

# *The Atlantic*

## **More Taxes, Less Death?**

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January 25, 2018

Sugar is having a tobacco moment, not just here, but around the world.

Urbanization, falling poverty rates, and growing global trade have changed the diets and expanded the waistlines of the world's poor, with processed food and sweetened drinks becoming household staples. Even very low-income communities are seeing rising rates of obesity, diabetes, cancer, and heart disease as a result. But many countries lack the tax revenue and medical infrastructure to treat such conditions, leading to a burgeoning global-health crisis. To tackle it, a new task force of well-known academics and advocates is encouraging developing nations to treat candy and soft drinks as many of them treat alcohol and cigarettes—and to tax them.

The idea might seem counterproductive, or even cruel. Cheap calories have contributed to falling rates of undernourishment and a reduced incidence of famine. Taxes increase costs, with a burden that falls most heavily on the most poor. And the relationship between added sugar and worse health is not a clear-as-day causal one. But promoting empty calories might be crueler, experts argue. “People say these taxes are regressive,” Lawrence Summers, a leader of the task force and a former Treasury secretary, told me. “But I say premature death is regressive.”

Summers is co-chairing the new coalition along with Michael Bloomberg, the former mayor of New York City and current World Health Organization ambassador for noncommunicable diseases, an honorary position. Joining Summers and Bloomberg are, among others, Tabaré Vázquez, the president of Uruguay, Margaret Chan, the former director-general of the World Health Organization (WHO), and Nicola Sturgeon, the first minister of Scotland. The group of politicians, health experts, and economists plans to study fiscal measures that can improve public health, and to urge lower-income countries to adopt them.

Its creation comes as international organizations and individual governments are increasingly worried about the prevalence and cost of lifestyle diseases. The rate of obesity has tripled in lower-income countries that have adopted Western diets and lifestyles, with doctors warning that the threat of diabetes has become pandemic. There are immense costs, in terms of human suffering. And there are immense costs, in terms of lost productivity, lost wages, increased health expenditures, and a smaller labor force. Five main non-communicable medical conditions—cardiovascular disease, cancer, chronic respiratory disease, diabetes, and mental health

conditions—are estimated to cost China \$27.8 trillion between 2012 and 2030, and India \$6.2 trillion. The price tags will be in the millions and billions for many poorer countries as well.

“There’s a set of lower-income countries, like Bangladesh and Ethiopia and Myanmar, that will go in the span of 40 years from basically having no burden of non-communicable diseases to having a similar burden as the United States or the United Kingdom. That’s three or four times as fast as high-income countries had to make that epidemiological transition,” said Thomas Bollyky, a global health expert at the Council on Foreign Relations, the New York-based think tank. “If you can’t slow this down and give countries time to adapt, they’re dealing with a problem coming four times as fast with a quarter of the resources.”

Some non-communicable conditions might best be targeted with low-cost medical interventions: vaccines for HPV and Hepatitis, inexpensive medicines for people with hypertension. For others, taxes might be part of the answer. “For the first time in the history of the world, more people are having their health affected by eating too much, rather than too little. That’s a sea change for humanity,” Summers said, adding, “It’s going to be a while before the developing world is able to afford open-heart surgery on a massive scale. Fiscal measures are super-efficacious, both because prices matter particularly for younger and poorer people and because taxes are educative.”

Taxes do have a clear record of curbing the consumption of, and thus the public-health impact of, tobacco and alcohol. The WHO estimates that raising excise taxes on cigarettes by \$1 per pack would push up the cost of cigarettes by an average of 63 percent in low-income countries. After such an increase, projections indicate, the prevalence of daily cigarette smoking among adults would fall from 14.1 percent to 12.9 percent, leading to 15 million fewer smoking-attributable deaths. The group argues that “tobacco-tax increases are the single most effective policy to reduce tobacco use.”

Studies are similarly clear about the effect of alcohol taxes, if fewer countries have them as an explicit public-health policy. “Nearly all studies, including those with different study designs, found that there was an inverse relationship between the tax or price of alcohol and indices of excessive drinking or alcohol-related health outcomes,” one survey published in the *American Journal of Preventive Medicine* found. Making alcohol more expensive does not just cut down on rates of cirrhosis and cancer, researchers have learned, but also reduces the incidence of car crashes, suicides, domestic violence, workplace accidents, house fires, and so on. At the same time as these kinds of vice taxes reduce the consumption of dangerous products, they boost government coffers—providing a potential revenue stream for health spending.

Then, there is sugar. “Sugar is where tobacco was in 1972,” Summers told me. “The equivalent of the Surgeon General’s report has been written, but there has not been much that has happened yet to reduce demand.” He was gesturing to a growing body of studies showing that taxing sugar leads to reduced consumption—with a potential knock-on effect on obesity rates and health expenditures. Perhaps the best evidence comes from Mexico, which instituted a one-peso tax on every liter of sugar-sweetened beverages back in 2014, leading to a 5.5 percent drop in consumption in the first year and 9.7 percent in the second year.

“These taxes help, and the people who consume the most are most affected,” said Barry Popkin, an economist and nutrition expert at the University of North Carolina, who studied the effect of the sugar tax in Mexico. He said that while the burden of the tax might have hit lower-income people the hardest, the benefits might help them the most, too. “The poor do pay more, but they’re the ones who can’t afford health care. They’re not being treated much at all in terms of chronic disease—diabetes is not something you can treat cheaply.” He added that the study did not show that Mexicans facing higher prices for soda and sports drinks seemed to shift their calories into other kinds of junk food.

Still, not all research shows such promising results—nor is it clear that sugar taxes will lead to less consumption, and thus to lower rates of obesity, and thus to a lower incidence of non-communicable disease, and thus to reduced long-term public-health spending, in part because such tax initiatives have not been around long enough to know. “Studies looking at the effect of actual soda taxes implemented at the state level find that, while the taxes do lead to a moderate decrease in soda consumption, the net effect on obesity is next to zero,” reads one review of the literature in the United States.

Moreover, critics have questioned whether such policies are fair—pumping up prices for the poor with a questionable benefit for public health. Others oppose them on the grounds that they are paternalistic, and interfere with free markets. “Individuals’ decisions about what risks they are willing to take and how much they are willing to trade pleasure for diminished health are incredibly personal and should not be overly politicized,” argues Peter Van Dorn of the Cato Institute, the libertarian think tank. Plus, junk-food and soda taxes are often unpopular, raising the ire of grocery stores and food producers, along with citizens themselves.

In spite of all that, many countries have moved in recent years to use taxes to try to improve their citizens’ diets and cut down on health costs. Thailand recently instituted a tax on sugary beverages, with Hungary putting one on junk food and Vanuatu putting in place significant import restrictions. That should provide more data on the efficacy of such measures, and the best way to design them.

If they work, the impact on public health could be considerable, in terms of lower costs and higher revenue. “You’re also seeing massive demographic changes in these countries,” Bollyky said. “It isn’t that people in developing countries have grown fat and lazy and intemperate in their habits, and now they have these health conditions. It’s because of fairly dramatic shifts in their populations as well as in lifestyles, and their health systems need time to accommodate them. They’re having to do it faster than we did and with fewer resources.”

The United States might stand to implement more vice taxes too, Summers added. “This is some of the lowest-hanging fruit for potential policy improvement.”