



## **PART 3**

**Read the text below and answer questions 27–40.**

### **PUBLIC HEALTH INTERVENTIONS: THE CASE FOR SUGAR TAXES**

Taxes on sugar-sweetened beverages have become one of the most contested public-health instruments of recent decades. Their stated purpose is straightforward: to reduce the consumption of products strongly associated with excess energy intake and, by extension, obesity, type 2 diabetes and dental decay. The controversy arises because the policy sits at the intersection of economics, psychology and ethics. To some, a beverage tax represents a rational correction to distorted prices; to others, it is a symbolic “quick fix” imposed on a complex dietary landscape, and a step toward paternalistic governance.

From an economic perspective, the case for a sugar tax is usually framed as a response to negative externalities—costs imposed on third parties that are not captured by the market price of the product. When high sugar intake contributes to preventable illness, part of the resulting burden is paid collectively through insurance pools and publicly funded healthcare. In that context, the tax resembles a Pigovian tax: a levy designed to align private purchase decisions with broader social costs. Supporters argue that without such a correction, consumers face an artificially low price signal, while producers profit without fully accounting for downstream consequences. Critics respond that externality arguments are often stretched beyond their legitimate scope, because many health conditions have multiple causes and because the magnitude of social cost is difficult to attribute to a single commodity.

A second strand of argument concerns behaviour rather than accounting. The effectiveness of taxation depends on the price elasticity of demand: the degree to which purchasing falls when price rises. Sugary drinks are frequently described as discretionary rather than essential, implying that consumers may be responsive to a price increase. Yet elasticity is not a fixed number; it varies across populations, brands and contexts, and is shaped by how the tax is implemented. If retailers absorb some of the levy to protect market share, consumers may see only a modest change at the shelf. Conversely, if the tax is clearly passed through—sometimes even highlighted on receipts—it can become a salient signal that triggers habit disruption. In this way, a tax functions partly like a “nudge” and partly like a “shove”: it alters the choice architecture by changing relative prices, but it does so through compulsion rather than gentle steering.

Policy design often determines whether the mechanism extends beyond consumer choice to reshape supply. A flat charge per litre treats all sugary beverages as equivalent, whereas a tiered structure taxes drinks according to sugar concentration. The latter is intended to



reward lower sugar formulations and penalise higher ones, encouraging manufacturers to reformulate products to avoid the most expensive bracket. Supporters present this as a distinctive advantage: even if total beverage volume changes only marginally, the sugar content of what is sold can decline as producers alter recipes, portion sizes, or product portfolios. Opponents note that reformulation is not cost-free. Firms may substitute sweeteners that are controversial in their own right, or concentrate marketing on untaxed variants to preserve sales, shifting the commercial landscape without necessarily improving diet quality overall.

The ethical debate is often dominated by a single term: regressivity. Because low-income households spend a larger share of income on consumables, a consumption tax can represent a heavier proportional burden. For critics, this is not a peripheral issue but a central indictment: a health policy should not rely on financial penalties that fall most sharply on those least able to absorb them. Proponents counter that the distribution of health harm is also unequal. Diet-related disease frequently clusters in disadvantaged communities due to constrained food environments, stress, and limited access to preventive care. If a tax reduces consumption most in these groups, the policy could generate progressive health benefits even if the financial incidence is regressive. On this view, fairness is judged not only by who pays, but by who gains in avoided illness and improved quality of life.

Because public acceptance often hinges on perceived legitimacy, the use of revenue becomes politically decisive. When governments earmark proceeds for visible health programmes—school meal improvements, community sport facilities, or subsidies for fruit and vegetables—the tax can be framed as a collective investment rather than a punitive revenue grab. Earmarking may also address the equity critique by channeling resources toward the communities most affected by diet-related harms. However, earmarks can be unstable: fiscal pressures may tempt policymakers to divert funds into general budgets, undermining trust. Furthermore, a narrow earmark may create the impression that the policy's primary goal is funding rather than behaviour change, which can weaken the moral narrative of a Pigovian intervention.

No serious appraisal of sugar taxes can ignore unintended effects. Consumers may substitute to other high-calorie products, limiting net reductions in energy intake. Cross-border shopping can arise when neighbouring jurisdictions set different tax rates, particularly in areas where travel is easy and price differences are salient. Small retailers may face administrative burdens, especially if compliance systems are complex or if product classification is unclear. Industry, for its part, is rarely passive: firms can adjust promotions, package sizes, and branding strategies to blunt the intended price signal. In



economic terms, the policy triggers strategic responses along the supply chain, so measured effects on sales may not translate directly into longer-term health outcomes.

