

Nanny State Regulations in Europe

Jamie Fraser, EPiCENTER, Christopher Snowden, Institute of Economic Affairs

In a risk-obsessed society, nation-states within the EU and elsewhere face the dilemma of paternalist intervention. There is an ever-increasing expectation among European citizens that party and state leaders will provide necessary protections for their constituents. Although this concept of paternalism is worthy of a theoretical analysis, therein lays a greater scepticism of the governments' ability to implement this properly and/or without further restraint and regulation on market activity.

Recent data from the Nanny State Index suggests evidence of tighter state regulations over a period of two years that, as a result, have affected the buying and selling of lifestyle products within the European Union. Free market ideals seem to be dwarfed by growing trends of market regulation within the bloc.

The Nanny State Index concludes that there is no positive correlation between heavy market regulation and the overall wellbeing of the European constituent. In this case, causation does not imply correlation. A smart regulation is suggested, reflecting the need for more evidence-based approaches to market procedures.

Introduction

The Nanny State Index provides a comprehensive overview of the many regulations affecting food, alcohol, soft drinks, tobacco and e-cigarettes across the European Union. The nanny state bug has infected most of Europe. Of the 28 EU member states, all but six had a higher score in 2017 than they did in 2016.

There have been slivers of liberalisation. In Slovakia cyclists are now permitted to drink a pint of beer before using a cycle lane. Finland has repealed its tax on ice cream. Bulgaria and Spain nearly introduced a sugar tax but thought better of it. Austria dropped its plans to ban smoking indoors. But these are slim pickings. Overall the picture is gloomy.

A rise in Nanny State Index scores: regulations across the whole of Europe

Vapers have been particularly badly hit. When we compiled the first Nanny State Index in 2016, only one country taxed e-cigarette fluid. That number rose to six in 2017 and has since risen to twelve. The number of countries that ban the use of e-cigarettes indoors has also risen to 12. And thanks to a new EU directive, a wide range of vaping products are now illegal, along with most e-cigarette advertising.

According to data from the Nanny State Index 2017, state regulation on lifestyle goods and services has risen within the European Union, illustrating bleak horizons for a free market economy.

All over Europe there are single issue campaigners calling for higher taxes and more bans. France banned free refills of sugary drinks last year. The Greeks introduced a tax on wine for the first time. The UK introduced a sugar tax. Scotland has introduced minimum unit pricing for alcohol. France, Ireland and the UK have introduced 'plain packaging' for tobacco. The Czech Republic, a smokers' haven for decades, introduced a smoking ban last year. Happy hours are illegal in French and Finnish pubs. Hungary has a food tax so extensive that it seems to apply to everything apart from celery. Not to be left out, the EU has banned small packs of cigarettes and rolling tobacco, with a ban on menthol cigarettes starting in 2020.

It doesn't have to be like this. The huge variation in scores between the countries at the top and bottom of the nanny state table show that lifestyle regulation is a choice.

The Nanny State Index 2018 European Edition reveals some unexpected findings regarding the voting patterns of MEPs on lifestyle regulation. In the European Parliament, German parties feature both at the top and bottom of the rankings. The Freie Demokratische Partei (FDP) tops the list as the most liberal party, while Die Linke ranks as the most pro-regulation party, scoring the lowest possible score on all four categories of smoking, drinking, vaping and eating.

Data analysed in the Nanny State Index 2018 European Edition highlights an unpredicted finding: a wide disparity between German parties of the European Parliament. The voting patterns of the German parties indicate positionings on both extremes of the lifestyle regulation debate.

While the FDP is part of the Group of the Alliance of Liberals and Democrats for Europe (ALDE), interestingly, the next closest member of ALDE ranks only 15th – the Venstre, Danmarks Liberale Parti. Furthermore, the ALDE group itself ranks as the 4th most *pro-regulation* of the 8

parliamentary groups (although this finding is somewhat misleading as the difference between ALDE and the next most pro-regulatory group is 37 percentage points). This suggests that even within pre-established political allegiances, the divergence on lifestyle regulation amongst EU Member States can be drastic.

