Obesity and the Economics of Prevention
Fit not Fat
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Chapter 5

Tackling Obesity: The Roles of Governments and Markets

In most contemporary societies, we look to governments to protect and even increase public welfare. Whether through regulation, taxes, or education, or some combination of these, governments can play a significant part in affecting the choices we make and the outcomes that result from those choices. Governments in the OECD area have taken a broad range of actions in recent years to improve nutrition and physical activity, reacting to a growing concern about increasing obesity rates, particularly in vulnerable population groups. This chapter examines these actions and analyses the scope for, and potential consequences of, government intervention in the context of obesity prevention. It also looks at the response of the private sector to challenges related to food and physical activity in the current epidemic of obesity.

What can governments do to improve the quality of our choices?

If people made their lifestyle choices, such as what foods to consume or what physical activities to undertake on a purely rational basis, they would likely maximise their welfare, balancing immediate satisfaction and convenience with future well-being. In such an ideal world, individuals would choose among competitively priced products relative to their needs and desires. Presumably they would also exercise in sufficient amounts to balance their intake of calories and keep their bodies healthy. Individual rational choices would produce healthier individuals and consequently healthier societies.

However, people do not always behave rationally. Neither are markets as efficient, fair, and conducive to healthy outcomes as some would like to see them. In most contemporary societies, we look to governments to protect and even increase public welfare. Whether through regulation, taxes, or education, or some combination of these, governments can play a significant part in affecting the choices we make and the outcomes that result from those choices. But the desirability of government action is not judged simply on the basis of its measurable impact on social welfare. Government intervention involves at least some interference with individual choice, whether it is intended to modify the context in which choices are made, or the way these are made. The degree to which such interference may be acceptable varies greatly across and within countries. Action aimed at steering individual choice towards improved outcomes is often considered paternalistic and met with resistance.

Part of the policy maker's job is to determine what degree of interference with individual choice a preventive intervention will entail and whether that interference is justified. Government programmes may involve at least four types of actions in the context of obesity prevention: *a)* actions aimed at improving the breadth or the attractiveness of choice options, relative to a free market situation; *b)* actions to modify preferences based on characteristics of choice options other than price; *c)* actions to increase the price of selected choice options; and *d)* banning of selected choice options. The four types of actions will be illustrated in the remainder of this section.

Increasing choice

Increasing choice is the least intrusive form of government intervention, because it does not actually limit the opportunities that individuals enjoy.

Rather, individual choices may be influenced either by expanding the range of choices or by decreasing the price of certain choices considered beneficial. A public investment in a new form of transportation not normally provided through a market mechanism, *e.g.* a programme to make public bicycles available for temporary use in an urban setting, is an example of the former type of intervention. A programme of subsidies to make public transportation more convenient and less expensive, so as to increase its use is an example of the latter. Actions of these types are only mildly intrusive. Nevertheless, they do modify the set of available choice options, and they aim at achieving outcomes other than those that would occur without intervention. Furthermore, they do this at a potentially high cost, which must be paid by someone.

Information, education and influencing established preferences

This is the most varied group of actions, as preferences can be influenced in a large number of ways, some of which may prove more intrusive than others. There are at least two broad types of actions in this category. The first type includes actions aimed at shaping tastes and preferences when these are being formed, especially during childhood. These are typically educational interventions that start from the very early years of life with informal education delivered by parents and continue with schooling and other forms of formal education. The effects of these actions on tastes and preferences may be very powerful and long-lasting, shaping lifestyles well into adult life. The second type of actions includes those aimed at influencing established preferences, such as the provision of information, actions based on persuasion, and other less obvious incentives which involve nudging individuals to adopt virtuous behaviours.

The provision of information to consumers is one of the most common ways of influencing choices. When information is lacking, imperfect, or asymmetrically distributed between suppliers and consumers, governments may intervene to redress the information imbalance. Although often seen as a non-intrusive, or non-paternalistic, form of intervention, the provision of information is seldom neutral. The direction in which new information may influence choice depends on the contents, the framing, and the method of delivery of the information. The extent to which any third party, including the state, can be trusted to package all these elements in the best interest of the consumer is often a matter of value judgement. Of course, there are many situations in which obvious information gaps can be filled by delivering relatively simple and uncontroversial messages, but this cannot be assumed to be true in all cases.

