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## The Soda Tax Wars

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This is the year of the soda tax.

Last year, the Coca-Cola Company, PepsiCo, and the American Beverage Association (ABA) spent an unprecedented \$37.5 million lobbying Capitol Hill to quash a proposal in Congress to tax soft drinks as part of a plan to pay for health care reform.

Coke and Pepsi are formidable industry players, controlling well over 70 percent of the \$43.3 billion industry. In addition to their titular colas, the two companies produce the vast majority of the most well known soft drinks, including Sprite, A&W, Fanta, PowerAde, Nestea, Mr. Pibb [Coke] and Sierra Mist, Mug, Slice, Gatorade, Lipton [Pepsi].

Big Soda called the proposed soda tax a "job killer," a "slippery slope" towards more taxes and more government regulation and would do "irreparable harm" to an industry that provides "220,000 good-paying jobs with health benefits." According to Kevin Keane, ABA's senior vice president for public affairs, "Once government reaches into your grocery cart, your business could be next."

Having lost in Congress, public health advocates are now taking the battle back to the states. More than ten states (including California, Washington, and New York), as well as the city of Philadelphia, are now considering a tax on soda. Policymakers hope to check rapidly increasing obesity rates among children and adults, which governments often end up paying for in higher medical insurance costs, and explore an untapped revenue source in a tight budgetary year. Researchers have found that beverages high in added sugars are a significant driver of increasing calorie intake and obesity.

Big Soda is, understandably, exceedingly unhappy about this attack on their carbonated profits. Their response includes the standard arsenal of big business opposition tactics and arguments.

Armies of deep-pocketed lobbyists are marshaling astroturf front groups to give their enterprise a respectable air. And then there are the blistering press releases, replete with easily digestible talking points. These generally fall into two categories. Some are philosophical: It's unfair to single out one industry for taxation. Or, obesity isn't the government's role, it's about personal responsibility and good parenting. Or, obesity is only a result of lack of physical exercise and watching too much television (perhaps viewing those Pepsi and Coke ads!)

And then there are the allegedly hard-nosed economic objections: Soda taxes will drive businesses away, kill jobs, discourage fresh capital from investing in areas that make soda sippers feel unwelcome, and trigger future excise taxes on food. Or they proclaim that the tax is regressive because poor people are big soda customers.

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