequence of this regulation has been the over-production of single-use plastics, inconvenience to vapers, and higher costs to producers, which are inevitably passed on to consumers.

Tank size limits

The TPD imposes a limit on the size of tanks (the part of refillable e-cigarettes that stores the vape juice) of 2ml. This limit serves no purpose and merely inconveniences consumers, who have to fill up their devices more often and carry bottles of vape juice around with them. It should be abolished.

Nicotine strength limits

The TPD imposes a limit on the nicotine content of vape juice of 20 milligrams per millilitre, i.e a concentration of no more than 2 per cent nicotine. Some smokers find that lower-strength juice does not provide sufficient 'kick' for them to want to switch permanently. Before the TPD came into effect, around a fifth of vapers consumed e-cigarette fluid that contained more than 20mg/ml in 2013 (Dawkins et al. 2013). The current limit serves no purpose and is unnecessarily low. It should be dropped.

Advertising restrictions

The UK gets a further six points in the e-cigarette category thanks to advertising restrictions left over from its days as a member of the EU. The TPD bans e-cigarette advertising in all media that can cross borders. This includes not only the internet, television and radio but also newspapers and magazines. E-cigarette advertising is still permitted in some media, such as billboards and at point of sale, but by restricting commercial speech so heavily, the TPD stifles competition and puts out a signal that vaping is as bad as smoking. A study by Dave et al. (2019) found that restrictions on e-cigarette advertising lead to fewer smokers quitting cigarettes. The current restrictions should be significantly relaxed, and e-cigarette advertising rules should focus on content rather than medium, as with alcohol.

Conclusion

After liberalisation, the UK would score a total of 9.2 points out of 100 in the Nanny State Index. This would put us at the bottom of the table below Germany, which had 10 points in 2023, and make us the freest country overall.

The UK would not resemble a libertarian free-for-all after these reforms. Sin taxes on alcohol and tobacco would remain relatively high, but the nanny state would have been largely defanged. The proposals put forward in this paper are neither impossible nor unthinkable. With the exception of e-cigarette regulation, for which the UK should be proud to be blazing a trail, every policy mentioned already exists in several countries – often many countries – not too far away.

Such reforms seem unlikely, to say the least. In 2023, Rishi Sunak endorsed Javed Khan's bizarre idea of increasing the age at which tobacco can be bought by a year every year. This soon became enshrined in the Tobacco and Vapes Bill which has since been gold-plated by the Labour government to include a total ban on e-cigarette advertising. In December 2024, the government put forward regulations for banning advertisements of a broad range of food products on television before 9pm and online at any time from October 2025.

Both the tobacco ban and the food advertising ban are more draconian than any nanny state policy in place elsewhere in the world, not just in Europe. In addition, disposable vapes are set to be banned and the UK will soon have one of the highest vape taxes in Europe. The plan laid out in this paper would make Britain a freer, more tolerant and less regressive place to live, but the real Britain is heading rapidly in the opposite direction.

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The Institute of Economic Affairs
2 Lord North Street
London SW1P 3LB
Tel 020 7799 8900
email iea@iea.org.uk

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Economic Affairs