



New  
Direction



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# LEAVE NO ONE BEHIND

## How to enhance health outcomes via non-invasive policies in Austria

WHITE PAPER SUMMARY BASED ON DATA FROM EASTERN AND WESTERN EUROPEAN COUNTRIES WITH A FOCUS ON AUSTRIA



Founded by Margaret Thatcher in 2009 as the intellectual hub of European Conservatism, New Direction has established academic networks across Europe and research partnerships throughout the world.

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## INTRODUCTION

Today, there is a core – and somewhat philosophical – division when talking about health costs, healthcare systems, and in general policymaking.

On the one hand, some believe that people should be forced to make the “right” decision. Whether that right decision is actually correct, science-based, and data-driven is of secondary importance to this group. Creating what is nothing short of a tautological monster, the decision is correct because it comes from a higher authority. Given the authority of the state (or of other institutions), they believe, the “ignorant” population should follow it. Paraphrasing, the state (and the people in it) know it better. If reading this you have found a worrying resemblance to what is called a dogma (defined as “*a principle or set of principles laid down by an authority as incontrovertibly true.*”) you would be correct. And if you are like me, you are also probably worried about what policymaking is bringing to our doors.

On the other hand, others believe that people’s freedom of choice is (or should) be a core principle of policy-making and that people need to be informed rather than forced into a certain position or behavior. I am part of this second group. I believe that history (and the data that comes with it) has shown time and time again that forcing people into a certain behavioral pattern has not only failed to produce beneficial results for society but has rather directly (and indirectly) damaged society – hence, the economy – in forms that are sometimes difficult to believe. History is littered with terrible examples of this. On the economic front, a simple literature review of the history of bans would show – without any doubt – that forcing people to change their behaviors does not work.

Discussing this is like discussing that the earth is the one moving around the sun, and not vice-versa. We can discuss it, of course, but would that be productive and conducive to anything more than an empty – and rather frustrating – conversation? What works (also in the case of solar system movements, which go well beyond my capabilities as an economist) is to share knowledge, information, and data. This would give the

appropriate tools to everyone in society so that they can freely decide to make the right decision.

These different ways of thinking are nowhere more explosive than when talking about health-care and its effects on the state budget. Today, we observe objectively worrying numbers in the consumption of harmful goods in Austria. These numbers are a fact, and anyone can see them.

However, while we all probably agree on the issue, some of us will move towards an ideological approach, while others will look for a pragmatic solution. The objective is to decrease health costs, which will allow the country to continue providing quality health services to the population. The question is how we achieve such a lofty objective. My answer is to use **non-invasive policies** to reduce social distortions.

These policies should focus on vulnerable groups, including lower-educated and low-income adults. Enhanced collaboration between public and private sectors mixed with better communication to consumers about health risks are key for an evidence-based policy approach. The consumer’s free will remains at the center of the picture, increasing the understanding at the base of consumption choices. This constructive policy approach is based on three pillars:

**Implement Public Private Partnership Principles:** Address risky behaviors creating partnerships and constant conversation between the public sector and the private industry.

**People’s Empowerment:** Strengthen the understanding of individual health by correctly communicating the respective health risks of products.

**Incentivize Innovation:** Incentivize the switch to better alternatives to reduce social distortions, and in turn boost further innovation by the private sector.

## Harnessing potential HOW AUSTRIA'S POLICYMAKERS CAN REDUCE NEGATIVE HEALTH OUTCOMES

In the past decades, non-communicable diseases (NCDs) have become a rising problem in developed economies. In Austria, NCDs accounted for 91% of death cases in 2019.<sup>1</sup> Most NCDs are caused by common, preventable, risk factors including addictive substance use and unhealthy diets.<sup>2</sup> Austria is today one of the countries showing the unhealthiest consumption patterns in Europe. Policymakers can still reverse this trend via non-invasive policy interventions – which can

produce substantial results at low costs. Enhancing health awareness will result in better health outcomes (as academic and anecdotal data has shown in other countries).<sup>3</sup>

***“Many behavioral risk factors remain more prevalent in Austria than across the EU.”***

OECD (2023)<sup>4</sup>

### Risky behaviors – How to reduce their negative effects on society and maintain freedom

Risky behaviors are part of being human. While the magnitude of these behaviors can vary from person to person, we all include some risks in our daily lives. This is a fact, and it will not change because a policymaker demands (or worse, imposes to) people to modify their behavior. However, policymakers can work hand in hand with the private sector to de-risk those very same risky behaviors.

result in a substantial improvement in the country's health (hence, in our country's balance sheet). The same is true when talking about excessive alcohol, and combustible tobacco consumption.

