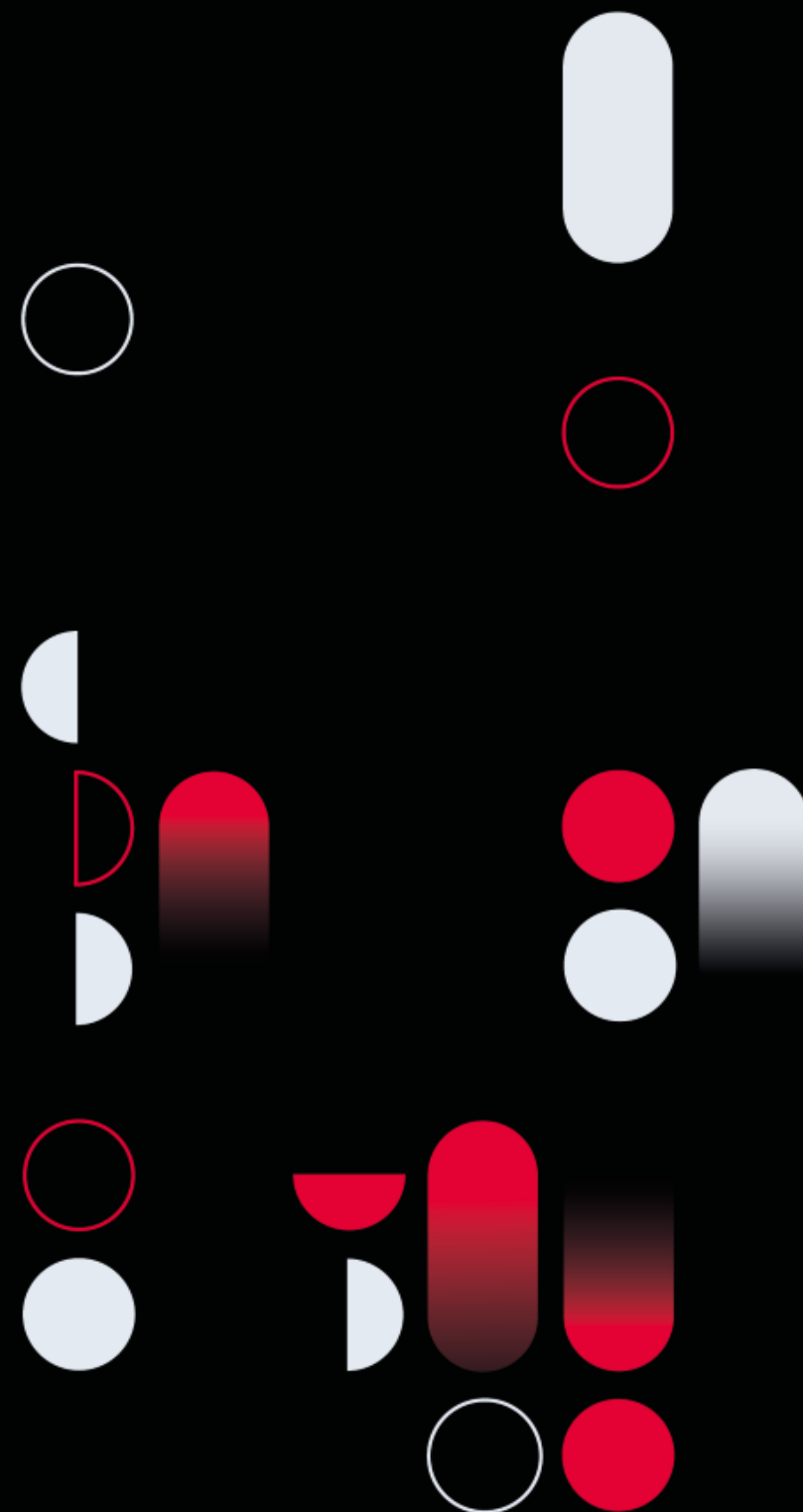


Obesity and the Economics of Prevention

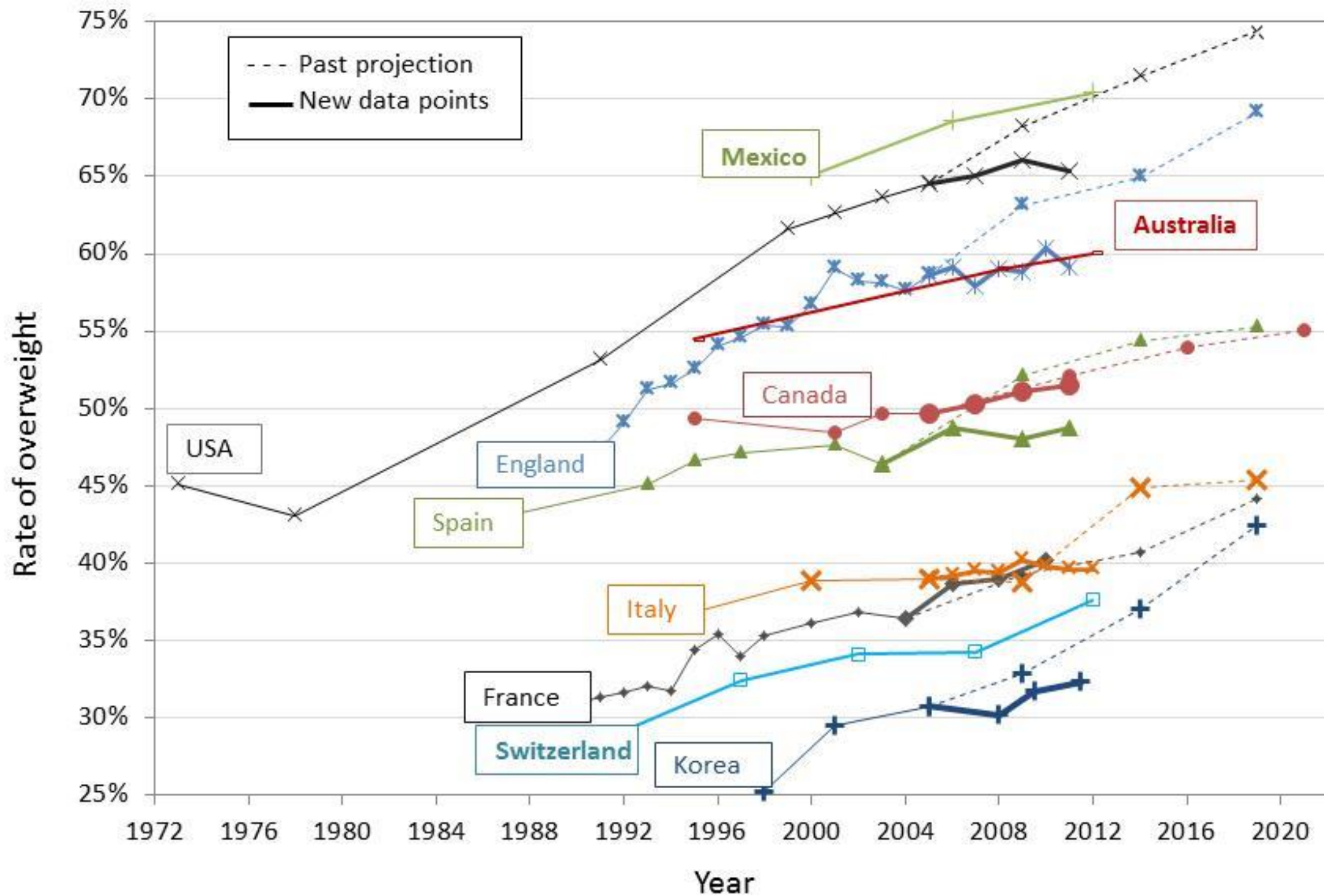
Franco Sassi PhD

*Professor of International Health Policy and Economics,
Imperial College Business School*

