



The Voice of OECD Business

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Comments on the OECD project on the economics of prevention

The Business and Industry Advisory Committee to the OECD (BIAC) appreciates the opportunity to provide comments on the OECD project on the economics of prevention.

- BIAC would like to bring to the table the experience of its members in tackling questions related to preventing non-communicable diseases (NCDs). BIAC believes that non-communicable diseases need to be addressed involving all stakeholders, including the business community. As employers of large and small companies representing different business sectors, we would like to fully engage in the OECD project alongside governments and other expert stakeholders. One way this could be accomplished is by conducting a survey of employers' workplace wellness programmes and other business initiatives that are focused on helping to reduce the incidence of NCDs, using the BIAC Secretariat as a facilitator.
- BIAC recognises that increases in NCDs (such as cardiovascular disease, type 2 diabetes, hypertension and some forms of cancer) are associated with an increasing prevalence of obesity resulting from many factors, including poor diets, reduced levels of physical activity and changes in lifestyle in both developed and developing countries around the world. However, BIAC does not support the way the OECD has framed the issue.
- BIAC recognises the compilation of current government interventions and activities directed at promoting balanced diets and encouraging physical activity in a large number of OECD countries and the establishment a useful typology of grouping them from a policy perspective. BIAC notes, however, that these currently only relate to **government** health interventions and not, for example, industry initiatives, activities conducted in the workplace or other public/private partnership activities. Including industry initiatives to address NCDs would provide a more comprehensive picture of what stakeholders are bringing to the table.
- BIAC believes that the OECD's work to date covers only a subset of questions in economics of prevention of NCDs. We support the contribution of the OECD invited experts, in particular the input of Prof. Tomas Phillipson of the University of Chicago, which should be adequately reflected in the OECD work. Understanding how to change individuals' behaviour is key to understanding how to promote healthy lifestyles.

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- BIAAC suggests that policies related to diets, physical activity and other lifestyle factors should be designed in a balanced way, (1) including not only government actions, but also private and individual initiatives, (2) addressing simultaneously all aspects of the issue – technological, medical, nutritional, psychological, etc., and (3) focusing on effective means for changing individual behaviours. Related to this, the global food and beverage industry has been engaged as a credible legitimate stakeholder in the WHO's Global Strategy on Diet, Physical Activity and Health since its inception in 2004. Indeed, the Global Strategy acknowledges that efforts to help people improve their diet and health require actions by all stakeholders, including the private sector. Since 1994, industry has done and continues to do much to help achieve the Global Strategy's objectives, such as:
 - Reformulating existing products and developing others that offer healthier options to consumers;
 - Providing wider ranges of packaging and portion sizes from which consumers can select products that meet their individual nutrition and health needs;
 - Providing consumers with more and clearer information about the nutritional composition of their foods and beverages;
 - Adopting voluntary measures on marketing and advertising of food and beverages, particularly to children; and
 - Promoting greater physical activity, sports and healthier lifestyles, including in the workplace.
 - BIAAC would like to underline the importance of making a distinction between products which are invariably unhealthy such as tobacco, and products whose impact on health depends on the modalities of consumption, like food.

Importance of Health Information, Balanced Diets and Physical Activity

Being overweight or obese, while resulting from multiple factors, is fundamentally a matter of more calories consumed, than are expended. The key for most individuals is to ensure the calories taken in, equal the calories expended. Consequently, having a healthy, balanced and varied diet, being mindful of total daily caloric intake, in concert with physical activity, is an essential step towards achieving and sustaining an active, healthy life. Educating the public on the basics of the "how and how much" to eat, rather than "what" to eat, and ways to include activity as part of their daily routine is an essential component of any sustainable effort to reduce obesity in our society.

People who are "health literate" are more likely to improve their life styles and seek health care, as they recognise and understand health warning signs. A basic element of health literacy is acting upon health information to make appropriate health decisions, such as screening for preventable and treatable diseases.

Furthermore, in addition to expending calories, increasing populations' levels of physical activity has been demonstrated to have significant positive health effects beyond simply controlling weight. The current work does not fully take into account how to better encourage more active lifestyles and how the technological changes in transportation have contributed to reduced physical activity.

Workplace Issues

Employers, in particular, face unsustainable rising costs in paying for drugs and devices, care and medical procedures employed in the treatment of NCDs. Obesity is recognised as a significant factor in the development of NCDs. Workplace programmes that provide employees with the tools and motivation to achieve a healthy weight and to be physically active can go a long way in reducing health care costs associated with NCDs.

According to economists, such as Phillipson, it is the way we perform work that in part affects how much we exercise. At the same time, technological change has brought both new production methods that lower the cost of food and made the consumption of calories cheaper than ever and the spending of calories (exercise) more expensive. The same technological change has also removed the physical effort that was associated with doing work in the past. This is why the place of work or the mode of work is a key factor in affecting the balance between the calorie intake and physical activity.

Private business and industry have strong interest in engaging in work on prevention and particularly in identifying simple effective actions. OECD recommendations to individuals, business and governments should be based on sound evidence and proven successful initiatives (such as health literacy and communication interventions) while avoiding simplistic approaches that may well have unintended consequences.

