Can a tax on soft drinks help reduce obesity?

January 11 2012, By Andrew Sparks

(Medical Xpress) -- Can obesity be taxed away? Several UConn professors think that taxing fattening foods can help – but not in the way many people would expect. Instead of trying to make unhealthy foods prohibitively expensive by applying a hefty tax, they believe a small tax can provide revenue for educating the public to make better dietary decisions.

Rigoberto Lopez, department head and professor in the Department of Agricultural and Resource Economics, and assistant professors Rui Huang and Joshua Berning and Ph.D. candidate Adam Rabinowitz, have studied marketing and consumer choices relating to soft drink consumption. In researching the common ground between economics and marketing, they have discovered how soft drink companies specifically target children and teenagers and in turn contribute to the increasing rate of obesity.

Lopez, who is the director of UConn's Zwick Center for Food and Resource Policy, published his findings in a recent article published in *Applied Economics*, where he highlights the role of carbonated soft drinks in the obesity epidemic. In the article, 'Demand for Carbonated Soft Drinks: Implications for Obesity Policy,' he writes that increased demand for soft drinks has been a major contributor to obesity in America, when coupled with high-calorie foods and a sedentary lifestyle.

He found that consumption of carbonated soft drinks offset healthier alternatives such as milk. One of his most disturbing discoveries is that many children are given carbonated soft drinks from infancy, creating a habit of soft drink consumption that may last a lifetime.

Lopez's study goes beyond earlier studies, because he looked at the patterns of consumption among different demographics. He found that young people and lower-income people were much more likely to choose the high-calorie soft drinks that are linked to obesity. That fact raises several more issues when it comes to deciding what policy approach the government should adopt to combat obesity.

"One issue is that the sugar and sodium in soft drinks is found to release dopamine, a powerful neurotransmitter that gives a sense of pleasure or reward when produced in the brain," says Lopez. The pleasure given by sugary soft drinks is often strengthened, considering the increasingly early ages that children are given soft drinks. Yet those same soft drinks have costly effects on health in addition to obesity, including tooth decay.

The most contentious issue that arises from Lopez's study, though, is the role of government policy. In particular, Lopez views a sales tax on high calorie soft drinks as one key weapon in the fight against obesity. However, the fact that lower-income people are more likely to consume these beverages and pay a higher proportion of this tax means that they will be shouldering more of the burden than wealthier groups. Also, studies have shown that moderate taxation – such as 5 percent, a common rate used for taxes on soft drinks – does not significantly diminish consumption. By contrast, in many European countries, soda sells at three times the price of bottled water.

Despite these concerns, Lopez believes a sales tax can help fight the impact that carbonated soft drinks have on health. "A soda tax would help raise revenue for education," he says. "This is important, because it counteracts increased ad exposure, and key studies have shown that people are sensitive to information." In 2011 alone, 33 states – including

Connecticut – have considered placing a tax on high-calorie soft drinks to raise revenue for educating the public.

There is an urgent need to actively engage the public, Lopez says. Due to falling budgets for public schools, soft-drink companies will often offer to give funding to schools in exchange for advertising and vending opportunities in those schools. Students in lower-income communities are exposed to soft drinks to a far greater extent than students from wealthier districts.

“Regulating advertising within schools is one of the most powerful policy tools at our disposal,” says Lopez. “The food and drinks that kids are exposed to in school have a big impact in shifting their preferences as consumers, even outside of school.”

Lopez concludes, however, that although taxing soft drinks could reduce the consumption of those drinks, it would not necessarily significantly reduce the incidence of obesity.

Some of Lopez’s colleagues at the Zwick Center for Food and Resource Policy have also made educating the public a key focus in their research and have identified some of the fundamental difficulties in combating obesity.

Huang says that, “in spite of existing regulations surrounding television advertising, there are many loopholes that allow food companies to reach large numbers of young people.” Social media, for example, are a powerful new method for soft drink companies to reach young people, as well as “co-branding” movies that are oriented toward young audiences.

Berning says it’s important to inform children about the potentially life-long adverse effects of too much soft drink consumption. His research has found that educating children as well as their parents can help shift household consumption away from soft drinks, due to the influence that children have on how their parents spend money.

Moreover, educating the public can potentially nudge food companies to produce healthier products, as demand for those products rises. “Corporate responsibility can potentially have a positive impact,” says Berning. “Many times, companies will voluntarily agree to self-regulate to avoid having the government step in.

“With obesity and soft drink consumption continually increasing,” he adds, “the need for educating the public has never been greater.”

More information: For more information on UConn’s research on the economics and food marketing aspects of the obesity epidemic, go to the Zwick Center website.

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