

Don't believe the myths: Taxing sugary drinks makes us drink less of them

January 30 2020, by Gary Sacks, Christina Zorbas and Kathryn Backholer



Credit: Anete Lusina from Pexels

This year's Australian of the Year, Dr. James Muecke, is an eye specialist with a clear vision. He wants to [change the way the world looks at sugar](#) and the debilitating consequences of diabetes, which include

blindness.

Muecke is pushing for Scott Morrison's government to enact a tax on sugary drinks to help make that a reality.

Such a tax would increase the price of soft drinks, juices and other sugary drinks by around 20%. The money raised could be used to fund health promotion programs around the country.

The evidence backing his calls is strong.

Taxes on sugary drinks work

[Several governments](#) around the world have adopted taxes on sugary drinks in recent years. The evidence is clear: they work.

Last year, [a summary of 17 studies](#) found health taxes on sugary drinks implemented in Berkeley and other places in the United States, Mexico, Chile, France and Spain reduced both purchases and consumption of sugary drinks.

Reliable [evidence](#) from around the world tells us a 10% tax reduces sugary drink intakes by around 10%.

The United Kingdom soft drink tax has also been making headlines recently. Since its introduction, the amount of sugar in drinks has decreased by almost [30%](#), and six out of ten leading drink companies have [dropped the sugar content](#) of more than 50% of their drinks.

In Australia, modeling studies have shown a 20% health tax on sugary drinks is likely to [save almost A\\$2 billion in healthcare costs](#) over the lifetime of the population by preventing diet-related diseases like diabetes, heart disease and several cancers.

This is over and above the [cost benefits](#) of preventing dental health issues linked to consumption of sugary drinks.

Most of the health benefits (nearly 50%) would occur among those living in the lowest socioeconomic circumstances.

A 20% health tax on sugary drinks would also [raise over A\\$600 million](#) to invest back into the health of Australians.

So what's the problem?

The soft drink industry uses [every trick in the book](#) to try to convince politicians a tax on sugary drinks is bad policy.

Here are our responses to some [common arguments against](#) these taxes:

Myth 1: Sugary drink taxes unfairly disadvantage the poor

It's true people on lower incomes would feel the pinch from higher prices on sugary drinks. A 20% tax on sugary drinks in Australia would cost people from low socioeconomic households about [A\\$35 extra per year](#). But this is just A\$4 [higher](#) than the cost to the wealthiest households.

Importantly, poorer households are [likely](#) to get the biggest health benefits and long-term health care savings.

What's more, the money raised from the tax could be targeted towards reducing health inequalities.

Myth 2: Sugary drink taxes would result in job losses

Multiple studies have shown [no job losses](#) resulted from taxes on sugar drinks in [Mexico](#) and the [United States](#).

This is in contrast to some [industry-sponsored studies](#) that try to make the case otherwise.

In Australia, job losses from such a tax are likely to be [minimal](#). The total demand for drinks by Australian manufacturers is unlikely to change substantially because consumers would likely switch from sugary drinks to other [product lines](#), such as bottled water and artificially sweetened drinks.

Despite industry [protestations](#), an Australian tax would have minimal impact on sugar farmers. This is because 80% of our locally grown sugar is [exported](#). Only a small amount of Australian sugar goes to sugary drinks, and the expected 1% drop in demand would be traded elsewhere.

Myth 3: People don't support health taxes on sugary drinks

There is [widespread support](#) for a tax on sugary drinks from major health and consumer groups in Australia.

In addition, a [national survey](#) conducted in [2017](#) showed 77% of Australians supported a tax on sugary drinks, if the proceeds were used to fund obesity prevention.

Myth 4: People will just swap to other unhealthy products, so a tax is useless

Taxes, or levies, can be designed to avoid substitution to unhealthy products by covering a broad range of sugary drink options, including

soft drinks, energy drinks and sports drinks.

There is also evidence that shows people [switch to water](#) in response to sugary drinks taxes.

Myth 5: There's no evidence sugary drink taxes reduce obesity or diabetes

Because of the multiple drivers of obesity, it's difficult to isolate the impact of a single measure. Indeed, we need a [comprehensive policy approach](#) to address the problem. That's why Dr. Muecke is calling for a tax on sugary drinks alongside improved food labelling and marketing regulations.

Toward better food policies

The Morrison government has previously and repeatedly [rejected](#) pushes for a tax on [sugary drinks](#).

But Australian governments are currently developing a [National Obesity Strategy](#), making it the ideal time to revisit this issue.

We need to stop letting myths get in the way of evidence-backed [health](#) policies. Let's listen to Dr. Muecke—he who knows all too well the devastating effects of products packed full of sugar.

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