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Denmark admits its fat tax failure [1]

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The world?s first fat tax will soon also be the first to be abolished [3]. Denmark has taxed saturated fats since October 2011, and the experiment has been a failure. Danes are worried that the tax has increased food bills (which was the point of the tax) and that it could be threatening the food industry. One poll [4] found that 70% of Danes felt the tax was ?bad? or ?very bad? and 80% said it had not changed what they ate.

At the same time, fat prohibitionists tell us that what Denmark really needed was a much higher tax to have the desired effect. Multiple studies [5] find that a tax as high as 10% (much higher than the Danish tax) would reduce population bodyweight by less than 1%. Most of us tend not to change what we eat based on a change in price ? foods like butter and bacon are relatively price inelastic. To get people to change their behaviour you have to set punitively high rates.

It is a good idea to question why the health-obsessives are going after saturated fats to begin with. Many believe [6] that a good diet includes saturated fats, as they have been linked to increased testosterone, boost the effects of omega-3 fatty acids, and improved immune system function.

Simple economics tell us that when you tax something, like saturated fats, enough to cause a change in behaviour then their consumption will fall in favour of a substitute. In most cases, that substitute will be carbohydrates. The nutritional science is far from settled on whether carbohydrates are worse for us than other macronutrients (protein and fat). Politicians are unlikely to know better. The tax on fat could be making the 20% of Danes that changed their diets less healthy. That the impact of the tax is largely unknown is a good enough reason not to mess with the food on our plates.

Of course, there is a more fundamental liberal point. Why should we be coerced to be healthy? If someone decides that they prefer Danish bacon once a week to the last (probably quite uncomfortable) five years of their life, that certainly isn?t a ?wrong? choice. It is hard to coerce ?healthy? behaviour, and government should not try to. Sadly, politicians know that they can appear to attack the scapegoat of the unhealthy citizen, while taking more money from our pockets.

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