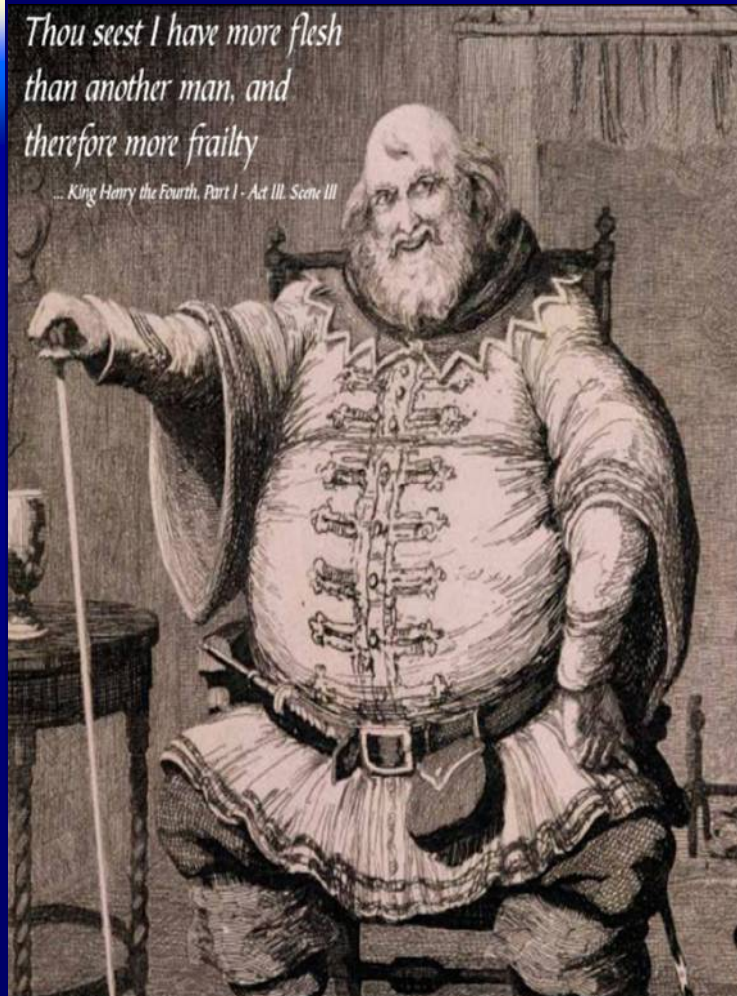


The Economics of Obesity



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Public Lecture Series
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Obesity as Public Health Problem