Nevertheless, political groups overall reflect what perhaps may be typically expected of them. The European Conservatives and Reformists Group (ECR) rank highest in advocating lifestyle liberalisation, with 4 of the top 5 parties being members of that group. This is to be expected provided the opposition that the ECR group have traditionally expressed with regards to increased transfers of authority on regulatory matters from the national level to the European level. In contrast, the Group of the Greens/European Free Alliance (Greens/EFA) is the most pro regulatory; Green/EFA parties make up 9 out of the bottom 10 parties on overall pro-lifestyle regulation voting. The previously mentioned German Die Link Party at the bottom belongs to the Confederal Group of the European Left – Nordic Green Left group, which ranks as only slightly more liberal than the Greens/EFA.

As expected, political groups *generally* act upon what is typically expected of them by their constituents.

The Socialist and Democrats (S&D) group is somewhat more internally intricate in their approach than would typically be expected of them, with their member parties being more closely aligned to more moderate regulation – there are two key explanations for this. Firstly, the high degree of S&D parties forming part of their national governments in recent years has undoubtedly influenced those parties' perception on lifestyle regulation, not least because of these S&D parties often being in coalition with right-wing parties who generally favour less regulation.

However, as previously alluded to in the example of German political parties, there exists diverse voting patterns within political groups themselves. This suggests that voting patterns within political groups are not linear but reflective of individual state context.

Secondly, the functions that S&D parties play within different countries diverges significantly. The S&D parties of Nordic and Western European countries are typically critical of free-market policies and favour increased government intervention, finding themselves politically aligned with their corresponding Green parties (who are as previously observed the most pro-regulation group within the European Parliament). The S&D parties of Central and Eastern European countries however tend to be far more sceptical of regulation by supranational institutions, due in large part to their previous experiences with the former Soviet bloc.

These differences can be directly observed in the examples of the French Socialist Party and Social Democratic Party of Finland both advocating further regulation of smoking, vaping, drinking and eating, whereas the Bulgarian Socialist Party and Polish Left Democratic Alliance express very moderate views on lifestyle regulation. In fact, the attitudes of these four S&D parties are more widely expressed in the overall NSI country rankings; Finland and France rank 5th and 3rd bottom respectively, whereas Bulgaria and Poland rank 1st and 5th top respectively.

It is important to consider the trends of EU member-state delegations of MEPs, especially within the context of analysing representation of right and left-wing parties in the European Parliament.

The national delegations of MEPs voting habits often reflect the political inclinations and current political events in those countries. The general tendency of UK and Dutch MEPs to favour less regulation is indicative of the free-market traditions that are so staunchly advocates in the right-wing parties of these countries. Greek MEPs on the other hand, in response to the financial crisis experienced in Greece, have been heavily influenced by the prevailing public opinion that is sceptical of economically liberal policies and favours further government intervention at a time of national instability and austerity measures. In both examples, the trends of national delegations of MEPs must be considered within the context of the relative representations of right-wing and left-wing parties; Greece has an over representation of left-wing parties, explaining the extent of their pro-regulatory stance throughout their MEPs voting habits.

Conclusion

Finally, the example of Germany that started this briefing can be extended further to shed more substantive light beyond the contrast between voting patterns of its MEPs on the issue of lifestyle regulation that serves as a meaningful conclusion. Germany's relaxed approach to food restrictions – specifically its refusal to implement a sugar tax following its implementation in other EU Member States such as the U.K – has not led to worse health outcomes amongst its populous. Previous editions of the Nanny State Index have indicated that there is no positive correlation between heavy-handed regulation and increased life expectancy.

It is time for smart regulation, implemented with a pragmatic, evidence-based approach, rather than an approach of coercive paternalism, which not only imposes State preferences over citizens, but fails to achieve the intended positive health outcomes.