

A tax on sugary drinks would not be a panacea but it would be a sensible step in the right direction for public health

Oliver Mytton and Mike Rayner suggests that a 20 per cent tax on sugary drinks is necessary to encourage better consumption habits and tackle obesity, diabetes and heart disease. It is argued that such economic disincentives could be the most effective mechanism for improving public well-being.



Nobody denies obesity is a significant problem. The individual cost from premature loss of life and disability is huge. The financial burden to the country (treatment, carer costs and early retirement) is significant and growing. Obesity is a complex problem, but also [one we are getting to grips with](#). Experts talk about an 'obesogenic environment', in which eating too many calories and being inactive are the easiest choices. Simply exhorting people to eat less and exercise is insufficient. The world we live in needs to support a healthy lifestyle.



The solution lies in a wide set of measures, each one designed to do its bit to reduce calorie intake or increase energy expenditure. There is no magic bullet and while many of these changes may be small, taken together their effects can be large.

One of those small changes should be reducing consumption of sugar sweetened drinks. Some of these drinks contain up to [12 teaspoons of sugar in a single \(330ml\) serving](#). There is now [good evidence](#) that regular consumption of sugar sweetened drinks leads not only to weight gain and obesity, but other diseases like diabetes and heart disease.

This evidence comes from [epidemiological studies](#) repeatedly showing an association between regular consumption of sugar sweetened drinks and increased risk of disease. It also comes from feeding experiments, where volunteers who drink sugar sweetened beverages consistently consume too many calories, without making compensatory adjustments at meal times, in comparison with those given either sugary snacks or artificially sweetened drinks. And it comes from lab studies and our understanding of how a large sugar load stresses different hormones within the body. It is hardly surprising that these drinks have become a focus of concern around the world, notably in [New York City where Mayor Bloomberg](#) has acted to limit portion sizes.

Why suggest a tax? Because we know price is an important determinant of what we consume; and that taxation has been used by governments the world over to change behaviour. Sir Gus O'Donnell, in a recent blog post [here](#), cited differential prices between unleaded and diesel petrol (achieved by taxation) and cigarette taxation, as key examples of successful microeconomic policy.

The evidence with respect to taxing food for health, including sugar sweetened drinks, was set out in [our recent BMJ analysis piece](#). The lack of clear evidence from any country or state introducing such taxes is because very few countries (or states) have introduced these taxes, and when they have they have been at a very low level – it does not mean that such taxes are ineffective. There is very good evidence that tax rises (or price rises) would reduce consumption of sugar sweetened drinks. The observed changes would have significant effects on obesity. For example in the USA a 20% tax on sugar sweetened drinks is predicted to reduce obesity from 34% to 31%, or around 9 million fewer people who are obese. The effects in the UK would be less as consumption of sugar sweetened drinks is lower, but are still likely to be significant (the typical child drinks 4 to 5 sugar sweetened drinks, consuming just over 500 calories, each week).

Taxation is not prohibition. Choice is maintained – people can still buy sugar sweetened drinks but the price of these drinks would be better aligned with the true 'external' costs to individuals and society. Yet it

is also a stronger mechanism than education or health information campaigns, for which the evidence shows the effects are weak, and which would also require significant government expenditure if they were to hope to produce changes similar to those of a tax. As with alcohol and cigarette, the levying a special duty on the product would send a strong signal that these are not normal goods and moderation in consumption is recommended.

Is this unwarranted government intrusion in a 'free market'? It should be remembered that the market is not 'free', it is already distorted, not only here but also abroad: US subsidies for sugar help to keep the global price low. The companies promoting sugar sweetened drinks have used aggressive marketing techniques to create demand, particularly among the young and poor in inner city areas. How much of 'our desire' to consume these drinks is our true desire and how much is created demand by clever marketing? A tax on sugar sweetened drinks could merely be seen as a balancing measure that serves to promote our well-being.

Much has been made of the regressive nature of these taxes, that the poor would pay a greater proportion of their total income in tax than the rich. While this is true, balanced against this are likely to be progressive health gains. The poor are more likely to change behaviour in response to price changes and more likely to benefit (higher prevalence of obesity). Regressive taxes are tolerated in other areas where behaviour change is the goal (cigarettes, alcohol, fuel taxes). Consumption of sugar sweetened drinks is discretionary and the proposed level is moderate: the level at which people may be encouraged to think harder and longer, but not at the level that would force people into poverty.

Balanced against this regressive financial impact is a possible progressive health impact. Cigarette taxation is highly progressive in terms of health: the poor are more responsive to price changes and the rich less so. Similar progressive health effects may also be expected with a tax on sugar sweetened drinks, particularly as obesity and dietary habits are socially patterned. Greater health benefits could accrue if the revenue raised from such a tax was used to subsidise healthy foods or fund healthy weight programmes.

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Note: This article gives the views of the authors, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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