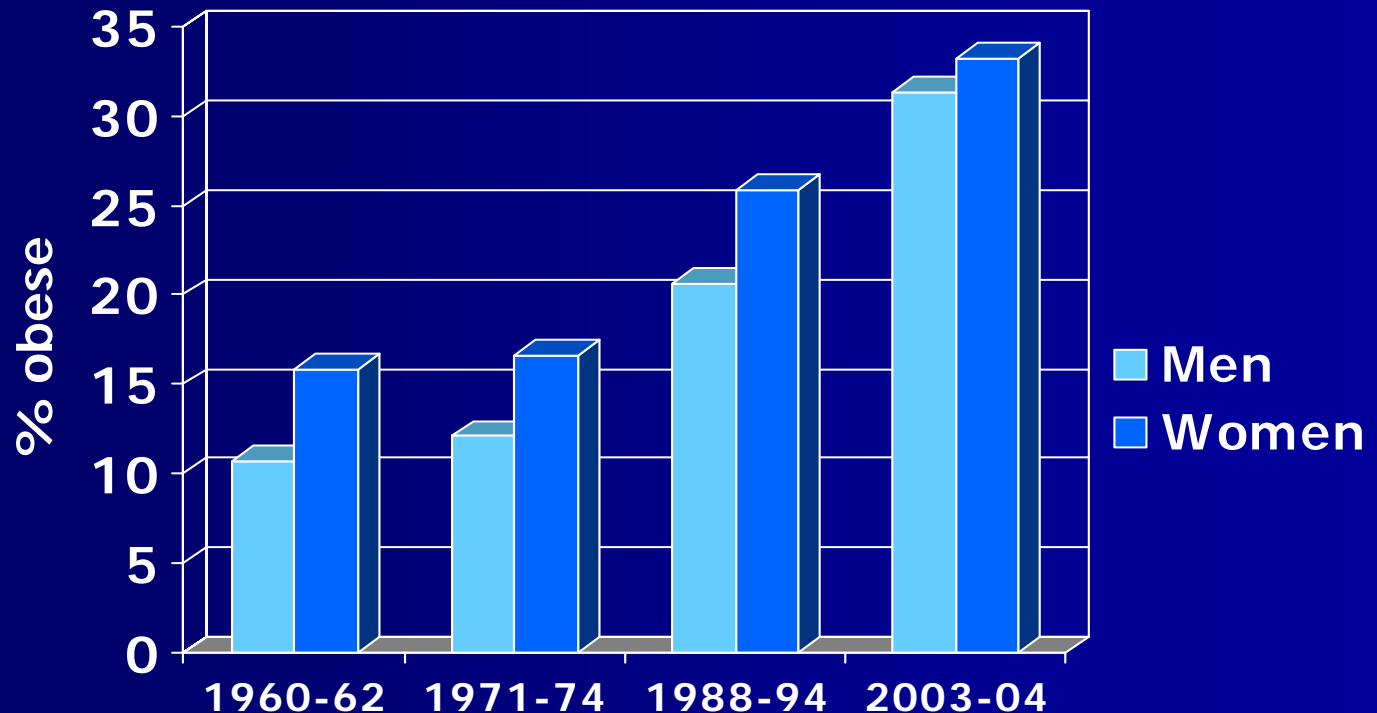
- Not just appearance issue
- Serious health concern
 - Increased risk of heart disease, diabetes, cancers
 - Rise in medical costs, disability payments, productivity loss



Global Spread of Obesity

- Obesity & malnutrition in developing world
- Increasing obesity rates in Europe
 - 10-15% in North to 20-25% in South
- Health and labor supply affected
- Similar effects across countries

Doubling in US Obesity Rates Since 1970s



Obesity measured as BMI (Body Mass Index) = $\text{Weight (kg)} / \text{Height (meters squared)} \geq 30$

Source: Flegal et al JAMA 2002, Ogden et al JAMA 2006

Contributors to Obesity

- Genetics
- Economic factors
- Social factors
- Psychological factors
- Environmental factors



