

- Judith Kelley: Coca-Cola, Pepsi, those are the brands that we all know and love. They're in some ways synonymous with the culture of America. I think it's what I as a foreigner grew up thinking about some of these things as being cultural icons for the United States, and Americans do consume a lot of them.
- Judith Kelley: Unfortunately, they are connected to problems of obesity, and now, in the United States, one in five children and one in three adults, according to the Center for Disease Control, are obese. That puts people at risk for a whole host of other chronic diseases, like diabetes, and that's a leading cause of preventable death in the United States.
- Judith Kelley: It costs a lot of money also. I mean, that's the suffering, but there's also the money that it costs for the country in terms of treating this disease, productivity losses, et cetera, et cetera, let alone the emotional strains and stresses that goes along with that.
- Judith Kelley: Today we're going to talk about a policy approach to this problem. How do we deal with this epidemic? The idea here is a tax on sugary drinks, and that's an idea that's been around for a while. It was first implemented about five years ago in Berkeley in California, and other cities have adopted it since. Other countries have experimented with it.
- Judith Kelley: My guest here today has been ahead of that curve when it comes to the soda tax. He wrote an Op-Ed called Get Slim With Higher Taxes that ran in the New York Times in 1994. Kelly Brownell may be familiar to you also if you've listened to Policy 360 before, because he was the first host of this podcast while he was the dean of the Sanford School, and now he's the director of the World Food Policy Center at Duke. So, welcome back to the studio, Kelly.
- Kelly Brownell: Nice to be back on the other side of the microphone.
- Judith Kelley: It's very nice to have you. So, you were thinking of a sugary tax way before it was popular. How did you get connected to that idea in the first place?
- Kelly Brownell: Well, when you introduced me, you said Coke, Pepsi, and things like that are beloved brands and, in fact, they have been. But if we were doing this interview 40 years ago, you would have said the same thing about Camel, Winston, Marlboro cigarettes because those were beloved brands. But thinking about those companies has changed dramatically, of course, and the same thing's happening with the sugared beverage companies.
- Kelly Brownell: The reason is that the science has become so clear that consumption of these beverages is extremely high, the marketing of them is remarkably aggressive, especially toward children, and the health consequences are completely severe for the reasons that you said, so I don't need to go into the details. And because of this, plus the added finding in more recent studies that sugar works on the

brain much like an addictive substance, adds up to a lot of reasons to wanting a population decrease in the consumption of these beverages.

Kelly Brownell: So, the question is what to do. Back when I first proposed the tax, which goes back many years as you said, I was reading a lot of work by people that had worked on the tobacco problem. A lot of things were responsible for reducing tobacco consumption in both the U.S. and around the world, but the most powerful thing of all were taxes, so it made sense to try to apply that same concept to food.

Judith Kelley: In the case of tobacco, which I'm glad you brought up because there are a lot of parallels, in the case of tobacco, the tax has been shown to work, but there've also been other side effects of the strategy that was brought to bear that sort of drove the tobacco traffic overseas to other markets and sort of exported the problem. So, if you can talk a little bit more about that parallel and about the idea of the taxes and how that works.

Kelly Brownell: It was completely predictable that the food companies would do exactly the same thing. With the tobacco companies, as they started losing business in the United States, it was natural for them to take their business overseas and exploit those markets. And, of course, it was predictable that the same thing would happen with the soda companies, and they've done exactly that.

Kelly Brownell: The euphemism that they use is emerging markets, but it's basically exploitation of developing countries with these products that are highly damaging to health. And even though these companies all have a wide array of products in their portfolio, they go from juices to waters to things like that, it's basically the high-sugar beverages that are getting pushed in these other countries because they're palatable, they have the addictive effect on the brain-

Judith Kelley: And to children, often.

Kelly Brownell: And to children, and the profit margin is very high. So, they're pushing these a lot in the developing countries, which is one of the reasons why tax strategies in these other countries have been very successful. You mentioned in the U.S. there are a number of cities that have taxes, but there're now more than 50 countries that have these taxes as well.