Even when information is not lacking, governments or other public interest groups may still wish to reinforce a particular message to persuade consumers and steer their choices towards outcomes that are deemed to be in

their best interest. For instance, consumer knowledge of the health risks associated with smoking has increased substantially over the past decades, and only a very small proportion of individuals are currently unaware of such risks (Kenkel, 2007). However, many governments have adopted the policy of printing dire health warnings on cigarette packs, the main purpose of which is not to provide information that is lacking, but to persuade consumers to limit their consumption by reinforcing a known message. Similarly, an intervention may be aimed at countering other parties' influence and persuasion attempts if the latter are not deemed to be in the best interest of consumers. This may be achieved by regulating, or banning, other parties' actions, as in the case of advertising regulation. For instance, a widely advocated strategy to prevent child obesity involves heavy regulation or outright banning of television advertising of food products during times when children represent a significant part of the audience.

Preferences may also be influenced in more subtle ways than through the direct provision of information. An important example is what has been described as setting the default option by advocates of "libertarian paternalism" (*e.g.* Sunstein and Thaler, 2003). The underlying principle is that individual preferences driving an act of choice tend to be influenced by how the default option is configured. An example of the default option is the routine association of a certain side dish to a main course ordered in a restaurant. Customers may be entitled to demand an alternative side dish, but if they did not exercise this faculty they would receive the standard (default) option. Using a healthy option as a default instead of a less healthy one would have a significant effect on the number of customers eventually choosing to consume the healthy option. Actions involving changes in default options may display varying degrees of interference with individual choice and they may be perceived as more or less acceptable by consumers depending on the nature of the choices they aim to influence. For instance, changing the order in which food is arranged in a company cafeteria (Sunstein and Thaler, 2003) in order to steer consumer choices towards healthy options would seem to be a fairly non-intrusive action. However, other actions based on the same basic principle, *i.e.* changing the default option, may be perceived as much more intrusive. An example is policies making organ donations a default, with individuals being allowed to opt out upon request, have been viewed as most controversial and have been fiercely opposed in many countries, despite evidence which shows these policies may increase organ donations by as much as 25-30% compared to countries where the default is not consenting to donation (Abadie and Gay, 2006).

Actions that aim at influencing choice through information and education are not without costs, although they tend to be less expensive than those intended to expand the choice set. Information is a commodity that

needs to be produced and delivered to consumers if it is to influence their choices. The costs involved in making the information available to consumers increase with the degree of complexity of the information required, with the difficulty of reaching the target of the information through efficient communication channels, and with the need to reiterate and reinforce messages. To the extent that information campaigns are publicly funded, taxpayers will pick up the bill and costs will be borne by those who engage in risky behaviours as well as those who do not. Actions aimed at regulating the provision of information and the use of persuasion in a market setting generally involve lower costs, mostly in relation to enforcement, but it should also be noted that such actions may lead to price changes for the consumers and the commodities concerned. For instance, a compulsory food labelling scheme would force food manufacturers to convey information to consumers at a very low cost for the public purse, but manufacturers will bear extra costs and may want to recover these from consumers by raising retail prices. Actions aimed at changing default options also tend to be regulatory actions and tend to have similar cost implications as regulating advertising.

Raising prices on unhealthy choices

Governments can also influence choice by raising prices on unhealthy behaviours. A classical example of this is taxation, in particular the use of indirect taxes and other levies charged on the consumption of goods deemed less healthy. Taxes have the effect of raising prices above some consumers' willingness to pay, leading them to reduce or stop consumption of the undesirable product.

The precise impact of imposing taxes on the consumption of certain commodities is determined by the price elasticity of the demand for such commodities, *i.e.* by the responsiveness of consumers to price changes. An inelastic demand means that the relative change in the quantity consumers will demand is smaller than the relative change in price. An elastic demand means the opposite. The elasticity of the demand for a commodity subject to taxation is important because it determines whether consumers will increase the proportion of their own income they spend on that particular form of consumption (inelastic demand), or decrease it (elastic demand).