Causes of Obesity: The Economic Perspective

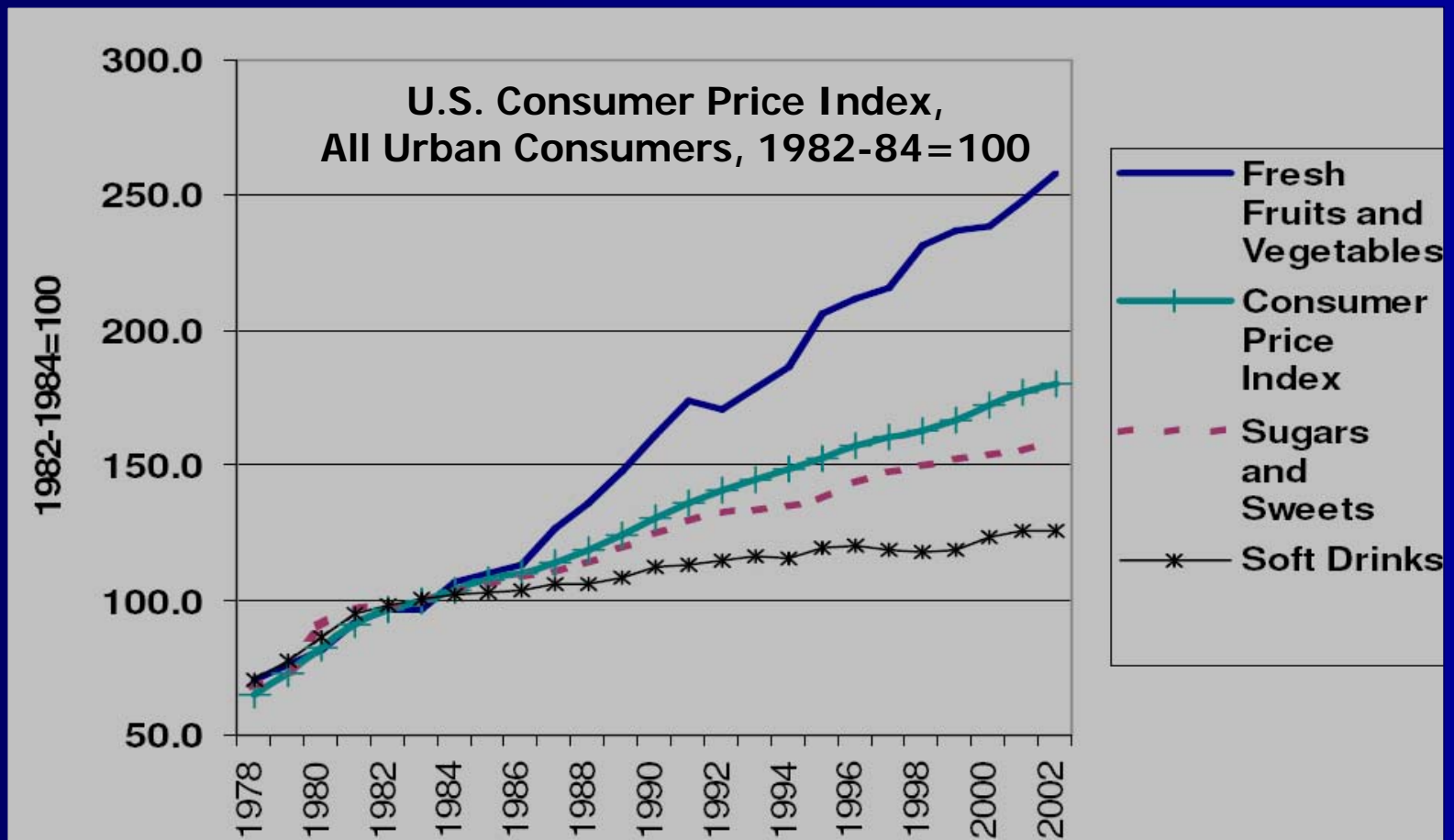
- Decline in real food prices
- Changes in labor market
 - Rising real wages
 - Women in labor force
- Changes in time use & activity

1. Decline in Real Food Prices

- Result of technological innovation
- Agricultural subsidies
- Larger price decline for energy-dense foods



