

The Nanny State Index 2019

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The Epicenter Nanny State Index is a league table of the best and worst places in the European Union to eat, drink, smoke and vape. Finland tops the table as the least free country. Germany is the freest country.

Nanny state legislation and taxation is on the rise in most EU countries. There has been a notable trend towards taxing soft drinks and e-cigarette fluid in the last two years. Vaping bans have also become more common.

English-speaking and Scandinavian countries tend to have the more draconian laws, with several Eastern European countries joining them recently. The wide gap between the freest and least free countries shows that most nanny state rules come from member states, not the EU.

Introduction

The Epicenter Nanny State Index is a league table of the best and worst places in the European Union to eat, drink, smoke and vape. The Index has been charting the slide towards coercive paternalism since 2016. The 2019 edition was published in May. The Nanny State Index consists of three main categories - alcohol, nicotine and diet - which are weighted equally, with the nicotine category split between two sub-categories: tobacco and e-cigarettes.

Coercive nanny state policies create a number of problems and costs. 'Sin taxes' raise the cost of living and hurt the poor. High prices fuel the black market and lead to corruption. Advertising bans restrict competition and stifle innovation. Smoking bans cause serious damage to the hospitality industry. Excessive regulation creates excessive bureaucracy and drains police resources.

The Nanny State Index includes any policy that has a negative impact on adult consumers in any of the following ways: raising prices (through taxation or retail monopolies); stigmatisation; restricting choice; inconvenience (e.g. by restricting trading hours); limiting information (e.g. with advertising bans); reducing product quality.

The results

As in previous editions, Finland topped the league table in 2019, but other countries are closing the gap. Estonia and Lithuania have leapt up the table, largely thanks to their temperance policies. There has been no letting up in the UK and Ireland where a tax on sugary drinks has been added to sky-high tobacco and alcohol duties. Hungary, meanwhile, tops the table for excessive regulation of food and e-cigarettes.

Nine countries now have taxes on sugary and/or artificially sweetened soft drinks. These range from five eurocents per litre in Hungary to 30 eurocents in Ireland. Four of these countries - Britain, Estonia, Ireland and Portugal - have introduced their soda taxes since the last Nanny State Index was published in 2017. Belgium's tax rate has quadrupled since being introduced in 2016.

Eleven countries now tax e-cigarette fluid (up from eight in 2017) with tax rates ranging from eight eurocents per ml in Italy to 21 eurocents in Sweden. Sweden's vapers no longer enjoy the regime of accidental laissez-faire that existed when the last Nanny State Index went to press in 2017. The Tobacco Products Directive (which regulates e-cigarettes as well as tobacco) was finally enshrined in Swedish law and implemented in the summer of 2017. The Swedish government has since gold-plated it, not only with an e-cigarette tax but with an indoor vaping ban.

Although there has been some liberalisation of e-cigarette regulation in countries such as Denmark and Belgium since 2016, vaping bans have continued to spread. Twenty of the countries in our league table now have some legal restrictions on e-cigarette use, including fourteen which ban vaping wherever smoking is banned. Fifteen countries have a total or near-total ban on e-cigarette advertising.

There has been less movement in tobacco policy since the upheaval of the EU Tobacco Products Directive (introduced May 2016, fully implemented May 2017). Every country except Germany has a total or near-total ban on tobacco advertising and most countries have extensive smoking bans, including - as of May 2017 - the traditionally smoker-friendly Czech Republic. As a result of the TPD, every EU member state has graphic warnings on packs, but only one

country - Hungary - has joined France, Ireland and the UK in introducing plain packaging since 2017. Lithuania and Slovenia are expected to follow suit in the next few years.

Lithuania and Estonia have surged up the table since 2017, thanks to some heavy temperance legislation. Lithuania brought in a total ban on alcohol advertising and raised the age at which alcohol can be purchased (to twenty) in January 2018. Both policies are a first for an EU member state and the Lithuanian government plans to extend its crackdown on drinkers in the years ahead. Estonia sharply increased the tax rate on beer and wine between 2016 and 2018, leading to predictable problems with cross-border trade which caused the government to reconsider further tax hikes in 2019 and 2020.