Judith Kelley: Tell us a little bit about how these taxes have fared, because they've not been uniformly successful. There have been some pushback in some places about how they've been implemented. They've not worked equally well, so what is it that's worked? What are some of the pushbacks? What does it really need for this kind of tax to be successful?

Kelly Brownell: Well, there's legitimate and illegitimate pushback. The legitimate pushback is that you could consider these regressive taxes, that they're disproportionately affecting people who can least afford to pay additional money, and that same

argument was made for tobacco, and it's a legitimate one. But what you try to do is to offset the regressive impact of the tax potentially by using the revenue for something that would disproportionately help people who are in the most dire financial circumstances. But in addition to that, if you reduce consumption of these beverages and then hence reduce prevalence of obesity and diabetes, those are very regressive diseases. So, that argument I think can be offset.

Kelly Brownell: The illegitimate arguments are the ones posed by industry, that the taxes would lead to job loss, for example, in that sector. That turns out not to be the case. That it's a slippery slope, that all of a sudden lots of other groceries are going to get taxed. That's not been the case either. And then they make the typical nanny state, Big Brother, government intrusion arguments that have been made in lots of other arenas.

Kelly Brownell: The impacts of the taxes have been uniformly positive. The size of the tax matters a lot. So, in places like Mexico where the tax is fairly low, right at that threshold where a 10% increase in price just about, just at that threshold where you'd expect a small impact on consumption, they've actually had a larger than expected impact on consumption. In other places, like Philadelphia, that have a much higher tax, the consumption drops have been much higher.

Judith Kelley: What kind of drops are we talking about? If we do a 10% increase in taxes, what do we expect?

Kelly Brownell: Yeah, a 10 to 15% drop in consumption. In Philadelphia there's been over a 30% drop in consumption of these sugared beverages, and that's a whopping public health impact, because you're talking about lots of people being affected with an intervention that doesn't cost anything. If you tried to educate your way to a 30% reduction, you could spend millions and millions of dollars and get nowhere close, or you can just do a tax.

Judith Kelley: So, are you saying then that people are just not capable of making good choices for themselves then?

Kelly Brownell: Oh, of course they are, but if you think about the pressures or the factors, the influences that are pushing people toward consumption of these beverages, very heavy marketing, deceptive marketing that goes on, associating these beverages with being sexy, being attractive, being popular and things like that, these messages have a very powerful impact, especially on kids. And until recently, the schools were very heavily marketplaces for these sugared beverages, with machines everywhere and the company logos on the scoreboards on the football field and things like that.

Kelly Brownell: These things are happening, plus the addictive nature of the sugar and things like that, so it makes sense for government to act in ways that make healthy choices easier choices. The same thing that applied to tobacco applies here, and

the taxes have been successful. They're having good public health impacts, and they're really spreading a lot around the world.

Judith Kelley: Were you saying before though that there is kind of a sweet spot where you tax to a certain extent and get sort of a higher bang for your buck in terms of reduction, and then if you tax a lot, you don't get a proportional reduction? What do we know about that?

Kelly Brownell: We haven't gone high enough yet to know whether you hit a point of diminishing returns.

Judith Kelley: I see.

Kelly Brownell: There obviously would be. I mean, let's say you put a million dollar tax on a can of soda. You can make it \$2 million and it wouldn't matter. But the taxes haven't gone high enough to know what that inflection point is. The highest taxes now have raised prices by about 20%, and it could be that higher taxes, like have happened with tobacco, would have a further impact on consumption.

Judith Kelley: Now, imagine a lot of our listeners may have heard about, especially now that Bloomberg is running and we're being reminded about the taxes on drinks in New York. So, are there different ways of implementing these taxes on certain types of ... because we buy soda in many different ways, in two-liter bottles and fountain drinks. Does it matter? How are we thinking about that?

