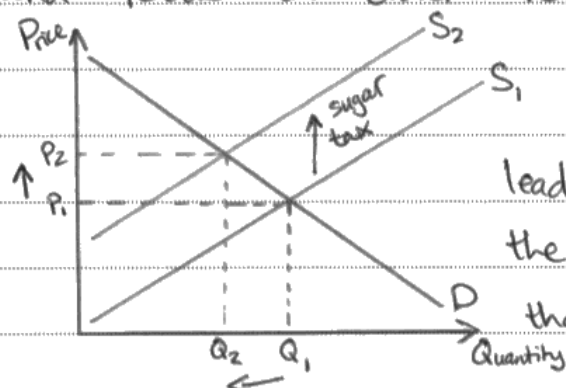


(c) Using suitable **diagrams**, assess the likely success of a sugar tax in reducing obesity in the UK.

(12)

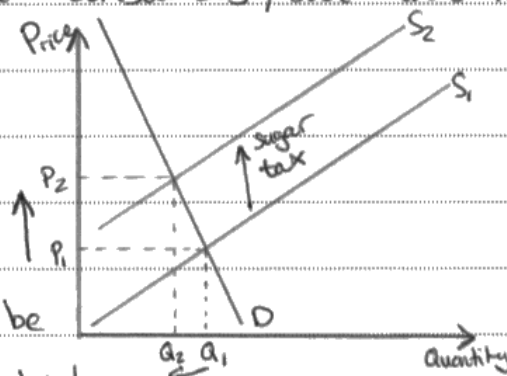
A sugar tax is a tax that is put on sugary drinks and foods in order to prevent market failure.



Introducing a sugar tax would lead to an increase in price of the sugar products which means that less will be demanded.

The chief ~~nut~~ nutritionist of the PHE claimed that the higher the tax the bigger the impact which shows elastic demand amongst consumers, but this might not always be the case.

As seen on my second diagram, there is a chance of inelastic demand for sugar products which can be due to brand loyalty which



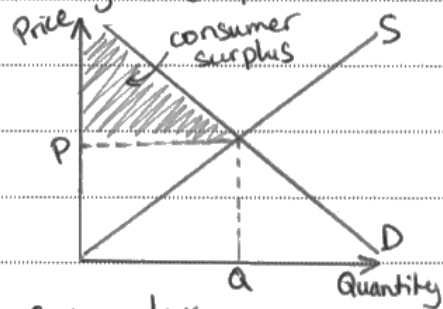
would lead to a smaller ~~qua~~ change in the quantity demanded than the change in the price as a result of the sugar tax.

MNC's such as Coke and Pepsi have a huge consumer base and most of their ~~consu~~ customers will buy their products no matter what the price is. This can be demonstrated on a consumer surplus diagram which



P 5 2 1 4 1 A 0 9 2 4

shows how the quantity supplied by the firms would impact on the amount a consumer is willing to spend on that product.



Overall, the effectiveness of the sugar tax all depends on the elasticity of demand for sugar products as the more elastic the demand is the higher & greater the impact will be whereas inelastic demand could lead a ~~bad~~ government failure where they were unable to fix a market failure.

