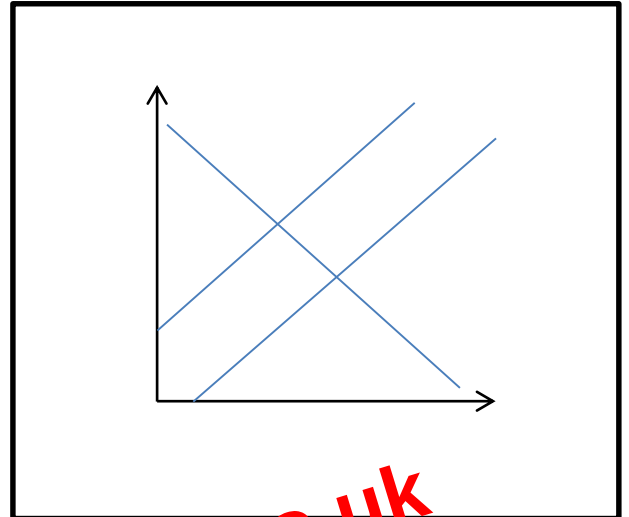


Discuss the viewpoint that the use of minimum prices should be used to reduce the consumption of alcohol compared to alternative methods.

Minimum prices is referring to a minimum price being put on each unit of alcohol that is bought instead of the current system that has a more free market except the price it is being sold has to cover the production and to allow for profit.

The theory of the Government enforcing the minimum prices of alcohol per unit is that it will in turn reduce consumption of alcohol but continue to maintain the profit that is made from it. The graph on the right displays this. The demand equilibrium contracts along the demand line (A-B) when the price of alcohol is changed from OP to 45P. In doing this the quantity is restricted as not as much is needed. Because of this the supply also is shifted to the left to make a new line as less supply is needed when there is less demand.



This change in price, quantity and supply obviously has impacts on the consumer, as heard in the audio report the “moderate drinkers suffer” from these new proposed changes. This is because as each individual unit will cost more it will be hitting harder on the people that only drink a smaller amount. However, this might encourage people to buy in larger quantities so they can benefit from economies of scale. But the argument that the doctor in the audio clip mentioned is that it reduces the healthcare costs put on the community and taxpayer also it could save lives. The general public seemed to be very angry with this new proposal as it reduces their right to a drink once in a while, also a man on the clip said it could result to violence in order to afford the right to have a drink every once in a while. But there is no real way of measuring this and the possible implications of the raising of alcohol prices.

Some government members disagree with this proposal and have therefore made alternatives that could be enforced instead. One option is for a ban on any sales of alcohol that do not meet the costs of production + V.A.T + Duty tax. The Labour party, Conservatives and Liberal Democrats are all in coalition with this agreement and all don’t believe is a good idea.