The Economist

Why economists should like booze

Sobriety is taking over the world. The amount of alcohol consumed globally is probably in decline for the first time in history. Across rich countries many members of Gen Z—born after the late 1990s—are shunning alcohol entirely: 30% of Americans in their 20s did not drink in the previous year. Even in France young professionals no longer have a *pichet* of wine with lunch.

Elites seem especially likely to snub the bottle. Three of the past four American presidents are teetotal (Barack Obama enjoyed a martini). In Silicon Valley temperance is a status symbol. Marc Andreessen, an investor, quit alcohol in 2022. Sam Altman of OpenAI writes about "how much changed when people stopped drinking alcohol all day". Elon Musk refers to alcohol as a "legacy drug". Dinner meetings with founders are fuelled by green tea.

An individual who gives up drinking can look forward to health benefits. They may lose weight. They may sleep better. Yet from an economist's point of view, teetotalism is an incoherent and damaging ideology—for three big reasons.

First, teetotallers are free-riders. For generations alcohol consumption has sustained all manner of social and economic structures. The abstemious benefit from them but do not contribute. For instance, non-drinkers who go to social events are free-riding on the joviality of hard-working drinkers. What would happen to the social fabric if everyone stopped imbibing? Perhaps Joe Strummer of the Clash, an English rock band, was on to something when he apocryphally said that "non-smokers should be banned from buying any product a smoker created".

Or consider the economics of the restaurant industry. Alcohol offers higher profit margins than food as it requires less labour to prepare. Indeed, using official American data, your columnist estimates that booze accounts for all the profits of the restaurant industry. Drinkers subsidise non-drinkers. Those who order sparkling water can feel sanctimonious in the short run. But if no one orders a

bottle of Bordeaux, many restaurants will go under. In San Francisco, Sobriety Central, they are closing by the dozen.

Second, abstinence makes people lonelier. For centuries alcohol has served a social function. It helps people relax. Taking a drink also signals to others that you are happy to be slower and more vulnerable—that you have left your weapon at the door—which puts them at ease. A study from 2012 in *Psychological Science* found that alcohol increases social bonding. Robin Dunbar of Oxford University and colleagues find that frequenting a pub improves how engaged people feel with their community, in turn raising life satisfaction. It is not a stretch to say that alcohol has played a big evolutionary role in fostering human connection.

Many couples credit alcohol, at least in part, for bringing them together. So it may not be a coincidence that the alcohol-shunning young are lonely. Americans aged 15 to 24 spend a third less time socialising than they did in the early 2000s. A study published in 2021 by Jean Twenge of San Diego State University and colleagues found "worldwide increases in adolescent loneliness". Young people are having less sex than older generations. When it is harder to relax, partnering up is more difficult.

The third factor in favour of booze relates to innovation. Today the world sees fewer breakthroughs. Hollywood sustains itself on remakes or sequels, not originals. A recent blog by Peter Ruppert, a consultant, finds the same trend for music: "the pace of genuine sonic innovation has slowed dramatically". A paper published in 2020 by Nicholas Bloom of Stanford University and colleagues concludes that new ideas are "harder to find". Productivity growth across the world is weak. Something has gone terribly wrong in the way that Western societies generate new ideas.

In the short term, avoiding alcohol is helpful for working efficiently. If you have a big presentation tomorrow, it is a good idea to stay off the sauce tonight. But consider the kind of world that alcohol allows to exist—even if messily, unreliably and at some cost—and abstention seems less sensible.

For centuries creative folk, from Aeschylus to Coleridge to Dickens, have relied on alcohol for inspiration. In the 1960s, when productivity was soaring, everyone was drunk all the time. No other drug has played such a consistent role in human innovation. Being intoxicated opens up the possibility of accidents of insight. Purely rational, linear minds have fewer of the flashes of brilliance that can turn an art form or an industry upside-down. It allows brains to disconnect. A study of American painters in 1946 by Ann Roe of Yale University noted that "a nightly cocktail before dinner may contribute to the avoidance of a state of chronic tension, especially...when creative activity is at its height."

Studies suggest that alcohol, deployed judiciously, can aid the creative process. Andrew Jarosz of Mississippi State University and colleagues have found that intoxicated people solved problems faster and "were more likely to perceive their solutions as the result of a sudden insight". A similar paper by Mathias Benedek of the University of Graz, in Austria, and colleagues concludes that "certain aspects of creative cognition benefit from mild attenuations of cognitive control". In the short run, intoxication may limit your brain's processing power—and that can be frustrating. The long-term effects are much less clear.

Call me old-fashioned

The best approach, as with most things in life, is moderation: not Ernest Hemingway-levels of drinking, but not abstention either. What leads to successful human relationships and breakthrough innovations remains poorly understood. So, even if you are a Silicon Valley whizzkid who wants to

change the world, it is best not to mess around with traditions too much. Gin from the freezer, good vermouth, and a twist. ■