Healthier Diets Cost More



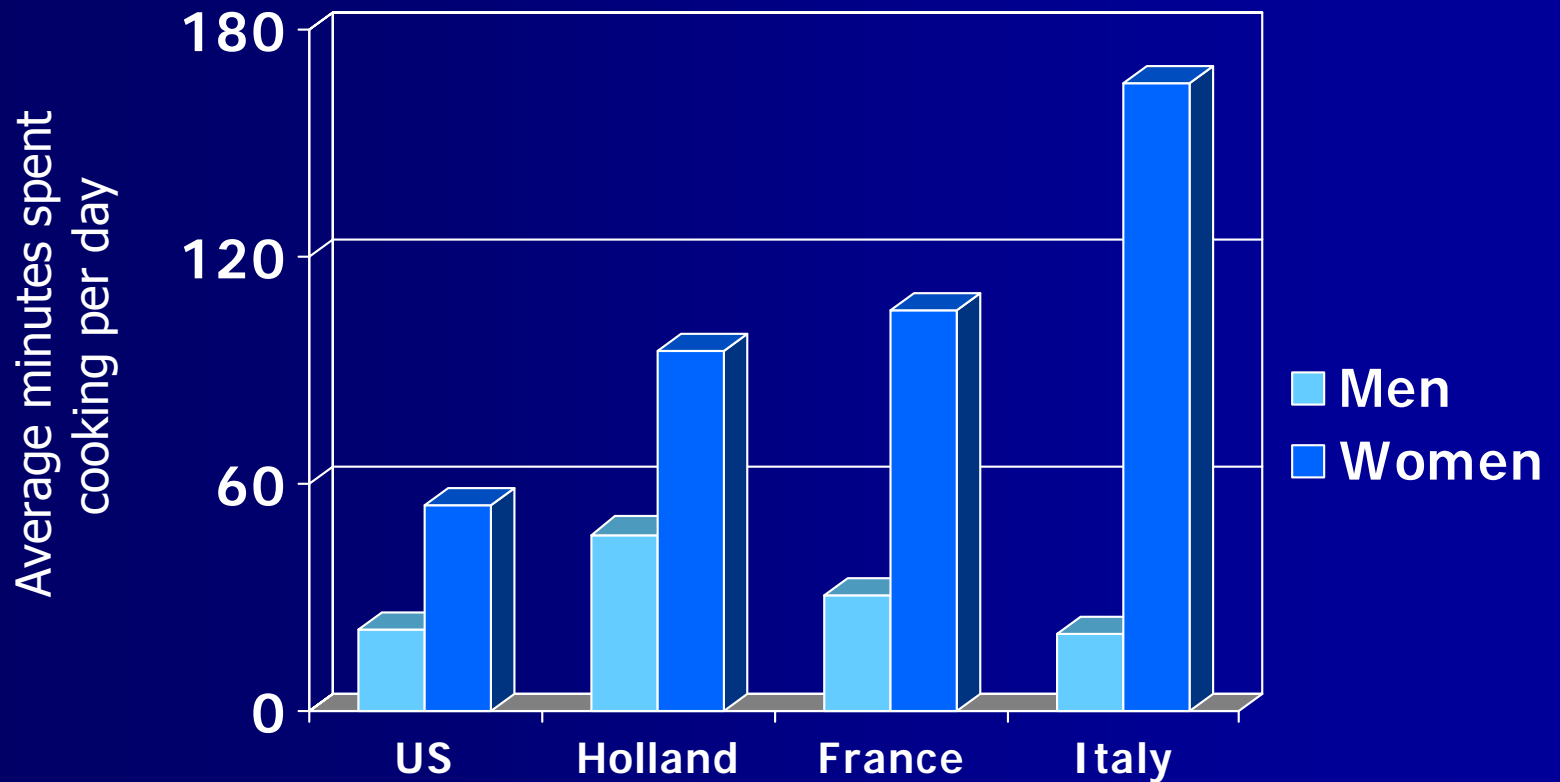
Source: BLS

2. Changes in Labor Market

- Higher opportunity costs of “home production”
- Females in labor force
- Shift from home-cooked meals
- Fast food culture



