

Ticking off the Tea Party

WASHINGTON, DC

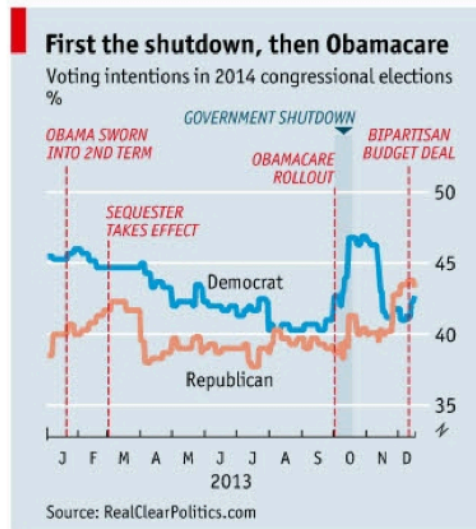
Daylight emerges between Republicans in Congress and ideologues outside it

AS WITH many other things that happened in the 1960s, the origin of the conflict between the governing wing and the ideological wing of the Republican Party is a bit fuzzy. Most date it to 1964, the year Barry Goldwater ran for president on a small-government platform and won only six states. The Republican civil war, as it is known to politicos, has now lasted five years longer than the cold war. It would be foolish to attach too much importance to a single battle. Even so, the budget vote in the House of Representatives at the close of 2013 marked an important shift.

By voting for the deal, House Republicans defied the unelected bit of the party—which resides in think-tanks, lobbying organisations and political action committees—by 169 votes to 62. In the run-up to the vote, lobby groups such as the Club for Growth, which awards congressmen points for voting against tax increases, and Heritage Action, which campaigns for fiscal and social conservatism, had urged Republicans to reject the deal on the ground that it was a spending rise in disguise. “I don’t care what they do,” John Boehner, the House Speaker, told a press conference after the vote. On December 17th the bill moved forward in the Senate, as 12 Republican senators voted not to filibuster it. It is now highly likely to pass.

Until recently, conservative pressure groups appeared to hold more sway over

House Republicans than Mr Boehner did. Many congressional Republicans feared that they would fund primary challengers in their districts. Primary My Congressman, a website run by the Club for Growth’s political action committee, is currently running an advert that invites the viewer to “click here to defeat Mike Simpson”, a Republican congressman from Idaho who is one of Mr Boehner’s allies. Because few voters on either side turn up to primaries, an insurgent candidate can sometimes unseat an incumbent with only the support of a small but motivated clutch of voters.



The groups that seek to harden congressional Republicans against compromise with the other arms of government are cross about being pushed aside. “There are over 150 Republicans who just voted for a spending rise in exchange for minimal entitlement reform,” says Barney Keller of the Club for Growth. “They always use the same argument: that they have to be around so they can vote for the hard stuff later.” “The question is whether the Speaker will continue to say that conservative voters are not really welcome,” says Dan Holler of Heritage Action.

Yet these organisations have finite resources. They cannot back primary challenges against all congressional Republicans, so there is some safety in numbers. And their influence can seem greater than it really is. Most Republican congressmen cast conservative votes because they are conservatives, rather than because they are frightened of being primaried. Only 13 of the 232 House Republicans have declined to sign a pledge never to vote for a tax increase. Tax revenues as a share of GDP have fallen slightly over the past decade, according to the Congressional Budget Office. “Lots of these groups were set up to hunt RINOs [Republicans in name only],” says one veteran anti-tax campaigner. “But the truth is there are not many around now.”

Though it may sound like something else, the argument is about tactics rather than beliefs. “The leadership is saying to these groups: if you have a point of view then you have to come up with a workable strategy to make it happen,” says David Winston, a Republican pollster. This might seem obvious. But less than three months ago the party’s unelected wing championed a half-baked plan to shut down the government until Democrats agreed to de-

► fund Obamacare—something the Democrats would never do. When House Republicans did indeed shut down part of the government, their poll ratings collapsed (see chart on previous page) and they had to back down.