It is difficult to predict how consumers will react to the price change induced by taxation. Some may respond by reducing their consumption of healthy goods in order to pay for the more expensive unhealthy goods, thus defeating the purpose of the tax. Others may seek substitutes for the taxed product, which might be as unhealthy as those originally consumed. Depending on the elasticity of the demand for the taxed product, consumers will either end up bearing an extra financial burden, or changing the mix of products they consume in ways that can be difficult to identify. The impact of

the tax on government and supplier (*e.g.* food manufacturer) revenues will depend on the elasticity of consumers' demand for the taxed product.*

Taxes on lifestyle commodities, or sin taxes, tend to be controversial. Critics perceive them as undue interference with individual choice. Governments levying such taxes are sometimes seen as "profiting" from unhealthy behaviours. In addition, taxes on consumption are typically regressive, unless consumption is concentrated among the wealthiest, which is certainly not the case for most potentially unhealthy lifestyle commodities, as the consumption of these tends to be concentrated among the less well off. Therefore, tax payments will weigh more heavily on the incomes of the most disadvantaged. In addition to distributional effects, imposing taxes on certain forms of consumption may also generate costs, mainly in relation to enforcement. When prices in a market are kept artificially high by taxation, phenomena like parallel trade and smuggling will flourish, which governments must then regulate or repress.

Banning unhealthy behaviours

The actions that involve the most extreme form of interference with individual choice are those that result in the complete banning of one or more choice options. Actions that make one option compulsory, implicitly banning all other options, are essentially of the same nature. Examples include swimming bans in dangerous waters, or compulsory wearing of bicycle helmets. These actions involve a direct limitation of individual choice and require a strong justification in order to become acceptable. Harm caused to others by an individual's behaviour (an externality, in economic terms) is typically one such justification. Examples include the health consequences of passive smoking, or the violent behaviour that may be associated with drinking alcoholic beverages at sports events. But in some cases a potential for self-harm (as in the case of swimming bans and compulsory helmets) is deemed sufficient to justify banning certain behaviours, especially when it is assumed that individuals are not fully able to assess the potential risks involved in adopting such behaviours. The addictive nature of certain forms of consumption often strengthens the case for adopting such severely restrictive measures.

A ban can selectively hinder certain choices, with the aim of limiting the overall consumption of a commodity or incidence of a given behaviour. This is

* Among lifestyle commodities, the demand for cigarettes is known to be broadly inelastic (Gallet and List, 2003) but with variations across social groups (Townsend *et al.*, 1994; Madden, 2007). The demand for alcoholic beverages tends to have an elasticity of about –1 (neither elastic nor inelastic) (Fogarty, 2004; Gallet, 2007). The demand for food, generally, is rather inelastic, but the demand for specific foods may be fairly elastic, because of the likely availability of substitutes.

the case of smoking bans in public places, or traffic speed limits. Selective bans tend to target behaviours in the situations in which these involve the greatest risks to the health of the individual or to the health of others. Alternatively, restrictive measures can aim to completely suppress the marketing or consumption of a commodity. Examples include bans on illicit drugs, or bans of food ingredients deemed dangerous for the health of consumers such as certain preservatives or colouring agents, or, more recently, trans-fatty acids (trans fats).

Whether partial or total, bans are essentially regulatory measures and as such they are less expensive than measures aimed at persuading consumers or expanding their choice sets. At the time of implementing a smoking ban in public places in England, the UK Department of Health estimated that the costs involved for the taxpayer, in terms of advertising the ban, hiring and training additional enforcement officers, and adapting existing premises, such as restaurant rooms, would be in the region of GBP 2 per capita (*Daily Telegraph*, 2007). However, as in the case of taxes, enforcement costs associated with banning certain forms of consumption may not be trivial. Illegal marketing and consumption of banned commodities may develop, possibly in an organised form, especially when there is strong demand for such commodities and when consumption is addictive. The impact of such activities on society, including the costs involved in countering them, if and when relevant, should be factored into any decisions to ban specific forms of consumption. The social impact of the prohibition of harmful drugs is a stark illustration of the costs involved in this type of regulation.