Between 2014 and 2019, the share of Austrian citizens enjoying a healthy diet decreased from 7.2% to 5.6% – well below the European average of 12.4% in 2019.<sup>5</sup> It goes beyond the objective of this study to understand why Austrian citizens are deciding to move in this direction – something that will require more on-field research. However, the data itself rings a clear alarm for the country. Looking at the cold numbers, an increase in the adoption of a better diet would

When talking about alcohol, the Austrian average per capita alcohol consumption stood at 11.6 liters in 2019, ranking Austria second among all OECD countries.<sup>6</sup> At the same time, European annual per capita alcohol consumption amounted to 7.8 liters.<sup>7</sup> In addition to alcohol consumption, Austrian reduction in smoking prevalence remains moderate, and current consumption is rather high. While the average smoking prevalence in the EU declined by 2.3% between 2006 and 2020, the decline was 1.5% in Austria during the same period. Smoking prevalence stood at 25.4% in 2020 in Austria compared to the EU average of 23.2%.<sup>8</sup>

<sup>1</sup> Worldbank. [Cause of death by non-communicable disease.](#)

<sup>2</sup> WHO. [Noncommunicable diseases: Risk factors.](#)

<sup>3</sup> Among other, these reports indicate a growing global health awareness: [Finger et al. \(2019\)](#); [Duarte et al. \(2022\)](#); [The conscious consumer](#); [Géhin & Talanova \(2021\)](#)

<sup>4</sup> OECD. [Austria: Country Health Profile 2023.](#)

<sup>5</sup> Healthy diet is defined here as consuming at least 5 portions of fruit and vegetables daily. The same opposing trend can, however, be observed for an unhealthy diet (consuming no fruit and vegetables at all). Eurostat. [Daily consumption of fruit and vegetables.](#)

<sup>6</sup> OECD. [Alcohol consumption.](#)

<sup>7</sup> European Health Information Gateway. [Pure alcohol consumption.](#)

<sup>8</sup> Eurobarometer. [Attitudes of Europeans towards tobacco and electronic cigarettes.](#)

## Lowering harmful behavior could save a large number of lives

**One thing should be clear to all: these potential improvements are low-hanging fruit results, that policymakers can collect with relatively low political effort and without opting for the kind of invasive policymaking that is rejected (and rightly so) by a vast part of the population.** For instance, Austrian death cases caused by excessive salt intake are the highest among European countries with 36 deaths per 100,000 inhabitants.<sup>9</sup> Regarding sugar-related death cases (5 deaths per 100,000 inhabitants), only Germany ranks ahead of Austria.<sup>10</sup> An information campaign that respects freedom of choice and informs of health risks would go a long way to reduce these striking numbers.

**“Behavioral risk factors are a major driver of mortality in Austria.”**

OECD (2023)<sup>11</sup>

Lung cancer, considered one of the most common diseases caused by smoking, is responsible for 5.1% (4,200) of death cases of which 71.4% (3,000) of death cases can be directly linked to cigarette smoking.<sup>12</sup> Every year, Austria records 36% of deaths attributable to behavioral risk factors including 14.9% of deaths directly caused by smoking and 6.0% caused by harmful alcohol use.<sup>13</sup> A soft behavioral change among a small part of Austria’s consumers would already represent a social gain for the entire country. **However, we cannot impose that change. Bans do not work and extremely strong regulation has multiple limits – data in hand.** We need to inform the population of the potential gains they could obtain, to allow them to make better decisions.