Luxembourg, 10th Conférence Nationale Santé
9th May 2018

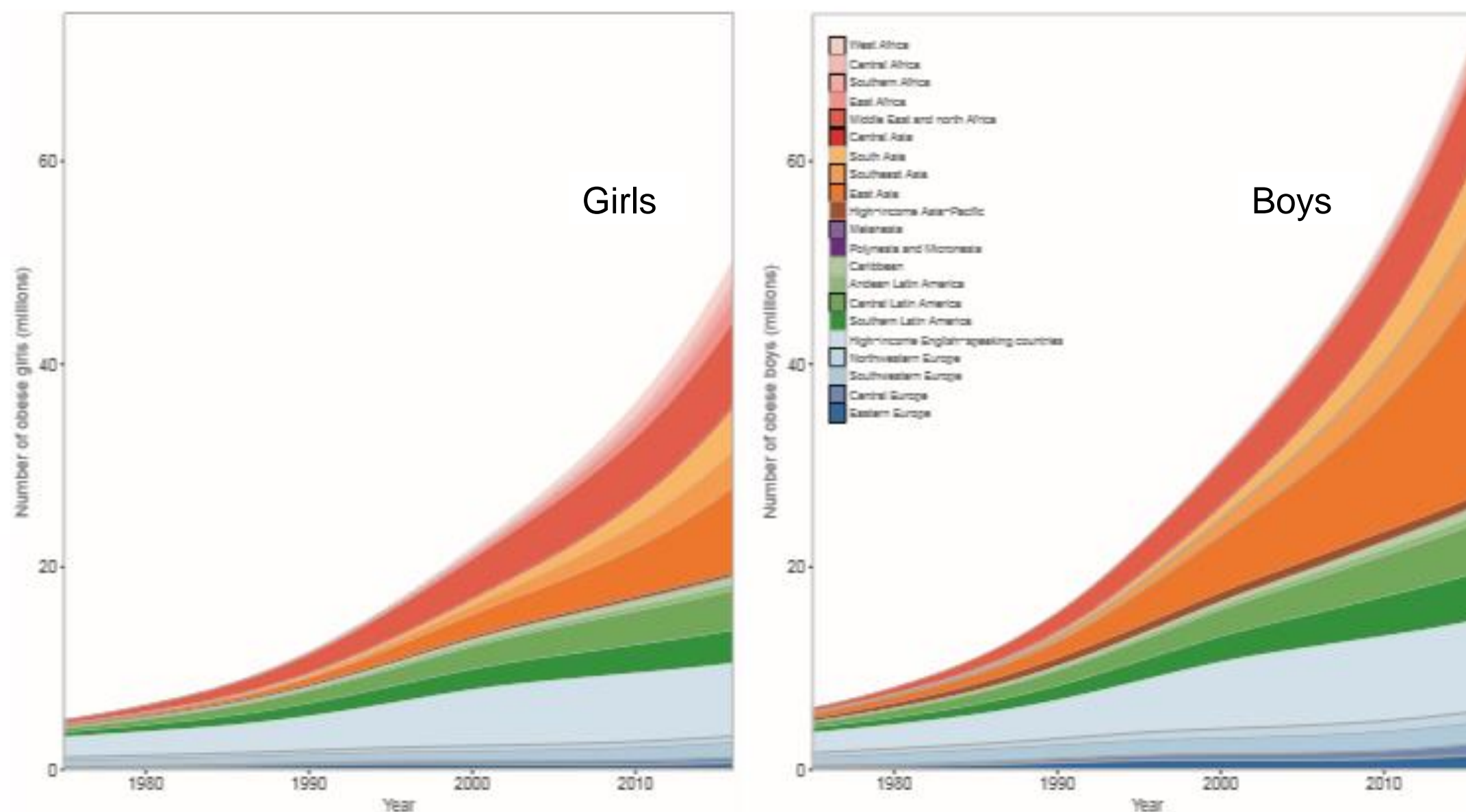


The Obesity Epidemic



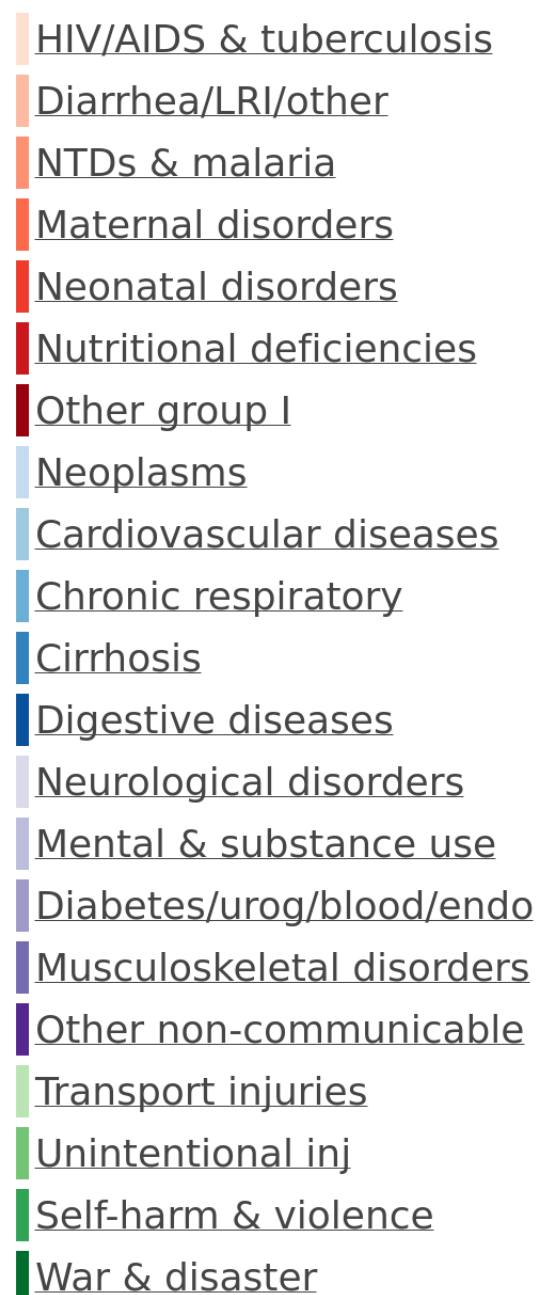
Source: OECD, Obesity Update 2014

Obese Children Worldwide, age 5-19



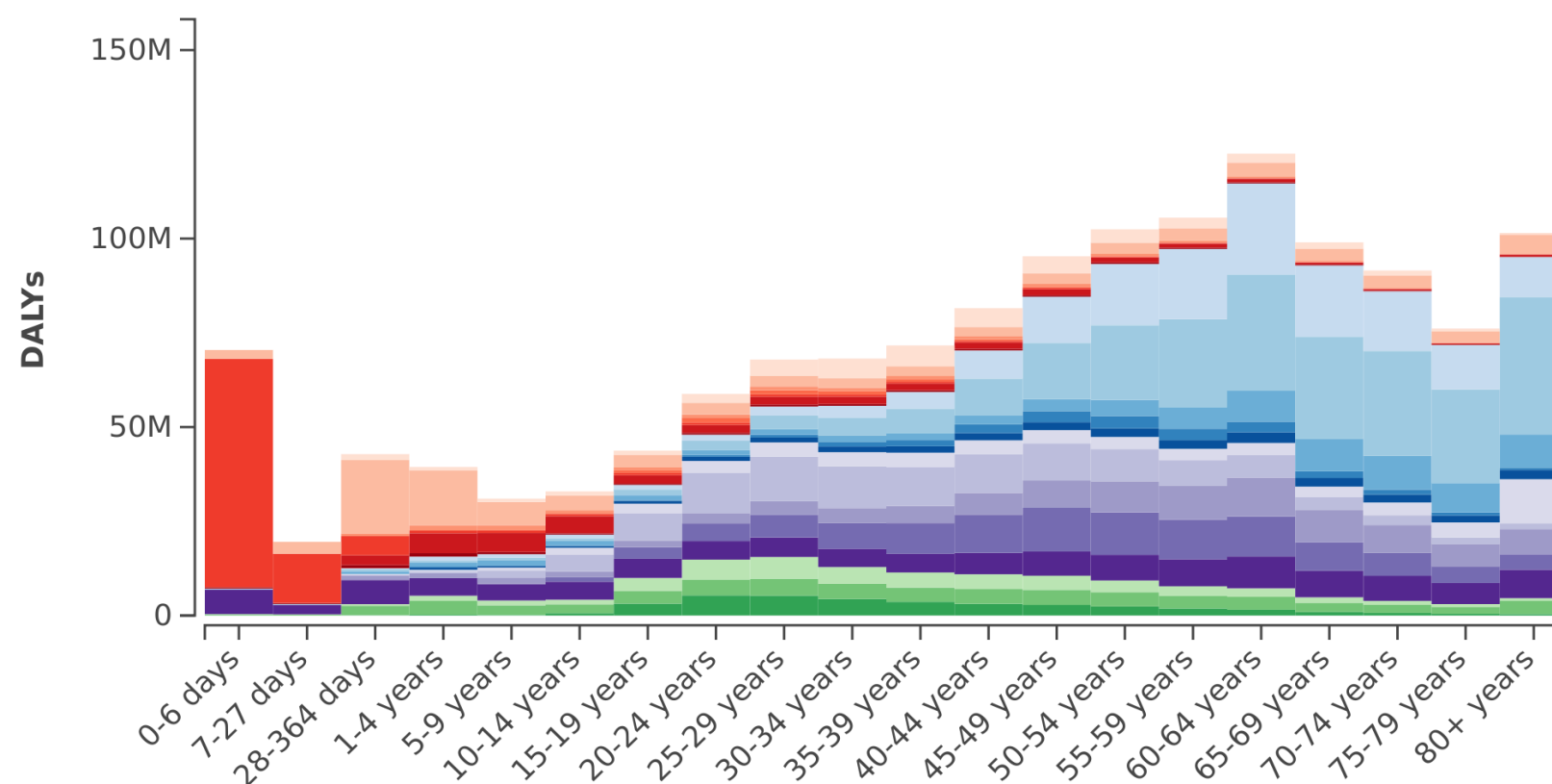
Source: NCDRisC Collaboration, The Lancet, 2017.

