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Tax Sugary Soft Drinks

The federal government should help finance the expansion of U.S. health coverage by taxing products, such as sugary soft drinks, that contribute to obesity and other chronic health conditions. Pro or Con?



PRO: ADD THE TAX. DELETE THE POUNDS

by [Chuck Marr](#), Center on Budget and Policy Priorities

A tax on high-sugar soft drinks would help pay for health-care reform that ensures all Americans have regular access to doctors and slows health-care cost growth. It also should improve Americans' health.

In April, *The New England Journal of Medicine* reported that the average American consumes nearly three times as many high-sugar soft drinks as he or she did a few decades ago. Roughly half of teenage boys drink more than two six-packs of soft drinks every week, according to the U.S. Department of Agriculture. This has helped drive up the nation's obesity rate. U.S. children aged 6 to 19 are three times as likely to be overweight as they were in 1970.

Americans' growing thirst for sugary drinks has increased both the prevalence of illnesses like diabetes and heart disease and the [nation's health-care](#) costs. In fact, increasing obesity accounted for about a quarter of the growth in real per capita health spending between 1987 and 2001, according to an Emory University study.

A tax on soda, heavily sweetened "sport drinks," and similar products would reduce obesity and its related costs by discouraging consumption. Admittedly, it would hit poorer people harder than the wealthy ones when measured as a share of their income. But poorer people would benefit the most from the universal health coverage the tax would help pay for, since they're much more likely to be uninsured. And people who buy fewer sugary drinks because of the tax would reap health benefits.

For these reasons, the tax should be one of the revenue increases and spending reductions Congress adopts to fund health reform.



CON: JUST ANOTHER UNNEEDED INFRINGEMENT

by [William F. Shughart II](#), Independent Institute

Fat cats apparently are not the only Americans who may see their tax bills go up.

To finance President Barack Obama's [proposed health-care reform initiative](#), which may cost as much as \$1.5 trillion over 10 years, Washington is considering a tax on sugary soft drinks that supposedly contribute to the modern sin of obesity.

This would not be a first. Federal excise taxes were levied on soft drinks during World War I and briefly at the start of the New Deal. Several states have tried it on their own as well, but soft drink taxes have been abolished in all but two: Arkansas and West Virginia.

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Saying soda is "one of the most harmful products in the food supply," as one health activist recently put it, casts the proposed tax as one with a positive effect: nudging consumers toward healthier lifestyles.

But soft drink sales have been declining for the past nine years without such a tax. And obesity rates in the two states that do tax soft drinks are among the nation's highest.

Singling out the consumers of some products to finance a health-care plan the President says will benefit all Americans is fiscal discrimination at its most brazen. The closer the U.S. moves toward a single-payer health system, the more pressure there will be to tax any product that anyone, anywhere, plausibly can argue is detrimental to one's health. Today it may be soda. Tomorrow it could be ethnic food, coffee, bacon and eggs, hot dogs, and red meat.

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June 4, 2009 08:58 PM

You don't need to increase the tax on sugar to attain more money for health care.

Just get ride of the subsidy on corn. (<http://www.grist.org/article/philpott7/>)

Yes, this will drive up the price of corn syrup (a key sugar for soda, etc.) to its actual cost, reduce the consumption of sugar, and free up cash for health-care...without changing the tax burden.

By the way, study after study shows single payer health-care cuts costs out of the system (overhead cost decline), so you pay less overall.

Perhaps we have some red meat, bacon, and egg subsidies that can be shifted to health-car too? Are you willing to pay the real costs of these foods. Mr. Shughart?

ffn

June 5, 2009 02:16 AM

I do not drink soft drinks at all, so this doesn't directly affect me, but JunkFoodScience.com has shown that there are no credible studies supporting a connection between taxes on soda and obesity.

Further, nutritional recommendations change drastically over the years (including the USDA food pyramid), leading many to question whether nutritional recommendations have much usefulness.

Since the government imposed nutrition guidelines in the late 1970s, the average weight went up. What is "politically correct" this year, and incentivized through taxes, could prove disastrous in the future when the latest food recommendations end up wrong again.

Michael Wong

June 5, 2009 06:25 AM

I'm all for this sugary soft drink tax. This is a brilliant idea helping to whip us into shape, hence saving an enormous amount on health care.

Senseless

June 5, 2009 07:29 AM

Raise your hand if you think you have ever paid a different price for a sugared drink vs. a sugar-free. Anyone? The know-nothings in the Obama Administration who propose this are clueless about how pricing works. From vending to package stores to grocery stores, the sale price of a sugar drink is exactly the same as the equivalent sugar-free (not to mention the same as a plain water). So taxing sugar drinks (let's say at 10%) will not have the desired effect of increasing the cost of those alone. It will simply increase the cost of all sodas by 5% or so. Call a pig a pig—this is simply another tax that Obama wants to justify his massive, massive, massive (repeated for emphasis) spending plan. Just say no to tax and spend.

I myself

June 5, 2009 10:22 AM

Mr. Marr suggests that this tax "should" improve Americans' health. How does he account for

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