Kelly Brownell: The typical tax is a tax of a certain percentage increase on any beverage with added sugar. So, fountain drinks would be included. Sweetened teas, sports drinks, all those sort of things would be included. Controversy exists on whether fruit juices should be included. There's some research that just came out showing fruit juice consumption is linked to increased mortality.

Kelly Brownell: One of the most interesting cases is what to do about diet drinks and whether they should be taxed. So, if your purpose is to put in a tax to raise revenue, and this is what happened in Philadelphia, then you tax diet drinks because you bring in more revenue. If health improvement is the aim, then you probably don't want to tax diet drinks because people will sometimes substitute the diet drinks for the sugared versions, and they're probably better off, although the science on this is controversial on two grounds. One is whether the sweeteners are safe, and second, whether they really help people control their calories.

Judith Kelley: Right. Now, one of the points that people have made, and we just touched on it a little bit before, was sort of the paternalistic approach, that people can make choices for themselves, et cetera, et cetera, and should the government be trying to steer consumer choices by putting these taxes on. But isn't it the case that if we look at U.S. agricultural policy to begin with, that the U.S. government is in fact subsidizing the sugar industry as it stands?

Kelly Brownell: The government has a very heavy influence on what foods people have access to and what they pay for those foods. Sugar is less of an issue than commodity crops, like corn and soybeans, but then corn gets turned into high-fructose corn syrup, which is a very common sweetener in the American diet, so you're correct in that sense. So yes, if agriculture policy could be lined up with health policy, we might accomplish a lot, but it's not been the case over the years, and I think it's happening more and more.

Kelly Brownell: Now, let me address the paternalism issue. Public health 101 basically says that we cede to government the right to make decisions that protect our health, and there are lots of areas that we do that. Now, you and I are in a room, and we're expecting the air that we breathe to be clean. Now, we could say it's government overreach to belong in the clean air space, and it would be up to us. The building wouldn't cost as much. We wouldn't have to have inspections, but it would be up to us to remediate the risks from breathing bad air. We'd have to wear masks and things like that. Water would be the same thing.

Kelly Brownell: But we cede to government the authority to make changes that create a healthier environment, air and water are examples, but safety features in cars would be another, high cost of tobacco. There are a long list of these things. So, the question is where does food fit in that picture, and everybody has to make their own decision.

Judith Kelley: I guess one could, just to push back on that a little bit, one could say here we are in the room in the clean air, it's not like an individual often has the ability to choose between breathing the air and not breathing the air. Whereas, you do have the choice, you can control do you drink that drink or do you not drink that drink? You might need the government to weigh in on the companies, et cetera, to create an environment that allows you to even breathe clean air.

Kelly Brownell: Right. I mean, that's exactly the question that every voting citizen has to make now is where does food fit in that picture? Well, we've given government a lot of authority over food safety, for example. I mean, you don't want to go out to a restaurant and eat lettuce that's going to make you sick. And so, government has a lot of authority there. They have authority over subsidies and things like that. So, the question is do we provide authority for the government to do things like tax foods to improve the mix of healthy and unhealthy foods people are consuming, and more and more people are saying yes.

Judith Kelley: Yeah. So, if you look at the U.S. market overall, what percentage of it would you say currently is subject to some kind of sugar tax? What percent of U.S. consumers when they go to the store are facing a sugar tax? Do we know?

Kelly Brownell: Well, there are a lot of places that historically have had very low taxes on sugar just to raise revenue, but they've been too low to affect consumption. What we're talking about, of course, are higher taxes that would affect consumption, and they exist now in a number of big cities. Oakland, San Francisco, Seattle,

and Philadelphia are the biggest. And then there are a number of smaller cities too. So, if you add this up, it's a relatively small percentage of Americans that are exposed to the taxes. But now states like California are considering statewide taxes, so I assume before long it'll be the majority of Americans.

Kelly Brownell: Outside the U.S., these taxes have not been passed city by city within countries. They've been passed in whole countries. So, Mexico, France, South Africa, India, and a long list of countries have these taxes so, of course, vast numbers of people are affected outside the U.S.

