COVER STORY

SHOULD THE GOVERNMENT TAX YOUR COKE?

WHY SOME LAWMAKERS AND HEALTH OFFICIALS ARE PUSHING FOR A ‘SODA TAX’ ON SUGARY DRINKS

By William Neuman

Soda is pretty much the only thing that 16-year-old Nieko Clay drinks. Sometimes he mixes Dr. Pepper with Mountain Dew—a concoction he calls “Dr. Dew.” A junior at Stevens High School in Claremont, N.H., Nieko says he drinks about a 12-pack of soda on an average day.

That’s a lot, but Nieko isn’t alone. Americans drink a lot of soda. In fact, Americans drink more soda than any other kind of beverage (see box below). That’s fueling a debate in Washington and in state capitols over whether sugary soft drinks should be subject to a special tax as a way to fight obesity and provide money for health-care reform. (Of course, the recession is also forcing many states and Washington to look for tax dollars wherever they can.)

It’s part of a larger debate about so-called “junk food taxes” or “fat taxes” that have recently been imposed in Illinois and considered in New York, Arizona, Rhode Island, and Wisconsin. The basic economic concept is that making something more expensive by taxing it discourages people from buying it. That’s the thinking behind “sin taxes,” which are often imposed on cigarettes and alcohol.

Recently, a team of prominent doctors, scientists, and policy makers said that a “soda tax” could be a powerful weapon in efforts to reduce obesity, in the same way that cigarette taxes have helped curb smoking.

The group, whose research appeared in the New England Journal of Medicine, estimates that a tax of a penny an ounce on sugary beverages would raise $15 billion in its first year. The proposed tax would apply to soft drinks, energy drinks, sports beverages, and some juices and iced teads, but not to sugar-free diet drinks.

WOULD A TAX HELP?
The research indicates that a “soda tax” might lower Americans’ consumption of soda and other sweet drinks enough to lead to a small amount of weight loss and reduced health risks for many Americans.

“More than any other category of food, sugar beverages have been linked by scientific studies to bad health outcomes,” says Kelly D. Brownell, the lead author of the study and director of the Rudd Center for Food Policy and Obesity at Yale University. “That research is rock solid.”
Brownell says that a penny-annouce tax would have a powerful impact on the nation's high obesity rate.

But the soft-drink industry doesn’t believe its products are responsible for America’s obesity problem or that a tax would help curb the problem.

Muhtar Kent, the chief executive of Coca-Cola, calls the idea "outrageous." He says, "I have never seen it work where a government tells people what to eat and what to drink."

Kevin W. Keane of the American Beverage Association, an industry group, objects to soft drinks being singled out in the fight against obesity.

"The bottom line is that the tax isn’t going to make anybody healthier," Keane says. "It’s not going to make a dent in a problem as complex and serious as obesity, and we’re certainly not going to solve the complexities of the health-care system with a tax on soda pop."

So how much would such a tax cost soda drinkers? A two-liter bottle of soda sells for about $1.35, according to Beverage Digest. At 67.6 ounces, a penny-an-ounce tax would add 50 percent to the price, bringing the cost of that two-liter bottle to about $2.00.

Taxes on soda aren’t new—33 states already charge sales tax on soft drinks. But they’re usually pretty small, about 5 percent on average.

**COUNTING CALORIES**

Talk of a soda tax is just the latest headache for an industry that has been struggling with flat or declining sales. Across the country, many schools have removed soda from vending machines, saying they should not be plying children with sugary drinks.

The American Heart Association recently urged people to reduce their intake of sugary foods and beverages to lower the risk of conditions like obesity and high blood pressure—singing out soft drinks as a prime culprit.

Studies suggest that sugary beverages are a key contributor to obesity. The Center on Budget and Policy Priorities, a Washington research group, notes that "Americans consume about 250 to 300 more daily calories today than they did several decades ago, and nearly half of this increase reflects greater consumption of high-sugar soft drinks."

President Obama says a "soda tax" is worth considering. "I actually think it’s an idea that we should be exploring," he told Men’s Health magazine. "There’s no doubt that our kids drink way too much soda. And every study that’s been done about obesity shows that there is a high a correlation between increased soda consumption and obesity as just about anything else."