## Boosting wealth creation and productivity through less risky behavior

Preventing risk factors impacts not only the individual consumer health, but also the society as a whole, improving Austria’s entire economy. Premature deaths avoided before retirement age would increase the labor market’s participation and the country’s ability to create wealth. Even premature death cases prevented after retirement mean savings to the economy considering the economic stimulus through the consumption of goods – additionally to the

obvious moral value that saving lives intrinsically has. In Austria the potential is particularly large: up to 117 thousand alcohol-related Years of Life Lost (YLLs) annually could be saved, together with 235 thousand YLLs per year related to smoking.<sup>14</sup> Reducing the economic repercussions from loss of life would be welfare-enhancing for Austria’s entire society. Additionally, it would be the morally right thing to do to protect our citizens.

## Relieving Austria’s healthcare system through a lower degree of harmful consumption

If valuable years are lost due to harmful behavior, this translates into costs to Austria’s healthcare system. Reducing disease incidents and death cases would take pressure off the healthcare system through saving medical costs, nursing expenses, disability benefits, and so on. Austria’s health costs attributable to smoking amounted to 1.6 billion Euro in 2008 and rose to 2.4 billion Euro in 2016. Incentivizing smokers to reduce their cigarette

consumption would enable Austria’s economy to grow annually by up to 0.7% of domestic GDP.<sup>15</sup> In addition, a reduction in alcohol consumption could save health expenditure costs by approx. 1.5% of domestic GDP.<sup>16</sup> These are substantial (positive) effects on Austria’s health system. When considering that treatment costs are expected to further increase in the future, Austria’s potential gains would further multiply.

## An opportunity to tackle labor market problems in the private sector

Harmful behavior represents a financial strain on government spending, but the private sector also has a strong interest in employing healthy staff. Healthy employees are linked to lower absenteeism rates and resulting productivity gains. Similar to many European countries, Austria faces a shortage of skilled labor. This scarcity intensified in the past year with every second Austrian company accepting losses in turnover as a

result from labor shortage.<sup>17</sup> If Austria’s companies are unable to attract skilled labor force, productivity needs to increase to offset deficits. A reduction in harmful consumption would be a very effective tool to reduce absenteeism, boost productivity and compensate for labor force shortages. Austria’s regulatory authorities must seize this opportunity, taking advantage of the low costs involved, for example by focusing on vulnerable groups.

## Austria’s potential to disrupt the vicious circle of deprivation and harmful consumption

The development of a risk factor is closely correlated with socioeconomic status in Austria. Education and income determine an unhealthy or healthy lifestyle. The consumption of sugar is highest among low-educated adults with 12.5% of adults having lowest education levels consuming sugar-sweetened beverages daily.

**“Socioeconomic status considerably influences health – social deprivation often correlates with poor health.”**

Health Survey (2019)<sup>18</sup>

Smoking prevalence is most prominent among the less educated as well as among low-income parts of Austria’s society. 29.7% of adults with upper-/ post-secondary education consumed combustible tobacco in 2019 and the lowest income quintile reported a smoking prevalence of 29.6% in 2019.<sup>19</sup> The consumption of combustible tobacco declines with increasing income, with the difference between high and low income being 7% for both genders and 13 percentage points for male adults.

In other words, men in the fifth income quintile are 1.5 times less likely to smoke combustible tobacco, compared to men in the first quintile. This trend could lead to the conclusion that harmful behavior tends to widen Austria’s income inequalities. Harmful substances deteriorate the health of low-income groups resulting in higher preventable health and economic costs as a consequence of risky behavior.

Austria’s policymakers could disrupt this vicious circle. A simple, low-cost policy measure, such as providing information on the health benefits of using e-cigarettes or Heated Tobacco Products (HTPs) instead of combustible products would be highly effective. This approach seems more realistic compared to promoting quitting smoking altogether, as data shows.<sup>20</sup> If half of all low-educated smokers were better informed and used e-cigarettes or HTPs instead of combustible products, this would not only reduce Austrian average smoking prevalence to 20.0% (vs. 26.2% currently) but – more importantly – would improve health disparities. Better education and better-informed consumers are key to obtain better economic and social results.

