Childhood Obesity: An Economic Perspective

Jacqueline Crowle
Productivity Commission

February 2011

Childhood Obesity: An Economic Perspective

Jacqueline Crowle and Erin Turner

September 2010
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

Productivity Commission
Children Obesity: An Economic Perspective

<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>70</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>80</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Productivity Commission

What is driving these trends?

Obesity is complex
• A web of component causes

Productivity Commission
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?

Productivity Commission 9

Should government intervene?

• Externalities?
  – Costs
Should government intervene?

• Externalities?
  – *Healthcare policy – shields full costs*
  – *Distortions*
Should government intervene?

Failure of rationality

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

Some evidence

– External cues
  ... Portion size
  ... Package size
  ... Peers...
– Secondary activity
What could government do about it?

Principles for intervening

Productivity Commission

What could government do about it?

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

Productivity Commission
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

Productivity Commission 19

Evidence of effectiveness?

• Australian interventions

Productivity Commission 20
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