Judith Kelley: Still, it's a long time since Berkeley passed that first tax. You sound optimistic about it's just a few places now, but soon it'll be the majority. Why are you so optimistic that in our current environment, where it's difficult to seem to get any kind of legislation passed, that we'll move more towards greater coverage so fast?

Kelly Brownell: Well, so you could take a place like Berkeley and dismiss it as the radical West Coast, but it's harder to do that with Oakland, San Francisco, and it's really hard to do when you think about Seattle. And then Philadelphia came online. That was a long, hard-won battle where two successive mayors worked on this, but once the tax passed and has had very good effects, it looks like it's quite solid in Philadelphia. So, I think that argues for more and more places considering them. And there are a lot more places that are working on possible taxes, by the way.

Judith Kelley: I see.

Kelly Brownell: These are just the places that have taxes, and given that the idea only came around in the legislative sphere a few years ago, it's pretty impressive that the number of taxes that exist do.

Judith Kelley: Right. So, what do you think about the argument about it being regressive? You said before that, well, we could offset some of this harm by taking the revenue and using it in governments and poor people. Is there any example of such programs having been put in place effectively offsetting this cost?

Kelly Brownell: In Berkeley, the money has been put to use for doing public assistance-related programs. And in Philadelphia, it was very interesting, the political history of this. The first mayor, Mayor Nutter, attempted to get a tax passed and came close but didn't quite get it done. He was mainly focused on the health benefits of reducing consumption of the beverages and trying to address childhood obesity in particular.

Kelly Brownell: His successor, Mayor Kenney, came in and changed the whole framing of the message, and instead of focusing on the benefits of reduction, he focused on the benefits of raising revenue to support needed programs. Those were programs like restoring parks in disadvantaged neighborhoods, and he especially spent the money on early childhood education, and these were things

that the population considered important and, therefore, they had the political will and the political support to get the tax passed.

Kelly Brownell: So, it'll be very interesting to see in future iterations of the tax how the revenue is going to be proposed to be used, and I think how this is framed will make a big difference in the public support for the taxes.

Judith Kelley: Do you think there's a danger of it sort of becoming a partisan issue with the Democrats being okay with taxing? A lot of the West Coast places you mentioned tend to be Democratic and the Republicans being opposed. Is it getting politicized like that?

Kelly Brownell: Well, I suppose that that's inevitable. It happened with tobacco taxes. I mean, if you look at ... You could pretty much predict what would be the first adopting states, what the first adopting cities would be, and the same ones are the first adopters here.

Kelly Brownell: North Carolina, for example, with tobacco taxes still has very low tobacco taxes, and for many years had the lowest in the country because we were a heavy tobacco-producing state, and you could look at the rates of heart disease and lung cancer directly related to the low taxes. But as the evidence, I think, becomes more and more strong that these taxes are having beneficial effects and lower healthcare costs, and the politicians see that the revenue can be put to good use, I expect there'll be more bipartisan support.

Judith Kelley: So, at the end of the day, this is also about families and how they make their own choices, what kind of drinks we introduce to our children, what we have in our homes. You study nutrition and food policy overall, but what advice might you have for a family who their children are asking to have these kinds of drinks? What can a family do to try to steer healthier habits in the home?

Kelly Brownell: Well, it's a good time for asking that question because a group commissioned by the Robert Wood Johnson Foundation, an organization called Healthy Eating Research, recently released guidelines for beverage consumption in youth, and those guidelines are very helpful, and they do exactly what you say. They give parents suggestions on what's okay for kids to drink. They address things like flavored milks, juices, and then, of course, all the array of drinks that the industry is promoting, like SunnyD and things like this, that are very highly sugared drinks but are sold as being wholesome and healthy when they're not really that way.

Judith Kelley: We touched earlier on about the tobacco industry and how they had taken their products overseas and how we're seeing some of the same thing with the sugary companies, sugar-related industry now. Do you have any thoughts on what we as a country should be thinking about how we regulate the conduct of these companies and what they can ... What's our responsibility not to be stimulating this problem overseas?