Outside of the Baltics, the big temperance victories have come in Scotland and Ireland. After a protracted legal battle, minimum pricing was introduced in Scotland (at a rate of 50p per unit) in April 2018. Wales is expected to do likewise in 2019 but, fortunately for drinkers, there has been no serious discussion about minimum pricing in the rest of Europe, and the UK government has ruled it out for the time being. Ireland also intends to introduce minimum pricing as part of a package of extreme anti-alcohol policies which includes a tobacco-style display ban, cancer warnings on packaging and an extensive advertising ban.

Whether it is food, drink, vaping or smoking, the lifestyle regulators have the wind in their sails, but it is not all one-way traffic. Consumers have had a few reasons to celebrate since 2017. After introducing a tax on wine for the first time in 2016, Greece's supreme administrative court declared it unlawful in September 2018. It was repealed the following January. In March 2018, the new Austrian government cancelled its predecessor's plans to introduce a smoking ban. The Slovakian government recently legalised domestic distilling, albeit with strict regulations. In November 2018, the Italian government slashed the tax on e-cigarette fluid from €0.38 per ml to €0.08 per ml, thereby cutting the price of an average bottle of vape juice by €3. And in the same month, the Danish government froze tobacco duty and lowered duty on beer and wine.

Alas, these isolated examples are the sum total of liberalisation over the past two years. In general, the story is one of a constantly expanding nanny state raising prices and trampling freedom. The blame lies overwhelmingly with domestic governments, not with the European Union. Although the EU has made the situation worse with its counter-productive policies on tobacco and e-cigarettes, it cannot be held responsible for regressive taxation, draconian smoking bans and excessive regulation of alcohol and food. The gulf between the more liberal countries at the bottom of the Index and the more heavy-handed countries at the top shows how much latitude member states have. Treating your citizens like children is, by and large, a domestic policy choice.

It is difficult to see the nanny state juggernaut being turned around any time soon. Even the traditionally tolerant Dutch are in the process of putting a raft of paternalistic policies through parliament. Influential interest groups funded by billionaire activists, including the EAT campaign and Bloomberg Philanthropies, are keen to impose tobacco-style regulation on the food and soft drink sector. Red meat, processed meat, sugary drinks and energy-dense food are on the 'public health' lobby's radar like never before. The Baltic States have been encouraged by the European Commissioner for Health to tax sugar. In Ireland there is talk of following up 2018's Public Health (Alcohol) Act with a similar law to tackle sugar, fat and salt. In Britain, where the government has already introduced a sugar tax and a food reformulation scheme, there is talk of a 'pudding tax' to go alongside new restrictions on the promotion and marketing of food that is deemed high in fat, sugar or salt.

Despite the lack of evidence for its efficacy, plain packaging for tobacco - and other products - will continue to appeal to virtue-signalling politicians, as will restrictions on food and drink advertising. The introduction of minimum pricing in parts of the UK will encourage temperance activists to push for the policy in other countries. And with Lithuania raising the drinking age, 'public health' campaigners will be looking to other governments to raise the legal age of purchase, not only for alcohol but also for tobacco and energy drinks.

All roads are open for Europe's nanny statist. The Nanny State Index shows that they are encountering little resistance from politicians.

Does paternalistic regulation work?

Insofar as nanny state campaigners acknowledge the damage done by their policies, they argue that it is more than offset by the benefit to health - the ends justify the means. But there is little evidence that countries with more

paternalistic policies enjoy greater health or longevity. As Figure 1 shows below, there is no correlation whatsoever between Nanny State Index scores and life expectancy.

Nor is there a correlation between tobacco control scores and lower smoking rates (Figure 2), or between alcohol control scores and lower rates of alcohol consumption (Figure 3).

But there is a strong relationship between health and wealth. Figure 4 shows the relationship between life expectancy and economic prosperity as measured by per capita GDP.¹ This suggests that pursuing economic growth would bring much greater benefits to health than coercive efforts to control personal behaviour with bans and taxes.