Evaluation therefore becomes a methodological challenge. Taxes are implemented in real societies, not laboratories, and they often coincide with other interventions such as advertising restrictions, school nutrition reforms, or shifts in consumer awareness. Researchers typically rely on sales datasets, household purchasing panels, and population surveys, triangulating evidence to infer what changed after implementation. Yet establishing causality remains difficult, particularly for outcomes like obesity or diabetes that evolve over long time horizons and are influenced by multiple behaviours beyond beverage intake. For that reason, claims of immediate, nationwide reductions in chronic disease would be implausible even if consumption changes are observed quickly. The most defensible research questions are incremental: whether purchases shift, whether reformulation occurs, and whether the policy's effects persist rather than fade as consumers adapt.

The broader philosophical dispute is ultimately about the role of the state in shaping everyday consumption. A tax can be interpreted as an intrusion into personal choice, especially when individuals resent being charged for behaviour that carries future risk rather than immediate harm. Yet public health has long relied on interventions—seatbelt laws, tobacco regulation, sanitation—whose benefits are collective and whose logic is preventative. The strongest defence of sugar taxes is therefore pragmatic rather than utopian: they are unlikely to “solve” obesity, but they may contribute to a portfolio of policies that gradually shifts norms, reduces sugar exposure, and funds prevention. In that portfolio view, the relevant standard is not perfection, but whether the tool produces measurable improvement without disproportionate harm.

### Questions 27–31

Choose **YES** if the statement agrees with the claims of the writer, choose **NO** if the statement contradicts the claims of the writer, or choose **NOT GIVEN** if it is impossible to say what the writer thinks about this.

**27** The writer presents a sugar tax as an example of a Pigovian policy intended to address negative externalities.

**28** The writer suggests that price elasticity is the same across different populations, brands and contexts.

**29** The writer claims that younger consumers are more responsive to sugar-tax price increases than older consumers.



**30** The writer suggests that the real-world impact of a levy can depend on whether retailers pass the cost on to shoppers.

**31** The writer implies that earmarking revenue can influence whether the public perceives the tax as legitimate.

### Questions 32–35

Complete the summary below. Choose **NO MORE THAN TWO WORDS** from the text for each answer.

#### How sugar taxes work and why their fairness is disputed

Supporters often justify sugar taxes as a form of **32** ..... designed to correct negative externalities, while behavioural effectiveness depends on the price **33** ..... of demand. A tiered structure can encourage manufacturer **34** ..... rather than relying only on reduced purchasing. Critics emphasise that such levies may be **35** ....., although supporters argue that revenue use and health gains must also be considered.

### Questions 36–40

Select the correct answer.

**36** What does the writer imply is the strongest economic rationale for sugar taxes?

- A** They guarantee immediate falls in national diabetes rates by reducing sugar exposure.
- B** They aim to align private prices with wider social costs created by health externalities.
- C** They work mainly by banning marketing and forcing companies to exit the beverage market.
- D** They succeed only when consumers are unable to switch to any alternative products.

**37** Why does the writer say the price elasticity of demand matters in this debate?

- A** Because it proves that sugary drinks are essential goods that cannot be reduced.
- B** Because it shows that manufacturers will always absorb the tax and keep prices stable.
- C** Because it helps determine whether a higher price actually reduces purchasing behaviour.
- D** Because it ensures that all groups respond identically to the same price increase.

**38** What is the writer's point about tiered taxes compared with flat-rate taxes?

- A** They can reduce sugar sold by pushing producers to avoid higher sugar brackets.
- B** They eliminate administrative costs because all drinks are taxed identically.
- C** They remove the need for consumer behaviour change by banning high-sugar products.
- D** They work only when total beverage volume falls sharply in the first year.



**39** Which concern is presented as a reason the net health impact may be smaller than expected?

- A** The tax inevitably causes consumers to buy more vegetables.
- B** Cross-border shopping permanently stops once the policy becomes familiar.
- C** The policy prevents all industry marketing responses by law.
- D** Consumers may substitute other high-calorie items.

**40** What is the writer's overall conclusion about sugar taxes?

- A** They are primarily symbolic and should be avoided until causality can be proven conclusively.
- B** They are best seen as one tool within a broader package of interventions.
- C** They should replace other policies because single-measure solutions are more efficient.
- D** They are effective only if applied to every food category, not just beverages.

Answer Key

27. YES

28. NO

29. NOT GIVEN

30. YES

31. YES

32. Pigovian tax

33. elasticity

34. reformulation

35. regressive

36. B

37. C

38. A

39. D

40. B