Kelly Brownell: Of the papers that I have written in my career, one of the papers that I'm proudest of is one I wrote with an economist named Ken Warner, who was the dean of the School of Public Health at the University of Michigan, and he was an expert on tobacco. He and I happened to be meeting together, and I had read a number of his papers, and I was telling him how much I admired what he did. We got to talking about the behavior of the tobacco industry, and I said, "Boy, it sure seems like the food industry's doing the same thing."

Kelly Brownell: So, we wrote a paper in the Milbank Quarterly, published in 2009 as I recall, and it was titled something like Big Tobacco Lied and Millions Died. How Similar is Big Food? We looked at the script that the tobacco industry had followed in order to fight public health interventions that might reduce consumption, like taxes, clean indoor air laws and things like that, and then we put next to it a list of the things that the food industry was doing to fight similar public health things, and then we went check, check, check, which is like everything the tobacco industry was doing, the food industry was doing as well.

Kelly Brownell: So, people will often say, "Well, you can only extrapolate so much from tobacco because people don't have to smoke but they have to eat, so the substances are different," which is true. But boy, the behavior of the industries is very similar, and so a lot of the strategies that got used, like taxes, I think apply in both areas.

Kelly Brownell: The unexplored area in food, where there was a lot of good work done in tobacco were suing the companies, the state attorneys general and others launched lawsuits against the tobacco companies. That made a big difference, and I think those things could be quite interesting in this context too.

Judith Kelley: Yeah. I was reading an article, I can't remember where, but not long ago about how the younger generation is consuming less alcohol and that they seem to be more conscious of what they're doing to their body and why should they be pouring all that stuff into it. We've seen a decline in tobacco, and maybe one will follow in sugar. Soon we'll have no vices left. What shall we do?

Kelly Brownell: Well, I'll leave it to you to figure out other vices to substitute for the ones that are leaving.

Judith Kelley: Okay.

Kelly Brownell: But I think that the trends that you've seen in tobacco and alcohol are happening in food too. I mean, take the young generation. I mean, how many of these young people are vegetarian now?

Judith Kelley: Exactly.

Kelly Brownell: Or vegan? Or how many of them care about where their food came from and the vitality of the farmers? How many restaurants now have a list of the farms where the food came from on the chalkboard on the wall? These are all signs

that people care a lot about the story of their food and not only as health consequences, which is a big thing, but it's the impact on the environment of creating the food in the first place, how the supply chain is treating the people who work in it, like fast food workers and the salaries they get, whether farmers can make a reasonable living.

Kelly Brownell: That whole picture is very prominent in the minds of young people, and I think that argues for a lot of very positive change that'll happen, not only with things like beverage taxes but a lot of other food and agriculture and nutrition-related issues. I'm very optimistic.

Judith Kelley: So, take that for your good news story of the day, that there's hope that younger people are becoming more conscious of what they're doing to their bodies and that this may have implications for how we treat the sugar industry and other such things, and that there may be even a win/win solution here where we can tax an industry, collect revenue, and have positive outcomes on the health side and positive spending outcomes with the revenue we collect.

Judith Kelley: In a time where we may not have as much good news as we would like, here's some, and so I thank you, Kelly Brownell, for coming to us today and sharing that with us. I would be remiss if I didn't mention that your own really wonderful podcast as well called The Leading Voices in Food. People who were intrigued by this podcast and want to hear more from you can tune in there. They can also browse episodes on themes like food and racial equity, food and faith, the environmental impact of food, and more such themes, and you have a wonderful 14-part series called The Voice of Farming that includes interviews with farmers too.

Judith Kelley: This all sounds terrific. We'll have a link to The Leading Voices of Food podcast at our website, policy360.org. Kelly Brownell is Director of the World Food Policy Center at Duke and Dean Emeritus of the Sanford School of Public Policy. We'll be back in a couple of weeks with another conversation. I'm Judith Kelly.