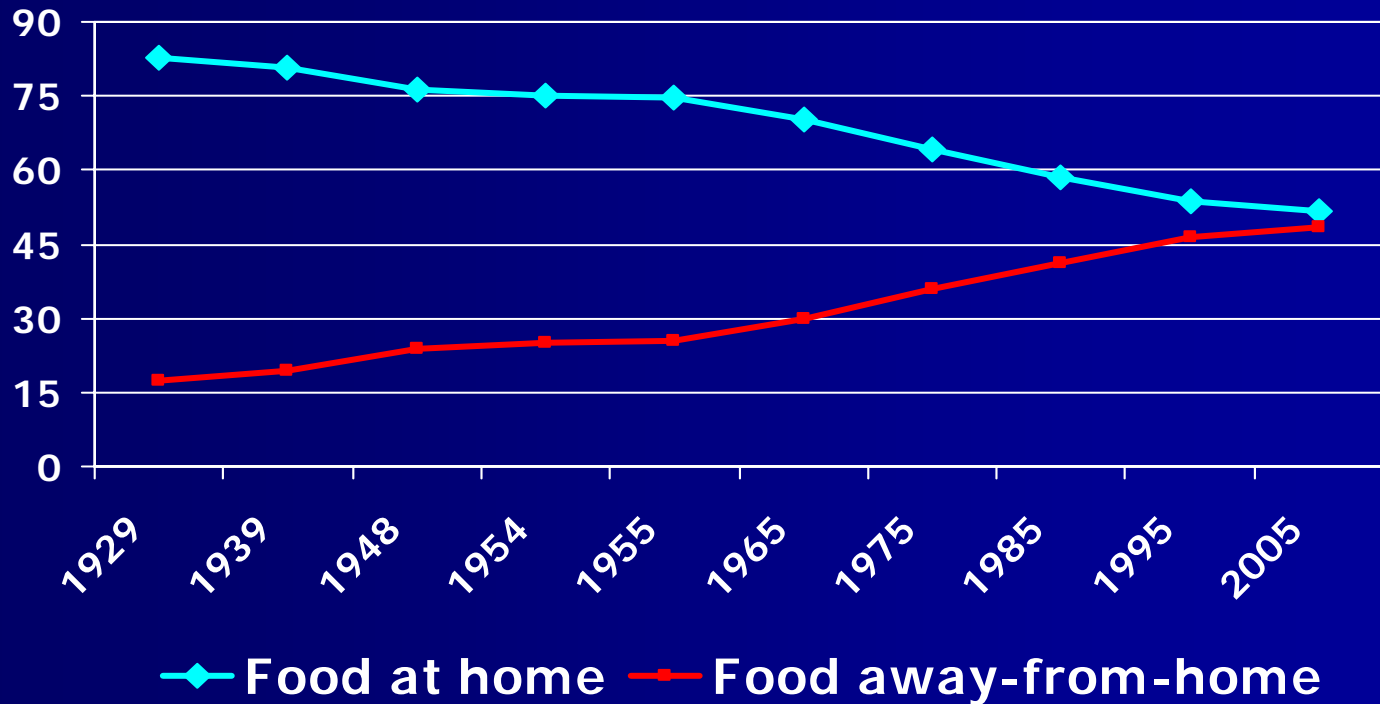
Little Home Cooking in US



Source: MTUS, adults aged 50+, data for 1995-98.

Americans Eating Out More

Share of total food expenditures (%)