Summing up

Actions that widen choice or make certain options more accessible are generally well accepted, despite the objections of some critics. These actions include support to technologies that help private self-control, such as offering rewards to those who accept to delay gratification. Opportunities for adopting actions of these types find their main limits in their financial costs, modest overall effect.

Persuasion and other non-price devices such as default rules are often advocated as minimally intrusive interventions, which do not harm rational consumers. However, there are risks involved in relying on governments to deliver persuasion effectively and in the best interest of individuals, and it is difficult to monitor whether governments are able to do this.

Taxes and consumption bans are more transparent and contestable, although they may lead to potentially large welfare losses, because they will hit all consumers indiscriminately, including those who have healthy consumption patterns regardless of the tax or ban. In principle, taxes could be

designed in a way that would limit their negative impacts on rational consumers (O'Donoghue and Rabin, 2006), although such approaches, as they currently stand, are not sufficiently developed to allow applications in real world settings. Actions involving higher than minimal degrees of interference with individual choice can be considered more appropriate when the consumption of a commodity is invariably unhealthy and bears a large potential for harm; when the costs of an unhealthy choice is perceived as too great; or when the individual making the choice is perceived as needing more intervention, as in the case of children.

Government policies on diet and physical activity in the OECD area

Governments in the OECD area have taken a broad range of actions in recent years to improve nutrition and physical activity, reacting to a growing concern about increasing obesity rates, particularly in vulnerable population groups. The OECD carried out a survey of national policies in 2007-08. The survey was designed to compile an inventory and develop a taxonomy of policies and initiatives aimed at tackling unhealthy diets and sedentary lifestyles. Further objectives of the survey were to identify similarities and differences between country approaches and factors that may explain them, and to gather any evaluations of the effectiveness and costs of existing policies, which may not be in the public domain.

The survey covered all OECD and EU countries. The primary focus of the survey was central government initiatives, although governments were also invited to report on activities at the regional or local levels, and provide examples of the latter, when relevant. Health ministries were mainly targeted by the survey, but they were invited to share the questionnaire with other relevant ministries as appropriate. The survey involved the collection of major policy statements on diet and physical activity in each country, as well as information on up to ten preventive interventions adopted during the past ten years in the countries concerned. In particular, information was sought on whether important interventions had been monitored or evaluated and, if so, whether there was any evidence on the effects of the interventions on behaviour or health status.

Policy objectives and rationales for government intervention

A large number of OECD governments view the rise of overweight and obesity as a major public health concern. Governments are concerned about the health, social and economic consequences of obesity and about their projected future increases, which are deemed to justify at least certain forms of government intervention. Most governments see it as their responsibility to ensure that the conditions in which individuals lead their lives are conducive to good health and

recognise that living and working conditions have changed substantially in recent decades, leading to changes in individual lifestyles and population health. However, in most cases the magnitude of the problem is assessed in fairly general terms. Only in a few instances have governments engaged in detailed evaluations of the health and economic consequences of obesity.

There is a widespread recognition in the government documents examined as part of the survey that individuals need improved knowledge and understanding of the health effects of lifestyle choices in order to be able to handle the environmental influences that have been associated with the growing obesity problem. Governments acknowledge that individuals are often exposed to large amounts of potentially confusing information on health and lifestyles from a variety of sources, and assert that it is primarily their responsibility to act as a balanced and authoritative source of information, thus providing clear guidance to individuals who struggle to cope with increasingly powerful environmental influences. Many governments began to develop nutritional standards and guidelines well before obesity had risen to the top of the health policy agenda, and they are now intensifying their efforts to promote a culture of healthy eating and active living.

