

# Taxes and subsidies could encourage healthier diet and lower healthcare costs

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In a Viewpoint published today in the *Journal of the American Medical Association*, a team of Boston researchers call for the implementation of taxes and subsidies to improve dietary quality in the United States. The researchers from the Friedman School of Nutrition Science and Policy at Tufts University, Harvard University and Boston Children's Hospital write that policies taxing nearly all packaged foods and subsidizing healthier foods could both help people make meaningful dietary changes and substantially reduce health care costs.

"With climbing rates of obesity, diabetes and other diet-related illnesses helping to drive [health care](#) expenses to an all-time high, we are at a crossroads," said first author Dariush Mozaffarian, M.D., Dr.P.H., dean of the Friedman School of Nutrition Science and Policy at Tufts University. "The strategies we rely on now—labels on [food](#) packages and dietary guidelines—place responsibility squarely on the shoulders of individual people to find, purchase, and eat healthy foods. Given the complexities of our modern food environment, that is an uphill battle. We must start looking at enacting policies that help people navigate our complex food environment and adopt a healthier way of eating."

Mozaffarian; senior author David S. Ludwig, M.D., Ph.D., director of the New Balance Foundation Obesity Prevention Center at Boston Children's Hospital; and co-author Kenneth S. Rogoff, Ph.D., Thomas D. Cabot Professor of Public Policy and professor of economics at Harvard University say the goal of taxes and subsidies is to improve overall dietary patterns rather than reduce calorie intake. They suggest a

10-30% flat tax on nearly all packaged foods, as well as foods served at most chain restaurants and by large cafeteria vendors. This tax revenue would be used to offset the cost of subsidizing healthier foods such as fruits, nuts, vegetables, fish, beans, and whole grains, including in supermarkets and served to children in schools and afterschool programs.

"We are encouraged by existing research linking public awareness campaigns and changes in the food supply to declines in cardiometabolic risk factors and chronic disease," Ludwig said. "It's clear that poor nutrition has a major role in some of the leading American health problems, including diabetes and heart disease. We must act now to reduce the financial barriers to more sensible dietary choices and help people live long, productive lives."

Over time, the size of the tax could be on a sliding scale depending on nutritional quality, a tactic the authors hope would prompt restaurants and food manufacturers to produce healthier products. "We believe our proposal of a food tax and subsidy system would be faster to implement than other approaches," Rogoff added. "Reducing the rate of diet-related diseases and their economic costs would be a huge economic and welfare boost to Americans, and help relieve pressures on the health care system."

Prior research has shown that higher quality diets typically cost about \$1.50 more per person per day. "With a modest 10-30% tax on most packaged foods, healthy foods such as fruits, nuts, and vegetables could be subsidized to cost pennies to consumers," Mozaffarian said. "This would dramatically reshape the food supply, help to reduce nutritional and health disparities amongst the poor and other disadvantaged Americans, and potentially save billions of dollars in year in [health care costs](#) for diet-related diseases."

**More information:** Mozaffarian D, Rogoff KS, and Ludwig DS. "The Real Cost of Food-Can Taxes and Subsidies Improve Public Health?" *Journal of the American Medical Association (JAMA)*. Volume 312, No.9. September 3, 2014.

Provided by Tufts University

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