That mistake was a result of a long-standing weakness. In March the Republican National Committee published its analysis of why the party lost the 2012 presidential election and what it needed to do in order to win again. “We have become expert in how to provide ideological reinforcement to like-minded people,” it read, but “we have lost the ability to be persuasive with, or welcoming to, those who do not agree with us on every issue.” This is still a work in progress. But a newfound willingness on the part of elected Republicans to ignore the party’s professional purists from time to time is a good start. ■

1) Stel dat er 1 republikeinse kandidaat is en 1 democratische kandidaat, hoe zullen ze zich positioneren en wat zal de uitslag zijn?

Waarom zou de republikeinse kandidaat dit misschien niet willen doen?

Hoe zal de uitslag er in dat geval uitzien?

Levert het antwoord op de vorige vraag voor problemen bij de republikeinse partij?

Wat moet de republikeinse partij de volgende keer doen om te winnen?

people are drinking less but doing so more harmfully. Policymakers want higher prices—causing a headache for the booze industry

BY DAY tourists flock to Plaza de España in central Madrid to snap photos beside the sculpture of Miguel de Cervantes, author of "Don Quixote". By night a newer facet of Spanish culture is on display: loitering groups of young people downing plastic bottles of whisky and vodka mixed with Fanta Lemon. The ground is littered with empties. Nearby, three young men help a friend vomiting on the pavement.

Such carousing was once rare in Spain. A Mediterranean drinking culture prevailed in which alcohol was taken only with food. That is changing. In Spain and many other rich countries, alcohol intake is becoming a bigger problem—for some groups. Overall, the global consumption

of alcohol has been stable since 1990, according to the World Health Organisation. Around half of the planet's population is teetotal. But those who drink alcohol do so more hazardingly. Policymakers are looking for ways to address this. A new and much-watched experiment in Scotland, for example, involves setting a minimum price for each unit of alcohol.

Individual consumption peaked in Spain in 1975 but young people are increasingly indulging in the *botellón*, (literally "big bottle"): drinking outdoors to get drunk. In France, another country with traditionally moderate drinking patterns, a similar trend is emerging. In the past three years hospital admissions from alcohol

abuse have risen 30% there, to 400,000 a year. Bingeing is so common that in July it gained an official name, *beuverie express*. Across much of the rich world, many people (not just the young) are drinking greater quantities in a single session.

Responsible drinkers pose little risk to others. But the growth in hazardous drinking habits has far-reaching implications. Deaths from the overuse of alcohol rose from 750,000 in 1990 to 2.5m in 2011, nearly 4% of all fatalities worldwide. Alcohol causes long-term ill-health, but even a single binge can end in hospital: in Britain, for example, such admissions doubled in 2003-10. It is not only drunks who suffer from their excess. Booze contributes to a third of all deaths on Europe's roads each year and stokes abuse and violence. It features in almost all public-order offences in Ireland; up to 80% of Australian police work is alcohol- and drug-related; across the European Union, it is linked to 65% of domestic violence and 40% of murders. When lower output and higher social costs are taken into account, alcohol costs Europe and America hundreds of billions a year, up to 1.5% of GDP by some estimates.

The industry has introduced some modest schemes to encourage responsible drinking. Governments have stepped up education campaigns; most restrict the sale of alcohol in some regard, by licensing premises, setting opening hours and banning purchases by children. But all that is largely outweighed by another factor: health campaigners say that in many countries booze is simply too cheap.

Increasingly alcohol is drunk at home, rather than in bars or restaurants, and is often deeply discounted. In Britain and Ireland supermarkets frequently sell drinks at or below cost, to lure in customers: cheap strong cider means a Scotsman can reach his recommended weekly drinking limit of 21 units (210ml of pure alcohol) for just £4.62 (\$7.50); an Irishwoman can buy her 14 units for €6.30 (\$8.70). The trend is spreading. Walmart, an American chain, recently started selling beer almost at cost.

The cheaper the liquor, the more people drink. That is not just bar-room wisdom. A 2009 paper in *Addiction*, a public health journal, reviewed 112 distinct studies of changes in alcohol taxes and found an unambiguous link. This suggested that a 10% price rise in prices would cut consumption by around 5%.



