

Introduction¹

Obesity is at the top of the public health agenda in the United States today for compelling reasons. Since the mid-1970s, the national prevalence of overweight and obesity has increased rapidly. According to the 1999-2000 National Health and Nutrition Examination Survey (NHANES), 31 percent of U.S. adults between 20 and 74 years of age are now obese, a 100-percent increase since 1976-80. Among children and adolescents, overweight prevalence tripled from 5 percent in the 1970s to 15 percent during 1999-2000. Obesity has increased among both men and women, in all age, racial, and ethnic groups. Overweight and obesity are implicated as major risk factors for a number of chronic diseases, including type 2 diabetes, hypertension, cardiovascular disease, some types of cancer, musculoskeletal disorders, sleep apnea, and gallbladder disease. Recent evidence suggests that increasing obesity may be responsible for the rise in disability among young adults. Each year, obesity causes at least 300,000 excess deaths in the United States, and health care costs of American adults with obesity amounted to approximately \$93 billion in 2002. Because obese children are more likely to become obese adults without intervention, the full consequences of increased obesity are still to be faced.

Despite its enormous health, economic, and social impact, much remains unknown about the rise of obesity in America. The causes behind the obesity epidemic are said to be complex, involving metabolic, behavioral, environmental, and other influences. At the basic level, however, obesity and weight gain are the result of choices individuals make about the types and quantities of foods they eat and the amount of physical exertion they undertake. Individuals make such choices in the context of the limited time and income available, in the presence of competing goods and activities, and with the objective of attaining multiple outcomes or goals, only one of which is health. The discipline of economics studies people's choices under precisely these circumstances. The tools of economics can thus be used to gain a deeper understanding of the fundamental causes behind the rise in obesity. By accounting for the fact that people care about multiple goals or outcomes, economics provides a framework for understanding behaviors that may appear suboptimal from a public health point of view.

Only recently have economists begun studying the causes and consequences of escalating obesity (Philipson, 2001). With the objectives of reviewing current work and stimulating future health economics research on obesity, USDA's Economic Research Service and The University of Chicago's Irving B. Harris Graduate School of Public Policy Studies and George J. Stigler Center for the Study of the Economy and the State jointly organized a workshop. Eight papers covering the state-of-the-art in health economics research on obesity were presented and discussed in depth. The workshop participants also discussed policy implications and future directions for health economics research on obesity. Attendees included economists and public health experts from academia and the Government. This report is a summary of the papers and discussions presented at the meeting.

¹This report summarizes ideas and suggestions discussed at the workshop, and in no way reflects the views of the Economic Research Service or the U.S. Department of Agriculture.