

CMD 514

514 - Fat Taxes and Health Outcomes: An Investigation of the Effects of Food Price Interventions on Canadian Health and Wellness

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Research Summary

Tax policy has been proposed as a possible instrument for reducing the incidence of diet-related non-communicable diseases (NCDs). This has become popularly known as the "fat tax" approach. There is currently no research, however, on what the likely health outcomes of such food taxes (or alternatively, "thin subsidies") might be for the Canadian population.

The purpose of this study is to couple newly released dietary recall data with recent consumer price response findings in a simulation framework to investigate the likely health outcomes associated with food price interventions. Outcomes will be measured in a variety of ways, including energy and nutrient intake, incidence of non-communicable disease, and overall diet quality. The distributional effects of "fat taxes" and "thin subsidies" in the Canadian population will also be investigated.

It is anticipated that the research conducted here be the focal point of an M.Sc. thesis in the Department of Rural Economy. It will also be the starting point for a larger study using these newly released data. This larger study will be the subject of a proposal to be submitted in September, 2005 to the Canadian Institutes of Health Research "Analysis of Canadian Community Health Survey Cycle 2.2 on Nutrition" operating grant programme.

Significance of Research

Obesity and dietary-related diseases have come to be viewed as one of the greatest-ever threats to public health in Canada (Heart and Stroke Foundation, February 2004), and obesity-related diseases are estimated to cost the Canadian health care system billions of dollars annually (Birmingham et al., 1999; Cash et al., 2004). Both policymakers and the general public have been discussing whether government interventions are warranted and, if so, what measures should be undertaken. "Fat taxes" have been widely touted as a possible option, yet no explicit research on what effects such price interventions may have has been undertaken in Canada. The proposed study is will inform policymakers and other interested parties as to how price interventions may impact a variety of health and wellness metrics, and will also investigate the likely distributional effects of these policies. We anticipate that the research results will be

communicated at professional conferences, in one or more peer-reviewed journal articles, and other appropriate venues, as well as through the Consumer and Market Demand Network.