

## **Lets try “cap and trade” for nutrition**

Recently, I discussed the heavy toll poor nutrition contributes to sub-standard health status and excessive health care costs. I suggested we institute a nutritional “single payer” system – as many have championed for health care - to address this problem. From the reaction I received, I now realize most people are unlikely to support this approach. Folks appear ready to let government decide what health care services they can purchase but do not trust government to dictate or influence what foods they buy.

I went back to the drawing board since it is unlikely we are going to have much success in elevating health status or controlling health costs unless we are able to change the public’s nutritional practices. Government has to do something. I considered regulatory restrictions to prevent obese and otherwise “at risk” individuals from purchasing “bad” foods or taxing these foods, much like with alcohol and tobacco. However, such approaches are not popular with the public and have difficulty generating political traction. More government education is probably not the answer since most folks know they are not eating a healthy diet, maintaining an ideal weight or exercising the minimum recommended duration.

Then, I realized the answer was obvious – a “cap and trade” food program. Folks are consuming too much “bad” energy and government needs to do something about the situation. Government – probably essentially for the same reasons noted above applicable to food – has decided not to directly restrict the amount of “bad” energy produced, limit the amount of “bad” energy each citizen can consume or directly tax the producers or consumers of “bad” energy to discourage its use. Instead, they embrace a much more attractive “back door”, subtle mechanism that will significantly increase the cost to consumers of using “bad” energy in order, theoretically, to decrease its use.

The same approach could work for food. The government would allocate each grocer and restaurant a maximum amount of “bad” food units they can order (and thus sell) in a given time period. Thus, the government will determine the total maximum volume or

weight of French fries, frosty mix, cheese, snack chips, TV dinners, ice cream, soft drinks, etc. each establishment is allowed to sell *unless they trade with another restaurant or grocer for additional units*. Establishments that wish to order and sell more units would buy credits from others that did not need them and pay a commission to an intermediary broker for executing the trade. This process would increase the unit cost of food for the “traded” items and this additional cost passed on to consumers, who would then consume less “bad” foods.

From a political perspective, this approach is attractive since it would not deny consumers the ability to purchase “bad” food by rationing the amount each establishment could order and sell, as long it is willing to “trade” and consumers are willing to pay more. One possible downside is that if consumers are willing to pay higher prices, it could result in the same volume of “bad” food being consumed in the country overall, albeit at a higher price and with a redistribution of where consumption occurs. This scenario would not do much for health or consumers’ pocketbooks, but usually consumption declines as prices go up.

Cynics will claim that since consumers have to pay more for “bad” food, they will have less money to buy “good” food and other necessities. They also will contend this approach is discriminatory and regressive since poor people are most likely to pay the price both economically and socially. Given their economic plight, it is much more likely poor folks will have to change their behavior to conform to government dictates. If not, they will not only have to pay merchants more for food but also pay rich Wall Street brokers or commodity traders, who will earn millions in commissions. Meanwhile these rich folks will rake in even more money from the non-compliant poor but will not have to change their behavior as they splurge on foie gras and Crème Brule. My answer to the cynics is that you have no legitimacy criticizing my plan without presenting yours. Bon Appétit!

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