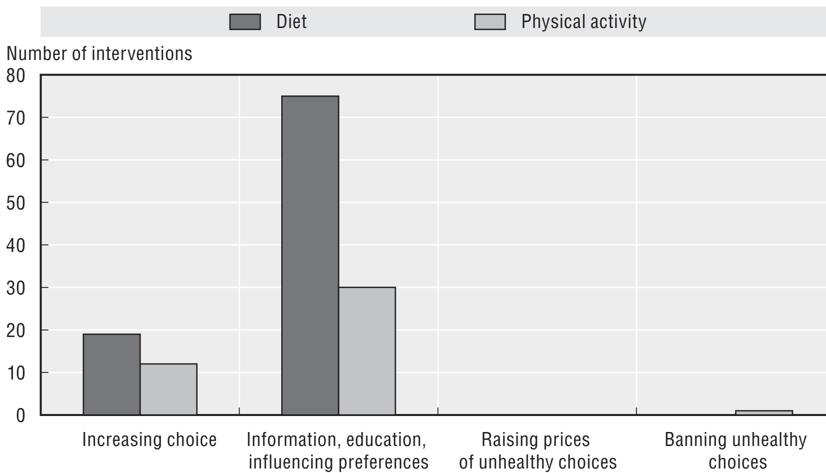
A further rationale for intervention which appears from a number of government documents is the higher prevalence of obesity in certain vulnerable groups. It is of particular concern to some governments that disadvantaged socio-economic groups and ethnic minorities appear to take up less healthy lifestyles in increasing proportions, and they appear to be less responsive than other groups to interventions aimed at improving lifestyles. There is a strong and established link between obesity and various dimensions of disadvantage, from unemployment to low income, from poor education to social isolation, and many governments view interventions to tackle obesity as part of their efforts to protect the health of vulnerable groups and prevent the widening of health gaps between population groups positioned at the opposite ends of the social scale.

Virtually all OECD governments have set themselves objectives and targets in tackling overweight and obesity. In some cases, such objectives remain very general and do not commit governments to achieving specific results, even in countries that have developed and implemented comprehensive and detailed programmes. In other cases, governments have chosen to identify measurable objectives in terms of nutrition (*e.g.* fat, carbohydrate, sugar, salt, dietary fibre, fruit and vegetable intake, mostly with reference to WHO recommendations); physical activity (*e.g.* proportion of adults engaging in at least 30 minutes of vigorous physical activity per day); or obesity (*e.g.* halting the progression of obesity rates or reversing it by a certain proportion within a given time frame).

What interventions?

A large majority of the initiatives reported by OECD countries are aimed at improving diets, rather than increasing physical activity. The latter objective is more typically pursued at the local level, particularly through community-based initiatives, although several countries have adopted comprehensive health promotion strategies at the national level that do include actions to increase physical activity. In most cases, interventions are led or co-ordinated by health ministries, although they often involve several government departments (education, agriculture, industry, transport, sport) and are often implemented outside the conventional boundaries of the health sector. These initiatives often involve the development, diffusion and promotion of nutrition guidelines. The most common target group is children and a large number of interventions are school-based, aiming at encouraging healthy lifestyles from early ages.

Figure 5.1. **Interventions in OECD and other EU countries by type**



Source: OECD/WHO Europe survey of national policies to tackle unhealthy diets and sedentary lifestyles.

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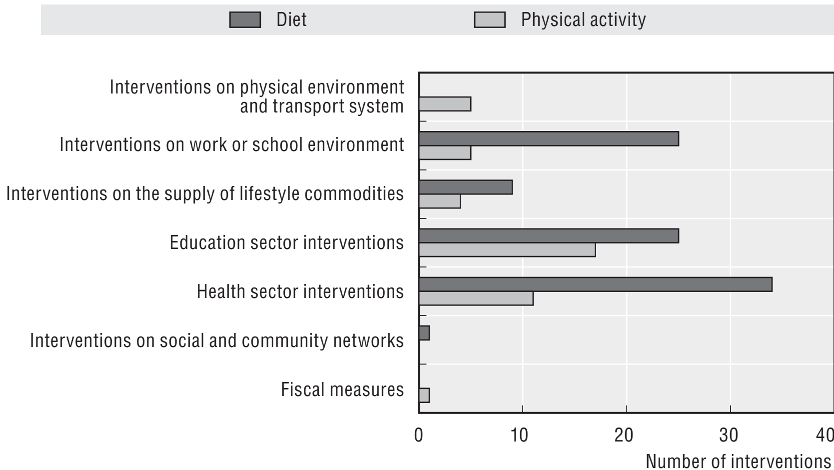
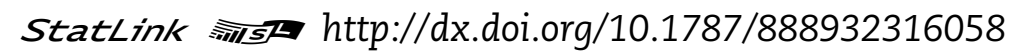
In relation to the typology of interventions outlined above in this chapter, the policy survey revealed that governments tend to view initiatives that involve the mildest degrees of interference as the most effective on a large scale. No governments reported initiatives in the third group among those they believed had the largest impact, although many OECD governments have been making use of taxes and tax exemptions, particularly in food markets, for some time. No interventions were mentioned in the fourth group either, probably reflecting the

