

Abstract

My main task is to investigate the potential consequences of privatization by relying in microeconomic concepts, theories and comparison of different models. In addition the main aim of the paper is to show that the enforcement of monopoly is the best method on how to reduce alcohol consumption and therefore alcohol-related harm. The research includes theoretical background with regards to taxation, quotas and microeconomic perspectives such as income and substitution effects. The data and theory should support the claim that privatization will decrease prices and therefore increase consumption. The theory of perfect competition will show the theory behind the potential effects of privatization. In addition the abolishment of import quota should increase the consumption as well.