Disease Burden from CDs and NCDs in G20 Countries

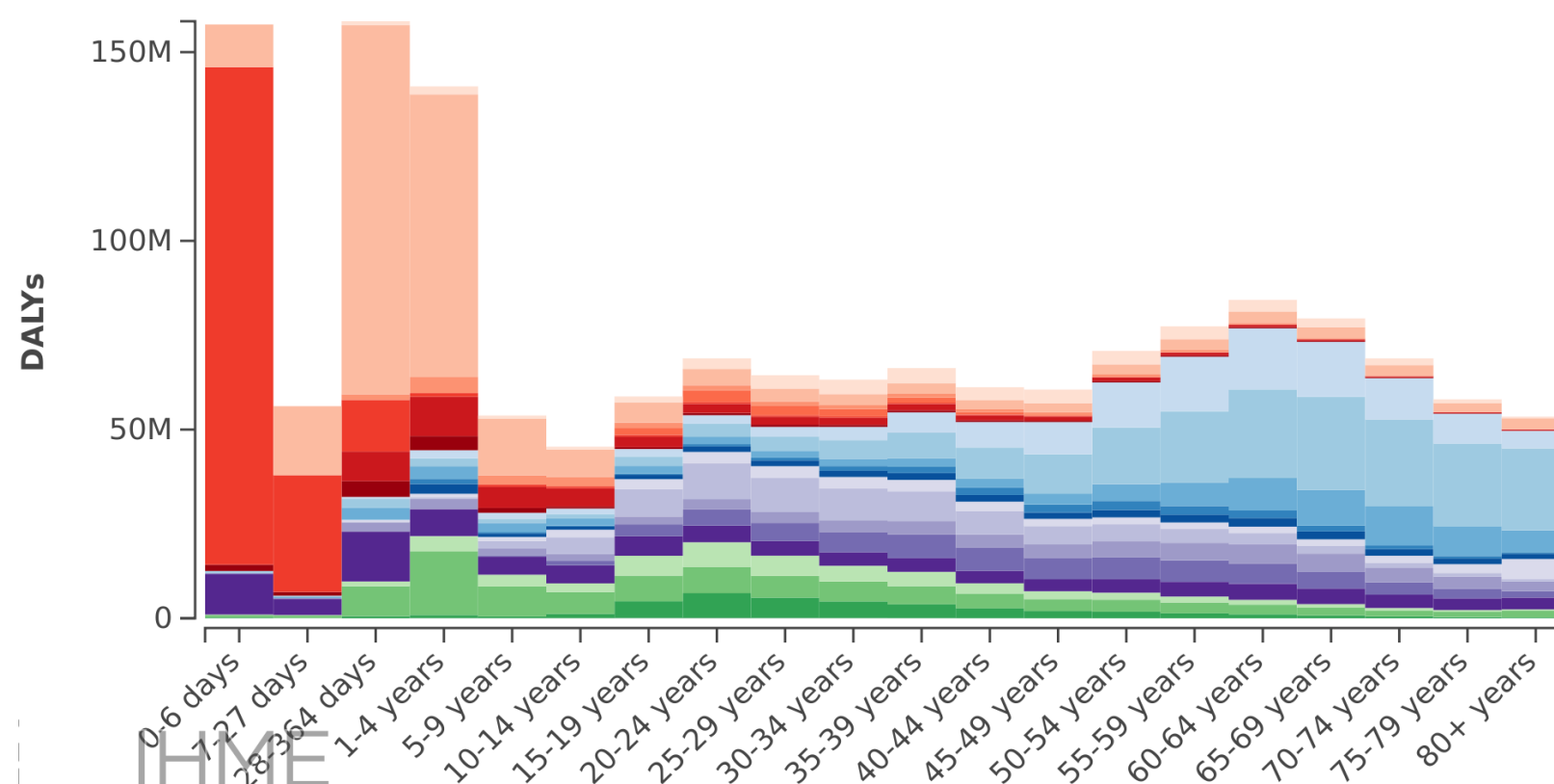


Source: IHME data

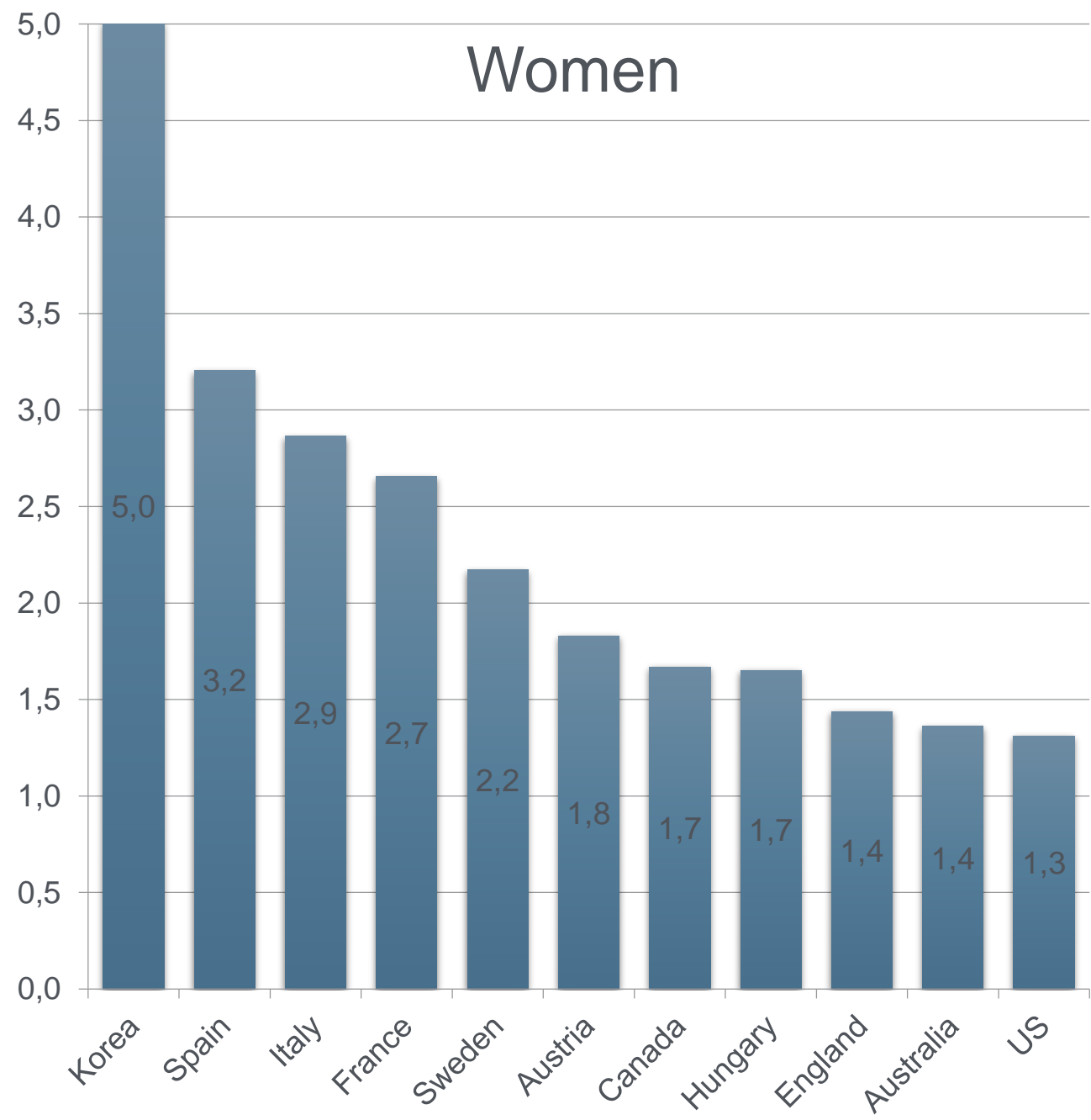
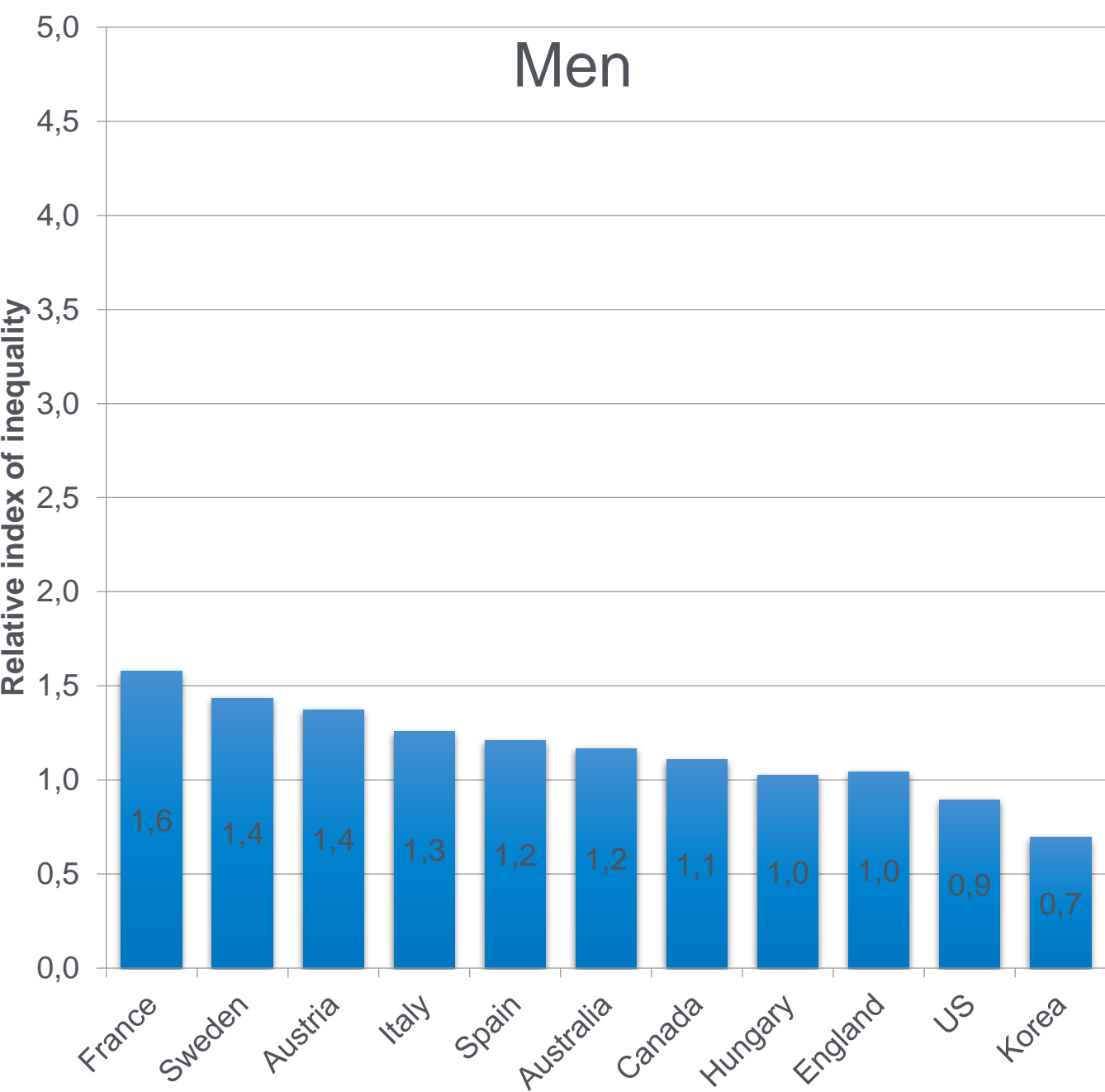
G20, Both sexes, 2015