The proposed federal tax faces long odds in Congress, where several members have voiced strong opposition, and few have said more than that they would be willing to consider it.

Ben Morse, 17, also a student at Stevens High School in New Hampshire, worries that too much government intervention could end up impinging on his freedom of choice. Still, he likes the idea of a "soda tax."

"Taxing something that is harming Americans," Ben says, "is only common sense."
It is no surprise that the American diet isn't as healthy as it could be. One culprit is the "added sugar"—high-fructose corn syrup, glucose, and the like—in drinks and processed foods. As the graph below shows, even drinks considered "healthy," such as flavored waters and yogurt smoothies, may contain lots of sugar, and add extra calories in a country already struggling with obesity and its consequences. Some lawmakers and health officials think a "soda tax" on sugary drinks or "junk food tax" could help trim the national waistline.

**Graph: How Sweet It Is**

<table>
<thead>
<tr>
<th>Food Product</th>
<th>Sugar Content (in grams)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoplait Yogurt Smoothie</td>
<td>20</td>
</tr>
<tr>
<td>Snickers Bar</td>
<td>15</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>18</td>
</tr>
<tr>
<td>Snapple Fruit Punch</td>
<td>12</td>
</tr>
<tr>
<td>Red Bull</td>
<td>15</td>
</tr>
<tr>
<td>Little Debbie Nutty Bars</td>
<td>15</td>
</tr>
<tr>
<td>Orange Juice (fresh-squeezed)</td>
<td>10</td>
</tr>
<tr>
<td>Apple (medium-size)</td>
<td>12</td>
</tr>
<tr>
<td>Hostess Twinkie</td>
<td>10</td>
</tr>
<tr>
<td>Powerade</td>
<td>7</td>
</tr>
<tr>
<td>Oreos (2 cookies)</td>
<td>5</td>
</tr>
<tr>
<td>Vitamin Water (all flavors)</td>
<td>4</td>
</tr>
<tr>
<td>Milk (2 cups)</td>
<td>3</td>
</tr>
<tr>
<td>Granola Bar (1 oz)</td>
<td>2</td>
</tr>
<tr>
<td>Potato Chips (plain, salted 1 oz bag)</td>
<td>1.5</td>
</tr>
</tbody>
</table>

**Analyze the Graph**

1. One teaspoon of sugar weighs 4.2 grams. About how many more teaspoons of sugar are in an 8-oz. Yoplait Smoothie versus the same amount of milk?
   - a. 3
   - b. 5
   - c. 10
   - d. 21

2. A Snickers bar and a Snapple Fruit Punch together have _______ sugar of a granola bar and a Powerade combined.
   - a. half of the
   - b. the same amount of
   - c. more than twice the
   - d. more than three times the

3. You would have to drink ____ ounces of Vitamin Water to consume the same amount of sugar in one eight-oz. serving of Red Bull.
   - a. 2
   - b. 8
   - c. 12
   - d. 16

4. A 20-oz. bottle of Coca-Cola contains the amount of sugar in about ____.
   - a. 3.5 Twinkies
   - b. 3 8-oz. glasses of orange juice
   - c. 8 Oreos
   - d. 2 Snickers Bars

5. A 20-oz. bottle of Vitamin Water would be placed between the ____ and the ____ on this graph.
   - a. Red Bull; Nutty Bars
   - b. Coke; Snapple
   - c. Yoplait Smoothie; Snickers Bar
   - d. apple; orange juice

6. Do any of the numbers on this graph surprise you? Which ones, and why? Are there any items on the graph that you thought had more or less sugar than they actually do?
Is there a tax equivalent to the government's "seizing people what to drink," as the chief executive of Coca-Cola says? Why or why not?

Is a tax on sugary foods a fair way to pay for changes in the health care system? How does it compare with the sin tax placed on cigarettes and alcohol? Explain.

How would taxing soft drinks and other sugary snacks affect consumers, restaurant owners, and food manufacturers? What might be the pros and cons of such taxes on each of those groups?