Figure 5.2. **Interventions in OECD and other EU countries by sector**



Source: OECD/WHO Europe survey of national policies to tackle unhealthy diets and sedentary lifestyles.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consensus that outright bans of specific forms of consumption are unlikely to be appropriate in relation to diet and physical activity.

A large majority of OECD countries have adopted initiatives aimed at school-age children. These entail a variety of measures, often combined for greater impact. Measures include changes in the school environment, sometimes limited to improving school canteen menus, often through re-negotiation of contracts with external caterers. But in many cases they extend to improvements in facilities for physical activity and to changes in the types of food and beverages sold by vending machines and other outlets within schools. Interventions generally involve an educational component as well, entailing the inclusion in school curriculum of health and lifestyle education aimed at improving children's health literacy. It is not uncommon for such initiatives to involve children's families. Additionally, these programmes can be supported by the distribution of discount vouchers or even free food, such as fruit. On the other hand, they rarely involve individualised health checks.

The second most common group of interventions adopted by OECD governments is typically set within the public health function of health systems. These interventions are primarily based on the development and dissemination of nutrition guidelines to a wide variety of population groups, although in some cases they also involve promotion of active transport and active leisure. Accordingly, interventions often make use of a variety of channels to convey health promotion messages, including the mass media,

schools, employers, job centres, shops, pharmacies, general practices and other health care facilities, recreation facilities and others.

Regulatory initiatives concerning the market for food products are common in the OECD area, although these have been reported only in a few instances in the policy survey. These include food safety standards, which may be seen as having a relatively limited impact on obesity, but also food labelling schemes and the regulation of nutrition and health claims, which are likely to have a bigger and more direct impact on nutrition choices and obesity. Workplace interventions were also reported in very few instances, probably reflecting the view that employers, and not governments, are primarily responsible for developing such programmes. Finally, a few governments reported interventions on the physical environment (*e.g.* extension of bicycle lanes and green spaces), on the transport system, or partnership with the private sector to improve access to sport and leisure facilities.

In addition to fiscal measures in use in OECD countries (generally omitted from survey responses), at least one country, Japan, and the State of Alabama (United States) have adopted schemes based on financial incentives after the conclusion of the policy survey. The State of Alabama offers a USD 25 health insurance discount to State employees who participate in a wellness programme or show commitment to reduce their levels of risk in relation to BMI, blood pressure cholesterol and glucose. This adds to a similar incentive for non-smokers in the same jurisdiction. In Japan, health insurers have been mandated to screen 56 million people aged 40-74 for the "metabolic syndrome", and to engage those at risk in an effective wellness programme, with financial incentives for its delivery. Incentives of this type have been advocated as a more equitable, and possibly a more effective, alternative to taxes on certain forms of food and beverage consumption, although most existing empirical evidence does not appear to support the claim that financial incentives may contribute to sustainable weight loss (Volpp *et al.*, 2008; Paul-Ebhohimhen and Avenell, 2008; Cawley and Price, 2009).

Private sector responses: Are markets adjusting to the new challenges?

