

Use food subsidies as carrot to encourage healthier eating habits for obese

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Economics study looks at ways of nudging people to healthier eating habits.
Credit: University of Bath

Subsidising healthy foods by up to 10 per cent would do more to shift the eating habits of overweight and obese people than a tax on unhealthy products, and could be cost effective in the long-run, according to the findings of a new study published by economists at the University.

Based on the current numbers of [obese people](#) in the UK, the authors estimate that a 10 per cent [healthy food](#) subsidy over the course of a lifetime and across the population could save as much as £7.2 billion in the long-run. Rolled out, they suggest, the scheme would cost £991 million.

Encouraging healthier eating habits

In practical terms this might mean that a bag of apples which today [costs](#) on average £1.50 would be reduced to £1.35, and a bag of carrots, priced at £1.00, would go down to 90p. It is suggested that healthy foods would incorporate fresh fruit and vegetables, some fish and lean meats.

The new study is set against a backdrop where rising obesity and declining physical activity levels mean that encouraging healthier lifestyles remains a key concern for policy-makers and healthcare practitioners. Recent figures suggest that the cost of obesity for the NHS could be as high as £6.1 billion annually. This is predicted to increase by a further £2 billion by 2030.

With healthy [food](#) options costing up to four times as much as unhealthy alternatives, the economists behind the study wanted to understand how individuals could best be nudged into making healthier choices and to provide policy-makers with [cost benefit analysis](#) for the different options available.

For the latest study, published recently in the Bulletin of Economic Research, the researchers tested the effectiveness of taxes versus subsidies and [cash incentives](#) at reducing unhealthy food consumption.

Striking the best balance

Using a detailed mathematical model, they predicted the likely outcomes of each different scenario for both the UK and US. For both countries, their findings suggest that subsidies strike the best balance between effectiveness in changing behaviours and long-term monetary benefits to society.

The study in fact suggests that cash incentives – a stipend paid on the condition of various healthy lifestyle changes - might in fact be the most effective at changing behaviours, but the running cost for such a scheme would be too great.

Lead author, Dr Javier Rivas from the Department of Economics, explained: "Our results suggest that a subsidy of around 10 per cent on products strikes the best balance between shifting behaviours to encourage healthier eating and saving the taxpayer money in the long-run.

"Growing levels of obesity pose a crippling problem for our health service now and the in the future. Policy-makers need to weigh up these new proposals against the long-term costs of overweight and obesity to the health service."

Another finding from the study suggests over the course of their lifetime, each obese person costs the NHS £1,796. Applied across the population, this accounts for over 16 per cent of total NHS spend.

This latest study is one of only a few to have examined the effectiveness of different government policies targeting consumers' diets. The authors now hope their economic model could be trialled by policy-makers.

More information: Miguel Flores et al. CASH INCENTIVES AND UNHEALTHY FOOD CONSUMPTION, *Bulletin of Economic Research* (2017). [DOI: 10.1111/boer.12085](https://doi.org/10.1111/boer.12085)

Provided by University of Bath

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