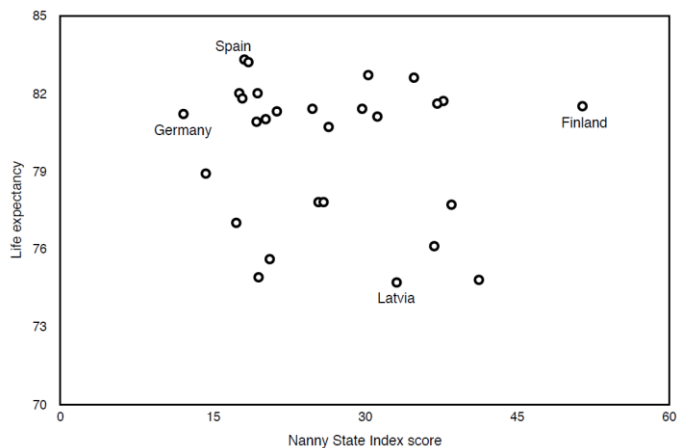


Figure 1: Life expectancy & NSI score

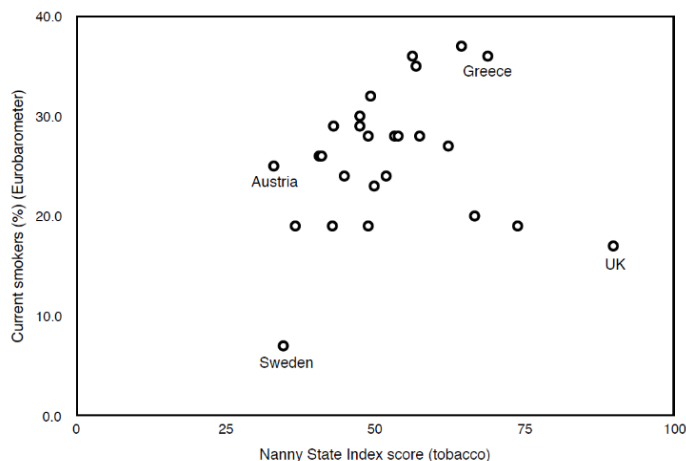


Figure 2: Smoking rates & NSI sub-score

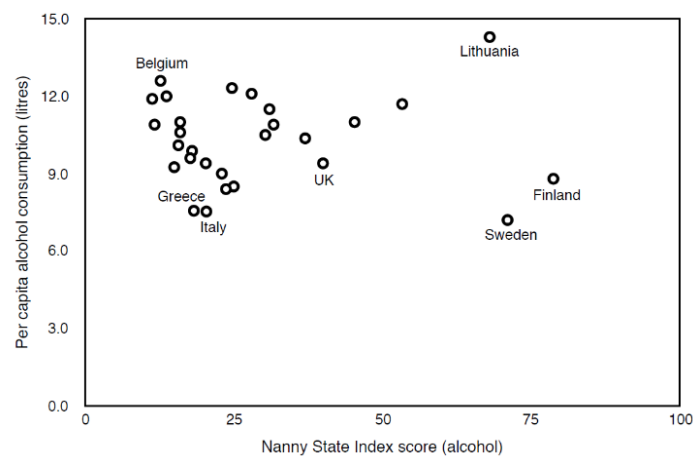


Figure 3: Alcohol consumption & NSI sub-score

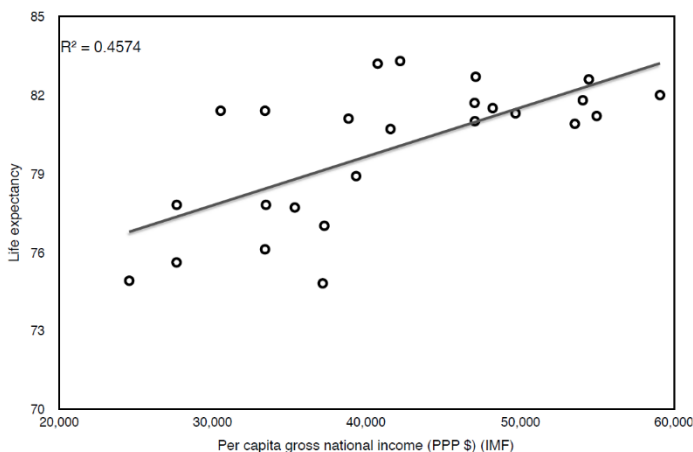


Figure 4: Life expectancy and GDP

Conclusion

Nanny state legislation and taxation is on the rise in most EU countries. There has been a notable trend towards taxing soft drinks and e-cigarette fluid in the last two years. Vaping bans have also become more common. English-speaking and Scandinavian countries tend to have the more draconian laws, with several Eastern European countries joining them recently. The wide gap between the freest and less free countries shows that most nanny state rules come from member states, not the EU.

¹ Ireland and Luxembourg have been excluded from this graph as they are corporate tax havens whose exceptionally high per capita GDP figures do not accurately reflect the citizens' incomes.