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Economics, Policy, and Obesity

Maria L. Loureiro and Rodolfo M. Nayga, Jr.

Until very recently, obesity was not considered an economic problem. Rather, it was regarded as an individual problem derived from private food choices, which carried esthetic and, if severe, medical consequences. However, obesity has now become quite severe in some countries, carrying large associated medical costs to all of society as well as to private individuals. Today, an estimated 64% of Americans are classified as overweight or obese. Currently, in the United States, health care for overweight and obese individuals costs an average of 37% more than health care for people of normal weight, adding an average of \$732 to the annual medical bills of each American. According to a 2004 study by Finkelstein, Fiebelkorn, and Wang, the medical costs connected to obesity and smoking each account for about 9% of all health expenditures in the United States.

The social consequences of obesity are also serious. Multiple studies have shown that obesity negatively (and significantly) affects personal and working relations and wages, particularly for females. Given the presence of such costs and the possibility that food market information might be used to alter individual behavior, economists are addressing policy options to reduce the incidence of obesity.

In this issue of *Choices*, we present three papers that shed light on economic aspects of obesity. The first paper, by Guest Editor Maria Loureiro, reviews the economic consequences of obesity and its socio-economic and cultural roots. Similarities and differences are presented therein between experiences in the United States and other countries. The second paper, by Fred Kuchler and Elise Golan, addresses whether there is a role for economic policies and government intervention in reducing the prevalence of obesity and suggests that information gaps

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and societal costs may justify action. The authors are skeptical about finding a convincing efficiency argument for intervention. The third contribution, by Parke Wilde, considers possible conflicting goals in the United States between interest groups and government when formulating policy.

Collectively these papers illuminate the complexity of the obesity and overweight phenomenon.