As individuals need to balance energy intake and expenditure in various aspects of their own lives and consumption, the industries in which they are employed and those which supply the commodities they consume can play an important role in helping to prevent overweight and obesity. Industries in which technological innovation and automation of production have more dramatically reduced work-related physical activity may offer incentives and programmes to help employees improve their lifestyles. The sports and exercise industry may provide further opportunities for physical activity

during leisure time. The real estate industry may contribute to urban design solutions that facilitate active transport and active leisure opportunities. The food and beverage industry may help consumers maintain a balanced nutrition and an adequate energy supply. The health care industry may provide medical solutions to the problems of overweight and obesity for those cases in which behavioural approaches prove insufficient.

The government documents and statements gathered as part of the OECD policy survey indicate that all governments emphasise the importance of co-operation and partnership with the private sector. A range of stakeholders are mentioned in such documents as natural partners in the development of strategies to improve nutrition and physical activity. However, the precise terms in which such co-operation should take place and the respective roles of the different stakeholders often remain vague.

Business organisations often engage in health promoting production, marketing, and human resource management policies to fulfil the expectations and demands of consumers, government, and society at large. A health and well-being industry has been developing at a very fast pace in recent years, driven by a growing consumer demand. This has provided, for instance, greater opportunities for leisure-time physical activity and healthy nutrition, which may have an impact on obesity. An increased availability and awareness of health-related information, and an increased attention to obesity and its consequences by the mass media, have contributed to changing consumer preferences, to which business organisations have often responded promptly. However, this phenomenon appears to be mostly confined to certain population groups, particularly those with higher levels of education and socio-economic status. More disadvantaged groups continue to display lower levels of leisure-time physical activity (not compensated by work-related physical activity) and less healthy nutrition patterns (Arnade and Gopinath, 2006; Cerin and Leslie, 2008).

A second major force that may lead business organisations to adopt health promoting initiatives and policies is government action, or simply the expectation of government action. Government regulation may produce both direct and indirect effects on markets for health-related commodities, but governments are often reluctant to use regulation because of the complexity of the regulatory process, the enforcement costs involved, and the likelihood to spark a confrontation with the industry. In situations in which an expectation of government regulatory action exists, business organisations may seek to anticipate such actions through self-regulation and co-operation with governments. This has recently been the case, for instance, in the regulation of food advertising to children and in food labelling. In these areas, business organisations have taken initiatives before most governments could implement formal regulatory measures. Industry self-regulation, when

pursued within a broader regulatory and monitoring framework set out by, or agreed with governments, presents a number of advantages over government regulation alone, as it may substantially reduce enforcement costs and may avoid conflict with the industry. However, the effectiveness of self-regulation may be hindered when only selected business organisations sign up to the relevant voluntary agreements.

An area of special complexity is product reformulation, especially in the food and beverage industry. In this case, business organisations have to balance consumer demands for taste and convenience with the threats and opportunities involved in different types of government regulation. Demands for taste and convenience may lead to a larger-than-desirable use of certain ingredients which may have negative health consequences, especially if consumed in large quantities, such as salt and sugar for taste, or trans fats for convenience (extended shelf-life). Governments may ban or strictly limit the use of such ingredients, or simply threaten to do this in order to elicit an appropriate response from the industry. However, this form of regulation is not widely applicable in food manufacturing, and governments often prefer to use incentives to encourage business organisations to reformulate less healthy products. Common incentives include those involved in the regulation of nutritional or health claims. Such regulation is often perceived merely as a way to prevent misleading claims but in fact has at least some potential for driving innovation in food manufacturing. Landmark studies by Ippolito and Mathios (1990, 1995, 1996) showed how the decline in fat consumption accelerated, and fibre consumption increased, after the US Food and Drug Administration allowed food manufacturers to make claims about the health benefits of their products in advertising them (in 1985). Regulation can thus generate new market opportunities, which firms are eager to seize by reformulating their products in ways that may justify health claims.

Finally, business organisations may engage in health promoting initiatives to fulfil broader societal expectations, as a form of corporate social responsibility. Societal concerns have increasingly been voiced in recent years by consumer organisations and advocacy groups battling against obesity and unhealthy individual lifestyles. Business organisations, both as employers and as producers and marketers of products and services that have a potential impact on health, have a strong interest in retaining a positive and credible image, particularly when their market success depends crucially on advertising. A number of large employers have therefore taken initiatives to promote healthy lifestyles among their employees, despite limited evidence that such initiatives generate positive returns in terms of reduction of sick leave and higher productivity.