G20, Both sexes, 1990

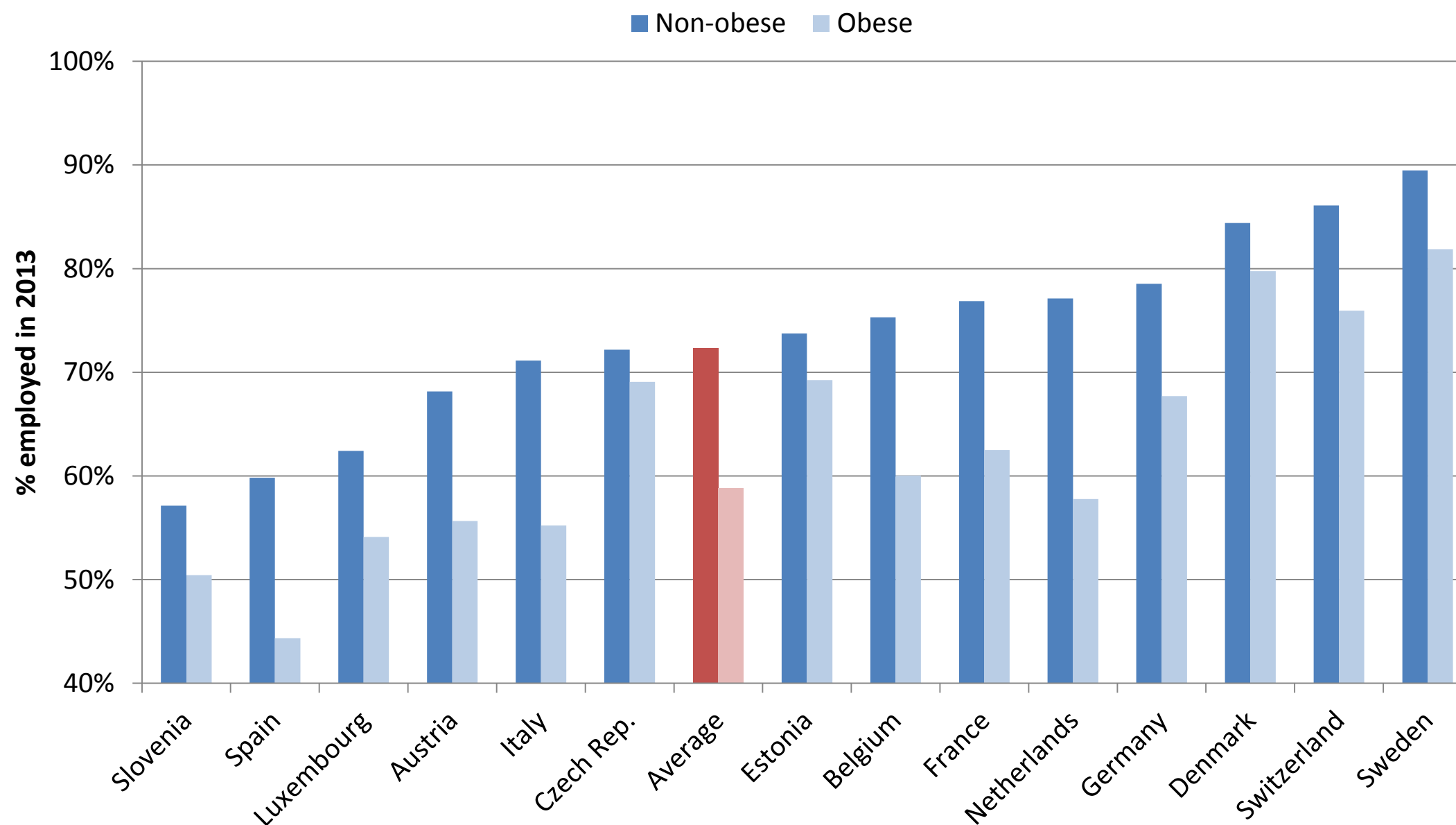


Overweight and Education



Source: OECD Fit Not Fat 2010

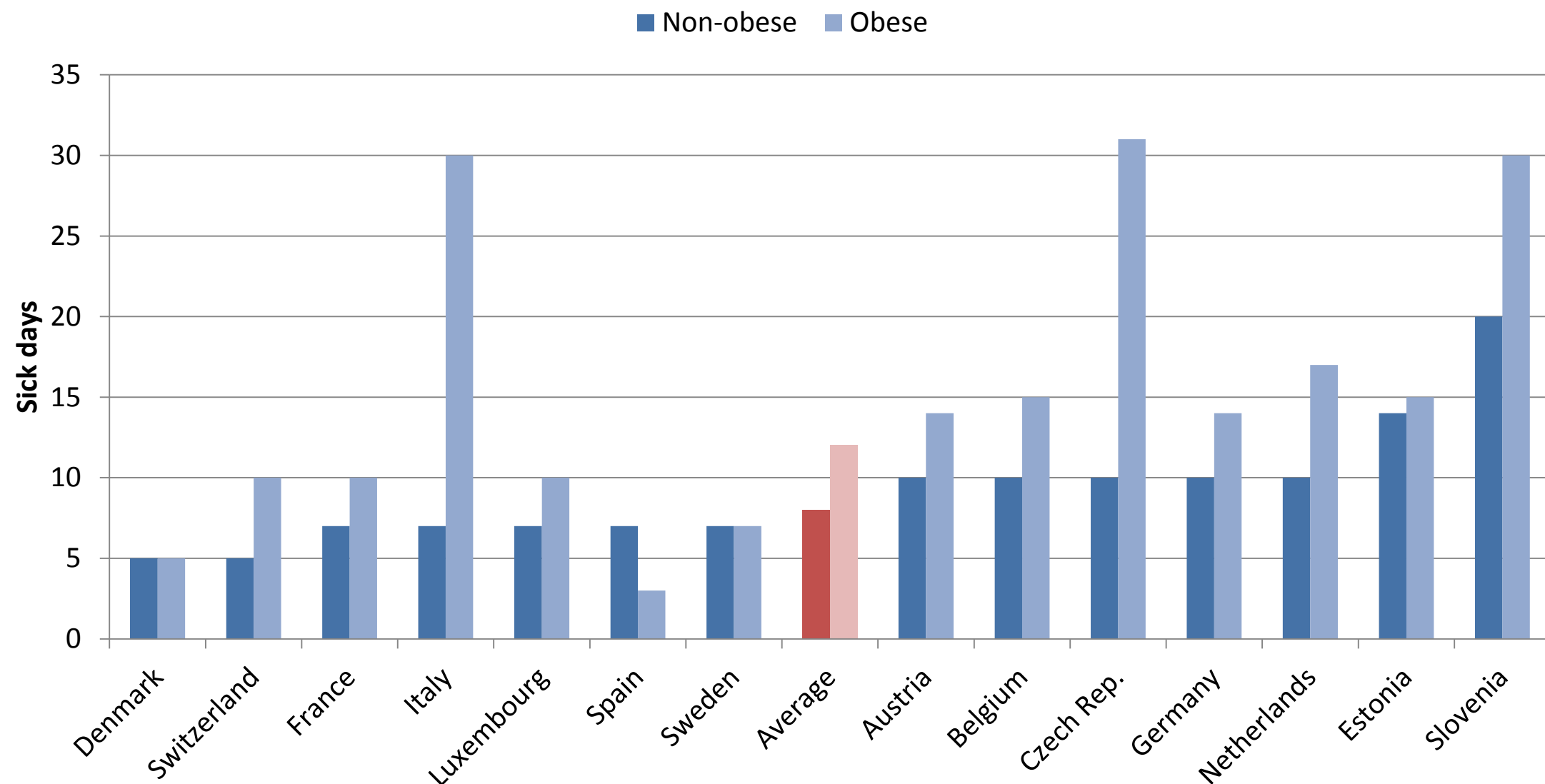
Obese People are Less Likely to Be Employed



