

# Meat Eaters Beware: The (Es)Steak Tax is Coming

Some economists want to make it more expensive for the less well-off to enjoy a [clear revealed pleasure](#): eating red and processed meat.

The [average household in the poorest fifth of the income distribution](#) dedicates 1.3 percent of spending towards it. That's over double average household spending in the richest quintile. Yet meat is now a new "public health" target. Once, lifestyle controls stopped at smoking and drinking. They recently expanded to soda and even caffeine. Now, even the hallowed steak is not sacred.

Last week, [a report by University of Oxford academics](#) calculated supposedly "optimal tax rates" on red meat (lamb, beef and pork) and processed meats (sausages, bacon, salami etc.) For the U.S., the recommend rates were as high as 34 percent and 163 percent, respectively. Such taxes, the report claims, could save 52,500 American lives per year.

To an economist, this approach might make theoretical sense. If the World Health Organization is right that eating meat increases risk of heart disease, cancer, stroke and diabetes (in some cases, [very much disputed claims](#)), then consumption could increase healthcare costs. Some of these costs will be borne by others, through higher government spending or healthcare premiums. Imposing a tax equal to the true external costs of the next steak, lamb chop or burger patty one eats forces consumers to face the full social costs of their eating decisions. In turn, then, the tax will somewhat reduce consumption to a supposed "optimal" level.

Yet, in reality, the presence of external effects is no slam-dunk to justify taxes. One must also consider costs,

unintended consequences and the ability of government to assess risk and harm accurately. In these areas, the meat tax advocates appear off-base. The result is their proposed tax rates look way too high, even in theory, and it's doubtful they are the best means of improving economic welfare.

First, the methodology appears to add up healthcare costs from extra meat consumption as if they are all costs imposed on others. But at least part of extra healthcare or medication costs of meat-eaters affected by disease would be personally financed, rather than funded through higher insurance premiums, or Medicaid or Medicare spending.

Second, the researchers seemingly ignore the health consequences of alternative foodstuffs. If taxes discourage eating red and processed meat, consumers will eat other things, as the report acknowledges. Yet the federal government's own *2015-2020 Dietary Guidelines for Americans* recommends we eat less fat, and the evidence is now strong that carbohydrates are dangerous, so—apart from white meat, vegetables and nuts—the government clearly thinks there are adverse health consequences of other foods. Yet this analysis does not consider the costs of this new consumption.

Third, even if more people lived healthier, longer lives as a result of this tax, this is not costless. In fiscal terms, they would receive more in Social Security or Medicare payments. If taxpayer costs of eating habits justify new taxes, then fiscal savings arising from mortality induced by meat-eating must also be considered against it. Yet public health campaigners seemingly calculate optimal taxes as if the alternative to lifestyle-induced illness is costless.

Finally, the paper adds “lost productivity” for working-age people as an external cost of poor health induced by meat-eating. Yet someone spending time out of the labor market due to illness would likely see resulting worse compensation. Any lost productivity for the working-age meat-eaters then will

overwhelmingly be a private cost, rather than an external cost that needs accounting for through the tax.

Correcting for all this would see the supposed “optimal tax rates” fall dramatically. Yet even then, meat taxes would be highly regressive. In his 1937 book *The Road to Wigan Pier*, George Orwell commented that the poor eat “an appalling diet, but the peculiar evil is this, that the less money you have, the less inclined you are to spend it on wholesome food ... You want something ‘tasty’.” Meat is a tasty pleasure, and governments should be wary of policy demonizing it.

In reality, sin taxes are rarely “optimal” anyway. Taxes are applied uniformly. Yet those who eat meat in healthy moderation impose no costs on others, but see the same cost uplift for a sausage as someone at high risk of requiring taxpayer healthcare support. Truly efficient taxes would recognize the differences in risks of types of consumers.

This all suggests a more effective approach would be targeted dietary guidance at a personal level. But the history of food science itself is littered by examples of governments sharing subsequently mistaken advice. On that basis alone, it is far too soon for governments to tax a whole major food group on the basis of speculative modelling and disputed science.

In any case, the history of lifestyles interventions suggests a sin tax on meat would be the thin end of the wedge. This research suggests, unbelievably, that 557,000 deaths per year in the U.S. are caused by red and processed meat consumption – over 20 percent of the total. One of its authors has previously suggested everyone must eventually go vegan.

With such figures bandied about, campaigners would not want to stop with a modest tax to account for external costs of consumption. Instead they would swiftly move on to try to fundamentally change eating habits using many other policy levers, from advertising bans and packaging regulations,

through to higher taxes and restrictions on sales.

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