Major players in the food and beverage industry have contributed to health education initiatives or programmes to promote physical activity

among children. Coca-Cola and Kraft Foods, for instance, have promoted initiatives such as "Triple Play", an after-school health and wellness programme at Boys and Girls Clubs of America, as well as similar initiatives in various Asian and South American countries. Coca-Cola's "Happy Playtime" initiative reached over 700 schools in 19 Chinese cities. A similar initiative in Brazil, *Prazer de estar bem* was promoted by a group of food and beverage manufacturers in close to 300 schools in the State of São Paulo. Programmes are often run in collaboration with government departments, as the "It's Fun to Be Fit" initiative in the Philippines, or the *Movimiento Bienestar* programmes in a number of Latin American countries. These initiatives likely contribute to brand loyalty and may even increase consumption of the products of the sponsoring firms by those who are exposed to them, although there are instances in which firms grant unbranded sponsorship to events and programmes. There is hardly any independent evidence of what the net effect of these initiatives may be on children's and other people's lifestyles. Some evidence from consumer research shows that listing healthy options, for instance, in restaurant menus, makes indulgent food choices more likely, by triggering a goal-activation mechanism (Wilcox *et al.*, 2009). Whether initiatives like the ones mentioned above, or like the French government's requirement to include positive health messages in adverts of manufactured food products (*e.g.* "for your health, eat at least five portions of fruit and vegetables a day", or "for your health, practice physical activity regularly", see *http://mangerbouger.fr*), might generate a similar effect is not known.

The extent to which the types of initiatives taken within the private sector may have an impact on lifestyles and chronic diseases may partly be gauged from the findings of a micro-simulation modelling exercise presented in the following chapters. However, there is at present very limited empirical evidence that market-based solutions can contribute significantly to containing overweight and obesity. Much of the existing evidence relates to industry compliance with self-regulatory initiatives, consumer awareness and consumer perceptions. It is in the interest of all stakeholders to expand and strengthen the existing evidence-base through new and improved research on how market-based initiatives may reduce exposure to potentially harmful environmental influences and change individual behavioural and consumption patterns in ways that promote healthy lifestyles.

Key messages

- Governments can increase choice by making new healthy options available, or by making existing ones more accessible and affordable.
- Governments can use persuasion, education and information to make healthy options more attractive. These are often advocated as minimally

intrusive interventions, but governments may not always deliver persuasion effectively and in the best interest of individuals, and it is difficult to monitor whether they do so.

- Regulation and fiscal measures are more transparent and contestable interventions, although they hit all consumers indiscriminately, may be difficult to organise and enforce and may have regressive effects.
- Interventions that are less intrusive on individual choices tend to have higher costs of delivery. Interventions that are more intrusive have higher political and welfare costs.
- OECD governments have been taking action in the last five to ten years in response to calls by international organisations and pressure by the media and the public health community, but without a strong body of evidence on the effectiveness, efficiency and distributional impact of interventions.
- Governments have been trying to influence diet more than physical activity. The vast majority of interventions has been based on the delivery of health education and health promotion through public health campaigns, the education system and at the workplace.
- The private sector, including employers, the food and beverage industry, the pharmaceutical industry, the sports industry and others, has made a potentially important contribution to tackling unhealthy diets and sedentary lifestyles, often in co-operation with governments and international organisations.
- Evidence of the effectiveness of private sector interventions is still insufficient, but an active collaboration between the public and the private sector will enhance the impact of any prevention strategies and spread the costs involved more widely. Key areas in which governments expect a contribution from the food and beverage industry are: food product reformulation; limitation of marketing activities, particularly to vulnerable groups; transparency and information about food contents.

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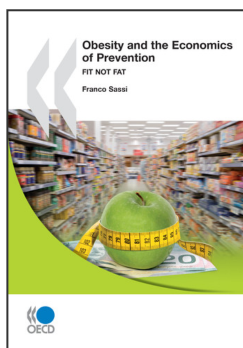

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