Employment rate, age 50-59, in 2013, SHARE data

Source: OECD/EU Health at a Glance Europe 2016

Obese People are More Likely to Be on Sick Leave

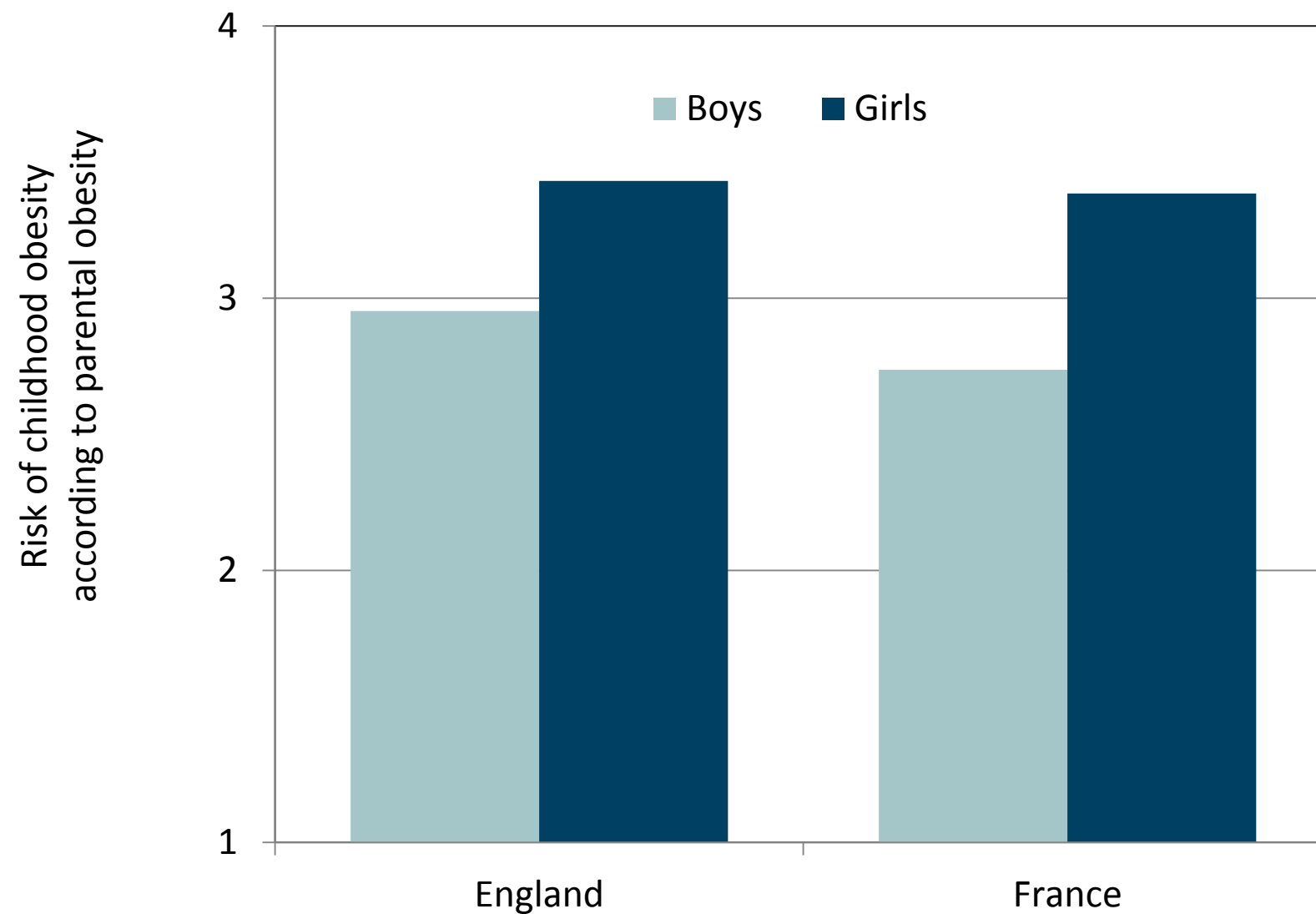


Median number of sick days in last 12 months, age 50-59, in 2013, SHARE data

Source: OECD/EU Health at a Glance Europe 2016

“Social Multiplier” Effects in Health-related Behaviours

Boys and girls having at least one obese parent are about three times as likely to be obese



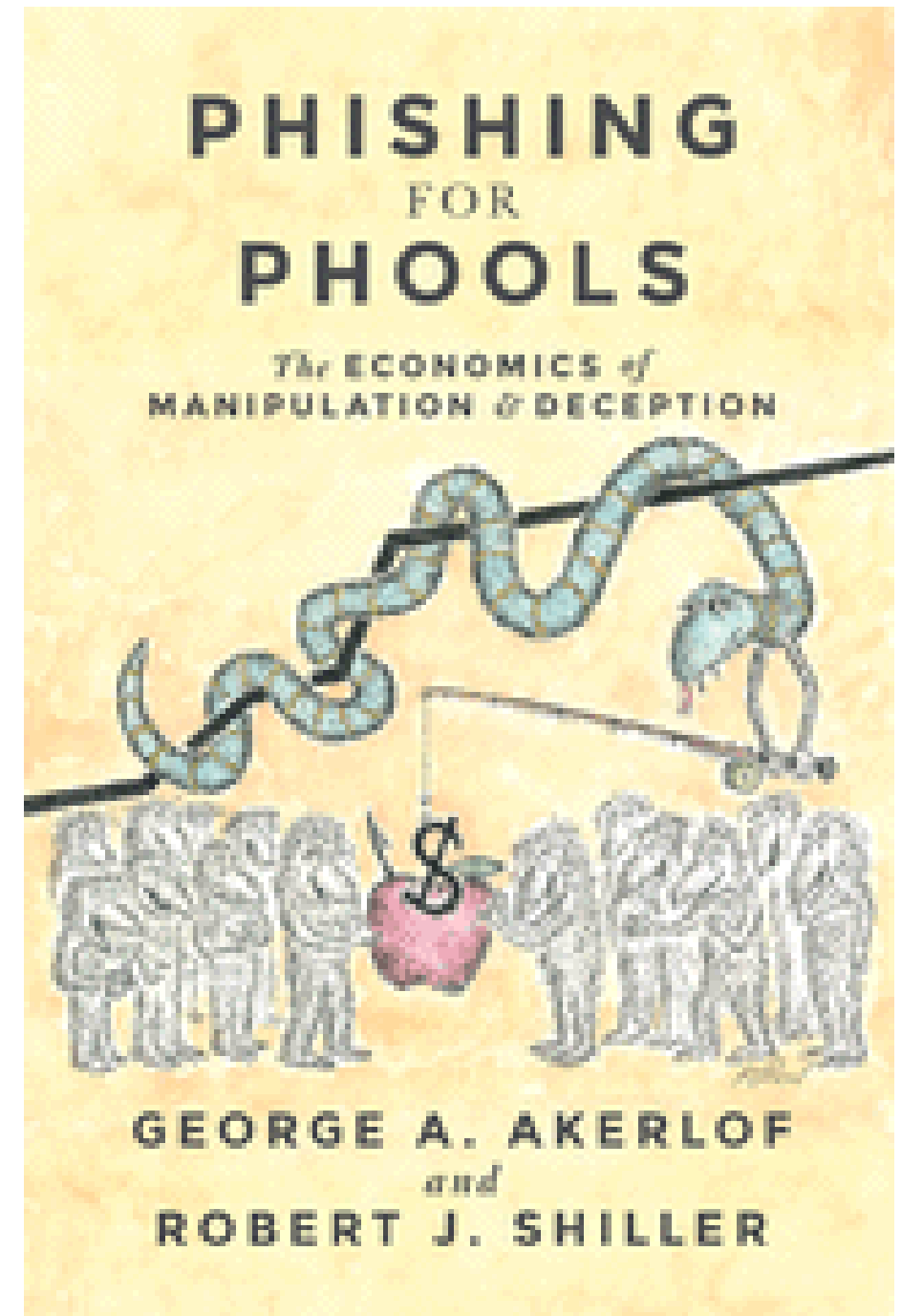
Source: OECD, Health Working Paper 45, 2009

An Economic Case for Prevention?