- ▶ Two groups are particularly price sensitive. Heavy drinkers tend to trade down and seek out cheaper booze to maintain their intake. They drink at home and are likely to die early of alcohol-related illness. Such toppers account for a large share of consumption: in Scotland 80% of alcohol is drunk by 30% of boozers. A second category is young and underage merry-makers who often have low or minimal income. They cannot afford to drink as much when prices rise.

Most government initiatives on prices have been tentative. In 1998 Germany introduced a so-called “apple-juice law”: in places where booze is consumed, at least one alcohol-free beverage must cost less than the cheapest alcoholic one. This does not deal with domestic consumption, though, which accounts for most hazardous drinking. In 2014 Britain will introduce a ban on selling alcohol at below cost price, but this will affect less than 1% of all booze on sale, according to the Sheffield Alcohol Research Group, a British academic consortium. Alcohol duties in some tax-thirsty European countries have been rising for a decade but wine and cider are both taxed by volume, not just strength. That means a sweet wine with 6% alcohol bears the same tax as a riesling with 10%.

More convincing are the efforts of several Canadian provinces, which have a floor price for a unit of each type of alcohol: the stronger a drink, the more it costs. When this policy was introduced in British Columbia in 2002, with an average 10% price increase, an immediate, substantial and significant reduction in wholly alcohol-attributable deaths followed, says Tim Stockwell of the province’s University of Victoria. The longer-term effect is striking too. Over the 2002-09 period, figures show a 32% drop in such deaths. In Saskatchewan a similar price rise in 2010 was associated with an 8.4% drop in drinking.

Scotland is raising the bar. In May 2012 its devolved parliament passed an ambitious bill to introduce a minimum unit price of 50p. This would affect the price of 60% of booze on sale: a 70cl bottle of Tesco Value Vodka would rise by around £4.50, to around £13, but classy Smirnoff by only 13p, according to Scottish government calculations. The Scotch Whisky Association

(mostly foreign) would suffer more than pricey whisky (mostly domestic), they say.

What happens in Scotland will affect policy elsewhere; other governments are watching the legal battle with interest. One house of the Swiss parliament has already voted for a minimum price though the other voted against. New Zealand is considering a bill. The British government pulled back from an earlier plan to introduce a nationwide floor price but may reconsider its policy if Scotland’s proves successful; some English councils are trying to introduce minimum pricing rules locally. The Irish cabinet is discussing a similar notion but awaits the Scots’ verdict.

For all their reputation as a nation of soaks, Scots actually constitute a small market. The SWA says its big concern is other countries introducing similar bills if the Scottish legislation goes ahead. The real fear is of “contagion”, agrees Martin McKee of the London School of Hygiene and Tropical Medicine: “Scotland shows Europe what is possible.” Just as bans on indoor smoking spread rapidly from country to country, the Scottish decision on the price of booze could raise drink prices all over the world. A sobering thought in the festive season. ■

Dirty money

Rich smell

The forum for rich countries issues an overdue mea culpa

THE leakage of wealth from poor countries through tax evasion, money laundering and other misdeeds is becoming an ever bigger worry for those who want poor countries to get rich. Global Financial Integrity calculates that such “illicit financial flows” have increased sharply over the past decade and may now be \$1 trillion a year or more. Even experts who question the campaigning group’s methodology accept that outflows probably exceed incoming aid and investment combined.

Big rich countries often accuse small

2)

Are there economical sound reasons for the government to impose a tax on alcohol? + What examples of the text hold implications linked to these reasons?

What type of political competition is this on an international level?

What type of political competition on national level?

How high should the tax be in order to be at the economic efficient level?

What do you think is the goal of the government and what are other goals that can be pursued with the tax?

Manufacturers of alcoholic beverages oppose the tax, which companies do you think will suffer the most from a tax on alcoholic quantities and why?

In the course, there was an example of landing fees for airplanes and some problems with it, can the same problems occur with the alcohol tax?

3)

Why do some countries find it difficult to liberalize their trade, even if they will benefit from it?

Medicines are kept from the market too long to be tested, what are analogies with products that are kept from a country's market by trade policies?