Successful preventive initiatives of employers already include actions, such as effectively banning alcohol and tobacco from the workplace, providing programmes, for example, to eliminate use of tobacco, facilitating screening (for breast, prostate, and colon cancer or diabetes), providing education and/or vaccinations such as influenza, hepatitis B and C and others to their employees and often their families. More recently, employers are encouraging overall good health by providing information on sound dietary habits and opportunities for increased physical activity, e.g., through on-site sports or exercise facilities. While governments have efficiently fought the use of tobacco in OECD countries, they should also urgently address the effects of excessive alcohol consumption and their rising impact on health and safety.

BIAC Concerns Regarding the OECD Approach

The BIAC Health Task Force has been historically supportive of the selection of economics of prevention as one of the projects to be undertaken by the OECD Health Committee. This is because – paradoxically -- the prevalence of chronic NCDs, which is rising everywhere in the world, is to a great extent due to earlier successes in the conquest of the infectious diseases through both advances in medical innovation and improvements in nutrition, housing and education.

One of the motivations for addressing the economics of prevention is the growing deficits of national health budgets and the ever rising burden for employers, which according to some prominent economists cited also in the OECD study, such as Robert Fogel of University of Chicago or David Cutler of Harvard, stem in part from the rapid increases in the longevity of world populations due to technological developments in medicine coupled with social mandate for universal and equitable coverage by insurance. **One of BIAC's motivations in supporting OECD work on economics of prevention has been the need for balanced evaluation of the potential of innovation specifically aimed at preventing rather than treating chronic diseases.**

At a minimum, the cost of doing nothing reflects the burden of NCDs and provides a measure of the potential value of change to employers. Every day, costs are incurred by employers, who are paying and/or providing health care to their employees and who are suffering productivity losses due to the loss of full function at work. Companies cannot continue to shoulder such an increasing cost burden without substantial reform in the future.

We are concerned that the **theoretical** positions outlined in the OECD paper on the “Economics of Prevention” -- unless amended -- will not address **the economic problem** in a way expected from the OECD, which has a unique role to play compared to other international organisations, building on its economic strength. An incomplete framework could seriously misguide other international activities such as the WHO work on NCDs as it might prevent a proper integration of public health concerns about the growing epidemic of NCDs and the comprehensive evaluation of long-term factors and incentives that could be successfully put in place. In particular, the use of the economic term “market failure” as in the present OECD paper, might give rise to the misconception that free individual choice is the exception rather than the norm. We disagree with the premise that NCDs are a result of an underlying market failure, and we do not believe that additional consumption taxes on certain products, as proposed by some parties, will address an issue that is multi-factorial and which requires a holistic approach.

The **UK Foresight** study mentioned in the OECD report advocates an inclusive, multi-stakeholder approach, where individuals, communities, employers and various branches of government (health, housing, education, science and technology, and finance) work together to achieve a sustainable lifestyle change in people’s behaviour.

Future considerations for the OECD Project

The OECD project for 2007-2008 targets **prevention of unhealthy diets and sedentary life style** as the focus of **public** intervention. This pre-empts important questions, such as the dynamic interplay of the improvement in our understanding of diseases --through medical progress and medical research -- with changing lifestyles. Paradoxically, improved access to food, combined with reduced levels of physical activity (including reduced activity resulting from modern technology and challenging environments that do not and/or prevent opportunities for physical activity), has led over a long period of time to increases in overweight and obesity.

Without denying in any way that poor diet (e.g. excessive intake of fat, salt or sugar) and the lack of physical activity play a major role in the development of obesity, one should still question the way the OECD has addressed this issue.

While the project also explicitly aims at measuring and considering the case for reducing socio economic inequalities in health status associated with diet and physical exercise, it does not yet provide any leads on how it will accomplish this task.

Specific examples of activities by WHO, NGOs as well as business and industry that could be collected in a survey to provide input to the economics of prevention project.

WHO and its Members have recognised that there is no one-size-fits-all policy prescription for Member States to address issues related to nutrition and health, that roles and responsibilities differ across stakeholders (and clearly include individual responsibility), that country-specific

conditions vary greatly and that science and evidence must guide interventions. Efforts include:

- Implementing the Member-agreed 2004 Global Strategy on Diet, Physical Activity and Health;
- Efforts to assess and combat NCDs, via the forthcoming NCD Action Plan and related efforts;
- One specific example of on-going work is a current, active examination of marketing issues and the Secretariat's explicit intent to present recommendations to Members in 2009.
- WHO is examining developments on rigorous marketing self-regulation, the potential (as declared in the Global Strategy) for marketing to be a positive tool for education and messaging to enhance its positive impact on diet and physical activity.
- Innovation/reformulation of thousands of existing products;
- Major product innovations in offering new, healthier choices to consumers;
- Provision of more and better consumer product and nutrition information, with health literacy considerations, on product labels, web sites, etc.;
- Implementation of workplace wellness programmes and models, and cooperation with WHO to encourage their expansion and effectiveness;
- Establishment of independently monitored, self-regulatory frameworks for responsible marketing in major economies;
- Specific pledges by companies consistent with existing responsible marketing frameworks;
- Efforts to develop self-regulatory best practices for broader dissemination;
- Major efforts to promote education about proper diets and lifestyles as well as initiatives to encourage regular physical activity;
- Active programmes to reduce hunger and malnutrition among the poor.

It should be noted, that the FAO and others have found the use of fiscal policies to influence diets generally ineffective. Moreover, fiscal policy is complex, often has unintended consequences, and requires caution, especially as food prices continue to rise.

BIAC thanks the OECD for the opportunity to submit these comments and looks forward to the next opportunity to collaborate more fully in future OECD work in this area.