- Market and rationality failure:
 - Externalities
 - Information failures
 - Supply-side market failures
 - Failures of rationality
- Existing policies have undesired effects
- Health inequalities

Manipulation and Deception

- Argues that consumers are influenced by their choice environment to the limits of manipulation and deception
- Analysis of market equilibria should factor this in
- Additional cause of market failure



Food Layout (Default)

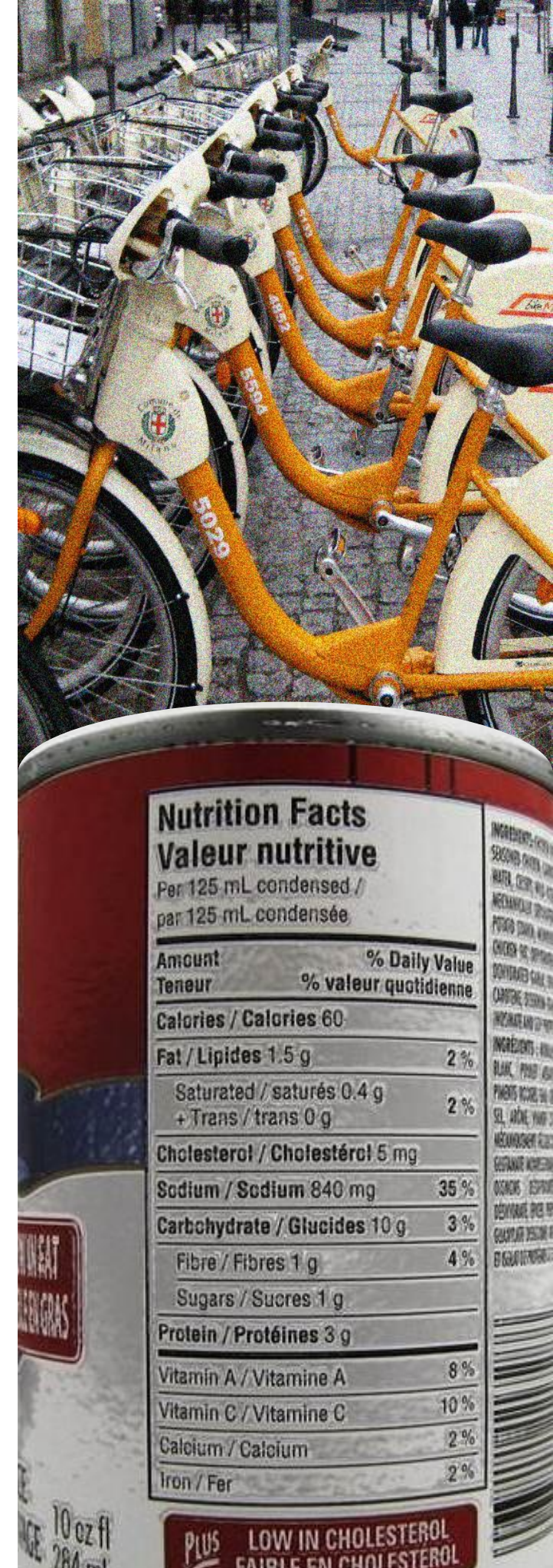


Health-related Behaviours

- Driven by social norms
 - Peer, social, family influences
 - Commercial advertising
- Myopic, inconsistent time preferences
 - Awareness of risk, but procrastination
 - Perception of risk is generic, biased
- Habit-forming
 - Decisions based on heuristics
 - Large use of default options
 - Rational addiction

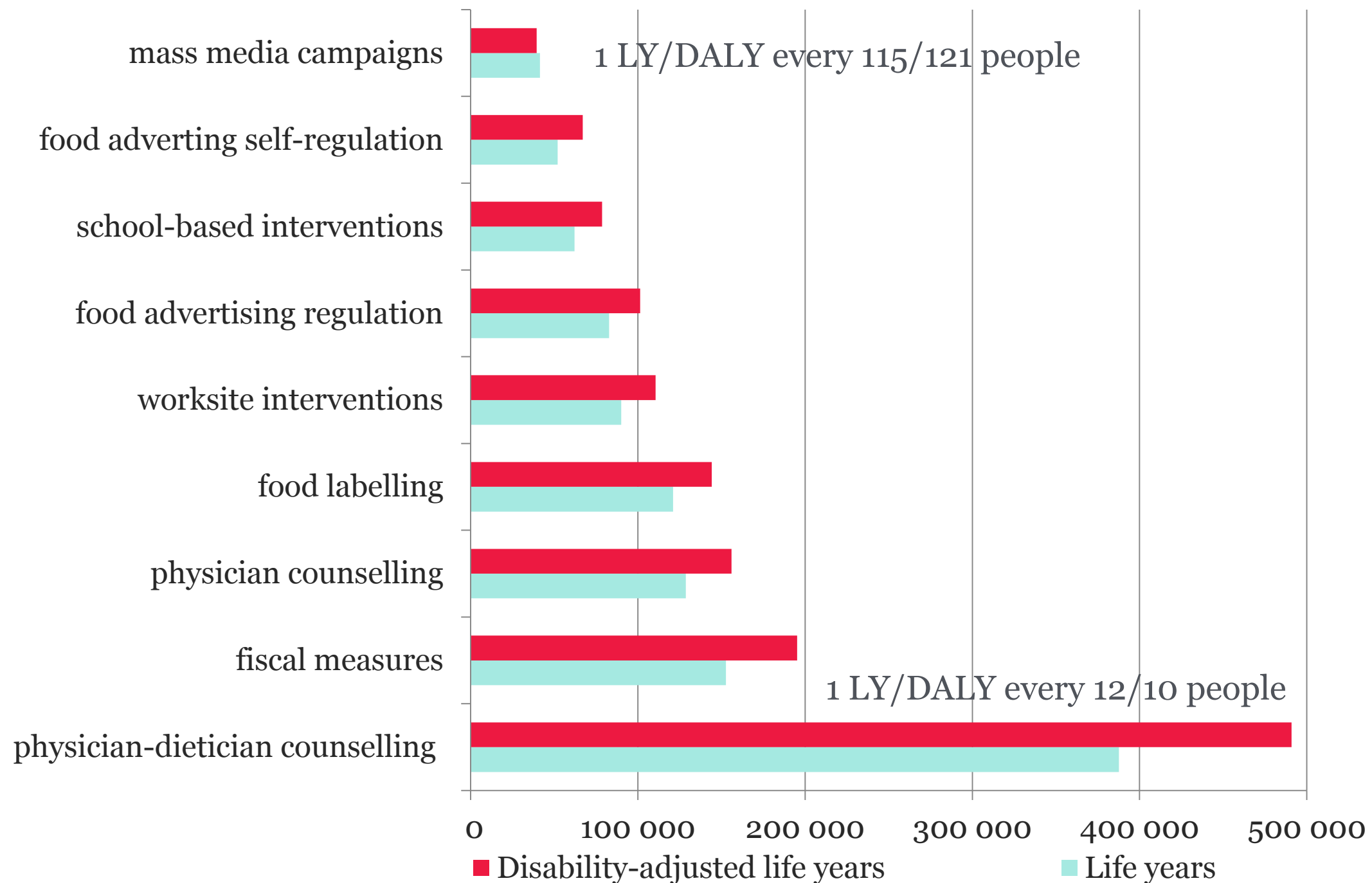
What Policy Options?

- Increasing choice
- Information, education, influencing established preferences (nudging)
- Raising prices on unhealthy choices
- Banning unhealthy behaviours



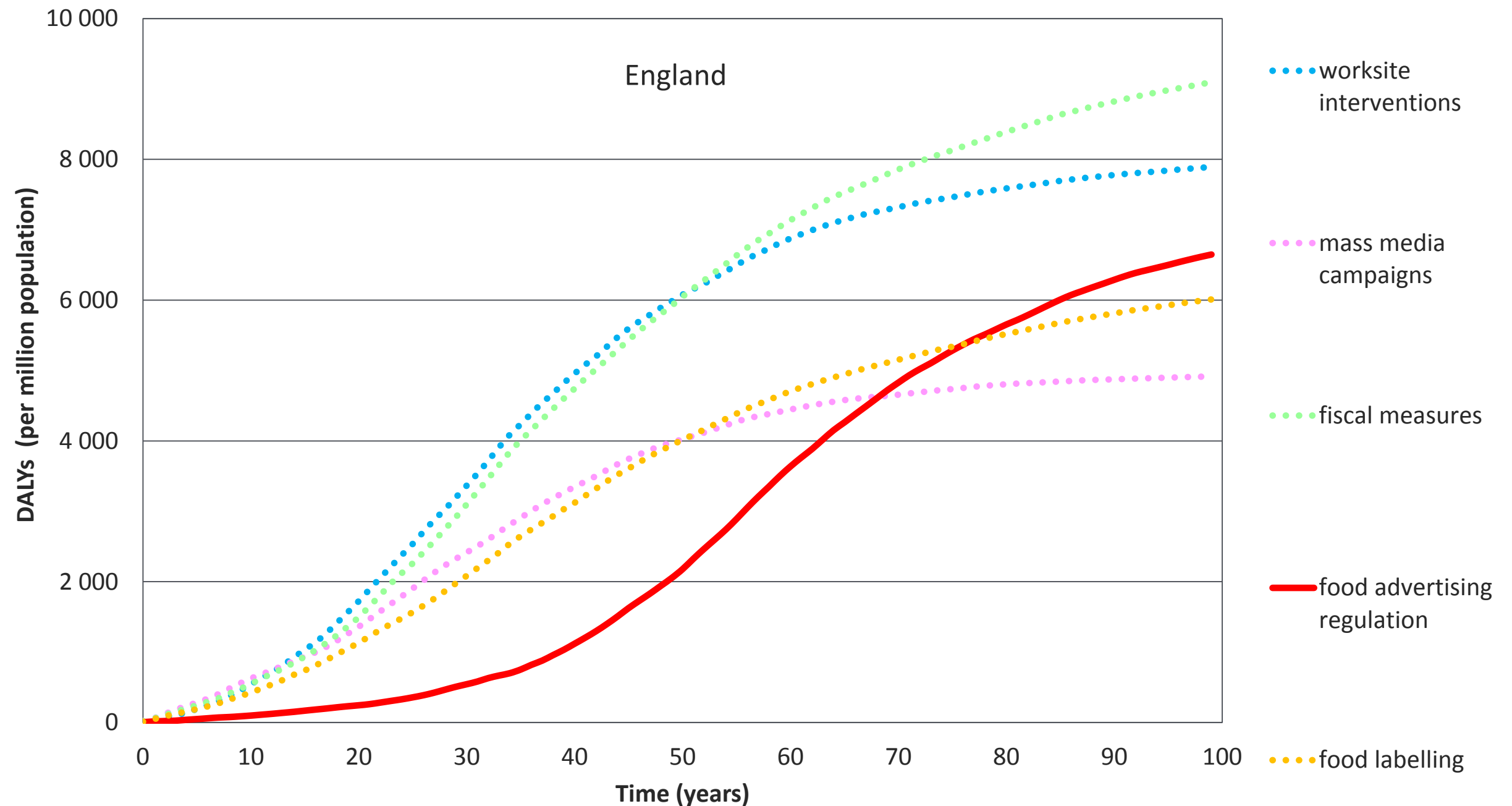
Health Outcomes of Obesity Prevention (LYs & DALYs)