## Pragmatism instead of interventionist ideology – Austria’s unique chance to embrace evidence-based policy measures

There is a philosophical difference in the discussion, and it is a difference that we need to acknowledge. Some believe that forcing people to behave in a certain (more virtuous, maybe) fashion is the right way to go. I disagree with this approach.

Others believe that free choice should be at the center of every human being, and as such, of every policy decision. Simple, effortless measures would enhance public health outcomes significantly. Such policies could involve the following areas:

9 European Commission. [Mortality attributed to diet high in salt](#)

10 European Commission. [Mortality attributed to diet high in sugar sweetened beverages.](#)

11 OECD. [Austria: Country Health Profile 2023.](#)

12 Institute for Health Metrics and Evaluation (IHME). [Global Burden of Disease Study.](#)

13 OECD. [Austria: Country Health Profile 2023.](#)

14 Institute for Health Metrics and Evaluation (IHME). [Global Burden of Disease Study.](#)

15 Institute for Advanced Studies (2018). [Economic effects of smoking.](#)

16 Manthey et al. (2021). [What are the Economic Costs to Society Attributable to Alcohol Use?](#)

17 Frankfurter Allgemeine Zeitung (2023). [Endless staff shortages.](#)

18 Austrian Health Survey 2019. [Socio-demographic and socioeconomic determinants of health.](#)

19 Eurostat. [Smoking of tobacco products.](#)

20 Lindson et al. (2023). [E-cigarettes, varenicline and cytisine are the most effective stop-smoking aids.](#)

## Implement public private partnership principles

Consumers of one harmful good likely consume at least one additional harmful good multiplying the potential risk of developing a disease.<sup>21,22</sup> Austria's policymakers should address the entirety of harmful behaviors in the most comprehensive way possible. Instead of strict regulatory reforms that would reduce the independence and welfare of Austria's society, the government should cooperate closely with the private sector. Incentivizing measures to improve employees' health ultimately reduce absenteeism and increase productivity.

### Policy recommendations include:

- **Deregulation of Working Conditions** to find individual, appropriate solutions for employers and employees, such as:
  - Implementation of flexible working models to suit individual life choices
  - Promote the participation of seniors to the labor market
- **Governmental health programs** should be promoted by companies, given the corporate interest in reducing absenteeism:
  - Health counseling in the working environment to increase employees' health commitment

## Empowerment – Strengthen individual health consciousness through communicating the respective health risks of products

Given that consumption patterns in Austria are dependent on age and socioeconomic status, most likely not all consumers are conscious about the health risks posed by consumer goods. This lack of information compromises consumer's ability to transform to a healthier lifestyle. Consumers do not have the opportunity to make informed and independent consumption decisions. Policymakers need to respect consumers' freedom of choice, and, at the same time, ensure that consumers receive the complete set of information about harmful products. Particularly, high-risk groups, i.e. low-educated and low-income parts of Austria's society, need to be equipped with information about all risks

and potential health outcomes when consuming harmful substances.

### Policy recommendations include:

- **Educational campaigns** increase public awareness of the health risks associated with harmful substance use.
- **Information campaigns** representing scientific evidence on the health risk a consumer good poses allow evidence-based consumer decisions and improve product transparency.



## Boost Innovation – Incentivize the switch to risk-reduced alternatives to reduce social biases

In Austria, the consumption of harm-reduced products remains marginal. In turn, this does not incentivize companies to invest in better products. Clearly, this is an issue (both for the short and long term). Policymakers need to step in to uncover potential misconceptions about the harmfulness of alternative products.

On the one hand, this will boost the use of better alternatives by the consumers. On the other hand, this will incentivize the supply side, too.

### Policy suggestions:

- Create tax differentials between better and worse products, to: a. send a profit signal to corporations and boost innovation as a result; b. financially incentivize the demand for better alternatives.
- Facilitate the use of better alternatives, creating legislation directed to simplify the adoption of better products and reduce the use of harmful goods.

<sup>21</sup> Meader et al. (2016). [A systematic review on the clustering and co-occurrence of multiple risk behaviours.](#)

<sup>22</sup> Birch et al. (2019). [Clustering of behavioural risk factors for health in UK adults in 2016.](#)



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