Source: USDA

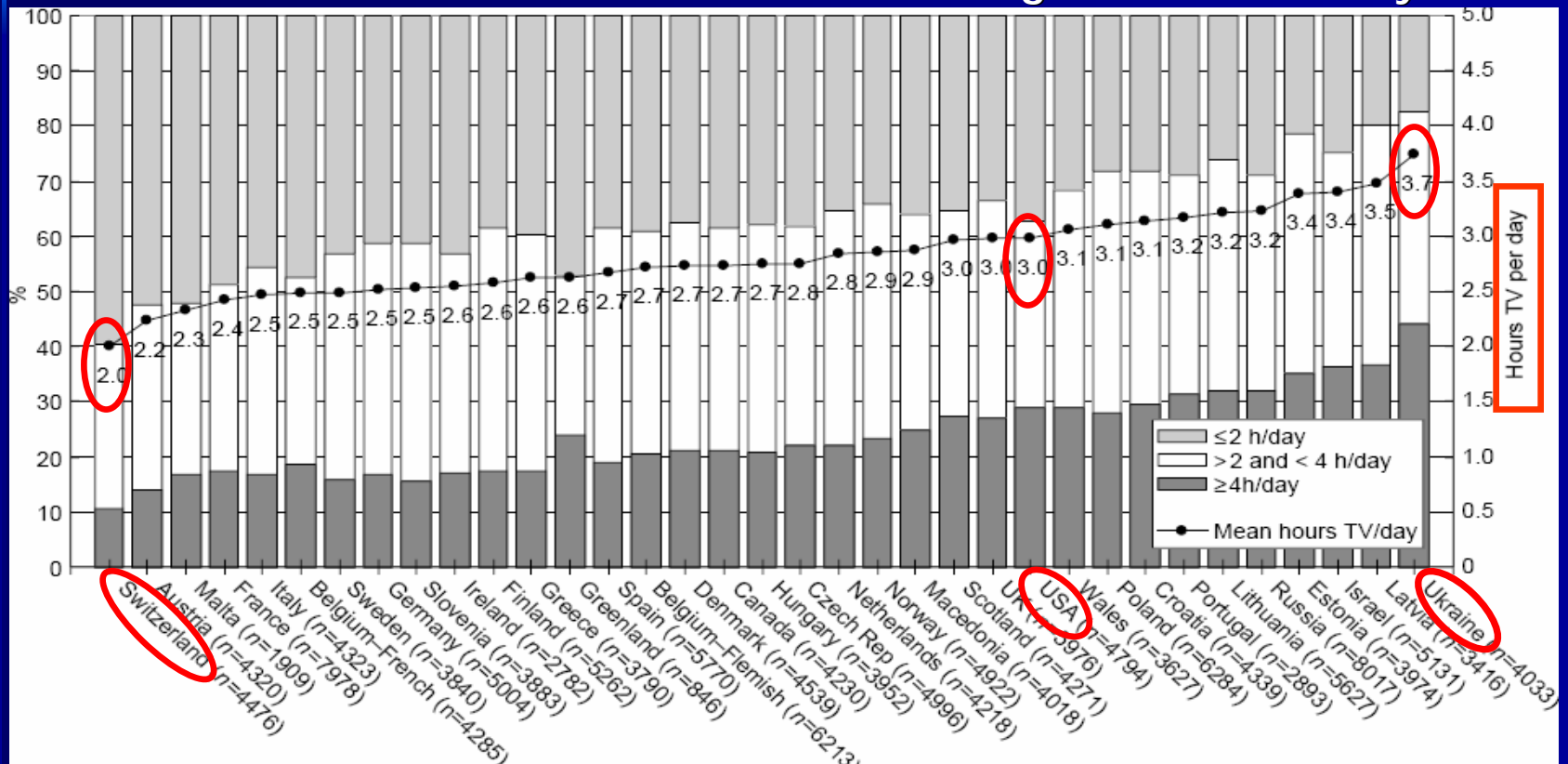
3. Changes in Time Use & Activity

- Desk jobs
- TV viewing, video games, computers
- Food marketing
 - Children most vulnerable



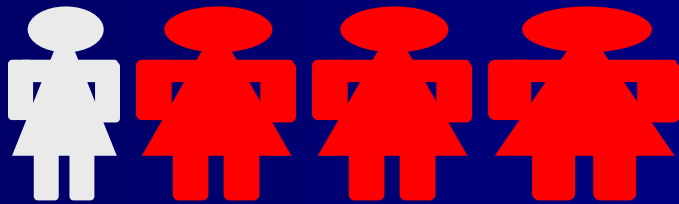
Ukrainian Adolescents Lead on TV Viewing Time

Television viewing among 11-15 year olds worldwide,
WHO 2001/02 Health Behavior in School-Aged Children survey



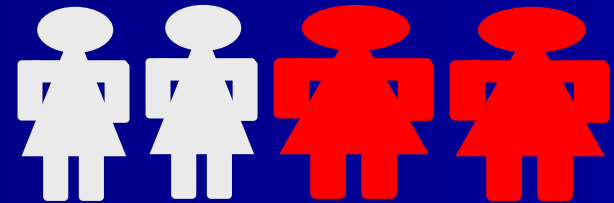
Source: Vereecken et al, Public Health Nutrition, 2006.

Cause for Concern in Ukraine



US: About 3 in 4 adults have body weight above normal

Ukraine: About 2 in 4 adults have body weight above normal



Obesity prevention critical, as treatment ineffective

Finding Solutions

- Economics can help us understand the obesity epidemic
- Applying economic principles can create positive changes
 - Providing incentives for healthy choices through subsidies
 - Taxation of unhealthy foods to decrease appeal and consumption

Thank You!

- Questions? Comments?

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