Average effects per year, in West-central Europe



Source: OECD, Health Working Paper 48

Interventions Take Time to Produce Effects



Source: OECD, *Fit not Fat*, 2010

Food Taxes and Subsidies also Reduce Inequalities

Financial effects are likely regressive, but very small

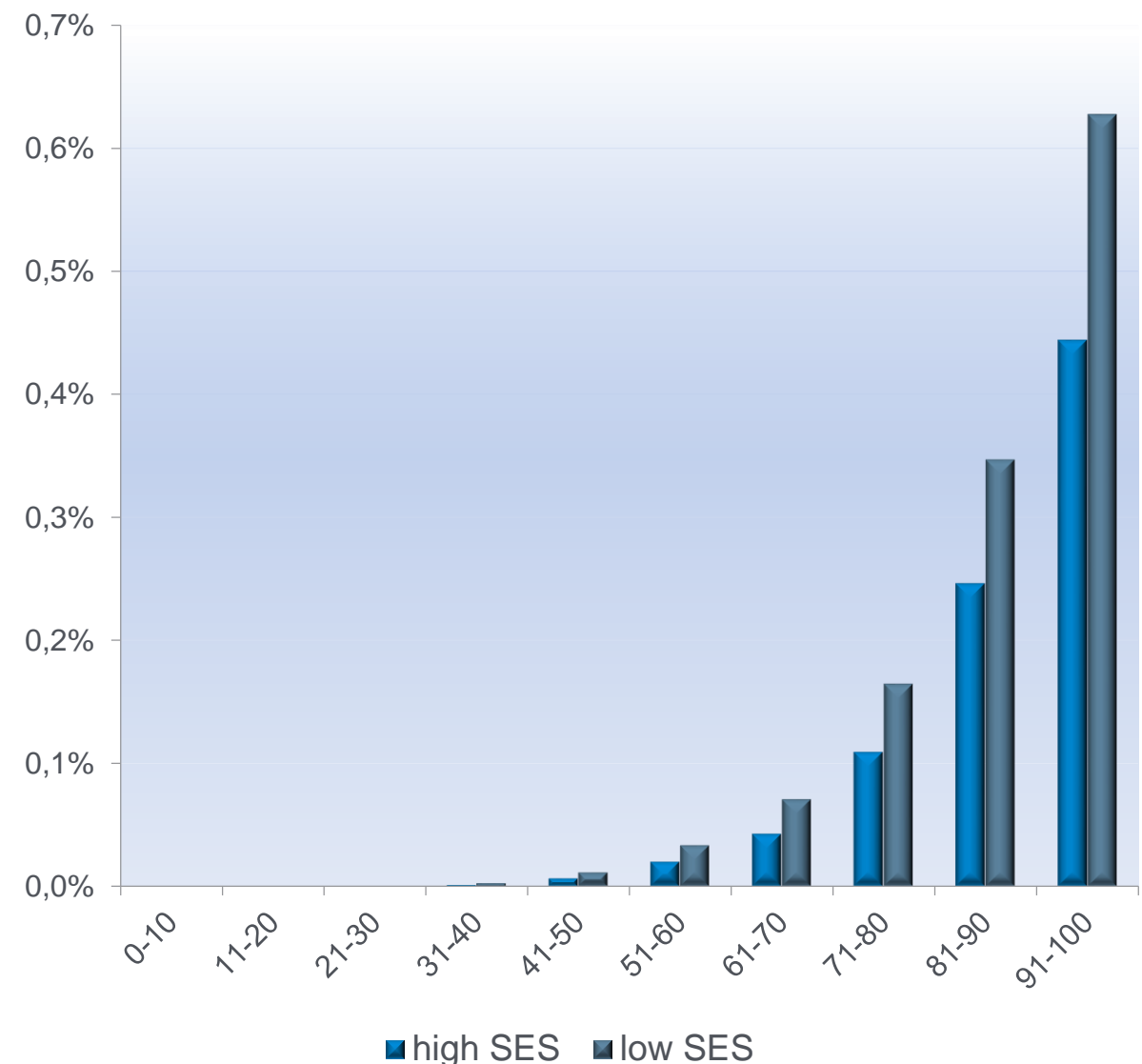
- In US a 10% fat tax on dairy products would weigh 10 times more on household with an income of \$20,000 (0.24%) than on those with an income of \$100,000 (0.024%)

(Chouinard et al., 2007)

- Difference would amount to \$19 vs. \$23 per year for a SSB tax, adding to welfare losses of 22 and 27 USD

(Zhen et al., 2013)

DALYs gained by age group
Fiscal Policies (Food)

