

# Childhood Obesity: An Economic Perspective

Jacqueline Crowle  
Productivity Commission

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Productivity Commission

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Jacqueline Crowle and Erin Turner

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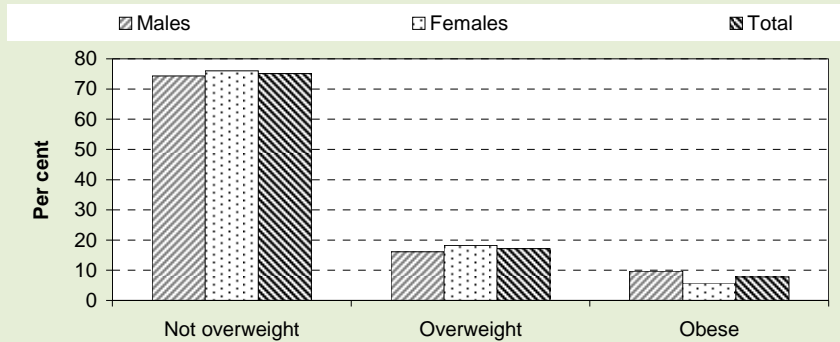
## Childhood Obesity: An Economic Perspective

- Obesity in an economic framework
  - *economic drivers*
  - *decision-making process*
  - *possible market failures*
  - *behavioural economics studies*
- Policy options
- Evidence of effectiveness

## Childhood Obesity: An Economic Perspective

- Media
- Academics
- Policy makers

## Childhood Obesity: An Economic Perspective



Source: ABS (2007-08 National Health Survey, Cat. no. 4364.0)

## What is driving these trends?

Obesity is complex

- A web of component causes

## What is driving these trends?

### Economic drivers

- Technological change
- Price signals & incentives

## Should government intervene?

### Market failure?

- Information failure?
- Externalities?

## Should government intervene?

- Information failure?
  - Market incentives to provide information
  - Existing government responses
    - ... *Social marketing*
    - ... *Information and regulation*
  - Gaps?

## Should government intervene?

- Externalities?
  - *Costs*

## Should government intervene?

- Externalities?
  - *Healthcare policy – shields full costs*
  - *Distortions*

## Should government intervene?

Failure of rationality?

## Should government intervene?

### Failure of rationality

- Dynamic preferences
- Cognitive load
- Short-cuts
- Time preferences

## Should government intervene?

### Failure of rationality

- Some evidence
  - *External cues*
    - ... Portion size
    - ... Package size
    - ... Peers...
  - *Secondary activity*

## What could government do about it?

### Principles for intervening

## What could government do about it?

- Taxes and subsidies
  - *Eg - Sin tax on junk food*

## What could government do about it?

- Information
  - *Eg - Food labelling*

## What could government do about it?

- Regulation
  - *Eg - Junk food advertising*

## Evidence of effectiveness?

- A range of interventions
  - *Weight or lifestyle*
  - *Australia*
  - *Overseas*
  - *Targeted*
  - *Community-wide*
  - *Short-term/long-term*

## Evidence of effectiveness?

- Australian interventions

## Evidence of effectiveness?

- Results
  - *Mixed*
  - *Behaviour change*
  - *Short-term*
  - *Long-term follow-up?*
  - *At risk populations*
- Methodological weaknesses

## Evidence of effectiveness?

- The news is not all bad
  - *Promising results*
  - *Behaviour change*

## Conclusion

- Gather evidence
- Max cost effectiveness
- Trial
- Evaluate
- Modify