ON SIN TAXES, INDIVIDUAL RIGHTS
AND SOCIETAL COSTS.

I am against “sin taxes”. I am also against regulations that tell individuals what they can or cannot do in the privacy of their own lives and homes. If they wish to indulge in practices that I might well disapprove, as long as it does not impinge on others in any non-minor way, leave them alone.

Unfortunately, this is a complex world in which individual acts that a priori, from a simplistic point of view appear to the individual’s own business impose upon the society as whole considerable costs. These costs should be absorbed by the people who wish to defend their rights to be left alone to smoke, to drink to excess, to use drugs of any variety, to indulge in any other individual practices that inflict serious costs on others in the short or long run.

Permitting the use of substances of any variety obviates the need for a host of regulatory and policing actions. It also destroys a great source of crime. When the dispensing of drugs or alcohol becomes a legitimate business that is subject to taxation the margins for successful crime are cut to a minimum.

A mature democratic society should not want to indulge in “sin taxes”, but should wish to indulge in specific taxes dedicated to pay for the burden of public damage caused by private behavior whose manifestations is no longer private. This is an imperfect world and there are many individual behaviors that at some level apparently cause annoyance, nuisance or harm to others. My observations are not meant to imply that we should try to list and attack all of the myriads of annoyances of everyday life perceived to be caused by others. This proposal is merely aimed at the costs of drinking, smoking and drugs, taking into account the costs that they inflict on society as a whole in the forms of extra health care, extra policing and crime. Let us sponsor professional investigations to estimate the societal cost of these activities and tax each with special taxes dedicated to paying
the estimated social costs they incur. Perfection is often the enemy of practically. We are not going to get it right the first time. Start with a crude lower bound in each case and adjust the taxes and the possible growth of new institutions (such as special hospitals) dedicated to treating those with their self-inflicted wounds. The moderate drinkers or the occasional pot smokers might easily arise in protest, arguing, why should we as responsible substance users be taxed for the actions of others? The answer is more or less the same as why should law abiding citizens pay for the police force? A mass society deals with mass phenomena as best it can by reasonable aggregate solutions.

Most of us moderate drinkers are perfectly willing to spend a little extra in taxes helping to underwrite the overall tax bill to provide insurance against the damages done by the heavy drinkers. The same is more or less true for the heavy smokers. It is no sin to smoke; but let them pay for their own emphysema or lung cancer. Heavy drug use may be trickier; but the open public identification of the heavy drug users is a step forward. Substance abuse may call for the construction of special facilities, but the benefits of destroying most of the profitability potential of the drug trade combined with ability to identify the drug users offers the possibility of a considerable saving for the public as a whole.

Martin Shubik
Professor Emeritus
Yale University
Thursday, June 07, 2012