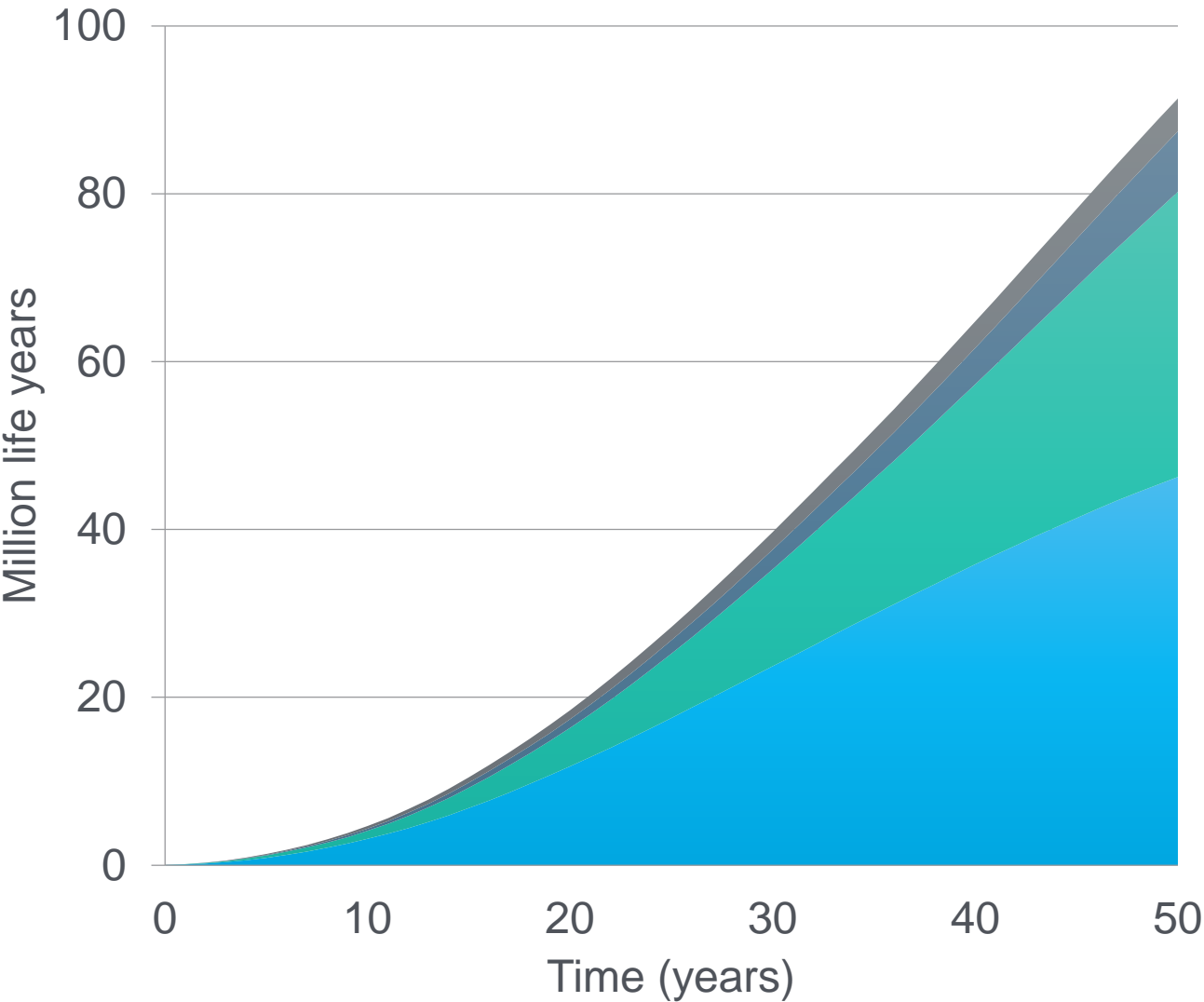


A Comprehensive & Affordable Prevention Package

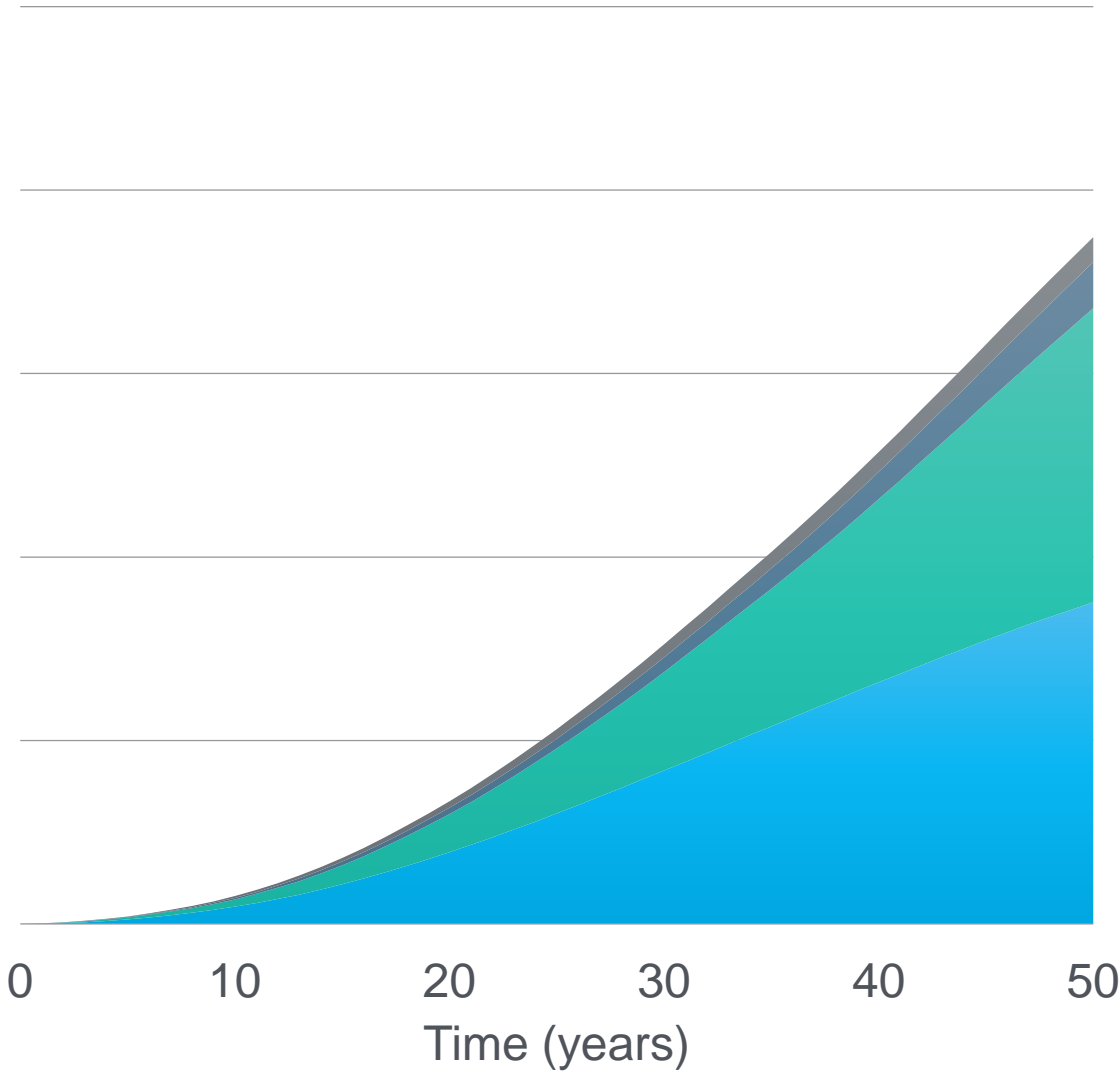
| OECD Countries | | Emerging Economies | |
|--|--------------|---|-------------|
| Mass media campaigns | | Mass media campaigns | |
| Compulsory food labelling | | Compulsory food labelling | |
| Industry self-regulation of food advertising to children | | Government regulation of food advertising to children | |
| Physician-dietician counselling | | Fiscal measures | |
| School-based interventions | | | |
| Canada | Europe | Brazil | China |
| 24.03 \$/cap | 22.45 \$/cap | 0.40 \$/cap | 0.20 \$/cap |

Years of Life Free of NCDs Through Obesity Prevention

Cancers (lung, colorectal, breast)



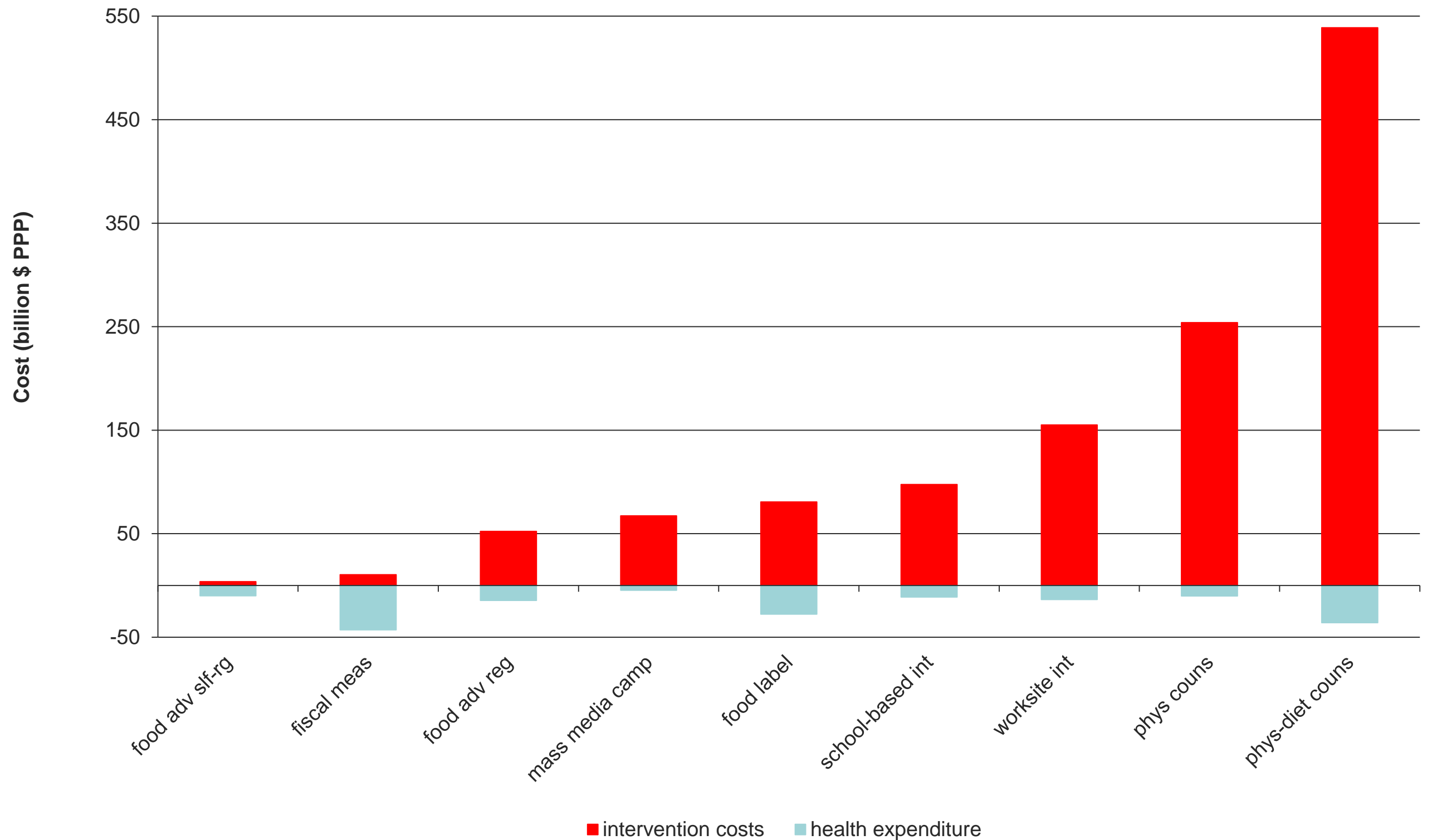
Cardiovascular diseases



■ Europe ■ China ■ Brazil ■ Canada

Source: OECD analysis

Financial Impacts of Obesity Policies



Conclusions

- Obesity must be addressed by changing environments
- Policies should focus on addressing the social and economic consequences directly, not only by tackling obesity
- Prevention is an effective and cost-effective way to improve population health, decrease health expenditure and improve inequalities...
- ...but effects are limited and take time to materialise
- We are surrounded by data but still have major knowledge gaps